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Application Proof of
C&N Holdings Limited
春能控股有限公司*
(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

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The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the “**Exchange**”) and the Securities and Futures Commission (the “**Commission**”) solely for the purpose of providing information to the public in Hong Kong.

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If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company’s prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

* For identification purposes only

IMPORTANT

If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

C&N Holdings Limited

春能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

[REDACTED] ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF [REDACTED]

Total number of [REDACTED] : [REDACTED] Shares
Number of [REDACTED] : [REDACTED] Shares
Number of [REDACTED] : [REDACTED] Shares
[REDACTED] : Not more than HK\$[REDACTED] per
[REDACTED] and expected to be not less than
HK\$[REDACTED] per [REDACTED], plus
brokerage fee of 1.0%, SFC transaction levy of
0.0027% and Stock Exchange trading fee of
0.005% (payable in full on application in Hong
Kong dollars and subject to refund)
Nominal value : HK\$0.01 per Share
Stock code : [•]

Sole Sponsor, [REDACTED] and [REDACTED]



Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

[REDACTED]

[•]

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A copy of this document, having attached thereto the documents specified in the section headed “Documents delivered to the Registrar of Companies in Hong Kong and available for inspection” in Appendix V to this document, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any other documents referred to above.

The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) on or around [REDACTED] or such later date as may be agreed by the [REDACTED] (for itself and on behalf of the [REDACTED]). The [REDACTED] will not be more than HK\$[REDACTED] per [REDACTED] and is currently expected to be not less than HK\$[REDACTED] per [REDACTED] unless otherwise announced.

Investors applying for the [REDACTED] must pay, on application, the indicative maximum [REDACTED] of HK\$[REDACTED] per [REDACTED] together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund. The [REDACTED] (for itself and on behalf of the [REDACTED]), with our consent, may reduce the indicative [REDACTED] range stated in this document and/or the number of [REDACTED] being offered at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, a notice of the reduction of the indicative [REDACTED] range and/or the number of [REDACTED] will be published on our website at www.cnlimited.com and the website of the Stock Exchange at www.hkexnews.hk, not later than the morning of the last day for lodging applications under the [REDACTED]. If, for any reason, our Group and the [REDACTED] (for itself and on behalf of the [REDACTED]) are unable to reach an agreement on the [REDACTED] by that date or such later date as agreed by our Group and the [REDACTED] (for itself and on behalf of the [REDACTED]), the [REDACTED] will not proceed and will lapse.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this document, including the risk factors set out in the section headed “Risk factors” in this document.

Prospective investors of the [REDACTED] should note that the [REDACTED] (for itself and on behalf of the [REDACTED]) is entitled to terminate their obligations under the [REDACTED] by notice in writing to our Company, upon the occurrence of any of the events set forth under the sub-section headed [REDACTED] — [REDACTED] arrangements and expenses — The [REDACTED] — Grounds for termination” in this document or at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED].

No information on any website forms part of this document.

* For identification purpose only

[REDACTED]

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange.

Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This document is issued by our Company solely in connection with the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED] offered by this document pursuant to the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this document to make your investment decision.

Our Company, the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED] have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made nor contained in this document must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors, officers, employees, advisers, agents, representatives or affiliates of any of them or any other persons or parties involved in the [REDACTED].

The contents of our Company’s website at www.cnlimited.com do not form part of this document.

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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 management 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 points. Hubbing services refer to the handling and storage of laden and empty containers at our logistics yard or any other location which may be designated by our customer(s).

Led by our experienced management team, we have developed reputation as a reliable transport management service 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 160 staff under our employment of which 128 are drivers that support our vehicle fleet comprising 118 prime movers, 476 trailers, 6 reach stackers and 8 lorries, all of which were self-owned.

Customers

Our Group’s customer base mainly comprises other logistics and distribution service providers along the supply chain. 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 the Directors, their close associates or any Shareholder (who or which, to the knowledge of the 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 the top five customers, all of which are Independent Third Parties. For each of the two years ended 31 December 2016, our Group’s top five customers accounted for approximately 76.5% and 78.9% revenue.

SUMMARY

Suppliers

Our suppliers mainly include port operators, diesel providers, logistics yard service providers and tyre providers. During the Track Record Period, none of the Directors, their associates or any Shareholders (who or which, to the knowledge of the 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 the top five suppliers, all of which are Independent Third Parties. For each of the two years ended 31 December 2016, our Group's top five suppliers, accounted for 39.5% and 35.3%, 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.

Pricing Policy

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

- | | |
|----------|---|
| Trucking | <ul style="list-style-type: none">• Distance required for delivery• Prevailing market rates offered by other transport management service providers• Fuel prices and ease of passing on fuel cost changes to the customer• Cost analysis taking into account potential increase in wages, fees or any third-party fees• Determination of a reasonable profit margin• Length of working relationship• Number of containers transported monthly |
| Hubbing | <ul style="list-style-type: none">• Volumetric weight of container• Duration of container storage• Prevailing market rates offered by other transport management service providers• Cost analysis taking into account potential increase in any third-party fees• Service fees paid in relation to our logistics yard• Determination of a reasonable profit margin• Length of working relationship |

SUMMARY

Market share and ranking

The market for the transportation and storage sector 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, the Company is ranked 5th amongst the 46 transportation and logistics companies in Singapore that had a substantial focus on land transportation activities as part of their business. For further information, please refer to the section headed “Industry overview — Competitive landscape — Market share and ranking” from pages 59 to 61 of this document.

Competitive advantages

The 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 is one of the leading independent transport management services providers in Singapore;
- Our Group has a large fleet of vehicles to carry out our transport management services business;
- Our Group offers flexible transport management services to cater for our customers’ supply chain requirements;
- Our Group has built up reputation in the industry due to our emphasis on providing quality services;
- Our Group’s experienced and dedicated management team; and
- Our Group has a close and stable working relationship with our suppliers.

Please refer to the section headed “Business — 1. Competitive advantages” from pages 79 to 82 of this document for further details.

Business strategies

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

- Expand and upgrade our fleet size;

SUMMARY

- 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 82 to 84 of this document for further details.

Use of proceeds

Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document), the net proceeds to us from the issue of [REDACTED] under 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 transportation management 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 182 to 190 of this document.

SUMMARY

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, 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	
	2015	2016
	S\$	S\$
Revenue	27,684,381	27,008,662
Gross Profit	5,624,711	6,245,584
Profit before tax	3,590,667	4,044,948
Profit for the year	3,045,004	3,345,651

Highlight of combined statements of financial position

	As at 31 December	
	2015	2016
	S\$	S\$
Non-current assets	10,238,570	10,955,154
Current assets	7,111,613	6,718,466
Current liabilities	7,754,471	4,475,284
Net current (liabilities)/assets	(642,858)*	2,243,182
Non-current liabilities	1,979,554	2,236,527
Net assets	7,616,158	10,961,809

*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 amount due to a director had been repaid as at 31 December 2016.

SUMMARY

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.

Cost of sales

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. The decrease in cost of sales for the year ended 31 December 2016 was mainly due to the (i) reduction in fuel cost as a result of the decrease in diesel price, (ii) decrease in logistics yard service fees resulting from entering into a new logistics yard service agreement with a new supplier, (iii) decrease in staff cost as a result of shorter average distances per trip thus decreasing the incentive pay to drivers, and (iv) slight decrease in port and depot charges and vehicle expenses.

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 was mainly due to the 5.9% decrease in cost of sales which was offset against the 2.4% decrease in revenue. Our gross profit margin improved from 20.3% for the year ended 31 December 2015 to 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.

For details, please refer to the section headed “Financial information — Period to period comparison of results of operations” from pages 156 to 160 of this document.

SUMMARY

Key financial ratios

	For the year ended 31 December	
	2015	2016
Gross profit margin	20.3%	23.1%
Net profit margin	11.0%	12.4%
Return on assets	17.6%	18.9%
Return on equity	40.0%	30.5%
Interest coverage ratio	23.5	34.9

	As at 31 December	
	2015	2016
Current ratio	0.9	1.5
Gearing ratio	0.6%	0.4%

Dividends

For the year ended 31 December 2015, Nexis Logistics declared dividends totalling S\$0.2 million, and all these dividends have 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 the Board and will be based upon the 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” from pages 179 to 180 of this document.

SUMMARY

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

During the Track Record Period, we had not incurred [REDACTED]-related expenses in the profit and loss account. The total estimated expenses in relation to the [REDACTED] are approximately HK\$[REDACTED] million, all of which is directly attributable to the issue of [REDACTED] to be borne by our Group. Out of the estimated [REDACTED] 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 for the year ending 31 December 2017 and the remaining HK\$[REDACTED] million is directly attributable to the issue of [REDACTED] to the public and is to be accounted for as a deduction from equity upon [REDACTED]. The recognition of the [REDACTED] 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, and partial road tax rebate for another two years, 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 the Group's business operations or financial condition materially and adversely. For the one month ended 31 January 2017, revenue was slightly lower due to Lunar New Year holidays falling in January for 2017 as compared to Lunar New Year holidays falling in February for 2016.

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.

SUMMARY

REASONS FOR [REDACTED] IN HONG KONG

Our Directors believe that the [REDACTED] on the Stock Exchange will facilitate the implementation of our business strategies which are aimed at strengthening our position as a transport management service provider in Singapore. The [REDACTED] will help strengthen our Group’s competitiveness, enhance our corporate image, internal controls and corporate governance practices, allow us to expand our fleet to cater for higher demand and provide us with flexible financing options when business opportunities arise. As such, our Directors consider it is commercially justifiable and in the interest of the Group to pursue the [REDACTED]. For further details, please refer to the section headed “Future plans and use of proceeds — Reasons for the [REDACTED] and the [REDACTED]” from pages [•] to [•] of this document.

STATISTICS OF THE [REDACTED]

[REDACTED]

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 24 to 36 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;

SUMMARY

- Adverse development in our customers’ business performance 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; and
- Our financial results are expected to be affected by the expenses in relation to the **[REDACTED]**;
- 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 119 to 123 in this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

[REDACTED]

[REDACTED]

“Articles of Association” or
“Articles”

the amended and restated articles of association of our Company conditionally adopted on [•] 2017, which shall become effective on the [REDACTED], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this document

“associate(s) or “close associates”

has the same meanings ascribed thereto under the GEM Listing Rules

“Board of Directors” or “Board”

the board of Directors

[REDACTED] or [REDACTED]

[REDACTED]

“Business Day”

a day on which banks in Hong Kong are generally open for business to the public and which is not (i) a Saturday, Sunday or public holiday in Hong Kong or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.

“Buy-Back Mandate”

the general mandate to buy back Shares given to our Directors by our sole Shareholder, a summary of which is contained in the section headed “Statutory and general information — A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on [•]” in Appendix IV to this document

“BVI”

the British Virgin Islands

DEFINITIONS

“CA Transportation”	CA Transportation & Warehousing Pte Ltd, a private company limited by shares incorporated in Singapore on 12 February 1992 and a wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Capitalisation Issue”	the issue of [REDACTED] Shares to be made upon capitalisation of a sum of HK\$[REDACTED] standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and general information — A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on [•]” in Appendix IV to this document
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant(s)”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant(s)”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant(s)”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company”	C&N Holdings Limited (春能控股有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on 10 February 2017 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 14 March 2017
“connected person(s)” or “core connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules, which in the context of this document refers to Ventris Global and Mr. K L Chua
“CPF”	Central Provident Fund of Singapore, a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Deed of Indemnity”	the deed of indemnity dated [•] 2017 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), particulars of which are set out in the section headed “E. Statutory and general information — Other information — 1. Estate duty, tax and other indemnities” in Appendix IV to this document
“Deed of Non-competition”	the deed of non-competition undertaking dated [•] 2017 entered into by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) as further described in the section headed “Relationship with our Controlling Shareholders” in this document
“Director(s)”	the director(s) of our Company
“Executive Director(s)”	the executive Director(s)

DEFINITIONS

“FWL”	Foreign Worker Levy, which is a pricing mechanism to regulate the number of foreign workers (including foreign domestic workers) in Singapore
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, modified and supplemented from time to time
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context otherwise requires, in respect of the period before our Company becoming the holding company of our present subsidiaries and the businesses carried on by them or their predecessors (as the case may be)
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
[REDACTED]	[REDACTED]
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards
“Independent Non-Executive Director(s)”	our independent non-executive Director(s)

DEFINITIONS

“Independent Third Party(ies)”	individual(s) or company(ies) who/which is/are independent of and not connected with any of the directors, chief executive, the controlling shareholders or the substantial shareholders of our Company or our subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules
“Ipsos”	Ipsos Pte. Ltd., an industry consultant engaged by our Company to prepare the Ipsos Report and an Independent Third Party
“Ipsos Report”	the industry report prepared by Ipsos and commissioned by our Company, the content of which is quoted in this document
“Issue Mandate”	the general mandate to allot, issue and deal with new Shares given to our Directors by our sole Shareholder, a summary of which is contained in the section headed “Statutory and general information — A. Further information about our Company — 3. Written resolutions of the sole Shareholder passed on [•]” in Appendix IV to this document
“Latest Practicable Date”	[20 March 2017], being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document
[REDACTED]	[REDACTED]
“Listing Committee”	the listing committee of the Stock Exchange
[REDACTED]	[REDACTED]
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted on [•] 2017, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
“MOM”	Ministry of Manpower of Singapore

DEFINITIONS

“Mr. C H Chua”	Mr. Chua Chin Ho, a member of the senior management team. For more information, please refer to the section headed “Directors and senior management — Senior management”
“Mr. K L Chua”	Mr. Chua Kang Lim, our founder, a Controlling Shareholder and an Executive Director. For more information, please refer to the section headed “Directors and senior management — Directors”
“Ms. S F Chua”	Ms. Chua Sui Feng, an Executive Director. For more information, please refer to the section headed “Directors and senior management — Directors”
“Ms. S H Chua”	Ms. Chua Shu Hui, a member of the senior management team. For more information, please refer to the section headed “Directors and senior management — Senior management”
“New Pine”	New Pine Global Limited, a company incorporated in the BVI with limited liability on 29 November 2016, which became a wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Nexis Logistics”	Nexis Logistics Services Pte. Ltd., a limited exempt private company incorporated in Singapore on 30 April 2003 and a wholly-owned subsidiary of our Company upon completion of the Reorganisation
“NTA”	the net tangible assets
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“PRC” or “China”

the People’s Republic of China, which for the purpose of this document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Reorganisation”

the pre-[REDACTED] reorganisation of our Group, further details of which are described under the section headed “History, Reorganisation and Corporate structure — Reorganisation” in this document

“S\$”

Singapore dollars, the lawful currency of Singapore

“SFC”

the Securities and Futures Commission of Hong Kong

“SFO”

the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

“Share(s)”

ordinary share(s) of HK\$0.01 each in the share capital of our Company

“Shareholder(s)”

holder(s) of our issued Share(s)

[REDACTED]

[REDACTED]

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on [•], the principal terms of which are summarised in the section headed “Statutory and general information — D. Share Option Scheme” in Appendix IV to this document
“Sole Sponsor” or “Vinco Capital”	Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor to the [REDACTED]
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the two financial years ended 31 December 2016
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“United States” or “U.S.”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$”	United States dollars, the lawful currency of the United States

DEFINITIONS

“Ventris Global” Ventris Global Limited, a company incorporated in the BVI with limited liability on 22 December 2016, being wholly-owned by Mr. K L Chua, which is a Controlling Shareholder

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

“%” per cent.

* *For identification purposes only.*

Unless otherwise specified, amounts denominated in S\$ have been translated, for the purpose of illustration only, into HK\$ (or vice versa) in this document at the following exchange rates:

S\$1.00: HK\$5.50

No representation is made that any S\$ amount were or could have been or could be converted into HK\$, at such rate or any other rate on any date.

Any discrepancies in any table between the total shown and the sum of the amount (including the percentage) listed are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the English names and their Chinese translations, the English names should prevail. The Chinese translation of the names in English or another language which are marked with “” are translations provided for identification purpose only.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this document in connection with our Group’s business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

“FCL”	full container load, a standard (twenty or forty-foot) container that is loaded and unloaded under the risk and account of the shipper or consignee
“hubbing”	the management of laden containers at dedicated storage facilities pending shipment
“ISO tanks”	International Organisation for Standardisation containers that are used for intermodal transport of freight, and are designed to carry hazardous and non-hazardous liquids in bulk
“LCL”	less than container load, cargo that is insufficient either in quantity or in weight to qualify for the freight rates that applied to a standard shipping container
“out of gauge”	cargo that exceeds the internal dimensions of a container by length, width or height
“prime mover”	a truck that provides the motive power to haul a trailer
“shipper”	person or firm (usually the sellers) named in the shipping documents as the party responsible for initiating a shipment to consignee (usually the buyer) named in the shipping documents
“TEU”	“Twenty-foot Equivalent Unit”, a standard of measurement used in container transport for describing the volume of trade and the capacity of container ships, and for other statistical purposes, as well as for freight quotations
“trucking”	transportation of (i) containers which may be laden or empty, or (ii) other cargo, via trucks

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DOCUMENT MAY NOT MATERIALISE

We have included in this document forward-looking statements that are not historical facts, but relate to our intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections headed “Summary”, “Risk factors”, “Industry overview”, “Business”, and “Financial information”, which are, by their nature, subject to risks and uncertainties.

In some cases, we use the words “aim”, “anticipate”, “believe”, “consider”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “ought”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” or similar expressions or the negative of these words or other similar expressions or statements to identify forward-looking statements, are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the following:

- our business prospects, operating strategies and plan of operation;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, potential for and future development of our business;
- our operations and business prospects, including new locations of expansion;
- our overall financial condition and performance;
- our planned projects;
- the regulatory environment of our industry in general and restrictions that may affect the industry in which we operate;

FORWARD-LOOKING STATEMENTS

- the general industry outlook, competition for our business activities and future development in our industry;
- macroeconomic measures taken by the Singapore government to manage economic growth and general economic trends in Singapore;
- general political and economic conditions in Singapore, Hong Kong and overseas;
- other statements in this document that are not historical facts;
- realisation of the benefits or our future plans and strategies; and
- other factors beyond our Group’s control.

Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to, those discussed under the section headed “Risk factors” and elsewhere in this document.

These forward-looking statements are made after due and careful consideration based on current plans and estimates, and apply only as of the date they are made but not a guarantee of future performance. Our Company undertakes no obligations to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to these cautionary statements.

In this document, statement of or references to our intentions or those of any of our Directors are made as at the date of this document. Any such intentions may change in light of future developments.

RISK FACTORS

Potential investors of the [REDACTED] should carefully consider all of the information set out in this document and, in particular, the following risks and special considerations associated with an investment in our Company before making any investment decisions in relation to our Company. If any of the possible events as described below materialises, our Group's business, financial position and prospects could be materially and adversely affected and the market price of the [REDACTED] could fall significantly.

This document contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed in this document. Factors that could contribute to such differences are set out below as well as in other parts in this document.

RISK RELATING TO OUR BUSINESS

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

Our current service agreement with Customer A is on a non-exclusive basis and will expire in September 2019. The renewal of the service agreement will be subject to further negotiation on the terms thereof. During the two years ended 31 December 2016, the revenue contributed by Customer A accounted for approximately S\$11.4 million and S\$11.0 million respectively, which accounted for approximately 41.2% and 40.9% of our total revenue for the corresponding years. We expect to continue to derive a significant amount of our revenue from Customer A in the near future.

There is no assurance that there will be no deterioration in our relationship with Customer A or it will not terminate the service agreement with our Group in the future. There is no guarantee that we will be able to renew the service agreement with Customer A on equally favourable terms. In the event that Customer A does not renew the service agreement with us, we cannot assure that we can successfully find new customers or enter into any service agreements with such new customers in a timely manner. Even if we manage to secure those new customers, it would take time and resources for us to develop the relationship with such new customers, including reallocation of the human resources and sending staff to attend safety training courses to meet the requirements of the new customers.

Under such circumstances, if our relationship with Customer A deteriorates and our service agreement with Customer A is terminated before its expiration or our service agreement with Customer A is renewed on less favourable terms and/or we cannot secure new customers, our business performance, financial conditions and results of operations may be materially and adversely affected.

RISK FACTORS

Adverse development in our customers’ business performance in Singapore could affect our operations and financial results

As a transport management services provider in Singapore, we are primarily engaged in the provision of trucking services to our customers to serve their needs along their respective supply chains. Our top five customers account for approximately 76.5% and 79.1% of our revenue for the two years ended 31 December 2015 and 2016 respectively. If our customers’ sales in Singapore decline, such decline may likely lead to a corresponding decrease in demand for our transport management services. Adverse developments in our customers’ business performance in Singapore could therefore materially and adversely affect our business, financial condition and results of operations. As such, should there be any adverse development related to our customers’ business operations or any other reasons resulting in reduction in demand for our services, our business, financial condition and results of operations would be adversely affected.

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

Our Group has not entered into service agreements with most of our customers. Our customers are free to engage our competitors who provide similar transport management services should they find the terms and quality of service being offered by our competitors more attractive. There can therefore be no assurance that these customers will continue to use our services at fees offered by our Group. In the event that our Group is unable to retain these customers or seek replacement customers, our business, results of operations, profitability and liquidity may be adversely affected.

An increase in fuel prices may reduce profitability

As at Latest Practicable Date, we utilise a fleet of 118 prime movers, 476 trailers, 6 reach stackers and 8 lorries to carry out our transport management services business and are therefore exposed to the effects of fluctuation in fuel prices. Fuel costs accounted for approximately 9.7% and 8.3% of our cost of sales for the years ended 31 December 2015 and 31 December 2016 respectively. The cost of fuel can fluctuate significantly and is subject to many economic and political factors that are beyond our control, including but not limited to the political instability in oil-producing regions. Any significant increase in global fuel prices will result in a direct increase in our operational costs, thereby adversely affecting our profitability. There can be no assurance that we will be able to pass on the increase in fuel prices to our customers or offset the effects of any future increase in fuel prices.

RISK FACTORS

Loss of our key management and inability to attract and retain management staff will adversely affect our operations and financial performance

We are dependent on our founder, a Controlling Shareholder and an Executive Director, Mr. K L Chua, and our Executive Director, Ms. S F Chua, for key aspects of our business, including but not limited to, sales and marketing, operations and the maintenance of customer relationships. We also rely on our experienced management team to ensure the smooth operations of business. Our Group's success and growth therefore depends on our ability to retain key personnel or alternatively to be able to identify, hire and train suitable, skilled and qualified replacements. Should any of our key personnel cease to serve us and we fail to recruit appropriate replacement in a timely manner, our business and operations may be adversely affected.

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

As at the Latest Practicable Date, we do not own the property at Penjuru Road where we provide our hubbing services. We have entered into a service agreement with an Independent Third Party whereby the Independent Third Party provides us with the use of logistics yard facilities at Penjuru Road. The service agreement for the use of logistics yard facilities at Penjuru Road will expire in April 2018. We are currently in negotiation with the Independent Third Party for a one year extension to the service agreement.

In the event that there is any increase in the service fees to be paid in the long run, our operating expenses and pressure on our operating cash flows will increase, thereby materially and adversely affecting our business, results of operations and prospects. In addition, there is no assurance that we will successfully renew the service agreement for the use of logistics yard facilities at Penjuru Road on commercially acceptable terms, or at all. There is also no assurance that such service agreement will not be terminated before its expiration. Termination of our service agreement may occur for reasons beyond our control such as the compulsory acquisition of the property at Penjuru Road by government authorities. If it happens, we need to relocate our hubbing services to other premises which will incur additional costs and there is no assurance that we will be able to find suitable premises for relocation at comparable costs.

RISK FACTORS

Approximately 37.5% of our workforce is made up of foreign labour and inability to obtain foreign labour could materially affect our operations and financial performance

Our business is dependent on skilled, semi-skilled and unskilled foreign workers as the local labour force is limited and more costly. The supply of foreign labour in Singapore is subject to the policies and regulations imposed by the MOM. Please refer to the section headed “Regulatory overview” of this document for further details. Any shortage in the supply of foreign workers or increase in FWL for foreign workers, or any restriction on the number of foreign workers that we can employ, will adversely affect our operations and financial performance. Any changes in the relevant policies of the foreign workers’ countries of origin and the relevant policies of Singapore may also affect the supply of foreign labour and cause disruptions to our operations. Any increase in FWL will increase our operating expenses and will affect our financial performance. As at the Latest Practicable Date, approximately 37.5% of our workforce is made up of foreign workers. On this basis, our operations and financial performance may be adversely affected due to any shortage in the supply of foreign workers and any increase in the cost of foreign labour.

Our business plan may not be implemented successfully which may adversely affect our prospects

Our Directors are of the view that the future plan of our Group has been prepared after due enquiry by reference to, among other matters, the expected future prospects of the industry and the continuation of our competitive advantages and other factors considered relevant. Some of our future business plans are based on certain assumptions. The successful implementation of our business plan may be affected by a number of factors including the availability of sufficient funds, government policies relevant for our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers and the threat of substitutes and new market entrants. There is no assurance that our business plan can be successfully implemented. Should there be any material adverse change in our operating environment which results in our failure to implement any part of our business plan, our prospects may be adversely affected.

Our operations may subject us to litigation, arbitration, administrative proceedings or other dispute which expose us to significant liability claims

We may from time to time encounter disputes arising from contracts with customers, subcontractors, suppliers or other third parties, which may involve claims against them or us. Claims involving us could result in time-consuming and costly litigations, arbitration, administrative proceedings or other legal procedures. Expenses we incur in legal proceedings or arising from claims brought by or against us could have a material and adverse effect on our business, financial position, results of operations and prospects. Legal proceedings resulting in unfavourable judgment or findings may harm our reputation, cause financial losses and damage our prospects of entering into future contracts, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

RISK FACTORS

Our insurance coverage may be insufficient to cover all losses associated with our business operations

Our Group maintains insurance policies against burglary and fire, foreign worker medical insurance, motor vehicle insurance, haulier’s insurance and work injury insurance. The insurance coverage may be insufficient to cover all the risks associated with our business and operations in the future. In the case of an uninsured loss or a loss in excess of insured limits, including those caused by natural disasters and other events beyond our control, we may be required to pay for losses, damages and liabilities out of our own funds, which could materially and adversely affect its business, financial condition and results of operations. Furthermore, the claim records of our Group may affect the premiums which insurance companies will charge us in the future.

These events would divert management and resources from our normal course of business, and the associated losses and liabilities which we may incur or suffer as a result may have a material adverse effect on our financial condition and the results of our operations.

Accidents may occur during the transportation process due to the nature of our business and we may be held vicariously liable for the act of our drivers

Our Group is a provider of transport management services to the logistics industry in Singapore. Due to the nature of our business, we may be subject to the risk of personal injuries or even serious or fatal accidents during the transportation process. During the Track Record Period, there was one fatal accident involving a vehicle owned by, and a driver of the vehicle employed by, our Group. For details of this fatal accident, please refer to section headed “Business — 9. Environmental Protection, Health and Work Safety — Accident”. As advised by Bird & Bird ATMD LLP, our Singapore legal advisers, the estate of the deceased may bring a civil action against our Group with respect to our vicarious liability as a result of the negligence of our employee, the driver, where our Group may be held liable to pay damages to the estate if such civil action is successful. This may, in turn, adversely our reputation, financial position and results of operation.

Our financial results are expected to be affected by the expenses in relation to the [REDACTED]

Our financial results for the year ending 31 December 2017 will be affected by the non-recurring professional fees in relation to the [REDACTED]. The estimated total professional fees in relation to the [REDACTED] to be borne by our Company is approximately S\$[REDACTED] million of which approximately S\$[REDACTED] million is directly attributable to the issue of [REDACTED] to the public and is to be accounted for as a deduction from equity. The remaining estimated [REDACTED] of approximately S\$[REDACTED] million is to be charged to our consolidated statement of profit or loss upon [REDACTED]. Accordingly, our financial results for the year ending 31 December 2017 are expected to be materially and adversely affected by the estimated professional fee in relation to the [REDACTED].

RISK FACTORS

If we are unable to promptly recover our electronic system and database when they fail to operate properly, our reputation, business and operations could be adversely affected.

We rely on information technology to maintain our electronic system and database in the course of our business operations. Our suppliers' and customers' information, truck schedules, and information on our customers' containers at our logistics yard facilities are electronically recorded in our system. If we are unable to promptly recover our system and database at times of failure, our reputation, business and operations could be adversely affected.

We may not be able to obtain finance from time to time to fund our operations and maintain our growth.

In order to fund our operations and maintain growth to achieve our business objective, we may need to obtain finance from our banks from time to time. There may be occasions where we are unable to obtain finance at terms favourable or acceptable to us. If these circumstances arise, our business, financial results and future growth could be compromised.

We have not registered our intellectual property rights except for the domain name, and any allegations that we have infringed third parties' intellectual property rights could have an adverse effect on our business, financial condition and results of operations

As at the Latest Practicable Date, except for the domain name, there are no applicable intangible properties for our operations and we have not registered any intellectual property rights in the jurisdiction in which we are active. There is no assurance that we will be able to successfully obtain registrations of our trademarks, nor that we will be able to adequately guard against future infringement of our trademarks. If we infringe or are alleged to infringe a third party's intellectual property rights, we may be required to defend an infringement action. The defence and prosecution of intellectual property actions and related administrative proceedings can be costly and time consuming with unpredictable outcomes, and may divert the attention, efforts and resources of our Directors and senior management and hence could have an adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

A shortage of drivers may affect our profitability

Our operations are dependent on the availability of drivers. As at the Latest Practicable Date, we have employed a total of 128 drivers which accounted for approximately 80% of our Group's total workforce. There can be no assurance that such a shortage of drivers will not occur in the future and thus adversely affect our business, financial condition and results of operations. Any substantial shortage of drivers may lead to a disruption to our Group's daily operations.

RISK FACTORS

We operate in a highly competitive industry, and we cannot assure you that we will be able to compete successfully

The industry in which we operate is fragmented. Please refer to the section headed “Business — Competition” in this document. We may be less competitive than some of our competitors in terms of scale of operations. In addition, some of our competitors may have a cost structure that is characterised by lower capital expenditures or labour costs than we have, and some other competitors may have greater scale, flexibility and other resources than we do. We cannot assure you that we will be able to continue to compete successfully in our existing markets. A number of factors, including an increase in operational efficiency, adoption of competitive pricing strategies, expansion of operations or adoption of innovative marketing methods, may have a material adverse effect on our business, results of operations and financial condition.

Social, political, regulatory economic and legal developments, as well as any changes in Singapore government policies, could materially and adversely affect the Group’s business and operating results

The Group’s primary market is Singapore. As Singapore is expected to remain as the Group’s core market and place of operation in the foreseeable future, negative developments in the Singapore economy may have a material adverse effect on business. The Group’s business, prospects, financial condition and results of operations may be adversely affected by social, political, regulatory and economic developments in Singapore. Uncertainties in these areas include, but not limited to, the risks of war, regional conflicts, terrorism, extremism, nationalism, nullification of contracts, changes in interest rates, imposition of capital controls, changes in government policies or introduction of new rules or regulations concerning logistics service providers, environmental or transportation regulations and methods of taxation. Although the overall Singapore economic environment (in which the Group predominantly operates) appears to be positive, there can be no assurance that this will continue to prevail in the future.

On the other hand, the logistics industry forms part of the overall transport industry in Singapore. The government of Singapore may tighten regulations governing transport industry to reduce accidents or impose new regulations to curb air pollution or to meet the more stringent environmental requirements owing to its international commitments. It may expand the scope of existing regulations, tightens rules governing license renewal process or even impose requirements to install certain equipment; these new measures may limit the Group’s flexibility to operate and may increase the Group’s costs of doing business. The Group’s failure to comply with such laws and regulations could also result in reprimand, penalties, compounds, fines and lawsuits.

RISK FACTORS

Our profitability may be affected by the cessation of the wage credit scheme offered by the Singapore Government

The wage credit scheme was introduced in 2013 as a 3 year scheme under which the Singapore Government co-funds 40% of the wage increase that are given to Singaporean employees over 2013 to 2015. This co-funding decreased to 20% of wage increases for 2016 and 2017.

There can be no assurance that the Singapore Government would extend the period of the wage credit scheme in the future and this could adversely affect our financial condition.

Our business may be affected by outbreaks and recurrence of epidemics, natural disasters, acts of war, terrorist acts, political unrest and other events which are beyond our control

Certain countries have experienced epidemics such as severe acute respiratory syndrome, avian influenza and natural disasters such as fire, floods, droughts, blizzards and earthquakes, which have had an adverse impact on the economies of the affected countries. Recently, there has been an outbreak of the Zika virus in various countries including Singapore.

Since we conduct our business operations primarily in Singapore, the outbreak of the Zika virus or a recurrence of other epidemics or natural disasters in any country, acts of war, terrorist acts, political unrest and other events in Singapore which are beyond our control, may result in disruption to our business or that of our customers, which could in turn adversely affect our operations and financial results.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares and an active trading market for our Shares may not develop

Prior to the [REDACTED], there has not been a public market for our Shares. While we have applied to [REDACTED] and deal in the Shares on the Stock Exchange, we cannot assure you that an active or liquid public market for our Shares will develop or be sustained if developed. The [REDACTED] is determined through negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), and it may not necessarily be indicative of the market price of the Shares after the [REDACTED] is complete. An investor who purchases Shares in the [REDACTED] may not be able to resell such Shares at or above the [REDACTED] and, as a result, may lose all or part of the investment in such Shares. In addition, the initial trading price of our Shares could be lower than the [REDACTED] due to a variety of reasons including material negative events affecting us.

RISK FACTORS

The liquidity, trading volume and trading price of our Shares may be volatile, which could result in substantial losses for our Shareholders

The price at which the Shares will trade after the [REDACTED] will be determined by the market, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenue and cost structures such as the views of independent research analysts, if any;
- the present status of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects.

Investors may experience difficulties in enforcing their shareholders' rights as the laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located

Our Company is incorporated in the Cayman Islands and our affairs are governed by the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions.

RISK FACTORS

Our Controlling Shareholders have substantial control over our corporate actions and can exert significant influence over important corporate matters, which may reduce the price of our Shares and deprive you of an opportunity to receive a premium for your Shares

After the Capitalisation Issue and the [REDACTED], our Controlling Shareholders will beneficially own [REDACTED] of our issued share capital (without taking into account any Shares which may be issued upon the exercise of options under the Share Option Scheme). Therefore, our Controlling Shareholders could exert substantial influence over matters such as electing Directors and approving material mergers, acquisitions or other business combination transactions. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could have the dual effect of depriving our Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reducing the price of our Shares. Moreover, our Controlling Shareholders' interest may not be aligned with our Company and thus actions taken by our Controlling Shareholders may not be aligned with the interests of the minority Shareholders. These actions may be taken even if they are opposed by our other Shareholders.

There is no guarantee that we will declare dividends in the future

For the year ended 31 December 2015, Nexis Logistics declared dividends of S\$0.2 million and all these dividends had been paid as at the Latest Practicable Date. There is no assurance that dividends will be declared or paid in the future. The amount of any dividends to be declared in the future will be subject to, among other factors, our Directors' discretion, having taken into account depend on our future operations and earnings, capital requirements and surplus, general financial condition and other factors which our Directors deem relevant. Our Group does not have a dividend policy or a pre-determined payout ratio.

In any event, there is no assurance that our Company will receive sufficient distribution from our subsidiaries to support any future profit distribution to our Shareholders, or that the amounts of any dividends declared by our Company in the future, if any, will be of a level comparable to dividends declared and paid, or by other listed companies in the same industry as our Group.

RISK FACTORS

The [REDACTED] may be terminated and the [REDACTED] would then lapse

Prospective investors should note that the [REDACTED] are entitled to terminate their obligations under the [REDACTED] by the [REDACTED] (for itself and on behalf of the [REDACTED]) by giving written notice to our Company upon the occurrence of any of the events stated in the under the “[REDACTED] — [REDACTED] arrangements and expenses — Grounds for termination” section of this document at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out. Should the [REDACTED] (for itself and on behalf of the [REDACTED]) exercises its rights and terminate the [REDACTED], the [REDACTED] will not proceed and will lapse.

Future sales of substantial amounts of the Shares in the public market may adversely affect the prevailing market price of the Shares

Except for the Shares issued in the [REDACTED], our Company has agreed with the [REDACTED] (for itself and on behalf of the [REDACTED]) not to issue any of the Shares or securities convertible into or exchangeable for the Shares during the period beginning from the date of this document and continuing through the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, except with the prior written consent of the [REDACTED] (for itself and on behalf of the [REDACTED]). Further, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this document and up to 12 months after the [REDACTED]. The [REDACTED] (for itself and on behalf of the [REDACTED]) may, in its discretion, waive or terminate these restrictions. Please refer to the section headed [REDACTED] — [REDACTED] arrangements and expenses” in this document for a more detailed discussion of restrictions that may apply to future sales of the Shares. After these restrictions lapse, the market price of the Shares may decline as a result of sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of the new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

Shareholders’ interests may be diluted as a result of additional equity fund-raising

We may need to raise additional funds in the future to finance further expansion of our business. If additional funds are raised through the issuance of new equity or equity-linked securities of us other than on a *pro rata* basis to existing Shareholders, the percentage of ownership of such Shareholders in us may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

RISK FACTORS

Risk of impact of granting options under the Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme. Any exercise of the option to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the ownership percentage of the Shareholders and may result in a dilution in the earnings per share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue. Under the IFRS, the costs of the options to be granted to staff under the Share Option Scheme will be charged to profit or loss over the vesting period by reference to the fair value at the date on which the options are granted under the Share Option Scheme. As a result, our profitability and financial results may be adversely affected.

RISKS RELATING TO INFORMATION CONTAINED IN THIS DOCUMENT

Investors should not place undue reliance on facts, statistics and data contained in this document with respect to the economies and our industry

Certain facts, statistics and data in this document are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] or any of their respective directors, affiliates or advisers. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this document may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

RISK FACTORS

You should read the entire document and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the [REDACTED]

There may be press and media coverage regarding us or the [REDACTED], which may include certain events, financial information, financial projections and other information about us that do not appear in this document. We have not authorised the disclosure of any other information not contained in this document. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this document is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the financial, operational and other information included in this document.

Forward-looking statements contained in this document are subject to risks and uncertainties

This document contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “may”, “ought to”, “should” or “will” or similar terms. Those statements include, among other things, the discussion of our Group’s growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect.

The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Group’s control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed “Forward-looking statements” in this document for further details.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. K L Chua	143 Chun Tin Road Singapore 599699	Singaporean
Ms. S F Chua (蔡淑芬)	671C Jurong West Street 65 #15-124 Singapore 643671	Singaporean
<i>Independent Non-Executive Directors</i>		
Mr. Dax Teo Tak Sin (張達鑫)	360 Pasir Panjang Road Gold Coast Condominium #01-13 Singapore 118699	Singaporean
Mr. Kwong Choong Kuen (黃仲權)	Blk 119D Rivervale Drive Apt #09-360 Singapore 544119	Singaporean
Ms. Grace Choong Mai Foong	516 Pasir Ris Street 52 #13-67 Singapore 510516	[Singaporean]

Further information of the Directors can be found in the section headed “Directors and senior management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Vinco Capital Limited
Units 4909–4910
49/F, The Center
99 Queen’s Road Central
Hong Kong

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Legal advisers to our Company

As to Hong Kong laws
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DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

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As to Cayman Islands laws

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**Legal advisers to the Sole Sponsor and
the [REDACTED]**

As to Hong Kong laws

Tung & Co.
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Auditor and reporting accountants

Ernst & Young
Certified Public Accountants
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1 Tim Mei Avenue
Central
Hong Kong

Compliance adviser

Vinco Capital Limited
Units 4909-4910
49/F, The Center
99 Queen's Road Central
Hong Kong

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Headquarters and principal place of business	3 Soon Lee Street #06-03 Pioneer Junction Singapore 627606
Compliance officer	Mr. K L Chua 143 Chun Tin Road Singapore 599699
Company secretary	Mr. Chang Man Leong <i>Solicitor, Hong Kong</i> 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Authorised representatives <i>(for the purpose of the GEM Listing Rules)</i>	Mr. K L Chua 143 Chun Tin Road Singapore 599699 Mr. Chang Man Leong <i>Solicitor, Hong Kong</i> 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong

CORPORATE INFORMATION

Audit committee

Mr. Kwong Choong Kuen (*Chairman*)
Mr. Dax Teo Tak Sin
Ms. Grace Choong Mai Foong

Remuneration committee

Mr. Dax Teo Tak Sin (*Chairman*)
Mr. Kwong Choong Kuen
Ms. Grace Choong Mai Foong

Nomination committee

Ms. Grace Choong Mai Foong (*Chairwoman*)
Mr. Dax Teo Tak Sin
Mr. Kwong Choong Kuen

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Principal banker

DBS Bank Ltd
12 Marina Bay Boulevard, Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

Company website

www.cnlimited.com
(*Note: Contents of this website do not form part of this document*)

INDUSTRY OVERVIEW

Investors should note that Ipsos has been engaged by our Company to prepare the Ipsos Report to provide an overview of the transportation and logistics market in Singapore and an analysis of market demand, which will be used in whole or in part in this document.

The information and statistics set out in this section have been extracted from the Ipsos Report and other publicly available sources. References to Ipsos should not be considered as its opinion as to the value of any security or the advisability of investing in our Group. Our Group, the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED] believe that the sources of the information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. While our Group, the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED] have exercised reasonable care in extracting and reproducing such information and statistics, our Group cannot ensure the accuracy of such information and statistics and such information and statistics may not be consistent with other information. Our Group, the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED] have no reason to believe that such information and statistics are false or misleading or that any material fact has been omitted that would render such information and statistics false or misleading in any material aspect. The information and statistics used in this section have not been independently verified by our Group, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] and other parties involved in the [REDACTED] or their respective directors and advisers and no representation is given as to the accuracy or completeness of such information and statistics. You should not place undue reliance on any of such information and statistics contained in this section.

So far as our Directors are aware of, there is no adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

Introduction

We commissioned Ipsos, an Independent Third Party, to conduct a market analysis of and to provide a research report on the transportation and logistics market in Singapore. Except for Ipsos, we have not commissioned any other customised research report in connection with the [REDACTED] or this document. A fee of S\$58,850 (excluding any disbursements) is payable to Ipsos for preparing the Ipsos Report.

Ipsos is an independent market research company and is one of the largest research companies in the world, employing approximately 16,000 personnel worldwide across 87 countries. Ipsos conducts research on market profiles, market size, market share and segmentation analyses, distribution and value analyses, competitor tracking and corporate intelligence.

INDUSTRY OVERVIEW

Research Methodology and Source of information

The information contained in the Ipsos Report was derived by means of fact-based analysis and information sourcing which include:

- Conducting both primary and secondary research obtained from numerous sources within the global and Singapore’s transportation and logistics industry.
- Primary research involved interviewing leading industry participants and secondary research involved reviewing publicly available documents, company reports, independent research reports and Ipsos’s proprietary database built up over the past decades.
- Forecast data was obtained from historical data analyses plotted against macroeconomic data as well as specific industry-related drivers, such as, amongst others, economic growth in all reviewed countries.

Assumptions

The following parameters and assumptions were considered when analysing the market in the preparation of the Ipsos Report:

- It is assumed that there is no external shock such as financial crisis or natural disasters to affect the demand and supply of the transportation and logistics market in Singapore over the forecast period.
- Information depicted in the Ipsos Report is to the latest based on published and available information acquired at the time and date of preparation unless otherwise specified.
- The resulting report, including all findings and conclusions are based on Ipsos’s best professional judgment upon information available, including information supplied by the principals that is being validated, to Ipsos at the time of preparation.
- General growth of the economy in accordance to published data.
- Trends in consumer expenditure and population growth in accordance to published data.

INDUSTRY OVERVIEW

Reliability of Information in the Ipsos Report

Our Directors are of the view that the sources of information used in this section are reliable as the information was extracted from the Ipsos Report. Our Directors believe the Ipsos Report is reliable and not misleading as Ipsos is an independent professional research agency with extensive experience in their profession.

ENVIRONMENTAL ANALYSIS OF MAJOR MARKETS

Singapore Economic Outlook

Singapore’s economic competitiveness is strengthened by its strong judicial framework, excellent infrastructure, stable political climate and favourable tax systems. Its economy is predominantly contributed by service industries such as wholesale, retail, transportation, storage, etc.; of which accounted for approximately 69.4%¹ of the economy. Goods producing industries such as manufacturing, construction etc. on the other hand accounted for approximately 26.2%² of the economy.

Singapore’s GDP grew at a CAGR of 3.95% from S\$322.4 billion in 2010 to S\$391.3 billion in 2015. By the end of 2016, GDP grew by a modest 1.80%³ year-on-year from 2015 to reach S\$398.4 billion. This trend is expected to continue beyond 2016 in view of the slightly weaker global outlook and concerns over Brexit and the US economy. By 2021, GDP is forecasted to grow at a CAGR of 2.00% to reach approximately S\$439.9 billion⁴. Although uncertainty remains on a global front, the growth of Singapore’s economy will largely be driven by the government’s continued support for productivity within all its major sectors. Its proactive approach in its trade liberalisation will continue to attract foreign investment into the country, boosted by the country’s transparency in its regulatory system and sustained corruption free business environment.

THE TRANSPORTATION AND LOGISTIC MARKET, SINGAPORE

Recent Developments

Singapore’s transportation and storage sector has been one of the key contributors to Singapore’s economy and is instrumental for the country’s global connectivity. From 2010 to 2015, the transportation and storage sector has consistently accounted for more than 7% of its overall GDP. By 2016, the transportation and storage GDP grew at a CAGR of 3.46% from 2010 to reach approximately S\$31.2 billion. This was largely attributed by the continuous developments in the infrastructure sector that has undertaken large projects over the years to improve and support connectivity in the country. Championing agencies such as the Land and Transport Authority (LTA),

¹ Official statistics from the Ministry of Trade and Industry Singapore and Department of Statistics Singapore

² Ibid

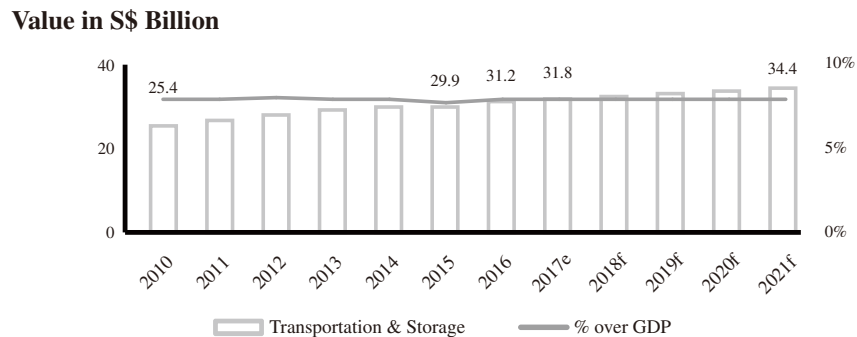
³ Ibid

⁴ Ipsos analysis

INDUSTRY OVERVIEW

Civil Aviation Authority of Singapore (CAAs), Maritime and Port Authority (MPA) and the Economic Development Board (EDB) have been continuously expanding Singapore’s connectivity via land, air and water routes to drive growth in this sector. The pace of growth is anticipated at a CAGR of approximately 2.00% from 2017 onwards and by 2021, the sector’s GDP is expected to reach S\$34.4 billion.

Transportation and Storage GDP and % Contribution, 2010–2021



Note: Figures are in 2010 market prices (S\$)

Source: Official statistics from the Ministry of Trade and Industry Singapore; Information beyond 2016 is based on Ipsos analysis

Industry Demand and Supply, Singapore

Industry Demand by Container Throughput⁵

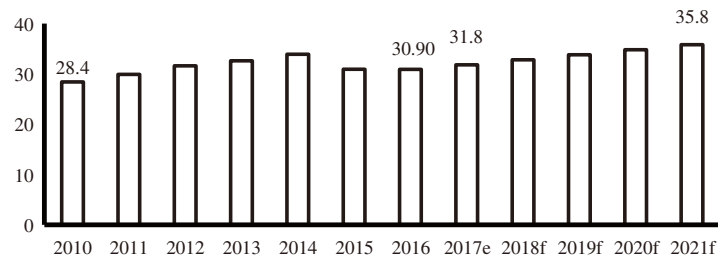
Connected to at least 600 ports globally, Singapore’s ports have become a transshipment hub for transferring freight between ports of loading and release of freight. From 2010 to 2015, the volume of containers handled increased at a CAGR of 1.68% to reach a volume of 30.92 million Twenty-foot Equivalent Units (TEUs). By the end of 2016, the volume of containers handled measured slightly more than 30.90 million TEUs. Although container throughput decreased slightly in 2016, the percentage of cargoes handled in Singapore in general is relatively higher compared to other countries. As such, total volume of containers handled is expected to be relatively stable from 2017 to 2021 despite the slightly weaker global economic outlook.

⁵ Road haulage is essential in connecting customers to both air and sea ports. As such, stable or increasing volumes of containers being handled at ports will indicate the demand of goods imported and exported, therefore representing a need to transport these cargos from containers via ports to customers’ premises and vice versa.

INDUSTRY OVERVIEW

Container Throughput, 2010–2021

Volume in Million TEUs



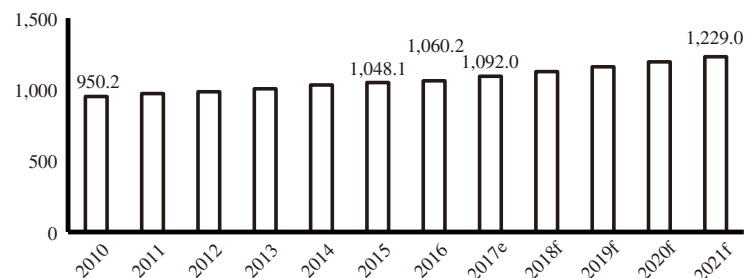
Source: Official statistics from the Maritime and Port Authority of Singapore and Department of Statistics Singapore; Information beyond 2016 is based on Ipsos analysis

Industry Demand by Merchandise Trade⁶

Over the past 5 years, Singapore’s merchandise trade increased from S\$950.2 billion in 2010 to reach S\$1,048.1 billion in 2015, with a CAGR of 1.98% for the same period of time. By the end of 2016, Singapore’s trade was valued at S\$1,060.2 billion, increasing slightly by 1.15% from previous year. For the same year, the value of Singapore’s merchandise trade was 1.66 times higher than its GDP, thus reflecting the importance of trade to the country’s economy. Due to its relatively small domestic market, Singapore will continue to advance in its merchandise trade, albeit modest growth for the next 5 years. Therefore, by 2021, Singapore’s trade is projected to value at S\$1,229.0 billion, with a CAGR of 3.00% from 2017 to 2021.

Merchandise Trade, 2010–2021

Value in Billion S\$



Source: Official statistics from the Department of Statistics Singapore; Information beyond 2016 is based on Ipsos analysis

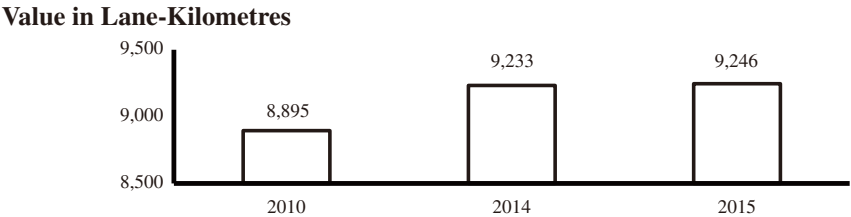
⁶ The trend in merchandise trade depicts demand for goods and services in the country. As such, stable or increasing trend of merchandise trade in the will indicate the demand of goods imported and exported, therefore representing a need to transport these cargos from containers via ports to customers’ premises and vice versa.

INDUSTRY OVERVIEW

Industry Supply by Road Networks

Transportation via road is generally flexible with schedules and routes easily arranged and freight can be transported as long as there are road connections. As such road haulage is essential to connect customers with the Singapore’s large sea and air ports. Thus, a well-planned road network is instrumental not only to ensure the country’s easy accessibility and connectivity to both its air and sea port, it also ensures companies based in Singapore are better situated to serve customers and manage their operating entities, locally and globally. In 2015, Singapore has approximately 9,246 lane-kilometres of public roads, all of which are paved and more than 1,000 lane-km expressways. This small yet developed network of roads is easy to maintain and thus is expected to play a vital role in ensuring road haulage continues to be prominent and accessible for companies to transport their goods and products effective and efficiently.

Length of Roads, 2010–2015⁷



Source: Official statistics from the Land Transport Authority Singapore

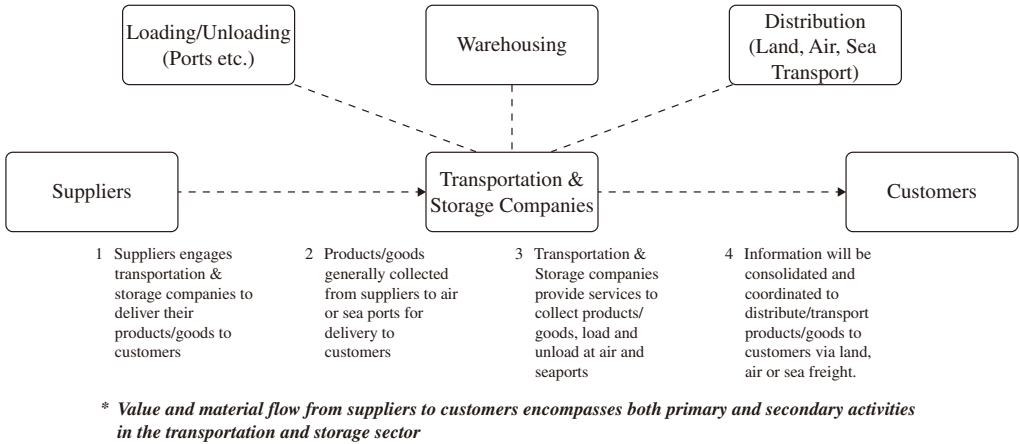
Industry Value Chain

Activities in the transportation and storage sector can be divided into primary and secondary activities. Basic activities include internal/external transportation and logistics; production and management; marketing and service. Supplementary activities include design and management of transportation system, distribution, co-ordination and inventory visibility.

⁷ Official data for 2016 was not available at the time of report writing

INDUSTRY OVERVIEW

Value Chain, The Transportation and Storage Sector

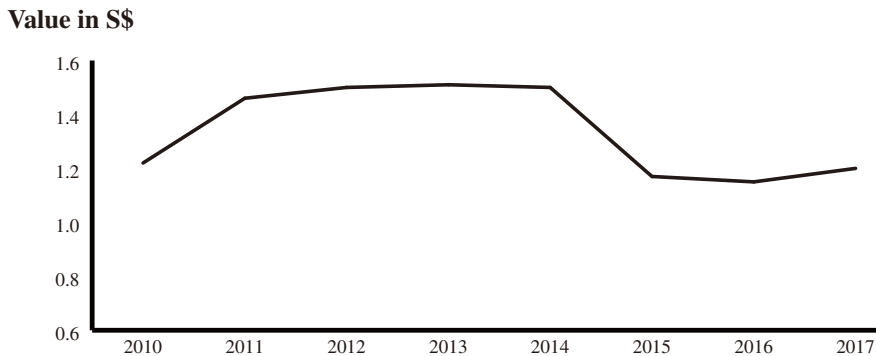


Source: Ipsos analysis

Raw Materials

In general, land transport of the transportation and storage sector is highly dependable on diesel usage for their trucks and heavy vehicles. Price for diesel in Singapore saw an increasing trend from 2010 to 2014, rising from S\$1.22 per litre in 2010 to S\$1.5 per litre in 2014. By the end of 2016, price for diesel dropped by 23% to reach S\$1.15 per litre (from year 2014). In early 2017, diesel price increased by 4.3% to S\$1.2 per litre, reflecting the recent changes implemented for diesel taxes in Singapore.

Diesel Price, Singapore 2010–2017Q1



Source: Official statistics from the Department of Statistics Singapore

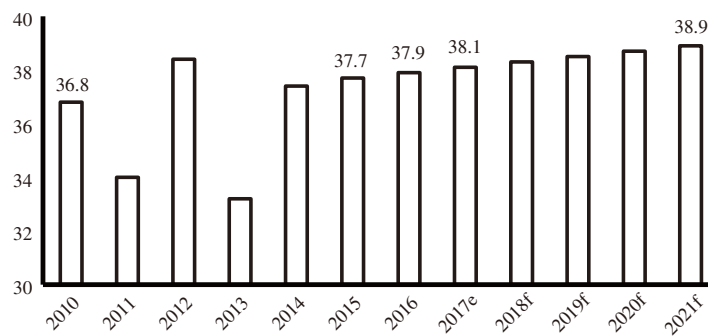
INDUSTRY OVERVIEW

Investment Overview of the Industry⁸

Foreign direct investment (FDI) in the transportation and storage sector in Singapore grew at a CAGR of 0.46% from S\$36.8 billion in 2010⁹ to S\$37.7 billion in 2015. The pace of growth in FDI is anticipated to increase slightly in line with the government’s continued support for productivity driven growth within all its major sectors. As such FDI is expected to grow at a CAGR of 0.54% beyond 2016 to reach approximately S\$38.9 billion by the end of 2021.

Transportation and Storage FDI, 2010–2021

Value in S\$ Billion



Source: Official statistics from the Department of Statistics Singapore; Information beyond year 2014 is based on Ipsos analysis

Revenue Overview by Operating Receipts¹⁰

Total value of operating receipts for the transportation and logistics sector in Singapore grew at a CAGR of 4.70% from S\$89.2 billion in 2010 to S\$112.3 billion in 2015. The Land Transport segment occupied approximately 6.0% of the market with S\$6.7 billion in operating receipts for the same year. By the end of 2016, total operating receipts was valued at S\$117.5 billion. This trend of growth is expected to continue from 2017 onwards and by 2021, value of operating receipts is projected to reach S\$150.0 billion, with a CAGR of at least 5.00% for the same period of time.

⁸ Information beyond year 2014 in this segment is based on Ipsos analysis

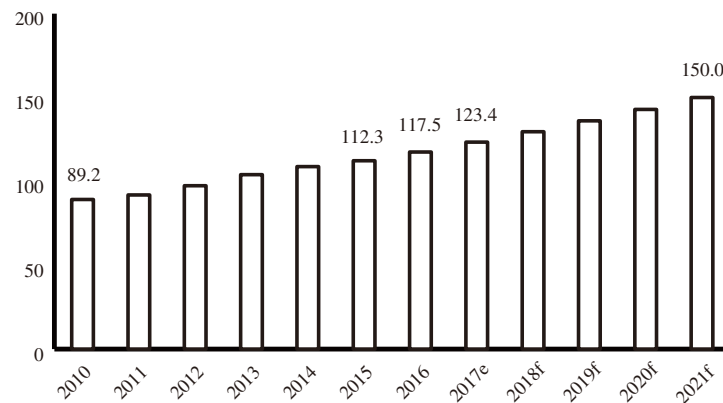
⁹ Official statistics from the Department of Statistics Singapore

¹⁰ Operating receipts is defined as ‘income earned from business operations (i.e. income from services rendered, sales of goods and etc.); Subsequent technical terms, official definition and sentence structures quoted/cited from official information i.e. Department of Statistics, Singapore in this segment are kept to maintain the actual intent and meaning of terms defined for each category.

INDUSTRY OVERVIEW

Operating Receipts, 2010–2021

Value in S\$ Billion



Source: Official statistics from the Department of Statistics Singapore; Information beyond 2015 is based on Ipsos analysis

Trends and Future Development

The trends and future developments of Singapore’s transportation and storage sector is majorly driven by the government as its role is crucial to maintain the sector’s competitiveness with other regional players. Earlier in 2012, the Singapore Economic Development Board (EDB) and SPRING Singapore launched the “Logistics and Transportation Productivity Roadmap” to help raise transportation/logistics firms’ productivity by deepening their supply chain management expertise. Later in 2016, the Ministry of Trade and Industry initiated and launched “The Logistics Industry Transformation Map” to boost productivity of the transportation and logistics sector in the country. This roadmap aims to reinforce Singapore’s position as a global logistics hub and is set to add at least S\$8.3 billion in value, at the same time creating 2,000 jobs for professionals, managers, executives and technicians by the end of the decade.

The emergence of the Internet and IT technologies over the years has brought efficiency and ease to the transportation and logistics system locally and globally. Moving forward, just as connected cars are changing the way OEMs are operating in the near future, the introduction of digital trucking will soon transform how land freight operates globally. Land transport vehicles (i.e. trucks) will soon benefit from new technologies and eventually these trucks will be connected, depending less on labour (i.e. drivers) through remote maintenance while boosting efficiency and safety at the same time. Transporters and logistics providers will soon need to improvise to adapt such technology to stay relevant.

INDUSTRY OVERVIEW

Another trend to note for the transportation and storage sector is the rise of third party logistics (3PLs) providers globally. As transporters and logistic providers expand their comfort markets, the need for more structured, complicated services such as international trade, multi-trade management, multi-cargo management, multi-freight mode increases. As such, more and more transporters and logistic providers are transitioning into outsourcing part of their businesses (e.g. warehousing, trucks, container haulage) to 3PLs to remain relevant and afloat in the industry.

Market Drivers

Population Growth and Urbanisation

Population size and urbanisation help to spur growth and demand for goods and services, as the number citizens and residents would increase over time. A country that is highly urbanised is also typically a good platform to spur demand, because urban areas are typically densely populated and demand for goods and services is crucial to achieve expected quality of life. Thus, this would drive demand which will in turn provide opportunities for road haulage activities indirectly. By mid-2016, Singapore’s population stood at 5.6 million. Compared to 2015, the resident and citizen population for 2016 grew at 0.8% and 1.0% respectively.

Global Logistic Hub

Over the years, Singapore has become one of the preferred logistics hubs for players across industries such as aerospace, biomedical science, electronics and telecommunications and petrochemicals. These industries are expected to grow, thus driving demand worldwide. Singapore is also a global hub for third-party transportation and logistics providers, providing services ranging from sea and air freight, local transportation, warehousing and other value-added services for products coming into or transiting Singapore. More than 20 of the world’s top third-party logistics providers are based in Singapore and these include companies like DHL, Yusen Logistics, NYK Logistics and Nippon Express. In addition, leading manufacturers also find Singapore attractive as logistics hub and examples such as Dell, Hewlett Packard, Infineon, Novartis and Panasonic are no strangers to the Singapore Transportation and Storage sector.

Stable Economy

Singapore’s economy is in general stable as the government continues to support its growth by encouraging productivity within all major sectors and maintaining its proactive approach to attract foreign investment through trade liberalisation. Singapore will also likely to continue to advance in its merchandise trade due to its relatively small domestic market. As such, the stability of Singapore’s economy will become a platform for growth and sustainability for the transportation and storage sector.

INDUSTRY OVERVIEW

Market Barriers

Competition from Experienced and Mature Industry Players

Companies like CA Transportation and Warehousing has over 20 years of experience, building reliable transport management and large vehicle fleet over the years, capable of handling large volumes of customer orders. Such networks grew over the years with heavy investments, proper infrastructure in place and effective management. Newer industry players will have to compete against these mature transportation and logistics providers and will less likely be able to develop vast networks in a short period of time, thus finding it challenging to procure contract with potential clients.

Rising Costs

Transportation and logistics cost are on the rise, attributed by the shortage in local labour particularly drivers. Transportation services are relatively labour intensive, therefore the shortage in local labour presents a weighty shift in the industry. Suitable local employees/drivers are now more expensive as compensation levels will reflect the shortage, cost of training will increase etc.

Market Opportunities

Economic Development and Diversification

Singapore is encouraging economic diversification in areas such as medical sciences, financial services etc. to attract investments into the country. As these industries grow, demand for goods and related services will increase in tandem thus creating opportunities for ‘connective role’ sectors (e.g. transportation and storage sector) to grow as well. Opportunities remain positive at large as the government is continuously structuring and developing plans to promote these new industrial areas.

Political Stability

Singapore’s stable political environment is a solid platform for leaders to confidently lead and make sustainable decisions for the country. Therefore, boosting confidence for investors and regional countries to conduct their businesses in Singapore. Singapore is also in the lead in signing free trade agreements, thus increasing regional influence and integration amongst other countries. Till date, Singapore has about 20 regional bilateral Free Trade Agreements (FTAs) with 32 trading partners, covering majority of its merchandise trade.

INDUSTRY OVERVIEW

Infrastructure Developments

Singapore over the years has placed high importance in structuring and developing the right infrastructure to strengthen Singapore’s connectivity. Structured and careful planning were implemented along the years covering all aspects such as water, land, industrial infrastructure and sustainable environment to ensure the country progresses as one of the world’s major hubs. For the next few years, the transportation and storage sector of Singapore is expected to benefit from the country’s development in a wide range of shipping services, mostly from the maritime and bunkering segments, on-going enhancement of air and sea ports/terminal, as well as significant government funding for road and rail networks improvements, all set to maintain Singapore ahead of its rivals as a global logistics hub.

Optimising Land Use

The transportation and storage sector is all about having adequate space to store containers. As Singapore generally is a land scarce nation, companies usually have very limited space within their own premises to store containers. As such, this presents a good opportunity for transportation and logistics companies to provide innovative and integrated services and solutions to land-scarcity problems.

Market Threats

Regional Competition and Susceptibility to Global Economic Headwinds

Although Singapore has one of the busiest ports worldwide, its position is vulnerable to any economic changes in the region and globally. This is evidently depicted in its volume of container throughput by the end of 2016, whereby volumes decreased slightly from previous years due to the slowdown in global economy. In recent years, Singapore also faced competition by the growth of other ports particularly from China. As such, Singapore’s shipping industry and other transportation/logistics services need to constantly change to adapt and stay relevant in the industry.

Levies for foreign workers

As Singapore thrives to reduce its dependency on foreign workers, work permit quota and levy were amended over the years to reduce the influx of foreign workers into the country. As such this will negatively impact the sector’s competitiveness in the region as it is generally reliant on foreign labours due to the shortage of local labour.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE

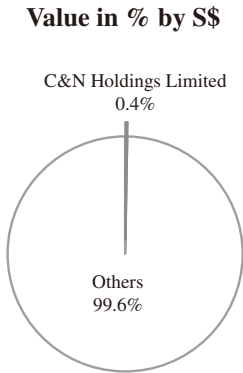
The market for the transportation and storage sector is highly fragmented and competitive, with each market player having a fraction of the market share (i.e. no major market players dominating or driving the direction of the industry). Road freight or land transport has one of the lowest entry barriers in the industry as it is quite possible for any individual to enter as a self-employed owner and driver of a truck. Regulations are not as strict as those applied to the private car industry and typically rules in the industry covers general matters relating to working hours, insurance etc. Transportation and logistics companies vary in their services with larger ones having broad networks across many countries, offering complex and integrated logistics services (e.g. transportation management services, dangerous good transportation, air and sea freight etc.) on a greater scale and flexibility.

Market Share and Ranking

Market Share

In 2015, total value of operating receipts for land transport segment of the transportation and logistics sector in Singapore was approximately S\$6.7 billion. For the same period the company’s revenue generated from its trucking and container hubbing divisions recorded at approximately S\$27.7 million. As such, the company’s market share is estimated to be less than 1% in the highly fragmented industry based on the company’s revenue from trucking and container hubbing divisions by end of 2015.

Company’s Estimated Market Share by Estimated Market Revenue, 2015



Source: Ipsos Analysis

INDUSTRY OVERVIEW

Market Ranking

Based on the information available through public domain, at least 1,600 companies were classified under the headings of freight transport via road, general freight trucking and road haulage companies in 2015. Of these companies, 46 were noted to report their revenues for the year 2015 and had substantial focus on land transportation activities as part of their business. Based upon reported revenues for 2015, the Company is ranked 5th amongst the 46 transportation and logistics companies in Singapore that had a substantial focus on land transportation activities as part of their business.

Transportation and Logistics Companies, 2015

Rank	Companies	Revenue S\$Million	% Estimated Market Share	Products and Services
1	Company i	94.2	1.4%	Services include transportation, freight management, warehousing and cargo handling.
2	Company ii	52.5	0.8%	Specialises in off shore logistics including transportation, freight forwarding (prime movers, lorries and trailers) and supply chain management.
3	Company iii	50.8	0.8%	Services include transportation management services, container depot, warehousing and property management
4	Company iv	41.8	0.6%	Services include warehousing, transportation and distribution, freight management, cargo consolidation, container management etc.
5	C&N Holdings Limited	27.7	0.4%	Specialises in trucking and container hubbing services
	Others		96.0%	

Source: Secondary research; Published reports; Trade interviews; Ipsos analysis

INDUSTRY OVERVIEW

Notes:

- 1) *The above list of companies is selected with reference to available published revenues for the year 2015 with Ipsos assumptions, which are then subsequently ranked for the purpose of market ranking comparison only. Thus, the above figures only provide an indication and are not considered directly comparable due to the following reasons:*
 - a. *Not all market players have the same financial year end; and*
 - b. *Not all companies carry out activities that are completely similar to each other.*
- 2) *Revenues for 2015, are estimated based on the following assumptions;*
 - a. *Estimated revenue for selected companies above are values for domestic market only; and*
 - b. *Revenues are computed with weightage assumptions based on Ipsos analysis, whereby a certain % of revenue is selected to represent land transportation business activities from the total revenue of the company*

Key Factors of Competition

As the market for the transportation and storage sector is highly fragmented, industrial players are constantly competing to differentiate from each other to increase their market share by improving efficiency, technology and services provided to meet the increasing demands of the industry. Some key differentiating factors include:

Structure of the Company

Larger transportation and storage providers often have a good system in place to support the different demands of their clientele. The maturity of their transportation and logistics network as well as a structured internal management system could help their clients save time and cost while achieving efficiency in product/ goods delivery. For example, many transportation and logistics companies in Asia are slowly adopting to a form of Transportation Management System to better manage their supply chain networks in the industry. With recent technology advancements over the last decade, it is only time that companies adopt new and sophisticated technology to keep up with the growing complexity and competition of the industry. Such competition will continue to be the driving force for companies to invest in high-tech solutions to manage, execute and implement effective transportation strategies to maintain relevant. As such, as companies grow, their structure becomes well developed, thus handing them an upper hand to negotiate on matters such as rates, contract terms and volume as to compared to other smaller companies.

INDUSTRY OVERVIEW

Cost of Transportation, Logistics and Storage

Cost is always the primary factor in selecting or differentiating between transporters or logistics providers and it is often depending on how each transporter or logistics provider can go in terms of pricing to stay relevant. Often, this is a challenging pursuit as transporters or logistics provider need not only to be competitive but to also being able to maintain its businesses and operations afloat.

Products and Services

Products and services provided by transporters or logistics provider play important roles in helping customers to decide on which transporters or logistics providers to select. For an example, if a customer's business primarily consists of frozen products, they cannot select a transporter or logistic provider that does not have temperature handling requirements to transport their products. As such, product characteristics and services will thus limit the pool of eligible transporters or logistic providers for the customer to select.

Security

Security factor places weight for customers selecting transporter or logistics provider particularly those with special requirements to ship or transport their products and goods. For an example, if a customer's business primarily is handling hazardous materials, they need to select transporters or logistics providers that can meet their safety protocols and maintain highest level of compliance when transporting their products. As such this factor will also contribute to the key differentiating factor of competition amongst transporters or logistic providers in this segment of business.

Key Strengths and Competitive Advantage of the Company

Our Company provides flexible and reliable transport management services to their clients ensuring customer's supply chain requirements are met. This is achieved by our effective planning and facilitation of all transportation processes to ensure efficient flow of services. In addition, we have a long and established track record, serving the industry since 1992. Our reliable quality service coupled with continuous client engagement has enabled us to establish strong customer bases across multiple industries. We also have established strong and close working relationships with several reputable customers over the years, maintaining their businesses for as long as 10 years. Further, equipped with an experienced and dedicated management team, our Company is able to serve the industry with our extensive experiences, combined in-depth knowledge across employees and understanding of the industry in general.

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.

REGULATORY OVERVIEW

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;

REGULATORY OVERVIEW

- (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

REGULATORY OVERVIEW

- (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 transportation of hazardous substances

The 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**”). Any person who wishes to transport hazardous substances controlled under the EPMA, in quantities exceeding those specified in the Environmental Protection and Management (Hazardous Substances) Regulations, 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.

REGULATORY OVERVIEW

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.

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.

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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) provide 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.

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 employs foreign work permit holders as well as S Pass holders and has confirmed that it has complied with the MOM’s requirements in relation to its 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

REGULATORY OVERVIEW

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 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.

REGULATORY OVERVIEW

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.

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.

REGULATORY OVERVIEW

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.

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).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Our business history

In 1992, we started with a small fleet of vehicles that were used to provide trucking services to our clients. As our fleet size and reputation grew over the years, we started to take on larger and more established customers.

In June 2003, we expanded the range of our services to include the provision of temporary storage of empty and laden containers at our yard at Jalan Papan for our customers. We have since moved to a logistics yard at Penjuru Lane in June 2016 for the provision of our hubbing services.

Nexis Logistics was incorporated in 2003 in Singapore to explore business opportunities in the provision of sea freight services and project logistics. The provision of sea freight services was discontinued shortly thereafter and Nexis Logistics is now primarily engaged in provision of transport management services.

In 2010, we entered into a service agreement with Customer A, the Singapore branch of a multinational logistics and distribution company, for the provision of trucking services in Singapore. Customer A is our largest customer and further details on Customer A can be found in paragraph 4.7 of the section headed “Business” of this document. We have gained experience and reputation from servicing Customer A. Since 2010, we have secured business from other multinational logistics companies.

Our business has grown over the years and we now manage a fleet of 118 prime movers, 476 trailers, 6 reach stackers and 8 lorries as at the Latest Practicable Date. We provide transport management services, primarily trucking and hubbing, to our customers. Our staff strength has also increased to approximately 160 staff as at the Latest Practicable Date.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Key milestones of our Group

The following table sets forth major development milestones of our Group:

Date	Milestones
February 1992	CA Transportation was incorporated on 12 February 1992 in Singapore.
April 2003	Nexis Logistics was incorporated on 30 April 2003 in Singapore.
June 2003	Leasing of land at Jalan Papan to provide hubbing services to our customers.
February 2010	Entering into of service agreement with Customer A, the Singapore branch of a multinational logistics and distribution company, for the provision of trucking services in Singapore.
2015	Award of partnership award by Customer A
May 2016	Entering into of service agreement with Independent Third Party for use of logistics yard at Penjuru Road for the provision of our hubbing services to our customers.
February 2017	Entering into of service agreement with Customer Y, part of a global logistics company that provides international parcel and freight delivery through road, air and ocean transport, for the provision of trucking services in Singapore.

Our corporate history

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 10 February 2017 and became the holding company of our Group, which was completed on [•] 2017 pursuant to the Reorganisation. Our Group comprises our Company, New Pine, CA Transportation and Nexis Logistics, all of which are wholly-owned subsidiaries of our Company.

Principal operating subsidiaries

Our two principal operating subsidiaries are CA Transportation and Nexis Logistics, incorporated on 12 February 1992 and 30 April 2003 in Singapore respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CA Transportation

CA Transportation was incorporated in Singapore on 12 February 1992 as a private company limited by shares. At the time of incorporation, CA Transportation allotted and issued 1 share of CA Transportation to Mr. K L Chua for S\$1.00, and allotted and issued 1 share of CA Transportation to Mr. Chua Choon Hoe, the younger brother of Mr. K L Chua, for S\$1.00.

On 5 April 1993, CA Transportation allotted and issued 39,999 shares of CA Transportation to Mr. K L Chua for S\$39,999, 30,000 shares of CA Transportation to Mr. Chua Len Ho, the younger brother of Mr. K L Chua, for S\$30,000 and 29,999 shares of CA Transportation to Mr. Chua Choon Hoe for S\$29,999.

During the period from 1998 to 2012, CA Transportation had allotted and issued in aggregate 2,900,000 shares of CA Transportation to Mr. K L Chua for S\$2,900,000 on five occasions.

On 22 January 2009, Mr. Chua Choon Hoe transferred 30,000 shares of CA Transportation to Mr. K L Chua for a cash consideration of S\$30,000 on the basis of S\$1.00 per share.

On 28 March 2012, Mr. Chua Len Ho transferred 30,000 shares of CA Transportation to Mr. K L Chua for a cash consideration of S\$30,000 on the basis of S\$1.00 per share. After such transfer, CA Transportation had been wholly owned by Mr. K L Chua from the date of such transfer up to the completion of the Reorganisation.

The principal business activity at CA Transportation is the provision of transport management services.

Nexis Logistics

Nexis Logistics was incorporated in Singapore on 30 April 2003 as a limited exempt private company. At the time of incorporation, Nexis Logistics allotted and issued 1 share of Nexis Logistics to Mr. K L Chua for S\$1.00 and allotted and issued 1 share of Nexis Logistics to Mr. Tay Cher Yan Jeffery, the then business partner of Mr. K L Chua and an Independent Third Party, for S\$1.00.

On 2 January 2004, Mr. Tay Cher Yan Jeffery transferred 1 share of Nexis Logistics to Ms. S F Chua for a consideration of S\$1.00. Ms. S F Chua holds the 1 share of Nexis Logistics in trust for Mr. K L Chua.

On 20 May 2004, Nexis Logistics allotted and issued 49,998 shares of Nexis Logistics to Mr. K L Chua for S\$49,998.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 12 January 2005, Nexis Logistics allotted and issued 150,000 shares of Nexis Logistics to Mr. K L Chua for S\$150,000.

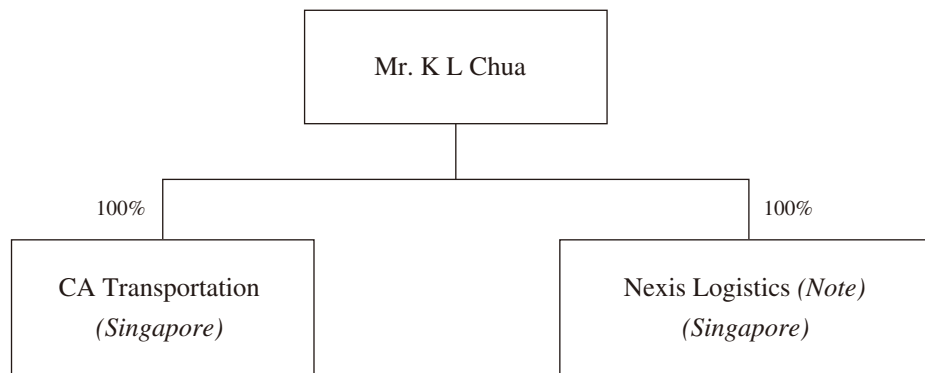
There were no further changes to the shareholding structure of Nexis Logistics up to the completion of the Reorganisation.

The principal business activity of Nexis Logistics is the provision of transport management services.

On [•] 2017, pursuant to the Reorganisation, CA Transportation and Nexis Logistics became wholly-owned subsidiaries of our Company. Details of the Reorganisation is set out in the paragraph headed “Reorganisation” in this section of this document.

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

The following chart shows the shareholding and corporate structure of our Group immediately before the Reorganisation, the [REDACTED] and the Capitalisation Issue.



Note: 1 share of Nexis Logistics, representing 0.0005% of the total issued share capital of Nexis Logistics, was held by Ms. S F Chua on trust for Mr. K L Chua.

REORGANISATION

In preparation for the [REDACTED], our Group has undergone the Reorganisation and the steps are as follows:

(i) Incorporation of the Company

On 10 February 2017, our Company was incorporated as an exempted company in the Cayman Islands under the Companies Law, with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares, of which one Share was allotted and issued to the initial subscriber, Sharon Pierson, as a nil-paid Share, which was transferred to Ventriss Global on 10 February 2017 at nil consideration.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Ventris Global is a company incorporated in the BVI with limited liability, and is wholly-owned by Mr. K L Chua.

(ii) Incorporation of New Pine

On 29 November 2016, New Pine was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00, of which one share of New Pine was allotted and issued, credited as fully paid, to Ventris Global on 7 February 2017.

(iii) Acquisition of CA Transportation and Nexis Logistics by New Pine

On [•], New Pine acquired 3,000,000 ordinary shares of CA Transportation, being the entire issued share capital of CA Transportation, from Mr. K L Chua for the consideration of S\$[•], which was satisfied by New Pine allotting and issuing one new share of New Pine, credited as fully paid, to Ventris Global (as a nominee of Mr. K L Chua) at the direction of Mr. K L Chua. The consideration was determined based on the net assets value of CA Transportation. After completion of the above transaction, CA Transportation was wholly-owned by New Pine.

On [•], New Pine acquired 200,000 ordinary shares of Nexis Logistics, being the entire issued share capital of Nexis Logistics from Mr. K L Chua and Ms. S F Chua, who holds one ordinary share of Nexis Logistics on trust for Mr. K L Chua, for the consideration of S\$[•], which was satisfied by New Pine allotting and issuing one new share of New Pine, credited as fully paid, to Ventris Global (as a nominee of Mr. K L Chua) at the direction of Mr. K L Chua. The consideration was determined based on the net assets value of Nexis Logistics. After completion of the above transaction, Nexis Logistics was wholly-owned by New Pine.

(iv) Acquisition of New Pine by the Company

On [•], Ventris Global transferred three shares of New Pine, being the entire issued share capital of New Pine to our Company for the consideration of S\$[•], which was satisfied by (i) our Company allotting and issuing [999,999] new Shares, credited as fully paid, to Ventris Global; and (ii) the crediting of the one nil-paid Share, which was registered in the name of Ventris Global, as fully paid. The consideration was determined based on the net assets value of New Pine. After completion of the above transaction, New Pine was wholly-owned by our Company.

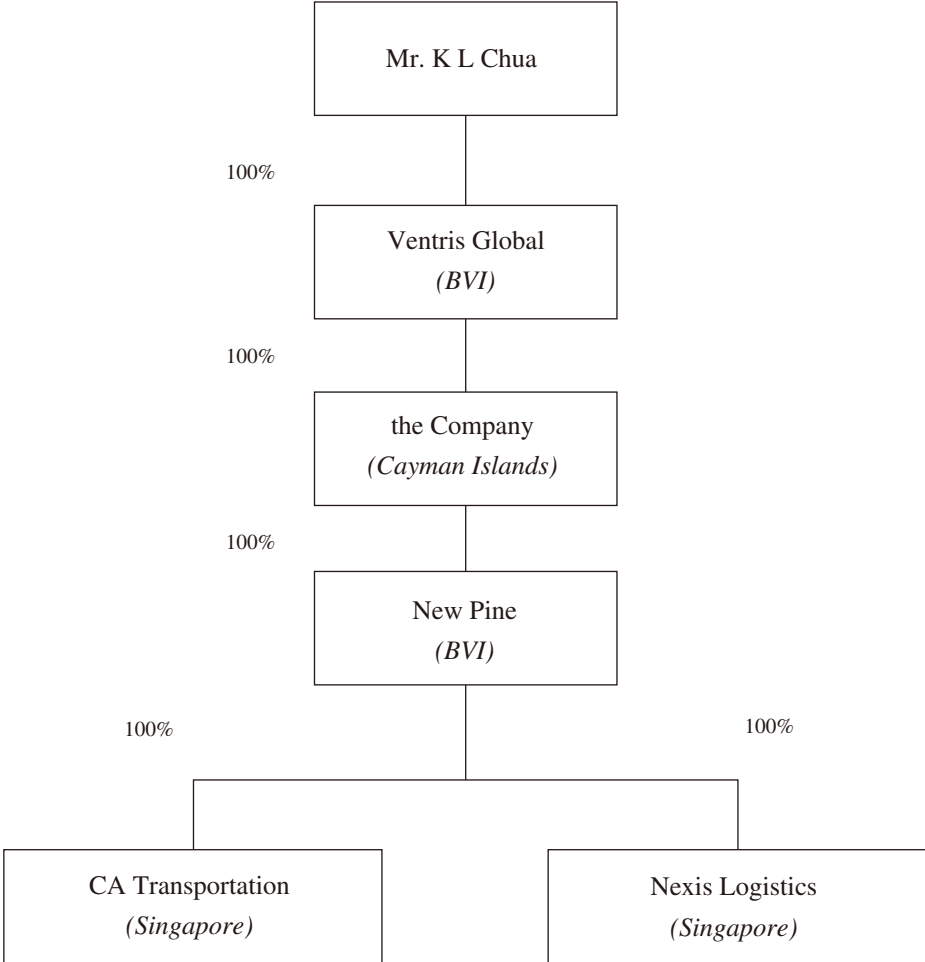
(v) Increase in authorised share capital of the Company

On [•], the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$[50,000,000] divided into [5,000,000,000] Shares by the creation of an additional [4,962,000,000] Shares.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE COMPLETION OF THE [REDACTED] AND THE CAPITALISATION ISSUE

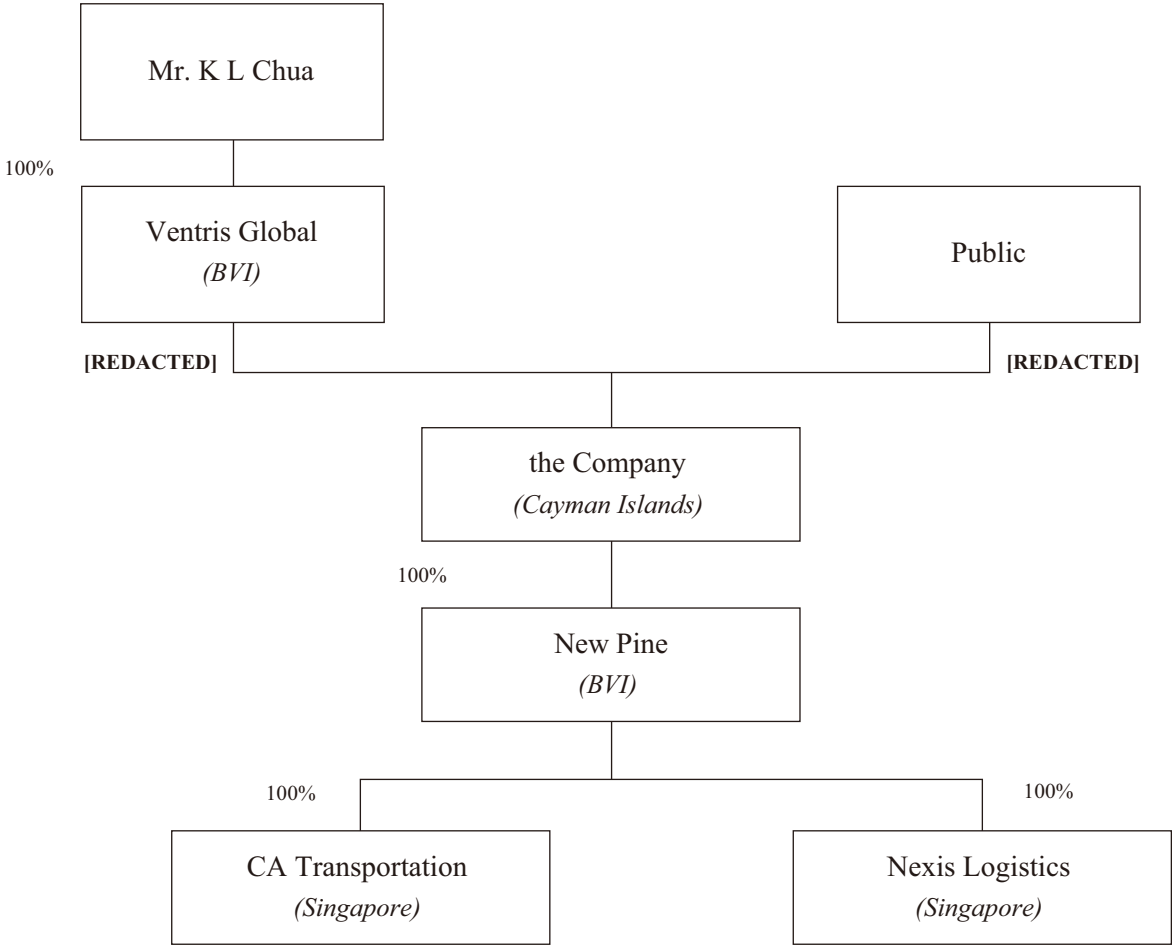
The following chart illustrates the shareholding structure of our Group immediately after the completion of the Reorganisation and prior to completion of the [REDACTED] and the Capitalisation Issue:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION, THE [REDACTED] AND THE CAPITALISATION ISSUE

The following chart illustrates the shareholding structure of our Group 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):



BUSINESS

BUSINESS OVERVIEW

Founded in 1992, our Group is a provider of transport management 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 points. Hubbing services refer to the handling and storage of laden and empty containers at our logistics yard or any other location which may be designated by our customer(s). According to the Ipsos Report, based upon reported revenues for 2015, the Company is ranked 5th amongst the 46 transportation and logistics companies in Singapore that had a substantial focus on land transportation activities as part of their business.

Led by our experienced management team, we have developed reputation as a reliable transport management service provider equipped with a large vehicle fleet that is capable of handling large volumes of customer orders. As at the Latest Practicable Date, we have 160 staff under our employment of which 128 are drivers that support our vehicle fleet comprising 118 prime movers, 476 trailers, 6 reach stackers and 8 lorries, all of which were self-owned. In order to enhance the flexibility and cost effectiveness of our services, we engage subcontractors to carry out certain trucking services.

As at the Latest Practicable Date, we entered into a service agreement with an Independent Third Party for the use of a logistics yard of approximately 90,000 square feet for the provision of our hubbing service. We also own three units in an industrial building in Singapore from which we operate.

Singapore is encouraging economic diversification in areas such as medical sciences, financial services etc. to attract investments and boost regional competitiveness. As these industries grow, demand for goods and related services will increase in tandem thus creating opportunities for 'connective role' sectors (e.g. transportation and storage sector) to grow as well. Opportunities remain positive at large as the government is continuously structuring and developing plans to promote these new industrial areas. Therefore, the Directors believe that our Group is well positioned to capture the growth opportunities in the transport management service industry and will benefit from the growing demand for our services from existing and futures clients in the logistics industry in Singapore.

1. COMPETITIVE ADVANTAGES

The 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.

BUSINESS

1.1 Our Group is one of the leading independent transport management services provider in Singapore

According to the Ipsos Report, based upon reported revenues for 2015, our Group was ranked 5th amongst the 46 transportation and logistics companies in Singapore. Given the fact that the other four companies ranked above us are concurrently involved in the provision of other logistics services such as warehousing and freight forwarding, which would to a certain extent, compete with the business carried out by some of our main customers being international logistic companies in Singapore. Under such circumstances, such customers would prefer to engage our Group, being focused on rendering trucking and hubbing services without competing businesses with them.

1.2 Our Group has a large fleet of vehicles to carry out our transport management services business.

As at Latest Practicable Date, our Group has a fleet of 118 prime movers, 476 trailers, 6 reach stackers and 8 lorries to carry out our transport management services business. Based on LTA vehicle statistics, there were approximately 5,300 articulated vehicles in Singapore as at 31 December 2016 where articulated vehicles typically refer to vehicles such as prime movers and low loaders. The number of prime movers in our fleet was approximately equivalent to 2.2% of all articulated vehicles in Singapore as at 31 December 2016, a testament to our large fleet size in Singapore.

1.3 Our Group offers flexible transport management services to cater for our customers' supply chain requirements

Our Group offers trucking and hubbing services to cater for our customers' supply chain requirements. These services are complementary to one another and provide customers with greater flexibility with respect to their logistical supply chain planning.

Prior to the provision of transport management services, we will typically hold discussions with our customers to ascertain:

- (i) their delivery plan and schedule; and
- (ii) their container storage requirements at our logistics yard, if so required.

This allows us to customise our services to meet the unique requirements of each customer and also facilitates the advanced planning of the transport management process to ensure efficient flow of services.

BUSINESS

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

Our Group’s focus on providing quality services coupled with continuous client engagement has enabled us to establish a strong customer base across industries. Our Group has established long working relationships with several customers over the years. In particular, we have been maintaining business relationship with our top five customers for over 7 years, 8 years, 7 years, 16 years and 15 years, respectively, as at the Latest Practicable Date.

We are able to meet the quality standards of our customers due to our emphasis on the quality of our services. Our focus on service quality covers various areas such as vehicle reliability, service reliability, flexible and customisable service offerings for our customers as well as responsiveness to customer feedback and constant process improvement. Please refer to paragraph 8 entitled “Quality Control” for further details on our quality control measures.

Since the commencement of our business with Customer A, our Group has ensured that our services are to the satisfaction of Customer A. For more details, please refer to paragraph 4.7 entitled “Our relationship with Customer A”. Throughout the length of our working relationship, the Directors confirm that we had not experienced any material complaints from Customer A in relation to the quality of our services.

In order to stay competitive in the market, we believe our emphasis on service quality has contributed and will continue to contribute to our continued success in earning our customers’ confidence in our services, which is essential to our long-term development in the transport management service industry.

1.5 Our Group’s experienced and dedicated management team

Our Group’s management team has extensive experience, in-depth knowledge and strong expertise in the transport management service industry. Our founder, Executive Director, Chief Executive Officer and Chairman, Mr. K L Chua has been with us since our establishment and has over 25 years of experience in the transport management services industry. Our Executive Director, Ms. S F Chua, has been with our Group since 2003 and has over 13 years of experience in the transport management service industry. Ms. S H Chua, one of our key members in the senior management team, is responsible for overseeing purchasing and human resources and has over 18 years of relevant experience in the transportation industry. Mr. C H Chua, a member of our senior management team, is responsible for the sales and marketing activities for our Group and has over 26 years of experience in the logistics industry. For further details regarding the experience of our management team, please refer to the section headed “Directors and senior management” in this document.

BUSINESS

We believe that the extensive experience of our management team and their industry knowledge and in-depth understanding of the transport management service industry would enable us to assess market trends effectively as well as to operate and manage our business efficiently.

1.7 Our Group has a close and stable working relationship with our suppliers

Our Directors believe that one of the key factors to our Group's success is our close working relationship with suppliers such as diesel providers and tyre companies. Our top five suppliers had business relationships with us for over 15 years, 10 years, 6 years, [1] year and 12 years, respectively, as at the Latest Practicable Date.

2. BUSINESS STRATEGIES

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

2.1 Expand and upgrade our fleet size

We intend to expand our vehicle fleet size via the addition of prime movers and trailers in order to cope with increasing demand from our customers. We intend to acquire 50 additional prime movers, 60 trailers, 1 lorry for approximately S\$[REDACTED] million. The increased fleet size will enable us to cater for additional business from existing customers and business from new customers. With the purchase of newer models of prime movers, we will also be better equipped to reduce our carbon footprint and provide environmentally friendly business operations.

Currently, in order to cater for our business growth, we intend to acquire 20 additional prime movers, 20 trailers and 1 lorry from our internal resources and financing for approximately S\$[REDACTED] million by the end of July 2017. Up to the Latest Practicable Date, we have acquired 4 prime movers and 1 lorry by internal resources and finance lease arrangements for approximately S\$0.7 million.

In addition, we intend to acquire 30 additional prime movers and 40 trailers for approximately S\$[REDACTED] million from our [REDACTED] proceeds. The new prime movers and trailers will all be acquired by 30 June 2019.

BUSINESS

To support the increase in the vehicle fleet size, we will also be additionally hiring 27 drivers, 3 operations staff, 2 finance executives and a financial controller.

Based on our Group's higher utilisation rate of our prime movers, increasing from 81.4% for the year ended 31 December 2015 to 82.0% for the year ended 31 December 2016, our Directors are of the view that an expansion of our vehicle fleet size will allow us to better cope with increasing demand from our customers.

In addition, we intend to purchase another industrial unit of size around 1,000 square feet located at Pioneer Junction for use as additional office space to cater for increased staff strength. This additional office space and associated renovation cost will cost approximately S\$[REDACTED] million.

With these improvements to our Group's infrastructure, we believe they will enhance our reputation in the transport management service industry and better position our Group to attract new customers.

2.2 Strengthen our information technology systems

We intend to acquire a customised container tracking system that will allow our Group to track the movement of the containers via global positioning satellite data and better monitor job completion progress. With this new system, customers will also be able to track the movements of their containers from their side. The customised container tracking system will cost approximately S\$0.5 million and is expected to be implemented by 30 June 2018.

We also intend to acquire a customised enterprise resource planning ("ERP") and finance system that will allow our Group to integrate our various functions, such as financial management and accounting, operations and sales, into an integrated system. The integrated system will improve workflow efficiency between the various functions. The customised ERP and finance system will cost approximately S\$0.3 million and is expected to be implemented by 30 June 2018.

Additional hardware such as workstations and servers will need to be acquired to support the implementation of the customised container tracking system and enterprise resources planning system and financial and accounting systems. Additional hardware will cost approximately S\$0.2 million and is expected to be purchased by 30 June 2018.

We believe that the strengthening of our information technology systems will allow us to improve our workflow efficiency and deliver a better service experience to our customers.

BUSINESS

2.3 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

We intend to capitalise on our know-how, business relationship as well as our industry expertise to expand our customer base. Our Group's marketing efforts are mainly conducted through our sales and marketing team. We intend to maintain good relationships with our current customers so as to ensure that they will refer new customers to us. Our Directors believe that one of the key factors to our Group's success is the working relationship with our customers and suppliers. Our Group's top five customers have established business relationships with our Group for periods ranging from 7 to 16 years. Similarly, our Group's top five suppliers have established business relationships with our Group for periods ranging from [1] to 15 years. These long-term relationships between our customers and suppliers have allowed our Group to build a strong network within the logistics industry.

Besides obtaining new customers through referrals, we also seek out new clients by marketing our services to them. Mr. K L Chua, our Director, will regularly attend and host functions to build a stronger network with existing customers and that potential customers may be referred to our Group. Our sales and marketing team regularly contact customers to maintain good business relationship and expand our network by soliciting new customers through referrals from existing customers.

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

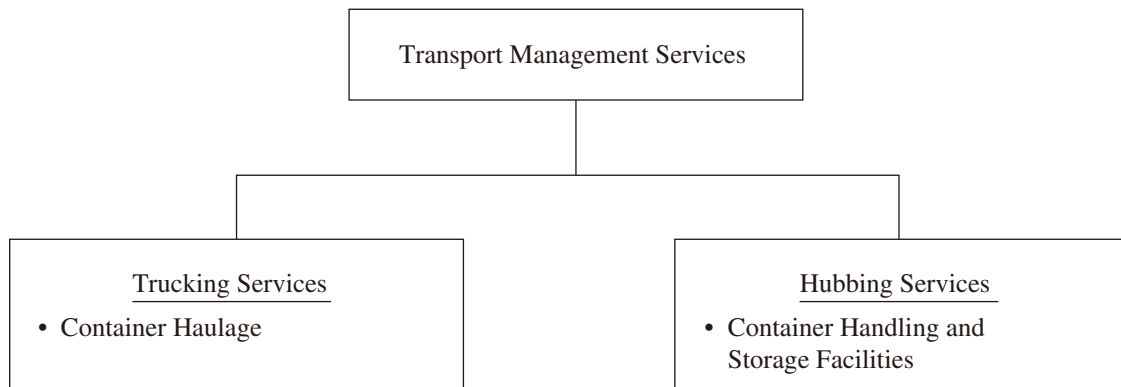
Our employees are critical to our success. We have invested, and intend to continue to invest in our employees in order to recruit, train and retain the best personnel for our business. We will continue to review and enhance our training to improve our employees' productivity and service quality and to keep them abreast of the knowledge and skills desirable to our customers. We will send our relevant personnel to attend courses such as Workplace, Safety and Health ("WSH") programme, as well as Apply Workplace Safety & Health in Process Plant, amongst others. These courses aim at workplace safety trainings in general as well as workplace safety training specifically for process plants such as petrochemicals. We evaluate the performance of our employees and review our remuneration policies to ensure that we offer competitive packages to our employees which are aligned with their performance.

Our Directors believe that the successful [REDACTED] will help enhance the corporate image of our Group and raise staff confidence as well as morale. It will improve our ability to attract, train and retain skilled employees to support our future growth and expansion.

BUSINESS

3. SERVICES AND OPERATIONS

As shown in the following diagram, we offer various transport management services, primarily trucking and hubbing services, to our customers.



We have leveraged our industry experience to specialise in offering industry-specific solutions to better serve our customers. We are also able to customise our services to fit the specific needs and requirements of our customers.

The following table sets out the revenue by types of service offered by our Group during the Track Record Period:

Type of service	Year ended 31 December 2015		Year ended 31 December 2016	
	S\$	%	S\$	%
Trucking	22,378,225	80.8	22,054,945	81.7
Hubbing	5,306,156	19.2	4,953,717	18.3

BUSINESS

3.1 Trucking

Our trucking services refer to the transportation of cargo, primarily containers, from our customers’ designated pick up points to their designated delivery point within Singapore. Our responsibilities include ensuring that the cargo is delivered punctually and in good condition. As at the Latest Practicable Date, our Group has 128 drivers under our employment for the provision of trucking services. Our vehicle fleet comprises 118 prime movers, 476 trailers and 8 lorries, which are all self-owned.



Prime mover



Trailer



Lorry

BUSINESS

Capacity and utilisation

Trucking revenue is our major source of revenue during the Track Record Period. It accounted for approximately 80.8% and 81.7% of our revenue for the years ended 31 December 2015 and 2016 respectively. Our trucking revenue is, amongst others, affected by the capacity and utilisation rate of our vehicle fleet.

The utilisation rate of our prime movers, which form the bulk of our vehicle fleet, is calculated based on comparing (i) the total actual annual trips performed by our drivers each year during the Track Record Period; and (ii) the estimated maximum annual trips performed based on the number of workers and the number of working days. The utilisation rate of our prime movers during the Track Record Period is as follows:

	Year ended 31 December 2015	Year ended 31 December 2016
Maximum annual trips performed ⁽¹⁾	373,492	372,119
Total actual annual trips performed	303,839	306,937
Utilisation rate ⁽²⁾	<u>81.4%</u>	<u>82.0%</u>

Notes:

- (1) The maximum annual trips of our prime movers were measured based on the number of drivers per month, the number of working days in a month and the number of trips performed per day assuming that there are 302 and 303 working days for the year ended 31 December 2015 and 2016 respectively. The daily trips a driver can perform per day is assumed to be approximately 11 trips which was derived by using the average number of trips of our drivers.
- (2) The utilisation rate of our prime movers in each financial year was calculated by dividing the total actual annual trips performed for the whole of the financial year by the maximum annual trips performed.

The average utilisation rate of our prime movers was approximately 81.4% and 82.0% for the two years ended 31 December 2016 respectively. The higher utilisation rate in 2016 was mainly due to an increase in the total actual annual trips performed for the year, increasing from 303,839 trips for the year ended 31 December 2015 to 306,937 trips for the year ended 31 December 2016.

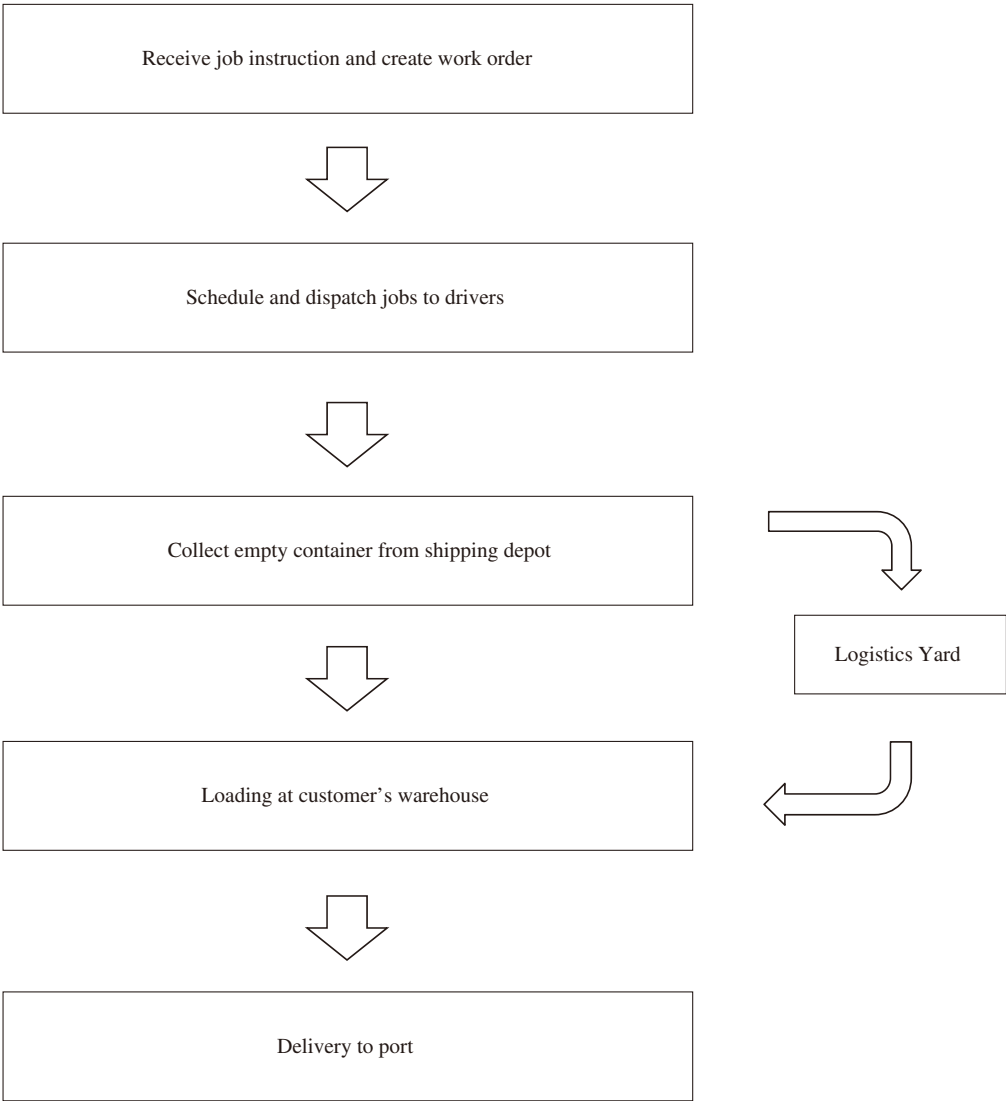
In order to increase the flexibility and cost effectiveness in the provision of our trucking services, we also occasionally engage independent subcontractors for the provision of certain trucking services. For further details, please refer to the paragraph headed “Suppliers” under this section.

BUSINESS

The total revenue contributed by our trucking services amounted to approximately S\$22.4 million and S\$22.1 million for the years ended 31 December 2015 and 2016 respectively, which accounted for approximately 80.8% and 81.7% of our total revenue for the corresponding period, respectively.

The diagram below shows the import and export work flow for our trucking services from the customers' designated pick up points to the customers' designated delivery location:

Chart 1: Export process workflow



BUSINESS

(a) Receive job instruction and create work order

When a customer issues a job instructions, it is assessed by our customer service department. The job instruction will state the type and quantity of cargo that needs to be delivered, the schedule for the delivery and the designated delivery point. The customer service department will check the estimated date of arrival of the vessel and generate a work order based on the customer's requirements.

(b) Schedule and dispatch jobs to drivers

When the operations department receives the work order, traffic controllers will consolidate all available work orders received and initiate planning on the delivery routes and assigning drivers to their specific jobs. When the traffic controllers dispatch jobs to the drivers, the drivers will be briefed on the planned routes, the customers' requirements and the delivery destinations.

(c) Collect empty container to customer's warehouse

After receiving a job from the traffic controllers, the driver will proceed to collect the empty container from the shipping depot. The driver will then deliver the empty container to the customer's warehouse.

(d) Loading at customer's warehouse

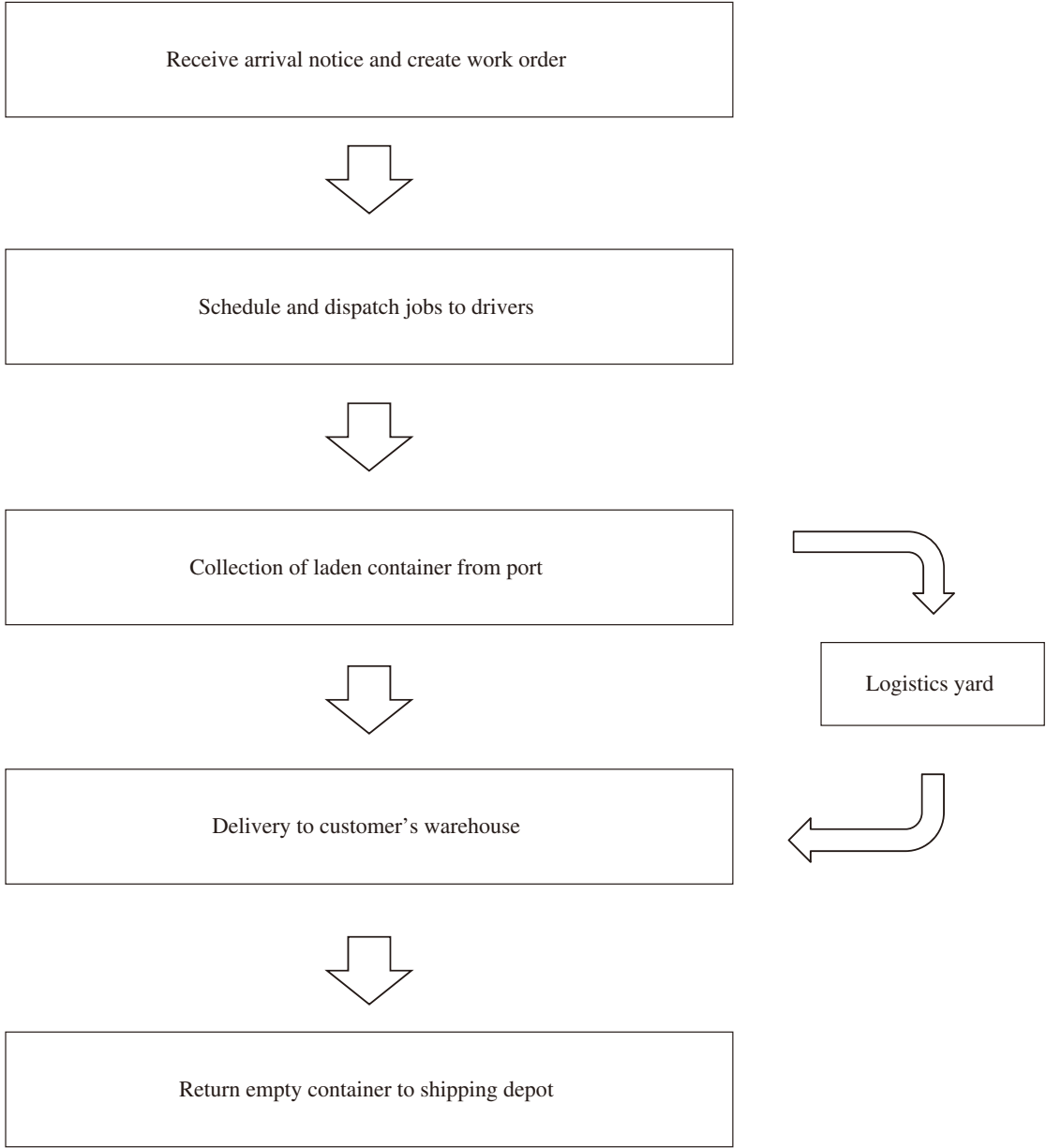
The customer will then proceed to load their cargo into the container and then place a seal on the container. After the customer has loaded the cargo, the driver will check for the seal on the container. If the seal is not intact, the driver will report back to the operations department for further instructions. Following which, the driver will proceed to the next delivery destination based on the customer's job instruction.

(e) Delivery to port

If the assigned vessel is in port and no storage space is required, the driver will proceed directly to the port for delivery. However, if storage space is required by the customer, the driver would deliver the laden container to our logistics yard for storage until the container is ready to be transferred to the vessel. The delivery is considered to be completed when the container is safely delivered to the assigned destinations.

BUSINESS

Chart 2: Import process workflow



(a) Receive arrival notice and create work order

When a customer places an arrival notice with us, the order is assessed by our customer service department. The arrival notice will state the type and quantity of cargo that needs to be delivered, the schedule for the delivery and the designated delivery point. The customer service department will check the estimated date of arrival for the vessel and generate a work order based on the customer’s requirements.

BUSINESS

(b) Schedule and dispatch jobs to drivers

When the transportation department receives the work order, traffic controllers will consolidate all available work orders received and initiate planning on the delivery routes and assigning drivers to their specific jobs. When the traffic controllers dispatch jobs to the drivers, the drivers will be briefed on the planned routes, the customers' requirements and the delivery destinations.

(c) Collection of laden container from port

During the collection of laden container from the port, the driver will check for a seal on the container. If the seal is not intact, the driver will report back to the operations department for further instructions. Depending on the customer's arrival notice, the driver will either deliver the laden container to our logistics yard or directly to the customer's warehouse.

(d) Delivery to customer's warehouse

When the container is delivered to the customer's warehouse, the customer will then proceed to unload all cargo from the container. The delivery is considered to be completed when the container is safely delivered to the designated location.

(e) Return empty container to shipping depot

After the customer has successfully unloaded all the cargo from the container, the driver will then deliver the empty container back to the shipping depot. Throughout this whole process, we keep track of the movement of the prime mover to ensure that a smooth delivery to all delivery points.

Trucking service within free trade zones

Apart from the typical trucking services to and from the port, our Group also transports cargo to locations within designated free trade zone. Some of the free trade zones are located in close proximity with direct links to the ports and cargo within such free trade zones are exempted from the Goods and Services Tax including (a) the Tanjong Pagar Terminal and Keppel Terminal; (b) the Brani Terminal; (c) the Keppel Distripark; (d) the Keppel Distripark Linkbridge; and (e) the Pasir Panjang Terminal.

One of our customers operate warehouses within the Keppel Distripark free trade zone enabling them to take advantage of the close proximity and direct link to the port to optimise logistics flow and facilitate effective loading and unloading operations and we provide short distance trucking services between the Keppel Distripark free trade zone and the port.

BUSINESS

3.2 Hubbing

Hubbing services refers to the handling and storage of laden and empty containers at our logistics yard or any other location which may be designated by our customer(s).

In land scarce Singapore, customers often have limited space within their own premises for the storage of containers. As part of our hubbing services, we offer our customers container storage facilities at our logistics yard located at Penjuru Road. Our logistics yard offers a total of approximately 90,000 square feet of storage space and is equipped with a surveillance system. We also have reach stackers located at the logistics yard to assist with the provision of container lift-on lift-off services.

Apart from the provision of hubbing services at our logistics yard, we are also able to provide hubbing services at any other location which may be designated by the customer. We will similarly perform container handling services at such location designated by our customer,



Reach Stacker

Hubbing service allows cost savings by aggregating the containers of our customers at our logistics yard before shipping them overseas in one large single shipment instead of sending the containers out over multiple shipments. As ship vessel arrive and departure dates tend to fluctuate, any delays in such ship vessel arrival or departure dates may result in a gridlock of containers at the customer’s own premises. Our logistics yard helps to minimise disruptions to our customer’s logistics workflow by providing additional container storage flexibility when face with such ship vessel delays.

Our hubbing services also allow our customers to adopt an asset-light business model whereby they do not have to purchase or maintain their own container storage facilities to cater for their own storage requirements.

BUSINESS

The following steps depict the general work flow for our hubbing services:

(i) *Incoming hubbing services*

- (a) Reach stacker operator will receive a work order from traffic controllers for the incoming containers
- (b) Reach stacker operator will allocate space required and await arrival of containers
- (c) When the containers arrive at the logistics yard, the reach stacker operator will lift the containers off from the trailer and stack them in the logistics yard according to the space allocated

(ii) *Outgoing hubbing services*

- (a) Reach stacker operator will receive a work order from traffic controllers with regards to the outgoing containers
- (b) Reach stacker operator will locate the lot of outgoing containers and ensure that there are no blockages
- (c) When the driver arrives at the logistics yard, the reach stacker operator will lift the containers onto the trailers

4. CUSTOMERS

Our Group's customer base mainly comprises other logistics and distribution 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 the Directors, their close associates or any Shareholder (who or which, to the knowledge of the 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 the top five customers, all of which are Independent Third Parties.

BUSINESS

4.1 General terms of agreement with customers

Our Group does not generally enter into long-term contracts with our customers. We provide customers with quotations based on their specific requirements. The quotations also contain general terms and conditions which our Group believes to be in line with standard industry practice. In accordance with the standard trading conditions of the Singapore Logistics Association, our liability in respect of claims shall generally not exceed S\$100,000 per claim.

4.2 Pricing Policy

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

- | | |
|----------|---|
| Trucking | <ul style="list-style-type: none">• Distance required for delivery• Prevailing market rates offered by other transport management service providers• Fuel prices and ease of passing on fuel cost changes to the customer• Cost analysis taking into account potential increase in wages, fees or any third-party fees• Determination of a reasonable profit margin• Length of working relationship• Number of containers transported monthly |
| Hubbing | <ul style="list-style-type: none">• Volumetric weight of container• Duration of container storage• Prevailing market rates offered by other transport management service providers• Cost analysis taking into account potential increase in any third-party fees• Service fees paid in relation to our logistics yard• Determination of a reasonable profit margin• Length of working relationship |

BUSINESS

4.3 Credit Policy

Our Group generally grants our customers a credit period ranging from 30–60 days from the invoice date. The length of credit period granted varies on a case-by-case basis depending on:

- (i) Customer's reputation and credibility
- (ii) Customer's payment history
- (iii) Customer's business relation with our Group

Our Group reviews our customer's payment record from time to time and, if necessary, will revise the credit terms accordingly. During the Track Record Period, our Group did not experience any material difficulty in collecting payments from our customers.

4.4 Provision policy

Our policy for impairment loss on trade receivables is based on an evaluation of the financial difficulty and aged analysis of the receivables which requires the use of professional judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. We closely review our trade receivable balance and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances. No impairment loss on trade receivables was recognised during the Track Record Period.

4.5 Customer Service

Our Group recognises that excellent customer service is critical in upholding our Group's reputation in the market and cultivating customer loyalty. We handle general enquiries, complaints and feedback from clients and also follows up closely with customers on their orders and level of satisfaction. Our Group also reviews the business workflow to improve our services from time to time.

As at 31 December 2016, our Group had 5 employees in our customer service team. The Directors have confirmed that our Group had not experienced any material complaints from our customers and did not have any disputes with them during the Track Record Period.

BUSINESS

4.6 Top 5 largest customers during the Track Record Period

For the year ended 31 December 2015

Customer	Background	Approximate length of business relationship with our Group as at Latest Practicable Date	Approximate % of our Group’s total revenue
Customer A	Please refer to the section headed “Business — 4.7 Our relationship with Customer A” in this document for further details.	7 years	41.2
Customer B	A private limited company incorporated in Singapore that is involved in the provision of warehousing and logistics services.	8 years	19.4
Customer C	A private limited company incorporated in Singapore that is involved in the provision of freight forwarding, packing and crating services.	7 years	9.3
Customer D	A private limited company incorporated in Singapore that is involved in the provision of freight forwarding, packing and crating services.	16 years	4.3
Customer E	A private limited company incorporated in Singapore that is involved in the provision of transportation support activities.	2 years	2.3
Total			<hr/> <u>76.5</u>

BUSINESS

For the year ended 31 December 2016

Customer	Background	Approximate length of business relationship with our Group as at Latest Practicable Date	Approximate % of our Group’s total revenue
Customer A	Please refer to the section headed “Business — 4.7 Our relationship with Customer A” in this document for further details.	7 years	40.9
Customer B	A private limited company incorporated in Singapore that is involved in the provision of warehousing and logistics services.	8 years	19.6
Customer C	A private limited company incorporated in Singapore that is involved in the provision of freight forwarding, packing and crating services.	7 years	11.1
Customer D	A private limited company incorporated in Singapore that is involved in the provision of freight forwarding, packing and crating services.	16 years	5.0
Customer F	A private limited company incorporated in Singapore that is involved in the provision of freight forwarding, packing and crating services in additional to general warehousing services.	15 years	2.3
Total			<hr/> <hr/> 78.9

BUSINESS

We have had business relationships with our top five customers for over 7 years, 8 years, 7 years, 16 years and 15 years, respectively, as at the Latest Practicable Date. Our Group's top five customers, in aggregate, accounted for approximately 76.5% and 78.9% of our Group's revenue for the years ended 31 December 2015 and 31 December 2016 respectively while the largest customer accounted for approximately 41.2% and 40.9% of our Group's revenue for the years ended 31 December 2015 and 31 December 2016 respectively. None of those customers are our suppliers. None of our Directors, their respective associates or any Shareholder (who or which, to the best knowledge of our Directors owns, more than 5% of the issued share capital of our Company) had any interest in any of the top five largest customers during the Track Record Period.

4.7 Our relationship with Customer A

As at the Latest Practicable Date, we have maintained a business relationship with our largest customer for 7 years. Our revenue attributable to Customer A amounted to approximately S\$11.4 million and S\$11.0 million for the years ended 31 December 2015 and 2016, respectively, which accounted for approximately 41.2% and 40.9% of our total revenue for the corresponding period, respectively.

Background of Customer A

Customer A is principally engaged in the provision of logistics services for the petrochemical, specialty chemical, metals trading and consumer goods industries in Singapore. Customer A's services include new technologies in packaging, product storage, blending, mixing, optical sorting and compounding, project engineering and material handling in both liquid and solid form.

Customer A is the Singapore branch of a multinational logistics and distribution company. The parent company of Customer A is present in 28 countries in five continents and employs over 10,000 people worldwide. The parent company of Customer A is principally engaged in warehousing and storage services, packing and packaging, which includes industrial, petrochemical, liquid products, and consumer packing and repacking services. The parent company of Customer A also services industries such as, petrochemicals, specialty chemicals, liquids, consumer goods and retail, industry and automotive, general cargo and commodities, port operations, projects and engineering, and process technology.

BUSINESS

Contractual arrangements with Customer A

Our Group's legally binding service agreement with Customer A mainly relates to the provision of trucking. The service agreement typically has a term of five years. The service agreement our Group entered into with Customer A will expire in September 2019. We typically begin to engage in negotiations with Customer A for the renewal of the contract three months before the end of the contract.

Our Directors confirm that the service agreement with Customer A has not been suspended or terminated ever since we commenced our business relationship with Customer A. In addition, there is no minimum service engagement commitment imposed on Customer A under the service agreement. Our Group receives individual job orders for services rendered under the service agreement.

The service agreement generally includes prescribed key performance indicators and safety requirements that we have to comply with. Customer A regularly conducts inspections and reviews on our performance through these key performance indicators.

Our service fees are charged according to the rate set out in the service agreement and thus, upon expiry, the rate of our service fees will be subject to review during the negotiation process with Customer A. Our service agreement with Customer A is on a non-exclusive basis and as such, Customer A is free to engage other transport management service providers for the provision of similar services.

Benefits of long term relationship between Customer A and our Group

Our Group believes that it is commercially beneficial to maintain a long-term business relationship with Customer A for the follow reasons:

(i) *Valued business partners*

Throughout the 7 years that our Group has worked with Customer A, we have consistently provided them with reliable trucking services. With the assistance of our experienced management staff, transportation team and administrative staff, our Group has ensured that our services are to the satisfaction of Customer A.

BUSINESS

(ii) Continual improvement

The long-term relationship between Customer A and our Group has provided the opportunity for both parties to be part of a process of continual improvement in accompanying service levels. This has been achieved through the tailor-made mobile application provided by Customer A to our drivers.

(iii) Attracting more potential customers

Our Group’s long term business relationship with Customer A can also be regarded as an indication of our reliable services which in turn may be used to attract more potential customers. In addition, our Directors believe that our experience in serving Customer A will enable us to obtain a deeper understanding of the requirements and quality standard of our customers, and to improve our quality of services.

(iv) Leading position of Customer A

Customer A is part of a leading multinational logistics and distribution service company. Our Group’s long term engagement with Customer A has allowed us to gain exposure in servicing a global multinational company with stringent performance indicators. This has benefited our Group by enhancing the quality of our services and assessing our performance internally. The Directors believe that by utilising similar standards in the provision of our trucking and hubbing services, our Group will be able to develop and customise our services to a high quality for our other customers.

Material terms of the Customer A agreement

Our current service agreement with Customer A has a term of 5 years and will expire in September 2019. The major salient terms are set out below:

Scope of services	The agreement specifies the trucking and hubbing services to be provided by us.
Payment term	We do not require Customer A to pay any form of deposit as we have a long-term relationship with Customer A. We will issue an invoice to Customer A on a monthly basis in respect of the services we have rendered in that month.
Credit Period	45 days from the invoice date.

BUSINESS

Termination Clause Customer A may terminate the service agreement at any time by providing us with no less than 9 months' prior written notice to terminate the service agreement.

The service agreement may also be terminated by Customer A immediately due to breach of contractual obligations which are not remedied in a timely manner, insolvency, poor safety performance, changes in ownership, sale and acquisition of CA Transportation, and the loss of Customer A's customers.

Non-competition Our Group agrees not to carry out any other trucking services direct or indirect for any chemical company that is a customer of the Customer A group of companies unless agreed in writing between Customer A and our Group for the duration of the agreement and a period of three years after the termination of the agreement. Our Group agrees to also not approach Customer A's customers unless otherwise agreed in writing between Customer A and our Group. As at the Latest Practicable Date, our Group has not had any dealings with the customers of Customer A.

Key Performance Indicators Our Group is required to meet the key performance indicators set out in the service agreement, which is subject to the review of Customer A from time to time. Examples of key performance indicators include percentage of wrong product shipped, number of missed marine shipment, percentage of on-time shipment and number of trucking incidents.

Regular meetings shall be held between Customer A and us to discuss our performance based on the key performance indicators.

During the Track Record Period, the Directors confirm that there was no material breach of key performance indicators by our Group.

BUSINESS

4.8 Sustainability of our business

There is no absolute guarantee that our Group will be able to maintain our business relationship with Customer A in the future. Nevertheless, we believe that our business is sustainable based on the factors set out below:

(i) Industry landscape

Singapore over the years has placed high importance in structuring and developing the right infrastructure to strengthen Singapore’s connectivity. Structured and careful planning were implemented along the years covering all aspects such as water, land, industrial infrastructure and sustainable environment to ensure the country progresses and remains as one of the world’s major hubs. For the next few years, the transportation and storage sector of Singapore is expected to benefit from the country’s development in a wide range of shipping services, mostly from the maritime and bunkering segments, on-going enhancement of air and sea ports/terminal, as well as significant government funding for road and rail networks improvements.

(ii) Transferable skills

Our Group’s services model and facilities are not specifically designed to cater solely for Customer A. They are flexible and adaptable in serving different customers’ needs. In the unlikely event that our current business relationship with the Customer A deteriorates, we shall be able to avail our resources to serve other existing customers and new customers in a timely manner. Our Directors are of the view that our services can be readily transferred to serve other potential new customers and satisfy their needs. The preparation works required for serving new customers, which does not incur any significant costs, usually include fine-tuning quality procedures to suit the individual customer’s requirements, coordinating with new customers and re-designing the delivery route and logistics yard.

(iii) Ability to attract potential customers

In the unlikely event that our current business relationship with Customer A deteriorates, we believe that we will be able to respond to market challenges in a timely manner and adjust our business direction swiftly to face any new challenges, as demonstrated by the number of new customers during the Track Record Period. Meanwhile, we will continue to monitor market trends and identify potential customers.

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During the Track Record Period, we have commenced business relationship with several new customers, including Customer Y and Customer Z. As part of our plan to diversify our Group’s customer base in the long run, we will continue to maintain close business relationship with existing customers and at the same time identify potential customers, which we consider to have good market potential with reference to the industry insights of our Directors. Our Directors believe that with our experience and proven track record in the transport management service industry and our relevant network in Singapore, we will be able to replicate our success without much difficulty.

(iv) Experienced and dedicated management team

Our management team has extensive and in-depth knowledge of the transport management service industry and our Groups’ operations. Mr. K L Chua, our Executive Director and chairman of our Board, and Ms. S F Chua, our Executive Director, have over 30 years of combined experience in the transport management service industry. We consider them to be critical in driving our future business development forward.

5. 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 the Directors, their associates or any Shareholders (who or which, to the knowledge of the 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 the top five suppliers, all of which are Independent Third Parties. We have not experienced any shortage or delay in supply during the Track Record Period. For each of the two years ended 31 December 2015 and 2016, our Group’s top five suppliers accounted for 39.5% and 35.3%, 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. None of these suppliers are our customers. Our largest supplier accounted for 17.0% and 17.1%, respectively, of our total cost of sales during the same period. With the exception of our agreements with Supplier C and Supplier F, our Group does not have other long term agreements with any of our top five suppliers. In May 2016, we ended our previous logistics yard service agreement with Supplier C and entered into a new logistics yard service agreement with Supplier F. Regarding the salient terms of the service agreement between Supplier F and our Group, please refer to the paragraph headed “13. Properties” in this section.

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The following table sets forth the details of our top five suppliers during the Track Record Period:

For the year ended 31 December 2015

Supplier	Background	Principal business with our Group	Approximate length of business relationship with our Group at Latest Practicable Date	Approximate % of our total costs of sales
Supplier A	A public company incorporated in Singapore that is involved in the operation of ports in Singapore.	Port operator	15 years	17.0
Supplier B	A private limited company incorporated in Singapore that is involved in the wholesale of fuel and provision of warehouse renting and other transport services.	Diesel supplier	10 years	9.7
Supplier C	A private limited company incorporated in Singapore that is involved in the provision of general warehousing services.	Landlord	12 years	7.1
Supplier D	A private limited company incorporated in Singapore that is involved in sale of tyres and batteries.	Tyre supplier	6 years	3.6
Supplier E	A sole proprietorship setup in Singapore that is involved in the insurance agency business.	Motor insurance	18 years	2.1
Total				<u><u>39.5</u></u>

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For the year ended 31 December 2016

Supplier	Background	Principal business with our Group	Approximate length of business relationship with our Group at Latest Practicable Date	Approximate % of our total cost of sales
Supplier A	A public company incorporated in Singapore that is involved in the operation of ports in Singapore.	Port operator	15 years	17.1
Supplier B	A private limited company incorporated in Singapore that is involved in the wholesale of fuel and provision of warehouse renting and other transport services.	Diesel supplier	10 years	7.8
Supplier D	A private limited company incorporated in Singapore that is involved in sale of tyres and batteries.	Tyre supplier	6 years	3.8
Supplier F	A private limited company incorporated in Singapore that is involved in the provision of value added logistics services, storage of cargo and port stevedoring services.	Provision of logistics yard services	[1 year]	3.6
Supplier C	A private limited company incorporated in Singapore that is involved in the provision of general warehousing services.	Landlord	12 years	3.0
Total				<u>35.3</u>

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5.1 Subcontracting arrangement

During the Track Record Period, our Group subcontracted some of our trucking services to Independent Third Party providers in the case of emergency needs for excessive transportation capacity. The Directors believe that such subcontracting arrangements would minimise the need to consistently employ and maintain a large workforce and increase flexibility and cost effectiveness in carrying out our services. The Directors confirm the subcontracting fees for the years ended 31 December 2015 and 2016 are not material to our total cost of sales.

We did not enter into any long-term subcontracting agreements with any subcontractors during the Track Record Period. If their services are required, subcontractors will provide quotations to our Group for services required by us. Our Directors are of the view that such subcontracting arrangements are common within the transport management service industry.

6. SEASONALITY

As a transport management service provider in Singapore, our Group is primarily engaged in providing services to our customers to meet their supply chain needs. Our Group's business performance is therefore, to a large extent, affected by our customers' business performance and developments.

The demand for our Group's services fluctuate in tandem with the demand for our customers' services and products. Accordingly, comparison of sales and operating results from different periods in any given financial year may not be relied upon as indicators of our performance.

7. SALES AND MARKETING

Our strength lies in the strength of our relationship with our customers who have been associated with us for a long period. Our sales and marketing team, through its experience and good rapport with clients, play an instrumental role in creating and expanding the work platform for our Group.

Our sales are primarily achieved through referrals and recommendations from existing customers as well as direct marketing. Upon receiving enquiries about our Group's services, our sales and marketing department personnel will discuss with potential customers to better understand (i) their delivery plan, including the required delivery schedule and point of delivery, and (ii) their hubbing plans as to whether storage space is required for their containers. This allows us to customise our services to meet the unique requirements of each customer and also facilitates the advanced planning of the transport management process to ensure efficient flow of services.

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Our Group adopts pro-active strategies where we initiate contact and market our services via direct communication with potential new customers. Our marketing efforts are primarily focused on corporations which tend to have large scale of operation. As there is only a limited number of local transport management service providers that have the capacity to handle large volume of orders for container transportation, our Group believes that our experience in the industry and large vehicle fleet allows us to differentiate ourselves from our competitors.

8. QUALITY CONTROL

Our Group considers that the ability to maintain the quality of our transport management services is crucial to the long-term growth and counts this ability as one of our competitive advantages.

Our Group's quality control policy mainly includes the following processes:

(i) Pre-trip commencement vehicle inspection

Before the drivers commence their first trip each day, they are required to perform a general check on their vehicle. Our Group has provided them with a vehicle checklist which they are required to complete satisfactorily before using the vehicle. The purpose of the checklist is to ensure that all vehicles in our fleet are in a roadworthy condition and that our drivers operate in a safe working environment.

(ii) Regular vehicle inspection

To ensure vehicular safety, we have implemented a regular vehicle maintenance regime for our vehicles. All vehicles in our fleet are subject to regular inspection as regulated by the LTA with the view that vehicles which are not roadworthy can be a potential hazard to other road users and that regular inspections help to minimise vehicular breakdowns and road accidents. Our Group has spent approximately S\$2.8 million and S\$2.6 million on vehicle maintenance for each of the two years ended 31 December 2015 and 2016 respectively.

(iii) Safety courses for drivers

As our drivers are responsible for operating heavy vehicles such as prime movers, reach stackers and lorries, we require all drivers to attend relevant safety courses. We conduct in-house safety courses for all our drivers. Our customers and suppliers may also conduct their own safety courses for our drivers who operate within their premises. For example, the port operator conducts regular training courses to train new drivers so they would be able to maneuverer the prime movers safely

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inside the port. Customer A also conducts an orientation program for new drivers to ensure that they understand the importance of workplace safety. Our Group also provides refresher courses to ensure that the drivers are up to date with the latest safety regulations.

(iv) Vehicle selection

The selection of the brand and model of vehicles to purchase is important as it impacts upon the ability of our Group to deliver reliable trucking services to our customers. Our Group will typically take into consideration factors such as the vehicle's capacity, reliability, diesel consumption, cost of spare parts and road worthiness. All these factors will affect the ability of our Group to provide reliable trucking services to the customers in a timely manner and concurrently provide a safe working environment for our drivers.

(v) Customer feedback and process improvement

Our sales and marketing team and customer service team works closely with our customers throughout each job engagement. We constantly seek feedback from our customers on possible areas of improvements and often make changes to our internal processes to deliver higher quality services to our customers.

9. ENVIRONMENTAL PROTECTION, HEALTH AND WORK SAFETY

Due to the nature of our business, our Group does not directly generate industrial pollutants and did not incur any cost of compliance with applicable environmental protection rules and regulations during the Track Record Period. During the Track Record Period and as at the Latest Practicable Date, our Group did not have any material non-compliance issues in respect of any applicable laws and regulations on environmental protection.

The Euro VI emission standard will be instated within Singapore from 1 January 2018. The Euro VI is the latest vehicular emission standard set by the European Union. The Group has plans to purchase more environmentally-friendly vehicles and replace our older fleet with low emission standard.

Our Group has established procedures to ensure that all our staff are provided with a safe and healthy working environment by setting out a series of work safety rules in the staff manual for our staff to follow. In addition, our Group provides new employees with an orientation program which allows them to be familiarised with the working environment and enhance their awareness of safety issues.

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We have a traffic accident policy and procedure in-place to ensure that all drivers and relevant departments are aware of the actions required in the event the drivers in our vehicles are involved in an accident. Our risk assessment team, consisting of one team leader, an assistant team leader and five other staff, was formed to ensure these procedures are properly communicated to the drivers and relevant personnel. The following are the procedures that our drivers have been instructed to adhere to, in the event of a traffic accident:

- (i) Driver is to check if any of the parties involved in the accident are in need of medical attention and call the ambulance and police, if necessary;
- (ii) Drivers are not to move the vehicle involved in the accident as well as any injured person(s) from the accident site;
- (iii) If the parties involved in the accident are not seriously injured, the following information should be exchanged with the other party/parties:
 - (a) Name;
 - (b) NRIC;
 - (c) Contact number;
 - (d) Home address; and
 - (e) Insurer details;
- (iv) Where there are additional parties involved, such as pedestrians, passengers or witnesses, these information should also be obtained from them;
- (v) Drivers should then proceed to gather the following evidence from the accident site:
 - (a) Take pictures of the accident scene and surrounding areas;
 - (b) Take note of all vehicle numbers;
 - (c) Take pictures of the damages to own vehicle while capturing license plate;
 - (d) Take pictures of the other vehicle(s) while capturing the license plate(s); and

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- (e) Take note of the date, time and location of the accident scene as well as the weather conditions at that point;
- (vi) Driver to proceed to contact the risk assessment team leader or assistant team leader and explain the key points of the traffic accident;
- (vii) The team leader or assistant team leader will, with the summary information provided by driver, inform the insurance company and proceed to the scene of the traffic accident;
- (viii) Upon arrival at the scene of the accident, the team leader or assistant team leader will verify with the driver the information provided and proceed to access the situation at the scene;
- (ix) In the event of damages to our vehicle, goods and/or public infrastructure, the team leader or assistant team leader will have to inform the respective department in charge of the accident vehicle and/or goods shipment;
- (x) The team leader or assistant team leader will need to liaise with government agencies, if required, and assist to ensure the accident site is cleared of any debris; and
- (xi) The team leader or assistant team leader will collate the information provided by the driver involved, his/her own assessment and prepare an accident report.

During the Track Record Period, save as disclosed above, the Directors confirm that our Group did not experience any significant incidents or accidents in relation to employees' safety or any non-compliance with the applicable laws and regulations relevant to the health and work safety issues.

Accident

An accident occurred on 24 November 2016 in Singapore involving a vehicle (the "**Vehicle**") owned by Nexis Logistics. The driver (the "**Driver**") of the Vehicle was employed by Nexis Logistics at the time of the accident. The Vehicle was positioned beside another vehicle. Both vehicles were initially stationary. As both vehicles moved forward from a stationary position, a motorcyclist riding a motorcycle drove between the Vehicle and the other vehicle. The motorcyclist was knocked down from the motorcycle and subsequently pronounced dead on the spot. As at the Latest Practicable Date, no criminal charges nor civil claims have been brought against the Driver or Nexis Logistics in connection with the traffic accident. We have been advised by Bird & Bird ATMD LLP, our Singapore legal advisers that since it was the Driver driving the vehicle that caused the death of the motorcyclist concerned (i) criminal charges with respect to the traffic accident will likely only be brought against the Driver, if at all; (ii) Nexis Logistics is unlikely to be charged and if so charged unlikely to be

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convicted for any of the driving offences; and (iii) Nexis Logistics and its directors are separate legal entities under the Singapore law and it is unlikely that the directors of Nexis Logistics would be charged or successfully convicted for any criminal offence relating to the accident. However, the estate of the motorcyclist may bring a civil action against Nexis Logistics with respect to its vicarious liability as a result of the negligence of its employee, the Driver, where Nexis Logistics may be held liable to pay damages to the estate if such civil action is successful. If any civil liability is incurred by the Driver, Nexis Logistics or the Directors with respect to the accident, the Group has confirmed that it is adequately insured.

During the Track Record Period, save as disclosed above, the Directors confirm that our Group did not experience any significant incidents or accidents in relation to employees’ safety or any non-compliance with the applicable laws and regulations relevant to the health and work safety issues.

10. COMPETITION

The market for the transportation and storage sector is highly fragmented and competitive, with each market player having a fraction of the market share. Road freight or land transport has one of the lowest entry barriers in the industry as it is quite possible for any individual to enter as a self-employed owner and driver of a truck. Regulations are not as strict as those applied for the private car industry and typically rules in the industry covers general matters relating to working hours, insurance etc. Transportation and logistics companies vary in their services with larger ones having broad networks across many countries, offering complex and integrated logistics services.

According to the Ipsos Report, based upon reported revenues for 2015, the Company is ranked 5th amongst the 46 transportation and logistics companies in Singapore that had a substantial focus on land transportation activities as part of their business. Please refer to the section headed “Industry overview — Competitive landscape” for further details.

11. INFORMATION TECHNOLOGY

Our Group utilises our information technology (“IT”) system for various operation and functional needs, including delivery planning, cargo receiving, shipping documents management, tracking and work order management. Our IT system aims to integrate our customer service, operations and accounting functions and has been developed in house to facilitate an increased level of customisation.

During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any failure in our IT system which caused material disruptions to our operations.

BUSINESS

12. INTELLECTUAL PROPERTY RIGHTS

Domain name

As at the Latest Practicable Date, we are the registrant of the domain name cnlimited.com.

Trademark

As at the Latest Practicable Date, we do not have any registered trademarks. Please refer to the section headed “Risk factors — We have not registered our intellectual property rights, and any allegations that we have infringed third parties’ intellectual property rights could have an adverse effect on our business, financial condition and results of operations”

13. PROPERTIES

As at the Latest Practicable Date, we do not own the property at Penjuru Road on which we provide our hubbing services. In May 2016, We entered into a logistics yard service agreement with Customer F for the use of the logistics yard facilities at Penjuru Road.

<u>Location of property</u>	<u>Approximate area (square feet)</u>	<u>Nature</u>	<u>Service provider</u>	<u>Expiry date of service agreement</u>
Penjuru Road	90,000	Logistics yard	Customer F	30 April 2018

The service agreement for the use of logistics yard facilities at Penjuru Road expires in April 2018. We are currently in negotiation with the Independent Third Party for a one year extension to the service agreement.

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13.2 Owned properties

As at the Latest Practicable date, our Group owned the following offices:

<u>Location of property</u>	<u>Approximate area (square feet)</u>	<u>Nature</u>	<u>Tenure</u>
3 Soon Lee Street #06-03 Pioneer Junction Singapore 627606	1,184	Office	Leasehold 30 years commencing from 7 March 2011
3 Soon Lee Street #06-04 Pioneer Junction Singapore 627606	1,184	Office	Leasehold 30 years commencing from 7 March 2011
3 Soon Lee Street #06-37 Pioneer Junction Singapore 627606	1,001	Office	Leasehold 30 years commencing from 7 March 2011

14. INSURANCE

Our insurance policies as at the Latest Practicable Date are as follows:

- (i) Work injury compensation policies, as required under the WICA that is administered by the MOM, and are renewed annually, where we are required, as employers, to maintain work injury compensation insurance for all our employees;
- (ii) Foreign worker medical insurance, as stipulated by the MOM, renewed annually;
- (iii) Haulier's/Warehousemen's insurance which covers the goods and containers being transported or stored by our Company;
- (iv) Motor vehicle insurance that covers our fleet of prime movers, trailers, lorries and reach stackers including our potential liabilities arising from the potential claim in connection with the traffic accident, details of which are set out in the section headed "Business — 9. Environmental protection, health and work safety"; and
- (v) Burglary and fire insurance that covers loss or damage to our office furniture, fixtures and fittings and office equipment due to a fire or burglary.

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Our Directors believe that the insurance coverage taken out by us is in line with the normal commercial practice of the industry. For the two years ended 31 December 2016, our total insurance premiums were approximately S\$0.6 million and S\$0.5 million respectively. For further details, please refer to the section entitled “Risk factors — Our insurance coverage may be insufficient to cover all losses associated with our business operations”.

The Directors have confirmed that our Group was not subject to any material insurance claims or liabilities arising from our operations during the Track Record Period and our Group did not make any material insurance claims during the Track Record Period.

15. LITIGATION & COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the section headed “Business — 9. Environmental protection, health and work safety”, we had not been involved in any litigation, claim, administrative action or arbitration or pending or threatened litigation, claim, administrative action or arbitration which had or would have a material adverse effect on the operations or financial condition of our Group.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident the nature of which is material impact non-compliance or systemic non-compliance.

16. AWARDS, CERTIFICATIONS & MEMBERSHIP

Our Group has been a member of the Singapore Logistics Association and the Container Depot Association since 2005 and 2015, respectively. We have also been awarded the Bizsafe Level 3 award by the Workplace Safety and Health Council in 2015 for our commitment to workplace safety.

17. LICENSES, PERMITS & APPROVALS

Apart from corporate business licenses, we do not require any material licences, consents, certificates, permits and approvals for our business. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group had obtained all necessary permits, approvals and licences to operate its existing business in Singapore from relevant regulatory bodies.

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18. RISK MANAGEMENT

In the course of conducting our business, we are exposed to various types of risks, including market risks, liquidity risks, operational risks, credit risks and regulatory risks, the details of which have been disclosed under the sections entitled “Risk factors” and “Financial information — Financial risk” in this document.

Our Group has established a set of risk management policies and measures to identify, evaluate and manage risk arising from our Group’s operations. The following table sets out some of the primary risks our Group faces that may materially and adversely affect our Group’s business, financial condition and results of operation and our risk management measures:

Primary operational risks	Risk management measures
Risk of reliance on Customer A	In order to reduce reliance on Customer A, our Group has made considerable effort to diversify the customer base and attract new customers. For further details, please refer to the paragraph headed “Our relationship with Customer A” in this section.
Risk of increase in freight and transportation cost	Our Group price our services on a cost-plus basis. It is expected that the risk would be mitigated by passing on the cost to the consumers. In the case of fluctuating diesel prices, our Group will take into account current diesel prices to ensure that our revenue is not affected by the upward change in diesel prices.
Risk of shortage of drivers	To ensure that our Group is able to maintain a steady pool of drivers, we offer our drivers competitive compensation packages that are in line with industry rates. We also regularly adjust our trip incentives for our drivers to ensure we provide a competitive market rate.

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19. EMPLOYEES

Our Group has a total of 160 full-time employees as at the Latest Practicable Date. A breakdown of our full-time employees by function as at the Latest Practicable Date is set forth below.

	<u>As at Latest Practicable Date</u>
Management	5
Transportation (Drivers)	128
Operations	18
Sales and marketing	1
Finance and accounting	2
Administration	6
Total	<u>160</u>

As at the Latest Practicable Date, our Group consist of 100 local employees and 60 foreign workers.

19.1 Relationship with staff

Our Group maintains a good working relationship with our staff. Our Directors believe that our working environment and benefits offered to our employees have contributed to building good staff relations and thus maintain a healthy retention rate. During the Track Record Period, our Group has no experience of any labour dispute with our staff which had a material effect on our business or results of operations.

19.2 Recruitment

Our Group recognises that our success in the transport management service industry is highly dependent on our employees, our Group recruits our employees based on their industry experience and interpersonal skills.

When we make hiring decisions, we take into account factors such as our development strategies, expansion plans, the industry trends and the labour market environment. We usually publish hiring information in newspapers.

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In order to attract and retain valuable employees, our Group reviews the performance of our employees and such review results would be taken into account during the annual salary review and promotion appraisal period.

19.3 Remuneration and benefits

We generally pay our employees a fixed salary and a performance based bonus. The salaries of our employees are determined based on their qualifications, experience, position and seniority. Our drivers are paid a basic salary in addition to trip incentives in accordance with the number of trips made in a given month. Our Group provides medical insurance coverage for our foreign workers. We also make the necessary contributions to the Central Provident Fund of Singapore in respect of our employees. Our total staff cost, excluding directors' remuneration, amounted to S\$8.1 million and S\$8.2 million for the years ended 31 December 2015 and 31 December 2016 respectively.

20. INTERNAL CONTROL

In preparation for the [REDACTED], we have engaged an internal control consultant to conduct an evaluation of our internal control systems and to review, amongst others, our management of business operations, finance, human resource and IT risks and review and follow up the effectiveness of our enhanced internal control measures.

Based on the internal control consultant's review and recommendations, our Group has adopted measures and policies to improve its internal control systems and to ensure its compliance with the applicable laws and regulations in Singapore. After the internal control consultant conducted their follow up review, they have not identified any material deficiencies in our internal control system.

Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish an internal control system and procedures to enhance its control on both working and management levels.

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21. CORPORATE GOVERNANCE MEASURES

We recognise the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. In order to comply with the requirements under the GEM Listing Rules, in particular, the code provisions contained in the corporate governance code and corporate governance report as set out in Appendix 15 (the “Code”) of the GEM Listing Rules, we have adopted the following measures as at the Latest Practicable Date:

- (i) we have established the audit committee, remuneration committee and nomination committee with respective written terms of reference in accordance with the code provisions contained in the Code. The section headed “Directors and senior management” in this document set out further information;
- (ii) our Board has adopted the terms of reference with regard to corporate governance and a shareholders’ communication policy in accordance with the code provisions of the Code;
- (iii) we have appointed three independent non-executive Directors representing more than one third of the Board and at least one of them has accounting expertise;
- (iv) our Directors will operate in accordance with the Articles which, unless otherwise provided in the Articles, require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates are materially interested;
- (v) pursuant to the Code, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our cost;
- (vi) our Company will consider engaging an independent internal control consultant to perform regular review on corporate governance to ensure on-going compliance after [REDACTED]; and
- (vii) our Directors will attend professional development seminar including the corporate governance to ensure on-going compliance after [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the [REDACTED] and the Capitalisation Issue, 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 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.

Save as disclosed above, there is no other person/entity who will, immediately following the completion of the [REDACTED] and the Capitalisation Issue, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors do not expect there to be any significant transactions between our Group and our Controlling Shareholders and their respective associates upon the [REDACTED]. Our Directors believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective associates after the [REDACTED], having taken into consideration of the following factors:

(i) Management independence

As at the Latest Practicable Date, no Executive Director has overlapping roles or responsibilities in any business other than our business nor has any business which competes or is likely to compete, either directly or indirectly, with our business.

Each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant meeting of the Board in respect of such transaction and shall not be counted in the quorum.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(ii) Operational independence

Our operations are independent of and not connected with our Controlling Shareholders. Having considered that (i) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities; (ii) our Group has not shared our operational resources, such as customers, marketing, sale and general administration resources with our Controlling Shareholders and/or their associates; (iii) our Group has also established a set of internal controls to facilitate the effective operation of its business; (iv) as at the Latest Practicable Date, our Controlling Shareholders had no interest in any of our customer, supplier or other business partners, our Directors consider that our Group can operate independently from our Controlling Shareholders from the operational perspective; (v) as at the Latest Practicable Date, our Group had independent and direct access to suppliers or customers of our Group; and (vi) all of our operating subsidiaries hold the licenses necessary for the operation of our Group's business in their own names.

(iii) Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions, including internal control and auditor monitor, financial and accounting management, invoicing and billing, human resources and information technology.

(iv) Financial independence

As at the Latest Practicable Date, all loan facilities granted to CA Transportation and Nexis Logistics were secured by joint and several personal guarantees provided by Mr. K L Chua and Ms. S F Chua and/or personal guarantee provided by Mr. Chua alone.

We undertake that all the abovementioned personal guarantees will be released and/or replaced by corporate guarantee from our Group on or before [REDACTED].

Based on the above, our Directors consider that we will be financially independent from our Controlling Shareholders upon [REDACTED].

RULE 11.04 OF THE GEM LISTING RULES

None of our Controlling Shareholders and our Directors has any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee of our subsidiaries), pursuant to which our Controlling Shareholders have jointly and severally, irrevocably and unconditionally undertaken to and covenanted with our Company (for ourselves and for the benefit of our subsidiaries) that during the continuation of the Deed of Non-competition it or he would not, and would procure that its or his close associates (other than any member of our Group) would not, whether on its or his own account or in conjunction with or on behalf of any person, firm or company, whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the provision of transport management services to the logistics industry in Singapore and business ancillary to any of the foregoing, in each case, to be more particularly described or contemplated in this document), in Singapore and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on such business from time to time (the "**Restricted Business**"). Such non-competition undertaking does not apply to:

- (i) any interests in the shares of any member of our Group; or
- (ii) interests in the shares of a company other than our Company whose shares are listed on a recognised stock exchange provided that:
 - (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or
 - (b) the total number of the shares held by our Controlling Shareholders and/or their respective close associates in aggregate does not exceed 10% of the issued shares of that class of the Company in question and such Controlling Shareholders and/or their respective close associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholders and their respective close associates in aggregate; or
 - (c) our Controlling Shareholders and/or their respective close associates do not have the control over the board of such company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Deed of Non-competition shall take effect upon [REDACTED] and shall expire on the earlier of:

- (a) the day on which the Shares cease to be listed on GEM or other recognised stock exchange; or
- (b) the day on which our Controlling Shareholders and his/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as our Controlling Shareholders and do not have power to control the Board or there is at least one other independent shareholder other than our Controlling Shareholders and his/its respective close associates holding more shares than our Controlling Shareholders and his/its respective close associates taken together.

Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has undertaken that if each of our Controlling Shareholders and/or any of his/its close associates is offered or becomes aware of any project or new business opportunity ("**New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/it shall (i) promptly within ten (10) Business Days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such New Business Opportunity; and (ii) use his/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such New Business Opportunity is offered to him/it and/or his/its close associates.

All of our Directors (excluding those who is/are interested in the New Business Opportunity and has/have conflict of interests with our Company) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within thirty (30) Business Days (the "**30-day Offering Period**") of receipt of notice from our Controlling Shareholders and/or his/its close associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. With respect to the 30-day Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity. In the event that our Company requires additional time to assess the New Business Opportunity, our Company may give a written notice to our Controlling Shareholders within the 30-day Offering Period and our Controlling Shareholders agree to extend the period to a maximum of sixty (60) Business Days.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

- our Independent Non-Executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by our Controlling Shareholders under the Deed of Non-competition;
- our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our Independent Non-Executive Directors and the enforcement of the Deed of Non-competition;
- our Company will disclose decisions on matters reviewed by our Independent Non-Executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual report of our Company;
- our Controlling Shareholders will make confirmation on compliance with their undertaking under the Deed of Non-competition in the annual report of our Company; and
- our Independent Non-Executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out in this paragraph headed “Corporate governance measures” and the paragraph headed “Compliance with the Corporate Governance Code” and “Board Committees” in the section headed “Directors and senior management” in this document, our Directors believe that the interest of the Shareholders will be protected.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board of Directors consists of two Executive Directors and three Independent Non-Executive Directors. The following table sets forth the information concerning our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. K L Chua	62	Chairman, chief executive officer and Executive Director	12 February 1992	24 March 2017	Overall strategic planning and business development	— Father of Ms. S F Chua and Ms. S H Chua — Brother of Mr. C H Chua
Ms. S F Chua (蔡淑芬)	37	Executive Director	1 May 2003	24 March 2017	Overall management of daily operations, business development	— Daughter of Mr. K L Chua — Sister of Ms. S H Chua

Independent Non-Executive Directors

Mr. Dax Teo Tak Sin (Zhang Daxin) (張達鑫)	38	Independent Non-Executive Director	[•]	[•]	Chairman of the remuneration committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	Nil
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DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Date of appointment	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Kwong Choong Kuen (Huang Zhongquan) (黃仲權)	44	Independent Non- Executive Director	[•]	[•]	Chairman of the audit committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	Nil
Ms. Grace Choong Mai Foong	48	Independent Non- Executive Director	[•]	[•]	Chairwoman of the nomination committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	Nil

Executive Directors

Mr. K L Chua, age 62, founder of our Group, was appointed as our Director on 10 February 2017 and re-designated as our Executive Director, chief executive officer and the chairman of our Board on 24 March 2017. He has been a director of CA Transportation since February 1992 and a director of Nexis Logistics since April 2003. Mr. K L Chua is responsible for the overall strategic planning and business development of our Group. Mr. K L Chua has over 25 years of experience in the logistics industry in Singapore. Prior to the establishment of our Group, Mr. K L Chua was involved in business of packing and crating services.

Mr. K L Chua does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Mr. K L Chua was a director of each of the following companies which were incorporated in Singapore and were struck off voluntarily, and an owner of each of the following sole proprietorships and partnership which were registered in Singapore and were terminated, with the relevant details set out as follows:

Name of company/business	Relevant date	Principal business activities	Reasons
Bukit Nana Trading Co	14 September 1985 (partnership terminated)	Industrial chemicals wholesaler	Ceased to carry on business and terminated
Teng Lee Packing Co	19 October 1992 (partnership terminated)	Freight forwarding services and wholesale of logs	Ceased to carry on business and terminated
K.L. Chua Container Service	30 June 2013 (sole proprietorship terminated)	Freight and container services	Ceased to carry on business and terminated
Nexis Logistics Services	31 May 2003 (sole proprietorship terminated)	Freight and warehousing services	Ceased to carry on business and terminated
Asia Tractor Spares Private Limited	5 June 2012 (struck off)	Manufacturing parts and accessories for motor vehicles	Ceased to carry on business and struck off voluntarily
Teng Lee Packing Co Pte Ltd	9 May 2012 (struck off)	Freight and warehousing services	Ceased to carry on business and struck off voluntarily
CA Corporation (Singapore) Pte. Ltd.	19 April 2005 (struck off)	Freight, packing and crating services	Ceased to carry on business and struck off voluntarily
Chun Logistics Pte. Ltd.	in the process of applying for striking off	Freight transportation by road	Ceased to carry on business and struck off voluntarily

Mr. K L Chua is the father of both Ms. S F Chua, an Executive Director of our Company, and Ms. S H Chua, our Purchasing and Human Resources Director. Mr. K L Chua is also the elder brother of Mr. C H Chua, our Senior Sales Manager.

DIRECTORS AND SENIOR MANAGEMENT

Ms. S F Chua (蔡淑芬), age 37, was appointed as our Director on 10 February 2017 and re-designated as our Executive Director on 24 March 2017. She joined our Group in May 2003 and has over 13 years of experience in the transport management industry. Ms. S F Chua is responsible for overall management of daily operations and business development in relation to our Group’s business operations. Ms. S F Chua obtained a Diploma in Multimedia Computing from Ngee Ann Polytechnic in August 2000. Ms. S F Chua subsequently graduated from the Queensland University of Technology, with a Bachelor of Information Technology in February 2002.

Ms. S F Chua was the owner of the following sole proprietorship which was registered in Singapore and was terminated, with the relevant details set out as follows:

<u>Name of company/business</u>	<u>Relevant date</u>	<u>Principal business activities</u>	<u>Reasons</u>
Kin Marine	27 August 2012 (sole proprietorship terminated)	Marine IT services	Ceased to carry on business and terminated

Ms. S F Chua is the daughter of Mr. K L Chua, our Executive Director. Ms. S F Chua is also the younger sister of Ms. S H Chua, our Purchasing and Human Resources Director.

Independent Non-Executive Directors

Mr. Dax Teo Tak Sin (Zhang Daxin) (張達鑫), aged 38, was appointed as our Independent Non-Executive Director on [•] 2017. He is currently the chairman of the remuneration committee and a member of the audit and nominations committees. Mr. Dax Teo Tak Sin has over 13 years of experience in the audit profession.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Dax Teo Tak Sin graduated from the Nanyang Technological University with a Bachelor of Accountancy in July 2003. Mr. Dax Teo Tak Sin is a Chartered Accountant of Singapore and has been a member of the Institute of Certified Public Accountants of Singapore since February 2007 and a member of the Institute of Singapore Chartered Accountants since July 2013. The following table summarises Mr. Teo Tak Sin's professional experience:

<u>Name of company/business</u>	<u>Principal business activities</u>	<u>Last/current position held</u>	<u>Period of services</u>
Ernst and Young	Accounting services	Senior Manager	July 2003 — February 2017
Tan, Chan & Partners	Accounting services	Audit Manager	March 2017 — Present

Mr. Kwong Choong Kuen (Huang Zhongquan) (黃仲權), aged 44, was appointed as our Independent Non-Executive Director on [•] 2017. He is currently the chairman of the audit committee and a member of the nomination and remuneration committees. Mr. Kwong Choong Kuen has over 16 years of experience in the finance profession.

Mr. Kwong Choong Kuen graduated from Nanyang Technological University with a Bachelor of Accountancy in June 1996. Mr. Kwong is also a Chartered Accountant of Singapore and has been a member of the Institute of Certified Public Accountants of Singapore since September 1999 and a member of the Institute of Singapore Chartered Accountants since July 2013. The following table summarises Mr. Kwong Choong Kuen's professional experience:

<u>Name of company/business</u>	<u>Principal business activities</u>	<u>Last/current position held</u>	<u>Period of services</u>
Philips Electronics (Singapore) Pte Ltd	Consumer electronics	Financial Controller	October 1999 — June 2013
Korn Ferry International Pte Ltd	Advisory services	Financial Controller	July 2013 — February 2016
Dermatology and Surgery Clinic	Medical services	Chief Financial Officer	October 2016 — Present

DIRECTORS AND SENIOR MANAGEMENT

Ms. Grace Choong Mai Foong, aged 48, was appointed as our Independent Non-Executive Director on [•] 2017. She is currently the chairwoman of the nomination committee and a member of the audit and remuneration committees. Ms. Grace Choong Mai Foong has over 16 years of experience in the financial services industry.

Ms. Grace Choong Mai Foong graduated from Universiti Utara Malaysia with a Bachelor of Economics with Honours in September 1992. The following table summarises Ms. Grace Choong Mai Foong’s professional experience:

<u>Name of company/business</u>	<u>Principal business activities</u>	<u>Last/current position held</u>	<u>Period of services</u>
RHB Investment Bank Berhad	Financial services	Assistant Vice President	September 1999 — March 2008
Asiansons WFG Capital Pte Ltd	Financial services	Vice President	September 2008 — April 2011
Pressto Singapore Pte Ltd	Dry cleaning and laundry services	General Manager	July 2011 — March 2014
PappaRich Group Singapore Pte Ltd	Food and beverage	Head of Corporate Affairs	April 2014 — Present

Ms. Grace Choong Mai Foong was a director of the following company which was incorporated in Malaysia and was dissolved, with the relevant details set out as follows:

<u>Name of company/business</u>	<u>Relevant date</u>	<u>Principal business activities</u>	<u>Reasons</u>
Annexe Quest Sdn. Bhd	15 March 2011 (struck off)	Children’s drama academy	Ceased to carry on business and dissolved by strike off

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or Controlling Shareholders or Substantial Shareholders of our Company as at the Latest Practicable Date (iii) and did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the sections headed “Substantial shareholders” and “Statutory and general information — C. Further information about our Directors and Substantial Shareholder — 1. Disclosure of interests” in Appendix IV to this document, each of our Directors did not have any interests in the Shares within the meaning of Part XV of the SFO.

DIRECTORS AND SENIOR MANAGEMENT

Except as disclosed in this document, each of our Directors has confirmed that there are no other matters relating to his or her appointment as a Director that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements under Rule 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules.

SENIOR MANAGEMENT

The following table sets forth information concerning our senior management members:

Name	Age	Position	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Mr. C H Chua (蔡振和)	53	Senior Sales Manager	1 January 2015	Sales and marketing	— Brother of Mr. K L Chua
Ms. S H Chua (蔡淑慧)	39	Purchasing & Human Resources Director	1 June 2011	Purchasing and human resources	— Daughter of Mr. K L Chua — Sister of Ms. S F Chua
Ms. Li Xueling, Sharlene (李祯鈴)	32	Financial Controller	15 March 2017	Finance and accounting	Nil
Mr. Toh Hwa Keong (Zhuo Huaqiang) (卓華強)	39	FCL Operations Manager	1 November 2003	FCL operations	Nil

Mr. C H Chua (蔡振和), aged 53, joined our Group on 1 January 2015. He is our Senior Sales Manager and is primarily responsible for the sales and marketing activities of our Group. Mr. C H Chua graduated with a Diploma in Business Administration from the PSB Academy in 2001. Mr. C H Chua has over 26 years of experience in the logistics industry. The following table summarises Mr. C H Chua’s professional experience prior to joining our Group:

Name of company/business	Principal business activities	Last/current position held	Period of services
Sony Electronics (Singapore) Pte Ltd	Sale of electronic equipment	Manager	March 1989 to March 2012
Chun Logistics Pte Ltd	Freight transportation by road	Sales Manager	November 2013 to December 2015

Mr. C H Chua does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date. Mr. C H Chua is the younger brother of Mr. K L Chua, our Executive Director.

DIRECTORS AND SENIOR MANAGEMENT

Ms. S H Chua (蔡淑慧), aged 39, joined our Group on 1 June 2011. She is our Purchasing and Human Resources Director and is primarily responsible for the purchasing and human resource matters of our Group. Ms. S H Chua graduated with a Diploma in Business Administration and Marketing from the TMC Business School in August 1997. Ms. S H Chua has over 18 years of relevant experience in the transportation industry. The following table summarises Ms. S H Chua professional experience prior to joining our Group:

<u>Name of company/business</u>	<u>Principal business activities</u>	<u>Last/current position held</u>	<u>Period of services</u>
K.L. Chua Container Service	Transportation	Manager	July 1998 — May 2011

Ms. S H Chua does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date. Ms. S H Chua is the daughter of Mr. K L Chua, our Executive Director. Ms. S H Chua is also the elder sister of Ms. S F Chua, our Executive Director.

Ms. Li Xueling, Sharlene (李祇鈴), aged 32, joined our Group on 15 March 2017. She is our Financial Controller and is primarily responsible for the finance and accounting functions of our Group. Ms. Li Xueling, Sharlene graduated with a Bachelor of Accountancy from Nanyang Technological University in 2007. She is a Chartered Accountant of Singapore and has been a member of the Institute of Singapore Chartered Accountants since July 2013. Ms. Li Xueling, Sharlene has over 8 years of relevant experience in the accounting field. The following table summarises Ms. Li Xueling, Sharlene's professional experience prior to joining our Group.

<u>Name of company/business</u>	<u>Principal business activities</u>	<u>Last/current position held</u>	<u>Period of services</u>
Deloitte & Touche LLP	Accounting services	Audit Manager	August 2007 to November 2015
CSI & Co. PAC	Accounting services	Audit Senior Manager	October 2016 to March 2017

Ms. Li Xueling, Sharlene does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Toh Hwa Keong (Zhuo Huaqiang) (卓華強), aged 39, joined our Group on 1 November 2003. Mr. Toh Hwa Keong is our FCL Operations Manager and is primarily responsible for the FCL operations of our Group. He graduated with a Diploma in Electronics, Electrical and Communications Engineering from Singapore Polytechnic on 26 May 1997. Mr. Toh Hwa Keong has over 13 years of relevant experience in the transportation services industry.

Mr. Toh Hwa Keong does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

COMPLIANCE OFFICER

Mr. K L Chua is the compliance officer of our Company. Please refer to the paragraph headed “Executive Directors” in this section for details of his biography.

COMPANY SECRETARY

Mr. Chang Man Leong (張文亮), aged 39, has been appointed as the company secretary of our Company on 24 March 2017. Mr. Chang is a practising solicitor working at Michael Li & Co. specialising in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Mr. Chang obtained his Bachelor of Business Administration degree from the Chinese University of Hong Kong in 1999 and subsequently a Bachelor of Laws degree from the University of Hong Kong in 2005. Mr. Chang was admitted as a solicitor in Hong Kong in November 2008.

Mr. Chang does not act as an individual employee of our Company, but as an external service provider in respect of the proposed appointment of Mr. Chang as the company secretary of the Company. Pursuant to paragraph F.1.1. of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Ms. S F Chua, our Executive Director, as its contact point for Mr. Chang.

Our Company is well aware of the importance of the company secretary in supporting the Board on governance matters, and after having considered Michael Li & Co. at which Mr. Chang is working has more than 20 professional staff and one qualified company secretary with professional qualifications, both the Company and Mr. Chang are of the view that there will be sufficient time, resources and supporting for fulfilment of the company secretary requirements of our Company.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, we have appointed Vinco Capital Limited as our compliance adviser which will have access to all relevant records and information relating to our Group that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise us, among others, at the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under the GEM Listing Rules, is contemplated including share issues and share repurchases;
- where our Company proposes to use the proceeds of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The appointment of our compliance adviser shall commence on the [REDACTED] and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the [REDACTED] and such appointment shall be subject to extension by mutual agreement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. K L Chua is acting as the chairman and the chief executive officer. In view of Mr. K L Chua being the founder of the Group, and his responsibilities in corporate strategic planning and overall business development as mentioned above, our Board believes that it is in the interests of both our Group and our Shareholders to have Mr. K L Chua taking up both roles for effective management and business development. Therefore, our Directors consider the deviation from Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules to be appropriate in such circumstance. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of the chairman and chief executive officer is necessary.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit committee

Our Group established an Audit Committee on [•] 2017 which comprises three members. Our audit committee has adopted the written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our Audit Committee are, among other things, to review and supervise the financial reporting process and internal control systems of our Group. The committee will be assisted by the professional accounting firm engaged by our Group, which will conduct regular internal audits and report to the committee. The Audit Committee comprises three members, namely, Mr. Kwong Choong Kuen, Mr. Dax Teo Tak Sin and Ms. Grace Choong Mai Foong. Mr. Kwong Choong Kuen is the chairman of the Audit Committee.

Remuneration committee

Our Group established a Remuneration Committee on [•] 2017 which comprises three members. Our Remuneration Committee has adopted written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our Remuneration Committee are, among other things, to evaluate the performance and to determine, with delegated responsibility, on the remuneration package of our Directors and senior management. The Remuneration Committee comprises three members, namely, Mr. Dax Teo Tak Sin, Mr. Kwong Choong Kuen and Ms. Grace Choong Mai Foong. Mr. Dax Teo Tak Sin is the chairman of the Remuneration Committee.

Nomination committee

Our Group established a Nomination Committee on [•] 2017, which comprises three members. Our Nomination Committee has adopted written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our Nomination Committee are to nominate potential candidates for directorship, to review the nomination of directors and to make recommendations to the Board on terms of such appointment. The Nomination Committee comprises three members, namely, Ms. Grace Choong Mai Foong, Mr. Dax Teo Tak Sin and Mr. Kwong Choong Kuen. Ms. Grace Choong Mai Foong is the chairwoman of the Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the two years ended 31 December 2015 and 31 December 2016, the aggregate amount of compensation paid (salary, allowances, benefits in kind and defined contribution) by our Group to our five highest paid individuals were approximately S\$0.7 million and S\$0.9 million, respectively.

The Executive Directors are also employees of our Company and receive, in their capacity as employees of our Company, compensation in the form of salaries and other allowances and benefits in kind. Our Company reimburses our Directors for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to the operations of our Company.

During the two years ended 31 December 2016, the aggregate amount of compensation paid (fees, salaries, allowances, benefits in kind and defined contribution) by our Group to our Directors were S\$0.6 and S\$0.6 million, respectively.

Our Director's total compensation

Set out below is the total compensation paid to Mr. K L Chua and Ms. S F Chua during each of the two years ended 31 December 2016:

Mr. K L Chua

	For the year ended 31 December	
	2015	2016
	S\$	S\$
Fees	200,000	100,000
Salaries and bonuses	288,250	389,250
CPF contributions	11,900	18,745
Total	<u>500,150</u>	<u>507,995</u>

DIRECTORS AND SENIOR MANAGEMENT

Ms. S F Chua

	For the year ended 31 December	
	2015	2016
	S\$	S\$
Fees	—	—
Salaries and bonuses	65,625	79,525
CPF contributions	10,137	13,520
Total	75,762	93,045

The year-on-year increases in Mr. K L Chua’s and Ms. S F Chua’s total compensation were approximately 1.5% and 22.8% for the year ended 31 December 2016, respectively. The total compensation of Mr. K L Chua and Ms. S F Chua was mainly determined with reference to the performance of our Group. Our profit for the year was approximately S\$3.0 million and S\$3.3 million for the two years ended 31 December 2016, representing a year-on-year increase of approximately 9.9%. The total compensation of Mr. K L Chua represented approximately 16.4% and 15.2% of our profit for each of the two years ended 31 December 2016, respectively. Ms. S F Chua’s total compensation represented approximately 2.5% and 2.8% of our profit for each of the two years ended 31 December 2016, respectively.

Our Directors’ remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of our Group. Details of the terms of the service agreements are set out in the section headed “Statutory and general information — C. Further information about our Directors and Substantial Shareholder — 2. Particulars of service contracts and letters of appointment” in Appendix IV to this document.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five largest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, our Directors, past Directors or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Group. The Directors estimate that under the current proposed arrangement, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to the Directors will be approximately S\$0.7 million for the year ending 31 December 2017.

None of our Directors waived any emoluments during the Track Record Period. Save as disclosed in this paragraph headed “Remuneration of Directors and senior management”, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION POLICY

Our Directors and senior management receive remuneration in the form of salaries and bonuses with reference to those paid by comparable companies, experience, responsibilities and performance of our Group. Our Group also reimburses our Directors and senior management for expenses which necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other thing, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

After [REDACTED], the remuneration committee of our Company will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, experience and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

SHARE CAPITAL

SHARE CAPITAL

The authorised and issued share capital of our Company immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be as follows:

	<u>HK\$</u>
<i>Authorised share capital:</i>	
<u>5,000,000,000</u> Shares	<u>50,000,000</u>
<i>Shares issued and to be issued, fully paid or credited as fully paid:</i>	
1,000,000 Shares in issue as at the Latest Practicable Date	10,000
[REDACTED] Shares to be issued pursuant to the Capitalisation Issue	[REDACTED]
<u>[REDACTED]</u> [REDACTED] to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>
<u>[REDACTED]</u> Shares	<u>[REDACTED]</u>

Assumptions

The above table assumes the [REDACTED] and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto are made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, and any Shares which may be issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

Minimum public float

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of [REDACTED] and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

Ranking

The [REDACTED], including the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, will rank equally with all Shares now in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid after the date of this document save for the entitlements under the Capitalisation Issue.

SHARE CAPITAL

General mandate to issue Shares

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to allot and issue and deal with the unissued Shares with an aggregate nominal value of not more than:

- (a) 20% of the number of Shares in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue but excluding any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; and
- (b) the aggregate number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements for the time being adopted.

For further details of this general mandate, please refer to the paragraph headed “3. Written resolutions of the sole Shareholder passed on [•]” in the section headed “Statutory and general information — A. Further information about our Company” in Appendix IV to this document.

General mandate to repurchase Shares

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the number of Shares in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue but excluding any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “7. Repurchase by our Company of its own securities” in the section headed “Statutory and general information — A. Further information about our Company” in Appendix IV to this document.

SHARE CAPITAL

The general mandate to issue and repurchase Shares will expire:

- at the conclusion of the next annual general meeting of our Company;
- at the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws of the Cayman Islands or the Articles to be held; or
- when varied, revoked or renewed by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the paragraphs headed “3. Written resolutions of the sole Shareholder passed on [•]” and “7. Repurchase by our Company of its own securities” in the section headed “Statutory and general information — A. Further information about our Company” in Appendix IV to this document.

Circumstances under which general meeting and class meeting are required

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in “Summary of the constitution of our Company and Cayman companies law” set out in Appendix III to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of any options under the Share Option Scheme), the following persons will have interests and/or short positions in our Shares or underlying shares of our Company which would fall to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

Name of interested party	Capacity/Nature of interest	Number of Shares held <i>(Note 1)</i>	Percentage of Shareholding immediately after the [REDACTED] and the Capitalisation Issue
Ventris Global	Beneficial owner <i>(Note 2)</i>	[REDACTED] (L)	[REDACTED]%
Mr. K L Chua	Interest of controlled corporation <i>(Note 2)</i>	[REDACTED] (L)	[REDACTED]%

Notes:

1. The letter “L” denotes long position of the Shares.
2. Ventris Global is beneficially owned as to 100% by Mr. K L Chua. Under the SFO, Mr. K L Chua is deemed to be interested in the Shares held by Ventris Global. Mr. K L Chua is one of our Controlling Shareholders and an Executive Director.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of any options under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our combined financial information as of and for the Track Record Period, including the notes thereto, included in Appendix I to this document. Our combined financial information has been prepared in accordance with IFRS. The following discussion contains forward-looking statements concerning events that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under “Risk factors” and elsewhere in this document.

OVERVIEW

During the Track Record period, our Group recorded revenues of approximately S\$27.7 million and S\$27.0 million for the years ended 31 December 2015 and 31 December 2016 respectively. Our Group provides transport management services which can be broadly segregated into trucking and hubbing services. Trucking services refer to the delivery of cargo, primarily containers, from our customers’ designated pick up point to their designated delivery points. Hubbing services refer to the handling and storage of laden and empty containers at either our logistics yard or any other location which may be designated by our customer(s). Trucking revenue were approximately S\$22.4 million and S\$22.1 million, representing 80.8% and 81.7% of total revenues for the years ended 31 December 2015 and 31 December 2016 respectively. Hubbing revenue was approximately S\$5.3 million and S\$5.0 million, representing 19.2% and 18.3% of total revenues for the years ended 31 December 2015 and 31 December 2016 respectively.

Our Group reported profit for the year of approximately S\$3.0 million and S\$3.3 million for the years ended 31 December 2015 and 31 December 2016 respectively.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the section headed “History, Reorganisation and corporate structure — Reorganisation” in the document, the Company became the holding company of the companies now comprising the Group subsequent to the end of the relevant periods on [•] 2017. The companies now comprising the Group were under the control of Mr. Chua Kang Lim (the “**Controlling Shareholder**”), before and after the Reorganisation. Accordingly, for the purpose of this report, the historical financial information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the relevant periods.

FINANCIAL INFORMATION

The combined statements of profit or loss, combined statements of changes in equity and combined statements of cash flows of the Group for the relevant periods include the results and cash flows of all companies now comprising the Group from the earliest date presented. The combined statements of financial position of the Group as at 31 December 2015 and 2016 have been prepared to present the assets and liabilities of the subsidiaries and/or business using the existing book values from the Controlling Shareholder’s perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “**IASB**”).

All IFRSs effective for the accounting period commencing from 1 January 2016, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information throughout the relevant periods.

The historical financial information has been prepared under the historical cost convention, except for available-for-sale financial assets which have been measured at fair value.

SIGNIFICANT FACTORS AFFECTING THE RESULTS OF OPERATIONS

Our financial condition and results of operation have been and will continue to be affected by a number of factors, including those factors set out in the section headed “Risk factors” in this document. In particular:

Market Demand

As a transport management services provider in Singapore, we are primarily engaged in the provision of trucking and hubbing services to our customers to serve their needs along their respective supply chains. Our business performance will therefore, to a large extent, be affected by our customers’ business performance and developments in Singapore. If our customers’ sales in Singapore decline, such decline may likely lead to a corresponding decrease in demand for our transport management services. Adverse developments in our customers’ business performance in Singapore could therefore materially and adversely affect our business, financial condition and results of operations.

FINANCIAL INFORMATION

Fluctuation in cost of sales

Our cost of sales mainly comprises of (i) staff cost, (ii) port and depot charges, (iii) vehicle cost, and (iv) fuel cost. Our staff expenses relate to the salaries, wages and CPF contributions of our drivers. Port and depot expenses charges refers to the fees that the port operator and shipping line depot operator charges for the use of port and depot facilities respectively. Vehicle expenses relate to the maintenance, depreciation, insurance, parking and road tax of our Group's vehicles and fuel cost relates to our diesel and petrol expenses. These expenses account for more than approximately 90% of our Group's cost of sales and significant increases in such expenses will have an adverse impact on the financial performance and profitability of our Group.

SENSITIVITY AND BREAKEVEN ANALYSIS

Sensitivity analysis

During the Track Record Period, the four main components of our cost of sales namely, (i) staff cost, (ii) port and depot charges, (iii) vehicle cost, and (iv) fuel cost amounted to (i) S\$6.8 million, S\$5.8 million, S\$5.6 million and S\$2.1 million for the year ended 31 December 2015 respectively, representing 31.0%, 26.4%, 25.4% and 9.7% of our total cost of sales for the same financial year respectively, and (ii) S\$6.7 million, S\$5.7 million, S\$5.2 million and S\$1.7 million for the year ended 31 December 2016 respectively, representing 32.4%, 27.6%, 25.2% and 8.3% of our total cost for sales for the same financial year respectively.

The historical fluctuation in our staff cost, port and depot charges, vehicle cost and fuel cost for the two years ended 31 December 2016 are approximately 1.8%, 1.5%, 6.5% and 19.7% respectively.

FINANCIAL INFORMATION

For illustrative purpose only, the following table illustrates the sensitivity of the estimated increase/(decrease) in our profit before tax in relation to percentage changes in our main cost of sales components namely staff cost, port and depot charges, vehicle cost and fuel cost based on their historical fluctuations of 1.8%, 1.5%, 6.5% and 19.7% for the two years ended 31 December 2016 respectively with all other variables held constant:

	Increase/ (Decrease) in percentage	Increase/Decrease in profit before tax	
		Year ended 31 December	
		2015	2016
	%	S\$	S\$
Staff cost	1.8%	(123,207)	(120,933)
	-1.8%	123,207	120,933
Port and depot charges	1.5%	(87,193)	(85,898)
	-1.5%	87,193	85,898
Vehicle cost	6.5%	(363,897)	(340,346)
	-6.5%	363,897	340,346
Fuel cost	19.7%	(422,071)	(338,751)
	-19.7%	422,071	338,751

Note: Our profit before taxation was S\$3.6 million and S\$4.0 million for each of the two years ended 31 December 2016.

Breakeven analysis

For the year ended 31 December 2015, it is estimated that we would achieve breakeven on our profit before tax if (i) staff cost increase by 48.9%, or (ii) port and depot charges increase by 61.8%, or (iii) vehicle cost increase by 64.1%, or (iv) fuel cost increase by 167.6%; holding all other variables constant.

For the year ended 31 December 2016, it is estimated that we would achieve breakeven on our profit before tax if (i) staff cost increase by 60.2%, or (ii) port and depot charges increase by 70.6%, or (iii) vehicle cost increase by 77.3%, or (iv) fuel cost increase by 235.2%; holding all other variables constant.

FINANCIAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Our significant accounting policies, judgements and estimates that are important for you to understand our financial condition and results of operations, are set out in detail in notes 3 and 4 of Appendix I to this document respectively. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Our estimates are based on historical experience, latest information and other assumptions that we believe to be reasonable under the current circumstances. Actual results may differ under different assumptions and conditions. We have not changed our assumptions or estimates in the past. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the foreseeable future.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Rendering of services

The majority of revenue is derived from the provision of transport management services. Such as trucking and hubbing of customer products. Such revenue is recognised when the services are provided.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

FINANCIAL INFORMATION

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for this purpose is as follows:

Motor vehicles	—	20% to 10%
Furniture and fittings	—	20%
Office equipment	—	100%
Computer	—	100%
Buildings	—	Over the remaining lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

FINANCIAL INFORMATION

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Functional currency

The financial information is presented in Singapore Dollars (S\$), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Group currently has no exposure to foreign currency liabilities.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

RESULTS OF OPERATIONS

The following table sets forth our combined statements of profit or loss and other comprehensive income for the periods indicated, as derived from the Accountants' Report in Appendix I to this document.

FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS

	Year Ended 31 December	
	2015	2016
	S\$	S\$
Revenue	27,684,381	27,008,662
Cost of Sales	(22,059,670)	(20,763,078)
Gross Profit	5,624,711	6,245,584
Other income	428,741	392,968
Administrative expenses	(2,302,888)	(2,474,257)
Finance costs	(159,897)	(119,347)
Profit before tax	3,590,667	4,044,948
Income tax expense	(545,663)	(699,297)
Profit for the year	3,045,004	3,345,651

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

Our Group is involved in the provision of transport management services in Singapore. Our services can be broadly categorised into trucking services and hubbing services. Our total revenue for the years ended 31 December 2015 and 2016 amounted to approximately S\$27.7 million and S\$27.0 million respectively. The following table sets out our segmented revenue for the Track Record Period:

	Year Ended 31 December			
	2015		2016	
	S\$	%	S\$	%
Trucking	22,378,225	80.8	22,054,945	81.7
Hubbing	5,306,156	19.2	4,953,717	18.3
Total	27,684,381	100.0	27,008,662	100.0

Trucking services accounted for approximately 81.7% of our total revenue for the year ended 31 December 2016 with hubbing services accounting for the remaining 18.3%.

FINANCIAL INFORMATION

Trucking

Our Group’s trucking revenue was approximately \$22.4 million and S\$22.1 million for the years ended 31 December 2015 and 31 December 2016 respectively. Trucking revenue mainly consists revenue from transportation fees in relation to the transportation of full container load (“FCL”) cargo and less than container load (“LCL”) cargo.

	Year Ended 31 December			
	2015		2016	
	S\$	%	S\$	%
FCL fees	20,946,008	93.6	20,563,380	93.2
LCL fees	1,432,217	6.4	1,491,565	6.8
Total	22,378,225	100.0	22,054,945	100.0

FCL fees accounted for 93.6% and 93.2% of total trucking fees for the years ended 31 December 2015 and 31 December 2016 respectively. LCL fees accounted for 6.4% and 6.8% of total trucking fees for the years ended 31 December 2015 and 31 December 2016 respectively.

FCL fees

FCL fees primarily includes transportation fees, port and depot fees and other miscellaneous fees. FCL is driven by the number of trips made, the volume of goods transported, the average FCL trucking rate, among other factors. The following table sets out the total number of FCL trips undertaken by our Group and the average FCL trucking rates for the Track Record Period:

	Year Ended 31 December	
	2015	2016
FCL fees	S\$20,946,008	S\$20,563,380
Total number of FCL trips ⁽¹⁾	303,839	306,937
Average FCL trucking rate per trip ⁽²⁾	S\$68.9	S\$67.0

Notes:

- (1) The number of trips made by our drivers in relation to FCL operations.
- (2) Average FCL trucking rate per trip is inclusive of port and deport fees and other miscellaneous fees.

FINANCIAL INFORMATION

The total number of FCL trips increased by 1.0% from 303,839 in the year ended 31 December 2015 to 306,937 in the year ended 31 December 2016. Our average FCL trucking rate per trip declined by 2.8% from S\$68.9 for the year ended 31 December 2015 to S\$67.0 for the year ended 31 December 2016. Please refer to “Period to period comparison of results of operations” for further details.

FCL trucking rates are driven by various factors such as trip distance, fuel cost and rates offered by our competitors. Please refer to “Period to period comparison of results of operations” for more details.

LCL fees

LCL fees primarily includes transportation fees and is driven by the volume of goods transported, the average LCL trucking rate, among other factors. LCL trucking rates are driven by trip distance, fuel cost and rates offered by our competitors. We generally charge our LCL customers based on either (i) an hourly rate basis, (ii) the volume of cargo transported or (iii) the number of trips.

Hubbing

Our Group’s revenue from hubbing services was approximately \$5.3 million and S\$5.0 million for the years ended 31 December 2015 and 31 December 2016 respectively. Revenue from hubbing services consists of storage and handling fees for container storage at either our logistics yard or locations designated by our customers. Such revenue is primarily driven by rate of fees, container volume passing through the hubbing location and the number of storage days such containers are stored.

The following table sets out (i) the container volume passing through, and (ii) the number of storage days these container units are stored at either our logistics yard or other locations designated by our customers:

	Year Ended 31 December	
	2015	2016
Container volume (TEU)	179,953	179,724
Storage days		
20 foot container	228,279	201,949
40 foot container	337,674	350,021
Total	565,953	551,970

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales mainly represents the direct costs incurred for the provision of our trucking and hubbing services. These direct costs primarily consist of staff cost, port and depot charges, vehicle cost, fuel cost and logistic yard service fees. The following tables sets out the breakdown of our Group's cost of sales for the Track Record Period:

	Year Ended 31 December			
	2015		2016	
	S\$	%	S\$	%
Staff cost	6,844,835	31.0	6,718,497	32.4
Port and depot charges	5,812,880	26.4	5,726,539	27.6
Vehicle cost	5,598,417	25.4	5,236,087	25.2
Fuel cost	2,142,493	9.7	1,719,550	8.3
Logistic yard service fees	1,592,034	7.2	1,288,913	6.2
Miscellaneous cost	69,011	0.3	73,492	0.3
Total	22,059,670	100.0	20,763,078	100.0

Our Group's cost of sales was approximately S\$22.1 million and S\$20.8 million for the years ended 31 December 2015 and 31 December 2016 respectively, representing approximately 79.7% and 76.9% of our revenue for the corresponding year.

Staff cost

Staff cost refer mainly to salaries and wages paid to our drivers. For the years ended 31 December 2015 and 31 December 2016, staff cost amounted to approximately S\$6.8 million and S\$6.7 million respectively, representing approximately 31.0% and 32.4% of our cost of sales for the corresponding period respectively.

Port and depot charges

Port and depot charges refers to the fees that the port operator and depot operator charges for the use of port and depot facilities respectively. For the years ended 31 December 2015 and 31 December 2016, port and depot charges amounted to approximately S\$5.8 million and S\$5.7 million respectively, representing approximately 26.4% and 27.6% of our cost of sales for the corresponding period respectively.

Vehicle cost

Vehicle cost refers to the cost of repairing, maintaining our vehicles, vehicle insurance in addition to vehicle depreciation expense. For the years ended 31 December 2015 and 31 December 2016, vehicle cost amounted to approximately S\$5.6 million and S\$5.2 million respectively, representing approximately 25.4% and 25.2% of our cost of sales for the corresponding period respectively.

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Fuel cost

Fuel cost refers to the cost of diesel and petrol which is required to run our various motor vehicles. For the years ended 31 December 2015 and 31 December 2016, fuel cost amounted to approximately S\$2.1 million and S\$1.7 million respectively, representing approximately 9.7% and 8.3% of our cost of sales for the corresponding period respectively.

Logistic yard service fees

Logistic yard service fees refer to the fees our Group pays for the use of logistics yard facilities. We were using the logistic yard at Jalan Papan previously and have since moved to the logistics yard at Penjuru Lane in June 2016. For the years ended 31 December 2015 and 31 December 2016, logistic yard service fees amounted to approximately S\$1.6 million and S\$1.3 million respectively, representing approximately 7.2% and 6.2% of our cost of sales for the corresponding period respectively.

Gross Profit and Gross Profit Margin

The following table sets out the breakdown of our gross profit and gross profit margin segment for the Track Record Period:

	Year Ended 31 December	
	2015	2016
	S\$	S\$
Gross Profit		
Trucking	2,243,619	3,147,662
Hubbing	3,381,092	3,097,922
Total	5,624,711	6,245,584

	Year Ended 31 December	
	2015	2016
	%	%
Gross Profit Margin		
Trucking	10.0	14.3
Hubbing	63.7	62.5
Overall	20.3	23.1

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For the years ended 31 December 2015 and 31 December 2016, we recorded a gross profit of approximately S\$5.6 million and S\$6.2 million respectively. Trucking services accounted for approximately 39.9% and 50.4% of gross profit, for the years ended 31 December 2015 and 31 December 2016 respectively. Hubbing services accounted for approximately 60.1% and 49.6% of gross profit for the years ended 31 December 2015 and 31 December 2016 respectively.

Our Group's overall gross profit margin was approximately 20.3% and 23.1% for the years ended 31 December 2015 and 31 December 2016 respectively. The gross profit margin for trucking services was approximately 10.0% and 14.3% for the years ended 31 December 2015 and 31 December 2016 whilst the gross profit margin for hubbing services was approximately 63.7% and 62.5% for the years ended 31 December 2015 and 31 December 2016 respectively.

Other income

Our Group reported other income of approximately S\$0.4 million and S\$0.4 million for the years ended 31 December 2015 and 31 December 2016 respectively. Other income relates to gain on disposal of property, plant and equipment and one-off incentive for wage subsidy. The following table sets forth the breakdown of other income during the Track Record Period:

	Year Ended 31 December	
	2015	2016
	S\$	S\$
Gain on disposal of items of property, plant and equipment	11,000	17,283
One-off incentive for wage subsidy	417,741	375,685
Total	428,741	392,968

There were no unfulfilled conditions or contingencies relating to the wage subsidies from the Singapore Government.

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Administrative expenses

Our Group reported administrative expenses of approximately S\$2.3 million and S\$2.5 million for the years ended 31 December 2015 and 31 December 2016 respectively. Administrative expenses for our Group primarily consist of staff cost, office expenses, professional expenses, interest expenses, miscellaneous expenses, tax expenses and depreciation expenses. Staff cost include director remuneration, office staff salary, CPF contribution and bonuses. Office expenses include office maintenance, telecommunications and printing. Professional expenses include audit and secretarial fees. Bank charges represents the bank service charges. Depreciation expenses include office property depreciation and office equipment depreciation. Miscellaneous expenses include mainly entertainment expenses and motor vehicle fines. The following table sets forth a breakdown of our other operating expenses during the Track Record Period:

	Year Ended 31 December	
	2015	2016
	S\$	S\$
Staff cost	1,923,862	2,120,633
Office expenses	190,175	195,586
Professional expenses	31,054	27,541
Bank charges	11,246	11,840
Depreciation expenses	31,965	36,309
Miscellaneous expenses	139,692	82,348
Total	2,302,888	2,474,257

Finance costs

Our Group reported finance cost of approximately S\$0.2 million and S\$0.1 million for the years ended 31 December 2015 and 31 December 2016 respectively. Finance costs represent interest on borrowings and finance lease.

Income tax expenses

As our operations are based in Singapore, our Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore. Income tax expenses of our Group amounted to approximately S\$0.5 million and S\$0.7 million for the years ended 31 December 2015 and 31 December 2016.

The statutory corporate tax rate in Singapore was 17% throughout the Track Record Period, while our corresponding effective tax rates were approximately 15.2% and 17.3% for the years ended 31 December 2015 and 31 December 2016 respectively.

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Our effective tax rate was lower than the statutory tax rate for the year ended 31 December 2015 mainly due to tax relief of approximately S\$0.3 million and effects of partial tax exemption and tax rebates of approximately S\$0.1 million which were offset by expenses not deductible for tax of approximately S\$0.3 million and adjustments to over provision in respect of previous periods of approximately S\$142.

Our effective tax rate was slightly higher than the statutory tax rate for the year ended 31 December 2016 mainly due to adjustments to over provision respect of previous periods of S\$8,867 and expenses not deductible for tax of approximately S\$0.3 million which were offset by tax relief of approximately S\$0.2 million and effects of partial tax exemption and tax rebates of approximately S\$0.1 million.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2016 compared to year ended 31 December 2015

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. The slight decrease in revenue for the year ended 31 December 2016 was mainly due to a 1.4% decrease in trucking revenue and a 6.6% decrease in hubbing revenue.

Trucking

Trucking revenue decreased by approximately S\$0.3 million or 1.4% from approximately S\$22.4 million for the year ended 31 December 2015 to approximately S\$22.1 million for the year ended 31 December 2016. This was largely due to an approximately S\$0.3 million or 1.8% decrease in FCL fees from S\$20.9 million for the year ended 31 December 2015 to approximately S\$20.6 million for the year ended 31 December 2016 which was partially offset by an approximately S\$60,000 or 4.1% increase in LCL fees from approximately S\$1.43 million for the year ended 31 December 2015 to approximately S\$1.49 million for the year ended 31 December 2016.

The number of FCL trips increased by approximately 1.0% from 303,839 trips in the year ended 31 December 2015 to 306,937 trips in the year ended 31 December 2016. However, the average FCL trucking rate per trip decreased by approximately 2.8% from S\$68.9 for the year ended 31 December 2015 to S\$67.0 for the year ended 31 December 2016 mainly due to the downward adjustments to our FCL trucking pricing to reflect the decrease in diesel prices. Our FCL trucking rates are determined

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after taking into account various factors including diesel prices. Average diesel price per litre in Singapore decreased by approximately 11.1% from S\$1.17 for the year ended 31 December 2015 to S\$1.04 for the year ended 31 December 2016 and we adjusted our FCL trucking rates downwards to remain competitive. Consequently, FCL fees decreased by approximately \$0.4 million or 1.8% from approximately S\$20.9 million for the year ended 31 December 2015 to S\$20.6 million for the year ended 31 December 2016.

LCL fees accounted for approximately 6.4% and 6.8% of total trucking fees for the two years ended 31 December 2016 respectively. LCL fees increased by approximately 4.1% or S\$60,000 for the year ended 31 December 2016 due to improved LCL business.

Hubbing

Hubbing revenue decreased by approximately S\$0.3 million or 6% from approximately S\$5.3 million for the year ended 31 December 2015 to approximately S\$5.0 million for the year ended 31 December 2016.

This was largely due to the approximately 11.5% decrease in the number of storage days for 20 foot containers from 228,279 days to 201,949 days which was partially offset by the approximately 3.7% increase in the number of storage days for 40 foot containers from 337,674 days to 350,021 days. The total number of storage days for containers decreased by approximately 2.5% from 565,953 days to 551,970 days.

The reduction in the number of 20 foot containers stored and the number of storage days for 20 foot containers can be attributed to a reduction in the hubbing requirements of Customer B.

Cost of Sales

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. The decrease in cost of sales for the year ended 31 December 2016 was mainly due to a reduction in fuel cost, port and depot charges, vehicle expenses, logistics yard service fees and staff cost.

Fuel cost decreased by approximately S\$0.4 million or 19.7% from approximately S\$2.1 million for the year ended 31 December 2015 to approximately S\$1.7 million for the year ended 31 December 2016. The decrease in fuel cost was in line with the decrease in diesel prices. The average diesel price charged by our suppliers decreased by 16.1% for the year ended 31 December 2016.

Port and depot charges decreased by approximately S\$0.1 million from approximately S\$5.8 million for the year ended 31 December 2015 to approximately S\$5.7 million for the year ended 31 December 2016. The reduction was in line with our decrease in trucking revenue.

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Logistic yard service fees decreased by approximately S\$0.3 million or 19.0% from approximately S\$1.6 million for the year ended 31 December 2015 to approximately S\$1.3 million for the year ended 31 December 2016. In May 2016, we ended our previous logistics yard service agreement with Supplier C and we entered into a new logistics yard service agreement with Supplier F. The decrease in logistic yard service fees is attributed to the lower fees we are paying for the usage of our current logistic yard at Penjuru Road as compared to our previous logistics yard.

Vehicle expenses decreased by approximately S\$0.4 million or 6.5% from approximately S\$5.6 million for the year ended 31 December 2015 to approximately S\$5.2 million for the year ended 31 December 2016 on the back of lower vehicle repair cost, insurance expenses and vehicle depreciation.

Staff cost, primarily wages to our drivers, decreased by approximately S\$0.1 million or 1.9% from approximately S\$6.8 million for the year ended 31 December 2015 to approximately S\$6.7 million for the year ended 31 December 2016. Our drivers are paid basic salaries and trip incentives in accordance to various factors, including the number of trips in a given month and distance of trip. Due to the optimisation of trip distances by one of our major customer during the year, average distance per trip decreased and we made less incentive payment to our drivers per trip.

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.

Gross profits from trucking increased by approximately S\$0.9 million or 40.3% from approximately S\$2.2 million for the year ended 31 December 2015 to approximately S\$3.1 million for the year ended 31 December 2016. Gross profit margins for trucking improved from 10.0% for the year ended 31 December 2015 to 14.3% for the year ended 31 December 2016. This was mainly due to 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 lower vehicle expenses.

Gross profits from hubbing decreased by approximately S\$0.3 million or 8.4% from approximately S\$3.4 million for the year ended 31 December 2015 to approximately S\$3.1 million for the year ended 31 December 2016. This was in line with the decrease in hubbing revenue which can be attributed to a reduction in the hubbing requirements of Customer B. Gross profit margins for hubbing remained relatively stable, declining slightly from 63.7% for the year ended 31 December 2015 to 62.5% for the year ended 31 December 2016.

Consequently, our gross profit margin improved from 20.3% for the year ended 31 December 2015 to 23.1% for the year ended 31 December 2016.

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Other income

Other income decreased by approximately S\$36,000 or 8.3%, from approximately S\$0.43 million for the year ended 31 December 2015 to approximately S\$0.39 million for the year ended 31 December 2016. The decrease was mainly due to lower one-off incentive for wage subsidies from the Wage Credit Scheme where under this scheme, the Singapore Government co-funded 40% of wage increases given to Singapore citizen employees between 2013 to 2015. This co-funding has decreased to 20% of wage increases given to Singapore citizen between 2016 to 2017.

Administrative expenses

Administrative expenses increased by approximately S\$0.2 million or 7.4% from approximately S\$2.3 million for the year ended 31 December 2015 to approximately S\$2.5 million for the year ended 31 December 2016. This was largely due to an increase in staff cost by approximately S\$0.2 million or 10.2% from approximately S\$1.9 million for the year ended 31 December 2015 to approximately S\$2.1 million for the year ended 31 December 2016. The increase in staff cost was due to wage increases for staff.

Finance costs

Finance costs decreased by approximately S\$41,000 or 25.4%, from approximately S\$160,000 for the year ended 31 December 2015 to approximately S\$119,000 for the year ended 31 December 2016. The decrease was mainly due to the decrease in interest paid on finance lease obligations.

Profit before tax

Profit before tax increased by approximately S\$0.4 million or 12.7%, from approximately S\$3.6 million for the year ended 31 December 2015 to approximately S\$4.0 million for the year ended 31 December 2016. The increase was mainly due to a 11.0% increase in gross profits from approximately S\$5.6 million to approximately S\$6.2 million in year ended 31 December 2016 which was partially offset by an increase in administrative expenses of 7.4%, from approximately S\$2.3 million to approximately S\$2.5 million in the year ended 31 December 2016.

Income tax expense

Income tax expenses increased by approximately S\$0.2 million or 28.2% from approximately S\$0.5 million for the year ended 31 December 2015 to approximately S\$0.7 million for the year ended 31 December 2016. This increase was due to a larger tax relief of approximately S\$0.3 million for the year ended 31 December 2016 as compared to approximately S\$0.2 million for the year ended 31 December 2015.

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Profit for the year

Profit for the year increased by approximately S\$0.3 million or 9.9%, from approximately S\$3.0 million for the year ended 31 December 2015 to approximately S\$3.3 million for the year ended 31 December 2016.

Profit margin

Our profit margin improved from 11.0% for the year ended 31 December 2015 to 12.4% for the year ended 31 December 2016 mainly due to improved gross profit margins which were partially offset by higher administrative expenses and income tax expenses.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to satisfy our working capital needs. Our working capital needs have been financed through a combination of funds generated from operations and bank borrowings. As at 31 December 2015 and 31 December 2016, we had cash and cash equivalent of approximately S\$2.6 million and approximately S\$1.5 million respectively. Going forward, we expect to fund our working capital and other capital requirements with a combination of various sources, including but not limited to cash generated from our operations and short-term or long-term indebtedness.

The following table sets forth a summary of net cash flow for the periods indicated:

	Year Ended 31 December	
	2015	2016
	S\$	S\$
Net cash flows generated from operating activities	4,503,816	4,596,433
Net cash flows used in investing activities	448,677	709,833
Net cash flows used in financing activities	2,632,642	4,993,968
Net increase/(decrease) in cash and cash equivalents	1,422,497	(1,107,368)
Cash and cash equivalents at beginning of the year	1,127,927	2,550,424
Cash and cash equivalents at end of the year	2,550,424	1,443,056

Cash flow generated from operating activities

Net cash generated from operating activities primarily consisted of profit before income tax adjusted for non-cash items, such as depreciation of property, plant and equipment, gains on disposals of property, plant and equipment, impairment losses on available-for-sale-assets and finance cost. We derive our cash inflow from operations principally from our revenue. Our cash outflow used in operations is principally for payment to suppliers and for our working capital needs.

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For the year ended 31 December 2015, our net cash flow generated from operating activities was S\$4.5 million. The net cash flow from operating activities was mainly attributable to our profit before income tax of approximately S\$3.6 million, which was adjusted primarily for (i) depreciation of property, plant and equipment of approximately S\$1.8 million, (ii) increase in trade receivables of approximately S\$0.7 million, (iii) decrease in trade payables of approximately S\$0.5 million, and (iv) increase in other payables and accruals of approximately S\$0.2 million.

For the year ended 31 December 2016, our net cash flow generated from operating activities was S\$4.6 million. The net cash flow from operating activities was mainly attributable to our profit before income tax of approximately S\$4.0 million, which was adjusted primarily for (i) depreciation of property, plant and equipment of approximately S\$1.7 million, (ii) increase in trade receivables of approximately S\$0.5 million, (iii) decrease in trade payables of approximately S\$0.5 million, and (iv) decrease in deposits and other receivables of approximately S\$0.1 million.

Cash flow used in investing activities

Our cash flow used in investing activities is principally due to the purchase of property, plant and equipment. Our cash inflow from investing activities is primarily due to proceeds from the disposal of property, plant and equipment.

For the year ended 31 December 2015, our net cash used in investing activities was approximately S\$0.4 million, primarily due to the purchase of 3 prime movers, 1 lorry and 10 trailers.

For the year ended 31 December 2016, our net cash used in investing activities was approximately S\$0.7 million, primarily due to the purchase of 4 prime movers, 2 lorries, 30 trailers and 2 reach stackers.

Cash flow used in financing activities

Our cash flow used in financing activities is principally due to payment of finance leases liabilities, repayment of advances from director, repayment of bank borrowings, payment of dividends and interest paid. Our cash inflow from financing activities is primarily due to proceeds from bank borrowings.

For the year ended 31 December 2015, our net cash flow used in financing activities was approximately S\$2.6 million, primarily due to: (i) payment of finance lease obligations of approximately S\$2.6 million, (ii) repayment of loan and borrowings of approximately S\$0.3 million, (iii) dividend payment of approximately S\$0.2 million, (iv) interest paid of approximately S\$0.2 million, and (v) repayment of amount to a director of approximately S\$0.1 million, which was partially offset by proceeds from loans and borrowings of approximately S\$0.8 million.

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For the year ended 31 December 2016, our net cash used in financing activities was approximately S\$5.0 million, primarily due to: (i) repayment of amount due to a Director of approximately S\$2.6 million, (ii) payment of finance lease obligations of approximately S\$2.7 million, (iii) repayment of loan and borrowings of approximately S\$0.5 million, (iv) interest paid of approximately S\$0.1 million, and (v) advance to a director of S\$0.1 million which was partially offset by proceeds from loans and borrowings of approximately S\$1.0 million.

As at 31 January 2017, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and cash equivalents of approximately S\$1.4 million.

NET CURRENT ASSETS/(LIABILITIES)

The following table sets forth current assets and current liabilities as at the dates indicated:

	As at 31 December		As at 31 January
	2015	2016	2017
	S\$	S\$	S\$
Current assets			
Trade receivables	4,136,359	4,639,182	4,808,594
Deposits and other receivables	99,792	286,622	383,662
Prepayment	22,583	—	—
Pledged deposits	302,455	304,575	304,575
Cash and bank balances	2,550,424	1,488,087	1,375,810
	<u>7,111,613</u>	<u>6,718,466</u>	<u>6,872,642</u>
Current liabilities			
Trade payables	1,214,156	686,027	1,134,851
Other payables and accruals	3,344,473	696,498	1,146,614
Loans and borrowings	2,880,942	2,793,844	2,457,507
Tax payable	314,900	298,915	297,844
	<u>7,754,471</u>	<u>4,475,284</u>	<u>5,036,816</u>
Net current (liability)/assets	<u>(642,858)</u>	<u>2,243,182</u>	<u>1,835,826</u>

Our current assets consist primarily of trade receivables, deposits and other receivables, pledged deposits and cash and bank balances. Our current liabilities consist primarily of trade payables, other payables and accruals, loans and borrowings and tax payable.

Our Group recorded net current liabilities of approximately S\$0.6 million as at 31 December 2015 and net current assets of approximately S\$2.2 million as at 31 December 2016.

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There was an approximately S\$2.9 million increase in the net current asset position as at 31 December 2016 when compared against the net current liability position as at 31 December 2015. The increase in net current assets was due mainly to a decrease in other payables and accruals from approximately S\$3.3 million as at 31 December 2015 to approximately S\$0.7 million as at 31 December 2016. The decrease was due mainly to an amount due to director of approximately S\$2.6 million. As at 31 December 2016, this amount has since been paid. There was a slight increase in net current assets as at 31 January 2017 of S\$36,139 when compared against the net current asset position as at 31 December 2016. The increase was primarily attributable to an increase in trade and payables of approximately S\$0.5 million due to payments made to our creditors. This was offset by a decrease in loans and borrowings of approximately S\$0.3 million and a decrease of approximately S\$0.2 million in other payables and accruals.

INDEBTEDNESS

The table below sets out the indebtedness of our Group as at the respective dates indicated.

	As at 31 December		As at 31 January
	2015	2016	2017
	S\$	S\$	S\$
Indebtedness			
<i>Current</i>			
Finance lease payable	2,362,115	1,875,328	1,847,921
Bank overdrafts — secured	—	45,031	—
Bank loans — secured	518,827	873,485	609,586
Amount due to director	2,577,707	—	513,083
	5,485,649	2,793,844	2,970,590
<i>Non-current</i>			
Finance lease payable	1,066,731	930,321	1,036,465
Bank loans — secured	752,436	885,081	1,085,476
Total	7,277,816	4,609,246	5,092,531

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Bank loans and bank overdrafts

The table below sets forth the breakdown of our bank loans and bank overdrafts as at the respective dates indicated.

	As at 31 December		As at 31 January
	2015	2016	2017
	S\$	S\$	S\$
Bank loans — secured	1,271,263	1,803,597	1,695,062
Bank overdrafts — secured	—	45,031	—
	1,271,263	1,848,628	1,695,062

Our Group’s bank borrowings comprise of secured bank loans and secured bank overdrafts. The bank loans are interest bearing and denominated in Singapore dollars. The tenure of the bank loans range from two to fifteen years with interest rates ranging from approximately 1.68% to 7.50%.

Our Group’s secured bank loans are secured by (i) the underlying properties and/or (ii) joint personal guarantees from Mr. K L Chua and Ms. S F Chua. Such secured terms loans will either (i) have the joint personal guarantees released or (ii) be fully repaid, upon [REDACTED].

As at the Latest Practicable Date, we have no material covenants relating to our outstanding borrowings, save for certain financial covenants the details, amongst others, of which are set out as follows: (i) Nexis Logistics cannot incur a net loss after tax for 2 consecutive years, (ii) Nexis Logistics is required to maintain a minimum shareholders’ fund of at least S\$1.5 million throughout the loan period, (iii) CA Transportation and Nexis Logistics must have a minimum local shareholding of 30%, its annual turnover cannot exceed S\$100 million or its employment size cannot exceed 200 workers and the sum of the SME Micro Loan, SME Working Capital Loan, SME Equipment Loan and SME Factory Loan cumulatively must not exceed S\$15 million.

As at 31 January 2017, our total amount of banking facilities was approximately S\$7.9 million and we had S\$2.3 million in un-utilised banking facilities.

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Unutilised banking facilities

The table below summarises the details of our banking and finance leases as at 31 January 2017:

	<u>Facility granted</u>	<u>Utilisation</u>	<u>Unutilised</u>
	S\$	S\$	S\$
Bank loan	2,657,000	2,657,000	—
Bank overdraft	930,000	—	930,000
Finance lease	4,284,386	2,884,286	1,400,000
	<u>7,871,386</u>	<u>5,541,386</u>	<u>2,330,000</u>

The table below sets forth the maturity profile of our bank loans based on the contractual undiscounted repayment obligations.

	<u>As at 31 December</u>		<u>As at 31 January</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	S\$	S\$	S\$
Bank loans are repayable as follows:			
Within one year or on demand	518,827	918,516	609,586
In the second year	255,672	186,294	403,165
In the third to fifth years, inclusive	109,207	397,705	384,991
Beyond five years	387,557	301,082	297,320
	<u>1,271,263</u>	<u>1,803,597</u>	<u>1,695,062</u>

Finance Lease Commitments

Our Group's finance leases are hire purchases related to motor vehicles such as trucks, prime movers and trailers. The tenure of the hire purchase agreements range from two to five years with interest rates ranging from approximately 1.35% to 1.55%.

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The following table sets forth the maturity profile of our finance leases as at the respective dates indicated:

	As at 31 December		As at 31 January
	2015	2016	2017
	S\$	S\$	S\$
Minimum lease payments			
Not later than one year	2,419,929	1,922,009	1,896,786
In the second year	935,916	641,989	1,057,676
In the third to fifth years, inclusive	146,315	309,449	—
	<u>3,502,160</u>	<u>2,873,447</u>	<u>2,954,462</u>
Less: amounts representing future finance charges	<u>(73,314)</u>	<u>(67,798)</u>	<u>(70,075)</u>
Present value of minimum lease payments	<u><u>3,428,846</u></u>	<u><u>2,805,649</u></u>	<u><u>2,884,387</u></u>
	As at 31 December		As at 31 January
	2015	2016	2017
	S\$	S\$	S\$
Present value of minimum lease payments			
Not later than one year	2,362,115	1,875,328	1,847,921
In the second year	921,986	624,865	1,036,466
In the third to fifth years, inclusive	144,745	305,456	—
	<u>3,428,846</u>	<u>2,805,649</u>	<u>2,884,387</u>

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Operating Lease Commitments

Our Group leases our logistics yard under operating lease arrangements. Such leases for the logistics yard are negotiated for terms ranging from one to three years. Our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		As at 31 January
	2015	2016	2017
	S\$	S\$	S\$
Within one year	1,504,824	1,479,000	1,479,000
After one year but within 5 years	1,440,000	759,000	635,750
	<u>2,944,824</u>	<u>2,238,000</u>	<u>2,114,750</u>

Capital commitments

Our Group's capital commitments are as follows:

	As at 31 December		As at 31 January
	2015	2016	2017
	S\$	S\$	S\$
Contracted, but not provided for:			
Capital expenditure in respect of acquisition of items of property, plant and equipment	1,100,000	1,320,000	1,100,000
	<u>1,100,000</u>	<u>1,320,000</u>	<u>1,100,000</u>

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Contingent Liabilities

Performance guarantees were given by financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn, provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of such types of guarantees given by the financial institutions and insurance companies was S\$610,000 as at 31 December 2015 and 31 December 2016 respectively.

As at 31 January 2017, except as disclosed in this section, our Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities. Our Directors confirm that save as disclosed in this section, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since 31 January 2017.

ANALYSIS OF SELECTED COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Our Group's property, plant and equipment mainly consist of (i) motor vehicles including prime movers, lorries and reach stackers, (ii) leasehold property, and (iii) computers. The following table sets out the carrying amounts of each type of property, plant and equipment of our Group as at the dates indicated:

	As at 31 December	
	2015	2016
	S\$	S\$
Motor vehicles	9,034,218	10,102,097
Furniture and fitting	—	—
Office equipment	—	—
Computers	—	45,955
Buildings	742,408	712,404
	<u>9,776,626</u>	<u>10,860,456</u>

FINANCIAL INFORMATION

The carrying amount of motor vehicles increased from approximately S\$9.0 million as at 31 December 2015 to approximately S\$10.1 million as at 31 December 2016 mainly due to the acquisition of 2 additional reach stackers to cater to the increased demand from our customers for our transportation management services. During the Track Record Period, our capital expenditures have principally consisted of expenditures on motor vehicles and computer equipment. We incurred cash flows on capital expenditures for purchase of motor vehicles and computer equipment in the amounts of approximately S\$0.5 million and S\$0.7 million for the two years ended 31 December 2016, respectively.

Trade receivables

Trade receivables represent the balances due from customers which amounted to approximately S\$4.1 million and approximately S\$4.6 million as at 31 December 2015 and 31 December 2016 respectively.

The following table sets forth our Group’s trade receivables as at the dates indicated.

	As at 31 December	
	2015	2016
	S\$	S\$
Trade receivables		
— External parties	4,136,359	4,639,182

The following table sets out the ageing analysis of trade receivables, based on the invoice date, and net of provision, as at the dates indicated:

	As at 31 December	
	2015	2016
<i>Trade receivables:</i>		
Less than 30 days	2,143,768	2,555,729
31–60 days	1,529,979	1,564,159
61–90 days	245,775	285,914
Over 90 days	216,837	233,380
	4,136,359	4,639,182

FINANCIAL INFORMATION

The following table sets out the aging analysis of trade receivables that are neither individually nor collectively considered to be impaired:

	As at 31 December	
	2015	2016
<i>Trade receivables:</i>		
Neither past due nor impaired	3,097,533	3,262,896
Less than 30 days past due	554,310	891,515
31–60 days past due	268,168	251,464
61–90 days past due	216,348	233,307
	4,136,359	4,639,182

Receivables that were past due but not impaired relate to a number of customers that have a good track record with our Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The following table sets out the trade receivables turnover days for the Track Record Period:

	As at 31 December	
	2015	2016
Trade receivables turnover days ⁽¹⁾	50	59

Notes:

- Trade receivables turnover days for each of the years ended 31 December 2015 and 2016 are calculated by the average trade receivables divided by the total revenues for the year and multiplied by 365 days for each of the years ended 31 December 2015 and 2016. Average trade receivables are calculated as the average of the beginning and ending trade receivables balances for the respective period.

FINANCIAL INFORMATION

For the years ended 31 December 2015 and 2016, our Group recorded trade receivables turnover days of approximately 50 days and 59 days respectively. The trade receivables turnover days increased from 50 days and 59 days as we provided our customers with longer credit terms. Nonetheless, the trade receivables turnover days of 59 days for the year ended 31 December 2016 still falls within the 30-60 days credit period which we typically grant to our clients.

	Trade receivables as at 31 December 2016	Subsequent settlement up to 31 January 2017	
	S\$	S\$	%
Within 30 days	2,555,729	927,357	36.3
31 days to 60 days	1,564,159	1,261,656	80.7
61 days to 90 days	285,914	59,226	20.7
Over 90 days	233,380	143,748	61.6
	<u>4,639,182</u>	<u>2,391,988</u>	<u>51.6</u>

As shown in the table above, up to 31 January 2017, 51.6% (or S\$2.4 million) of our trade receivables as at 31 December 2016 had been settled.

Cash and bank balances

Our cash and bank balances comprise cash at bank and cash on hand. Cash and bank balances amounted to approximately S\$2.6 million and S\$1.5 million as at 31 December 2015 and 31 December 2016 respectively.

Pledged deposits

Our pledged deposits comprise of time deposits pledged for our long-term bank loans. Pledged deposits amounted to approximately S\$0.3 million and S\$0.3 million as at 31 December 2015 and 31 December 2016 respectively.

Please refer to the section headed “Financial information — Liquidity and capital resources” for further details on the cash flow activities of the Group during the Track Record Period.

FINANCIAL INFORMATION

Deposits and other receivables

	Year Ended 31 December	
	2015	2016
	S\$	S\$
Current		
Other debtors	41,841	135,111
Other deposits	57,951	151,511
	99,792	286,622
Non-current		
Other deposits	323,039	87,948
	422,831	374,570

Deposit and other receivables (current) amounted to approximately S\$0.1 million and S\$0.3 million as at 31 December 2015 and 2016 respectively. Other debtors (current) represent mainly the receivables from government incentive schemes and other receivables. It increased from approximately S\$42,000 as at 31 December 2015 to approximately S\$135,000 as at 31 December 2016. Other deposits (current) represent mainly the deposit paid to port operators and other various deposits paid. Other deposits (increase) increased from approximately S\$58,000 as at 31 December 2015 to approximately S\$152,000 as at 31 December 2016 mainly due to the reclassification of deposits paid to port operators from the non-current portion of the balance sheet.

Other deposit (non-current) amounted to approximately S\$0.3 million and S\$0.1 million as at 31 December 2015 and 2016 respectively. Other deposit (non-current) mainly represents the logistic yard deposits, deposits paid to port operators and deposit paid for the acquisition of vehicles. The decrease in other deposits (non-current) was mainly due to the (i) capitalisation of deposits paid for acquisition of vehicles to property, plant and equipment, and (ii) reclassification of deposit paid to port operators to the current portion of the balance sheet.

Trade payables

Trade payables primarily relate to the payables to suppliers. Trade payables amounted to approximately S\$1.2 million and S\$0.7 million as at 31 December 2015 and 31 December 2016 respectively.

FINANCIAL INFORMATION

The following table sets forth our Group’s trade payables as at the dates indicated.

	As at 31 December	
	2015	2016
	S\$	S\$
Trade payables		
— Third parties	1,214,156	686,027
	1,214,156	686,027

The trade payables are non-interest-bearing and are normally settled on terms of 30 days.

The following table sets forth the ageing analysis of the trade payables based on the invoice dates as at the dates indicated.

	As at 31 December	
	2015	2016
<i>Trade payables:</i>		
Less than 30 days	856,114	664,226
31–60 days	177,357	18,496
61–90 days	79,263	3,144
Over 90 days	101,422	161
	1,214,156	686,027
	1,214,156	686,027

The following table sets out the trade payables turnover days for the Track Record Period:

	As at 31 December	
	2015	2016
Trade payable turnover days ⁽²⁾	24	17
	24	17

Notes:

- Trade payables turnover days for each of the years ended 31 December 2015 and 2016 are calculated by the average trade payables divided by the cost of sales for the year and multiplied by 365 days for each of the year ended 31 December 2015 and 2016. Average trade payables is calculated as the average of the beginning and ending trade payables balances for the respective period.

FINANCIAL INFORMATION

The credit term offered by our major suppliers is typically 30 days. For the years ended 31 December 2015 and 2016, our Group recorded trade payables turnover days of approximately 24 days and 17 days respectively. As such, our trade payables decreased from 24 to 17 days due to our faster payments to our major suppliers.

Up to 31 January 2017, 84.8% (or approximately S\$0.6 million) of our trade payables as at 31 December 2016 has been settled.

Other payables and accruals

Other payables and accruals mainly comprise accrued liabilities, amount due to director, GST payable and dividend payable. The following table sets forth our Group's other payables and accruals as at the dates indicated:

	As at 31 December	
	2015	2016
	S\$	S\$
Accrued liabilities	620,140	656,607
Amount due to director	2,577,707	—
GST payable	146,626	39,891
	<u>3,344,473</u>	<u>696,498</u>

The amount due to director as at 31 December 2015 was approximately S\$2.6 million. This amount due to director was repaid in the year ended 31 December 2016.

Available-for-sale Financial Assets

Our available-for-sales financial assets represent certain listed equity investments. These listed equity investments were valued at market price and amounted to approximately S\$11,400 and S\$6,750 as at 31 December 2015 and 2016, respectively. During the Track Record Period, we recognised impairment losses of approximately S\$17,053 and S\$4,650 for each of the two years ended 31 December 2015 and 2016, respectively. Please refer to note 17 of the Accountants' Report in Appendix I for further details.

Deferred tax liabilities/assets

Deferred tax liabilities/assets represents mainly the temporary differences in respect of the capital allowances, excess of tax values over net book values of property, plant and equipment and enhanced allowances under a tax credit scheme at the end of our reporting period. For further details, please refer to note 15 in the Accountants' Report in Appendix I to this document.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios as at the dates indicated:

	Year Ended 31 December	
	2015	2016
Gross profit margin ⁽¹⁾	20.3%	23.1%
Net profit margin ⁽²⁾	11.0%	12.4%
Return on assets ⁽³⁾	17.6%	18.9%
Return on equity ⁽⁴⁾	40.0%	30.5%
Interest coverage ratio ⁽⁵⁾	23.5	34.9
	As at 31 December	
	2015	2016
Current ratio ⁽⁶⁾	0.9	1.5
Gearing ratio ⁽⁷⁾	0.6%	0.4%

Notes:

1. Gross profit margin is calculated by dividing the gross profit for the year/period by total revenue for the year/period and multiplied by 100%.
2. Net profit margin is calculated by dividing the net profit for the year/period by total revenue for the year/period and multiplied by 100%.
3. Return on assets equals to net profit for the year/period divided by total assets at the end of the year/period and multiplied by 100%.
4. Return on equity equals to net profit for the year/period divided by total equity at the end of the year/period and multiplied by 100%.
5. Interest coverage ratio equals to the net profit before interest and tax for the year/period divided by the net interest expenses for the year/period.
6. Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year/period.
7. 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%.

FINANCIAL INFORMATION

Gross profit margin

Our gross profit margin improved from 20.3% for the year ended 31 December 2015 to 23.1% for the year ended 31 December 2016 mainly due to the 5.9% decrease in cost of sales which was offset against the 2.4% decrease in revenue for the year ended 31 December 2016.

Net profit margin

Our net profit margin improved from 11.0% for the year ended 31 December 2015 to 12.4% for the year ended 31 December 2016 mainly due to improved gross profit margins by approximately S\$0.6 million which were partially offset by higher administrative expenses and income tax expenses by approximately S\$0.2 million and approximately S\$0.2 million respectively for the year ended 31 December 2016.

Return on assets

Our return on assets increased from 17.6% for the year ended 31 December 2015 to 18.9% for the year ended 31 December 2016 mainly due to improvements in our gross profit margins and net profit margins whilst total assets of the Group remained relatively stable. Net profits increased by 9.9% from approximately S\$3.0 million for the year ended 31 December 2015 to approximately S\$3.3 million for the year ended 31 December 2016 as compared as against the 1.7% increase in total assets from approximately S\$17.4 million as at 31 December 2015 to approximately S\$17.7 million as at 31 December 2016.

Return on equity

Our return on equity decreased from 40.0% for the year ended 31 December 2015 to 30.5% for the year ended 31 December 2016. This decrease was mainly due to the 43.9% increase in total equity from approximately S\$7.6 million as at 31 December 2015 to approximately S\$11.0 million as at 31 December 2016 as compared against the 9.9% increase in net profits from approximately S\$3.0 million for the year ended 31 December 2015 to approximately S\$3.3 million for the year ended 31 December 2016.

FINANCIAL INFORMATION

Interest coverage ratio

Our interest coverage ratio increased from 23.5 times for the year ended 31 December 2015 to 34.9 times for the year ended 31 December 2016 mainly due to (i) a 25.4% decrease in finance cost from approximately S\$160,000 for the year ended 31 December 2015 to approximately S\$119,000 for the year ended 31 December 2016, and (ii) a 11.0% increase net profit before interest and tax from approximately S\$3.8 million for the year ended 31 December 2015 to approximately S\$4.2 million for the year ended 31 December 2016.

Current ratio

Our current ratio increased from 0.9 times as at 31 December 2015 to 1.5 times as at 31 December 2016 mainly due to the 42.3% decrease in current liabilities from approximately S\$7.8 million as at 31 December 2015 to approximately S\$4.5 million as at 31 December 2016 outweighing the 5.6% decrease in current assets from approximately S\$7.1 million as at 31 December 2015 to approximately S\$6.7 million as at 31 December 2016. Current liabilities as 31 December 2016 were lower as compared to 31 December 2015 due to decreases in trade payables, other payables and accruals, loans and borrowings, and tax payables.

Gearing ratio

Our gearing ratio decreased from 0.6 times as at 31 December 2015 to 0.4 times as at 31 December 2016. This decrease was mainly due to (i) the 43.9% increase in total equity from approximately S\$7.6 million as at 31 December 2015 to approximately S\$11.0 million as at 31 December 2016, and (ii) the 2.1% decrease in total borrowings from approximately S\$4.7 million as at 31 December 2015 to approximately S\$4.6 million as at 31 December 2016.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any off-balance sheet arrangements.

FINANCIAL RISKS

Our Group is exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from our Group's financial instruments are credit risk and liquidity risk. The Board of Directors reviews and agrees on policies for managing each of these risks and they are summarised below.

FINANCIAL INFORMATION

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s financial instruments will fluctuate because of changes in market interest rates. The Group’s exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group’s financial assets and liabilities at floating rates are contractually re-priced at intervals of less than six months (2015: less than six months) from the end of the reporting period. Approximately 88% and 98% of the Group’s borrowings are at fixed rates of interest at 31 December 2015 and 2016 respectively.

The Group’s policy is to manage interest cost using a mix of fixed and floating rate debts. The Group’s policy is to keep 60% to 90% (2015: 60% to 80%) of its loans and borrowings at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if S\$ interest rates for the floating had been 75 (2015: 75) basis points higher with all other variables held constant, the Group’s profit before tax would not have been significant for the years ending 2015 and 2016.

Credit risk

Our Group’s main exposure to credit risk arises primarily from trade and other receivables. The credit risk on such trade and other receivables is minimal as our Group adopts the policy of dealing only with customers and counterparties of appropriate credit history.

Liquidity risk

Our Group’s exposure to liquidity risk arises in the general funding of the Group’s operating activities. Our Group’s cash and cash equivalents and operating cash flows are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

RECENT DEVELOPMENTS

For the recent developments, subsequent to the Track Record Period and up to the date of this document, please refer to the section headed “Summary — Recent development”.

FINANCIAL INFORMATION

SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources available to the Group, including the internally generated funds, available banking facility and the estimated net proceeds of the [REDACTED], the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of the document.

During the Track Record Period and up to the Latest Practicable Date, the Directors confirm that the Group (i) has not encountered any difficulty in obtaining external borrowings; (ii) has not been recalled or requested for early repayment of borrowings; (iii) has not had any delay or default in repayment of trade and non-trade payables and bank borrowings, and/or breaches of other covenants under its borrowings; and (iv) has not breached of any finance covenants.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in the Accountants' Report in Appendix I in this document, the Directors confirm that these transactions were conducted on normal commercial terms and/or on terms not less favourable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of its Shareholders as a whole.

DISTRIBUTABLE RESERVES

Subject to the Companies Law and the Articles, our Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by our Board. The Articles provide that dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. Our Company can also pay dividends out of the share premium with the approval of our Shareholders and subject to a statutory solvency test.

Our Company was incorporated in the Cayman Islands on 10 February 2017 and had no distributable reserves as at 31 December 2015 and 31 December 2016.

DIVIDENDS

For the year ended 31 December 2015, Nexis Logistics declared dividends totalling S\$0.2 million all these dividends have been paid as at the Latest Practicable Date.

FINANCIAL INFORMATION

The payment and the amount of any dividends, if paid, will depend on the results of operations, cash flows, financial condition, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that we may consider relevant. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares.

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 the Board and will be based upon the Group’s earnings, cash flow, financial condition, capital requirements and any other conditions that our Directors consider relevant.

Accordingly, the financial results of the Group for the year ending 31 December 2017 are expected to be materially affected by the estimated expenses in relation to the [REDACTED]. The Directors would like to emphasise that such cost is a current estimate for reference only and the final amount to be recognised in the combined statement of comprehensive income of the Group for the year ending 31 December 2017 is subject to adjustment based on audit and the then changes in variables and assumptions.

[REDACTED]

During the Track Record Period, we had not incurred [REDACTED]-related expenses in the profit and loss account. The total estimated expenses in relation to the [REDACTED] are approximately HK\$[REDACTED] million, all of which is directly attributable to the issue of [REDACTED] to be borne by our Group. Out of the estimated [REDACTED] 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 for the year ending 31 December 2017 and the remaining HK\$[REDACTED] million is directly attributable to the issue of [REDACTED] to the public and is to be accounted for as a deduction from equity upon [REDACTED].

PROPERTY INTEREST

As at the Latest Practicable Date, our Group owns three industrial property units in Singapore which we use for our own office purposes. Please refer to the section headed “Business — Properties” for further details.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix II to this document for further details.

FINANCIAL INFORMATION

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors confirm that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in its financial or trading position or prospects since 31 December 2016, being the date of the last audited financial statement as set out in Appendix I in this document, up to the date of this document.

SUBSEQUENT EVENTS

The Group had the following material events occurred after the Track Record Period:

- (a) On 10 February 2017, each authorised and issued ordinary share of a par value of HK\$1.00 in the capital of the Company was sub-divided into 38,000,000 ordinary shares of a par value of HK\$0.01 each.
- (b) On [•], the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.01 each by the creation of an additional 4,962,000,000 shares of HK\$0.01 each.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Business Objectives and Strategies

Our group aims to provide our customers with timely delivery and storage of their containers, maintain our growth in the industry and enhance our overall competitiveness and market share.

In order to achieve our goals with a view to strengthen our position as a transport management service provider in Singapore, details of which are set out in the section headed “Business — Business strategies” of this document.

Use of Proceeds

We estimate that the aggregate gross proceeds to us from the issue of [REDACTED] under the [REDACTED], based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document), will be approximately HK\$[REDACTED] million. After deduction of [REDACTED] fees and commissions and estimated total [REDACTED] in the aggregate amount of approximately HK\$[REDACTED] million, the net proceeds will be approximately HK\$[REDACTED] million. The Directors currently intend to apply such net proceeds in the following manner:

- (a) approximately HK\$[REDACTED] million or [REDACTED]% of the total net proceeds from the issue of [REDACTED] under the [REDACTED] will be used to enhance the capacity for provision of transportation management services through acquisition of new vehicles;
- (b) approximately HK\$[REDACTED] million or [REDACTED]% of the total net proceeds from the issue of [REDACTED] under the [REDACTED] will be used to expand and enhance our workforce to support our business expansion;
- (c) approximately HK\$[REDACTED] million or [REDACTED]% of the total net proceeds from the issue of [REDACTED] under the [REDACTED], will be used to enhance our information technology system;
- (d) approximately HK\$[REDACTED] million or [REDACTED]% of the total net proceeds from the issue of [REDACTED] under the [REDACTED], will be used to fund our purchase of a new office to incorporate an increase in our workforce; and
- (e) the remaining amount of approximately HK\$[REDACTED] million or [REDACTED]% of the net proceeds, will be used for our working capital and other general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

For the period from the Latest Practicable Date to 30 June 2019, the Group’s net proceeds from the [REDACTED] will be used as follows:

	From the Latest Practicable Date to 31 December 2017	For the six months ending 30 June 2018	For the six months ending 31 December 2018	For the six months ending 30 June 2019	Total	Approximate percentage of net proceeds
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	%
Enhancement of capacity for transportation management services through acquisition of new vehicles						
— Prime movers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Trailers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expansion and enhancement of workforce to support increased business activities						
— Recruitment finance executives	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Recruitment of operation staff	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Information technology enhancement to support business activities						
— Installation of container tracing system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— System hardware upgrade	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
— Installation of enterprises resources planning system and finance system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND USE OF PROCEEDS

	From the Latest		For the six		Approximate	
	Practicable Date to 31 December 2017	For the six months ending 30 June 2018	months ending 31 December 2018	For the six months ending 30 June 2019		percentage of net proceeds
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>%</i>
Purchase of office to incorporate an increase in workforce	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and other general	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

If the final [REDACTED] is set at the highest point of the indicative [REDACTED] range, the net proceeds from the issue of [REDACTED] under the [REDACTED] to be received by us is estimated to increase to approximately HK\$[REDACTED] million. We intend to apply such additional net proceeds to the above proposed usage items in the same proportions as disclosed above. If the [REDACTED] is determined at the lowest point of the indicative [REDACTED] range, the net proceeds from the issue of [REDACTED] under the [REDACTED] to be received by us is estimated to decrease to approximately HK\$[REDACTED] million. In such a case, we intend to reduce the allocation of such net proceeds for the above purposes in the same proportions as disclosed above.

The use of our proceeds outlined above may change in light of our evolving business needs, conditions and management requirements as well as prevailing market circumstances. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required under the GEM Listing Rules.

To the extent that the net proceeds from the issue of [REDACTED] under the [REDACTED] are not immediately required for or applied to the above purposes, it is the present intention of our Directors that such proceeds will be placed in short-term interest bearing deposits held with authorised financial institutions in Singapore and/or Hong Kong.

We will bear the [REDACTED] commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the [REDACTED] together with any applicable fees relating to the [REDACTED].

FUTURE PLANS AND USE OF PROCEEDS

Implementation Plans

Our Directors have drawn up implementation plans for the periods up to 30 June 2019 with a view to achieve our business objectives. The implementation plans are based on the current economic environment and the assumptions as set out in sub-section headed “Bases and key assumptions of the business plan” in this section. These bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk factors” in this document. No assurance can be given that our business objectives will be achieved or our plans will be implemented as set out in the implementation plans or at all.

Details of the implementation plan and expected timetable for the implementation of the plan and the expected timetable for the implementation of the plans in relation to items requiring us to make material financial commitments are summarised below:

[REDACTED]

Business Strategy	Implementation Activities	Source of Funding
Purchase new vehicles to expand our current transportation fleet capabilities	Acquired four units of prime movers and one lorry up to Latest Practicable Date	Approximately HK\$4.0 million from internal resources and finance lease
	Purchase sixteen units of prime movers and twenty trailers by 31 July 2017	Approximately HK\$17.7 million from internal resources and finance lease
	Purchase of two units of prime movers and ten units of trailers by 31 December 2017	Approximately HK\$[REDACTED] from use of proceeds
Purchase a new office to incorporate an increase in our workforce	Purchase a new office with area of around 1,000 square feet located at Pioneer Junction	Approximately HK\$[REDACTED] from use of proceeds
	Renovation of the new office	

FUTURE PLANS AND USE OF PROCEEDS

Business Strategy	Implementation Activities	Source of Funding
Strengthen our information technology system	Obtain quotation for tailor-made container tracing system, and pay deposit	Approximately HK\$[REDACTED] from use of proceeds
	Obtain quotation for tailor-made enterprise resources planning system, and pay deposit	Approximately HK\$[REDACTED] from use of proceeds
	Obtain quotation for purchase of computer work stations, servers and ancillary equipment, and pay deposit	Approximately HK\$[REDACTED] from use of proceeds
Expand our workforce to support our business expansion	Hire one financial controller and two finance executives in finance department, and three operation staffs in operation departments, with two new experienced truck drivers to be hired.	Approximately HK\$[REDACTED] from use of proceeds

[REDACTED]

Business Strategy	Implementation Activities	Source of Funding
Purchase new vehicles to expand our current transportation fleet capabilities	Purchase 12 units of prime movers, 30 units of trailers by 30 June 2018	Approximately HK\$[REDACTED] from use of proceeds
Strengthen our information technology system	Finish installation and implementation test of container tracing system	Approximately HK\$[REDACTED] from use of proceeds
	Finish installation and implementation test of ERP system and finance system	Approximately HK\$[REDACTED] from use of proceeds

FUTURE PLANS AND USE OF PROCEEDS

Business Strategy	Implementation Activities	Source of Funding
	Finish installation and set up of numerous computers workstations	Approximately HK\$[REDACTED] from use of proceeds
Expand our workforce to support our business expansion	Hire additional 12 experienced truck drivers, with recruitment cost for the new workforce	Approximately HK\$[REDACTED] from use of proceeds

[REDACTED]

Business Strategy	Implementation Activities	Source of Funding
Purchase new vehicles to expand our current transportation fleet capabilities	Purchase 13 units of prime movers by 31 December 2018	Approximately HK\$[REDACTED] from use of proceeds
Strengthen our information technology system	Management review the operation efficiency and effectiveness of the container tracing system and ERP system and finance system	Internal resources
Expand our workforce to support our business expansion	Hire additional 13 experienced truck drivers, with recruitment cost for the new workforce	Approximately HK\$[REDACTED] from use of proceeds

[REDACTED]

Business Strategy	Implementation Activities	Source of Funding
Purchase new vehicles to expand our current transportation fleet capabilities	Purchase 3 units of prime movers by 30 June 2019	Approximately HK\$[REDACTED] from use of proceeds

FUTURE PLANS AND USE OF PROCEEDS

Bases and key assumptions of the business plan

We have adopted the following principal assumptions in the preparation of the future plans up to 31 March 2019:

- There will be no material changes in the existing political, social, fiscal, legal or economic conditions in Singapore;
- There will be no material changes in the bases or rates of taxation in Singapore;
- Our Group will have sufficient financial resources to meet the planned capital and business development requirements during the period to which the business objectives relate;
- There will not be material changes in the prospects of the logistic industry in Singapore;
- Our Directors and key management will continue to be involved in the development of our existing and future plans;
- Our Group will be able to retain our management team and recruit suitable staff for our expansion;
- There will be no significant changes in our Group’s business relationships with our major customers;
- There will be no significant changes in the funding requirement for each of the business strategies described in this document from the amount currently estimated by our Directors;
- Our Group will be able to carry out our operations in substantially the same manner as we have been operating during the Track Record Period and we will also be able to carry out our implementation plans without disruption; and
- Our Group will not be materially and adversely affected by the risk factors as set out in the section headed “Risk factors” of this document.

FUTURE PLANS AND USE OF PROCEEDS

REASONS FOR THE [REDACTED] AND THE [REDACTED]

Our Directors believe that the [REDACTED] on the Stock Exchange will benefit our Group as it will (i) allow our Group to raise funds from capital market and facilitate the implementation of our business strategies which are aimed at strengthening our position as a transport management service provider in Singapore; and (ii) increase the profile of our Group on an international level and enable our Group to be considered more favourably by our customers. The [REDACTED] is strategically critical to the long-term growth of our Group as it will strengthen our competitiveness, capture more business opportunities, provide us with additional avenues to raise capital in the long run and ultimately lay a solid foundation of our business.

This year marks our Company’s 25th anniversary, a monumental day in our Group’s history and our Directors made a decision to bring our Company into the next level of growth by way of [REDACTED]. Our Directors consider the [REDACTED] status will enhance our Group’s corporate image and reputation as well as further strengthening our market position in the transport management service industry in Singapore. As a listed entity, customers and suppliers will generally have more confidence in the quality of our services, financial strength and credibility along with the transparency in our operations and in our Group’s financial reporting. Following the [REDACTED], our Group will have enhanced internal controls and corporate governance practices, thus strengthening our competitiveness, which is favourable in the expansion of our market share and drive our business performance and growth. Our Directors believe the transparency in our operations, financial reporting, internal controls and corporate governance practices to be crucial as some of our customers are international logistic companies of significant size that would appreciate such transparency.

According to the Ipsos Report, Singapore’s industry demand by merchandise trade is expected to grow while industry demand by container throughput is expected to remain stable. Singapore’s transport and storage sector has been one of the key contributors to the Singapore’s economy and is expected to value at S\$34.4 billion by 2021. Our Directors believe that the [REDACTED] will allow us to expand our current transport fleet and storage machinery to cater for higher demand. We will also be able to purchase more environmentally-friendly vehicles and replace our older fleet.

The [REDACTED] will help enhance the corporate image of our Group and raise staff confidence. It will improve our ability to recruit, motivate and retain key personnel’s so as to expediently and effectively capture any business opportunities that may arise. We intend to expand our finance and operations team as we believe that we will be better able to ensure operational efficiency and financial capabilities with the expected increase in our transport fleet.

FUTURE PLANS AND USE OF PROCEEDS

Following the [REDACTED], our Group will have access to the capital markets, providing us additional avenues for future fundraising through the issuance of equity and debt securities for overall business development in the long run. Our Directors believe that the [REDACTED] status will allow us to gain leverage in obtaining bank financing with more favourable terms thus providing our Group more flexibility in our financing options.

In summary, the [REDACTED] will help strengthen our Group’s competitiveness, enhance our corporate image, internal controls and corporate governance practices, allow us to expand our fleet to cater for higher demand and provide us with flexible financing options when business opportunities arise. As such, our Directors consider it is commercially justifiable and in the interest of the Group to pursue the [REDACTED].

NO [REDACTED] APPLICATION MADE IN SINGAPORE

Our Directors confirmed that we have not applied for [REDACTED] in Singapore and to the best of their knowledge and belief, there would have been no impediments to our [REDACTED] application if we were to apply for [REDACTED] on the Catalist of the Singapore Exchange Securities Trading Limited.

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 January 2017 was approximately S\$1.4 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.

(ii) Raise our Group’s profile

Being a provider of transport management 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 which have regional or global presence, or regional projects on hand, may also appreciate service provider with resources to undertake such regional services for them.

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

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

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[REDACTED]

UNDERWRITING

[REDACTED]

Commission and expenses

Under the [REDACTED], the [REDACTED] will receive an [REDACTED] commission of [REDACTED]% of the aggregate [REDACTED] of all the [REDACTED] now being offered under the [REDACTED], out of which they will pay any [REDACTED] commissions.

Based on an [REDACTED] of HK\$[REDACTED] (being the mid-point of the [REDACTED] range stated in this document), the aggregate of the commissions and fees, together with the Stock Exchange [REDACTED] fee, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED] which will be borne by our Company is expected to be approximately HK\$[REDACTED] million.

UNDERWRITING

Interests of the Sole Sponsor and the [REDACTED] in our Company

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

We have appointed Vinco Capital as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the [REDACTED] and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of despatch of our audited consolidated financial results for the second full financial year commencing after the [REDACTED].

Save for their interests and obligations under the [REDACTED] or as otherwise disclosed in this document, as at the Latest Practicable Date, neither the Sole Sponsor nor any of the [REDACTED] is interested in any shares or securities of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any shares or securities in any member of our Group nor any interest in the [REDACTED].

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
C&N Holdings Limited

Vinco Capital Limited

Dear Sirs,

We report on the historical financial information of C&N Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) set out on pages [•] to [•], which comprises the combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2015 and 2016 (the “Relevant Periods”) and the combined statements of financial position of the Group as at 31 December 2015 and 2016 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [•] to [•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

APPENDIX I

ACCOUNTANTS’ REPORT

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group as at 31 December 2015 and 2016 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

APPENDIX I**ACCOUNTANTS' REPORT**

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**ADJUSTMENTS**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

DIVIDENDS

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

NO HISTORICAL FINANCIAL STATEMENTS FOR THE COMPANY

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong
[Date]

APPENDIX I**ACCOUNTANTS’ REPORT**

I. HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young, Hong Kong, certified public accountants, in accordance with Hong Kong Standards on Auditing (“HKSA’s”) issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Singapore dollars (“S\$”) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS' REPORT

Combined Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December	
		2015	2016
		S\$	S\$
	Notes		
Revenue	6	27,684,381	27,008,662
Cost of sales		(22,059,670)	(20,763,078)
Gross profit		5,624,711	6,245,584
Other income	7	428,741	392,968
Administrative expenses		(2,302,888)	(2,474,257)
Finance costs	8	(159,897)	(119,347)
Profit before tax	9	3,590,667	4,044,948
Income tax expense	11	(545,663)	(699,297)
Profit for the year		<u>3,045,004</u>	<u>3,345,651</u>
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Changes in fair value		(13,800)	(4,650)
Reclassification adjustments for losses included in the combined statements of profit or loss:			
Impairment losses		17,053	4,650
Other comprehensive income for the year, net of tax			
		<u>3,253</u>	<u>—</u>
Total comprehensive income for the year		<u><u>3,048,257</u></u>	<u><u>3,345,651</u></u>

APPENDIX I

ACCOUNTANTS' REPORT

Combined Statements of Financial Position

		<u>31 December</u>	<u>31 December</u>
		<u>2015</u>	<u>2016</u>
	Notes	S\$	S\$
ASSETS			
Non-current assets			
Property, plant and equipment	14	9,776,626	10,860,456
Deferred tax assets	15	127,505	—
Available-for-sale financial assets	17	11,400	6,750
Deposits	18	323,039	87,948
Total non-current assets		<u>10,238,570</u>	<u>10,955,154</u>
Current assets			
Trade receivables	16	4,136,359	4,639,182
Deposits and other receivables	18	99,792	286,622
Prepayments		22,583	—
Pledged deposits	19	302,455	304,575
Cash and bank balances	19	2,550,424	1,488,087
Total current assets		<u>7,111,613</u>	<u>6,718,466</u>
Current liabilities			
Trade payables	22	1,214,156	686,027
Other payables and accruals	23	3,344,473	696,498
Loans and borrowings	21	2,880,942	2,793,844
Tax payable		314,900	298,915
Total current liabilities		<u>7,754,471</u>	<u>4,475,284</u>
NET CURRENT (LIABILITIES)/ASSETS . . .		<u>(642,858)</u>	<u>2,243,182</u>
TOTAL ASSETS LESS CURRENT			
LIABILITIES		<u>9,595,712</u>	<u>13,198,336</u>
Non-current liabilities			
Loans and borrowings	21	1,819,167	1,815,402
Deferred tax liabilities	15	160,387	421,125
Total non-current liabilities		<u>1,979,554</u>	<u>2,236,527</u>
NET ASSETS		<u><u>7,616,158</u></u>	<u><u>10,961,809</u></u>
EQUITY			
Share capital	20	—	—
Reserves	24	7,616,158	10,961,809
Total equity		<u><u>7,616,158</u></u>	<u><u>10,961,809</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

Combined Statements of Changes in Equity

	Share capital	Retained earnings	Available- for-sale investment revaluation reserve	Other reserve	Total equity
	S\$	S\$	S\$	S\$	S\$
At 1 January 2015	—	1,571,154	(3,253)	3,200,000	4,767,901
Profit for the year	—	3,045,004	—	—	3,045,004
Other comprehensive income for the year:					
— Changes in fair value of available-for-sale financial assets	—	—	(13,800)	—	(13,800)
— Impairment loss on available- for-sale financial assets	—	—	17,053	—	17,053
Total comprehensive income for the year	—	3,045,004	3,253	—	3,048,257
Dividend (note 12)	—	(200,000)	—	—	(200,000)
At 31 December 2015 and 1 January 2016	—	4,416,158*	—	3,200,000*	7,616,158
Profit for the year	—	3,345,651	—	—	3,345,651
Other comprehensive income for the year:					
— Changes in fair value of available-for-sale financial assets	—	—	(4,650)	—	(4,650)
— Impairment loss on available- for-sale financial assets	—	—	4,650	—	4,650
Total comprehensive income for the year	—	3,345,651	—	—	3,345,651
At 31 December 2016	—	7,761,809*	—	3,200,000*	10,961,809

* These reserve accounts comprise the combined reserves of S\$7,616,158 and S\$10,961,809 in the combined statements of financial position as at 31 December 2015 and 2016, respectively.

APPENDIX I

ACCOUNTANTS' REPORT

Combined Statements of Cash Flows

		Year ended 31 December	
		2015	2016
		S\$	S\$
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,590,667	4,044,948
Adjustments for:			
Depreciation	9	1,783,351	1,702,186
Impairment loss on available-for-sale financial assets	9	17,053	4,650
Gain on disposal of items of property, plant and equipment	7	(11,000)	(17,283)
Finance costs	8	159,897	119,347
		<u>5,539,968</u>	<u>5,853,848</u>
Increase in trade receivables		(664,378)	(502,823)
(Increase)/decrease in deposits and other receivables		(9,059)	148,261
(Increase)/decrease in prepayments		(22,583)	22,583
Decrease in trade payables		(452,547)	(528,129)
Increase/(decrease) in other payables and accruals		167,774	(70,268)
		<u>4,559,175</u>	<u>4,923,472</u>
Cash generated from operations		4,559,175	4,923,472
Income tax paid		(55,359)	(327,039)
		<u>4,503,816</u>	<u>4,596,433</u>
Net cash flows generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	14	(459,677)	(730,832)
Proceeds from disposal of items of property, plant and equipment		11,000	20,999
		<u>(448,677)</u>	<u>(709,833)</u>
Net cash flows used in investing activities			

APPENDIX I

ACCOUNTANTS' REPORT

		<u>Year ended 31 December</u>	
		<u>2015</u>	<u>2016</u>
Notes		S\$	S\$
CASH FLOWS FROM FINANCING ACTIVITIES			
		(2,108)	(2,120)
		800,000	1,030,000
		(314,506)	(542,697)
		(147,493)	(2,577,707)
		(2,608,638)	(2,682,097)
		—	(100,000)
		(200,000)	—
		(159,897)	(119,347)
		<u>(2,632,642)</u>	<u>(4,993,968)</u>
		1,422,497	(1,107,368)
		1,127,927	2,550,424
		<u>2,550,424</u>	<u>1,443,056</u>
	19	<u>2,550,424</u>	<u>1,443,056</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
		2,550,424	1,488,087
	21	—	(45,031)
		<u>2,550,424</u>	<u>1,443,056</u>

Major non-cash transactions

During the year, the Group entered into finance lease agreements in respect of property, plant and equipment with a total capital value at the inception of the leases of S\$2,058,900 (2015: S\$745,750).

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company’s registered office address is Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was incorporated on 10 February 2017. The Company was incorporated for the purpose of acquiring the subsidiaries of the Group pursuant to the Reorganisation, details of which have been set out in the section headed “History, Reorganisation and Corporate structure — Reorganisation” in the Document. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

The Company is an investment holding company. During the Relevant Periods, the Company’s subsidiaries are engaged in offering various transport management services, primarily trucking and hubbing.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation and place of business	Issued and paid up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CA Transportation & Warehousing Pte Ltd (“CA Transportation”) (note a)	Singapore 12 February 1992	3,000,000	—	100%	Trucking and hubbing
Nexis Logistics Services Pte Ltd (“Nexis”) (note b)	Singapore 30 April 2003	200,000	—	100%	Trucking and hubbing

Notes:

- (a) The statutory financial statements prepared in accordance with Singapore Financial Reporting Standards are [being audited] by Ernst & Young LLP, Singapore (Chartered Accountants) for the year ended 31 December 2016 and were audited by Shangyew Public Accounting Corporation (Chartered Accountants) for the year ended 31 December 2015.

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) The statutory financial statements prepared in accordance with Singapore Financial Reporting Standards are [being audited] by Ernst & Young LLP, Singapore (Chartered Accountants) for the period from 1 July 2016 to 31 December 2016 and were audited by Shangyew Public Accounting Corporation (Chartered Accountants) for the year ended 30 June 2016.

On 28 December 2016, the board of directors of Nexis resolved to change the financial year end date of Nexis from 30 June to 31 December in order to be in line with the financial year end date of the Group.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the section headed “History, Reorganisation and Corporate structure — Reorganisation” in the Document, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Relevant Periods on [10 February] 2017. The companies now comprising the Group were under the common control of Mr. Chua Kang Lim (the “Controlling Shareholder”) before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented. The combined statements of financial position of the Group as at 31 December 2015 and 2016 have been prepared to present the assets and liabilities of the subsidiaries and/or business using the existing book values from the Controlling Shareholder’s perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”).

All IFRSs effective for the accounting period commencing from 1 January 2016, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for available-for-sale financial assets which have been measured at fair value.

APPENDIX I

ACCOUNTANTS’ REPORT

2.3 NEW AND REVISED IFRSs NOT YET ADOPTED

The Group has not applied the following new and revised IFRSs that, have been issued but are not yet effective, in the Historical Financial Information:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an investor and its Associate or Joint Venture	No mandatory effective date yet determined but available for adoption
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 15: Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IAS 7: Disclosure Initiative	1 January 2017
Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealised losses	1 January 2017
IFRIC 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendment to IAS 40: Transfers to Investment Property	1 January 2018
Amendments to IFRS 12 included in Annual Improvements 2014–2016 Cycle: Disclosure of Interests in Other Entities	1 January 2017
Amendments to IFRS 1 included in Annual Improvements 2014–2016 Cycle: First-time Adoption of International Financial Reporting Standards	1 January 2018
Amendments to IAS 28 included in Annual Improvements 2014–2016 Cycle: Investment in Associates and Joint Ventures	1 January 2018

Except for IFRS 9, IFRS 15 and IFRS 16, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of IFRS 9, IFRS 15 and IFRS 16 are described below.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit loss model and replace the IAS 39 incurred loss model.

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(a) Classification and measurement

For equity securities, the Group will classify its available-for-sale quoted equity securities at fair value through profit or loss. The Group does not expect any significant impact arising from these changes.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect any significant impact from these changes.

The Group plans to adopt the new standard on the required effective date without restating prior periods’ information and recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

During the year ended 31 December 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. The Group is in the business of offering various transport management services and expects that the adoption of IFRS 15 will have no material impact on the financial statements in the period of initial application.

IFRS 16 Leases

IFRS 16 requires lessees to recognise most leases on combined statements of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees — leases of “low value” assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increases in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation (“EBITDA”) and the gearing ratio.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

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- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for this purpose is as follows:

Motor vehicles	—	20% to 10%
Furniture and fittings	—	20%
Office equipment	—	100%
Computers	—	100%
Buildings	—	Over the remaining lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each financial year.

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An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

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- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss. The loss arising from impairment is recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

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After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses are monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group transfers the contractual rights to receive the cash flows of the financial assets; or
- The Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

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Available-for-sale financial instruments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss — is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables and loans and borrowings.

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Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Leases

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income taxes

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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(b) Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statement of financial position.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Rendering of services

The majority of revenue is derived from the provision of transport management services, such as trucking and hubbing of customer products. Such revenue is recognised when the services are provided.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Functional currency

The Historical Financial Information is presented in S\$, which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (“DCF”) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future

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investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(b) Impairment of financial assets not carried at fair value

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(c) Impairment of available-for-sale equity investments

The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Estimates

Management is of the opinion that there is no estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

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5. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable segments as follows:

- (a) The trucking segment refers to the provision of cargo transportation and other related services. The Group offers cargo transportation services, primarily of containers, from the customers designated pick up points to their designated delivery points within Singapore.
- (b) The hubbing segment refers to the offering of the Group’s container storage facility at its logistic yard to its customers.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of the Group’s business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that other income, finance costs, as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and bank balances, available-for-sale financial assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, interest-bearing loans and borrowings, an amount due to a director, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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Year ended 31 December 2015

	<u>Trucking</u>	<u>Hubbing</u>	<u>Total</u>
	S\$	S\$	S\$
Segment revenue			
Sales to external customers	22,378,225	5,306,156	<u>27,684,381</u>
Segment results	2,243,619	3,381,092	5,624,711
<i>Reconciliation</i>			
Other income			428,741
Finance costs			(159,897)
Corporate and other unallocated expenses			<u>(2,302,888)</u>
Profit before tax			<u>3,590,667</u>
Segment assets	11,669,545	1,501,033	13,170,578
<i>Reconciliation</i>			
Corporate and other unallocated assets			<u>4,179,605</u>
Total assets			<u>17,350,183</u>
Segment liabilities	1,612,156	52,936	1,665,092
Tax payable			314,900
Loans and borrowings			4,700,109
Deferred tax liabilities			160,387
Corporate and other unallocated liabilities			<u>2,893,537</u>
Total liabilities			<u>9,734,025</u>
Other segment information			
Depreciation	1,520,036	231,350	1,751,386
Unallocated amounts			<u>31,965</u>
			<u>1,783,351</u>
Capital expenditure*	1,203,466		<u>1,203,466</u>

* Represented additions to property, plant and equipment

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Year ended 31 December 2016

	<u>Trucking</u>	<u>Hubbing</u>	<u>Total</u>
	S\$	S\$	S\$
Segment revenue			
Sales to external customers	22,054,945	4,953,717	<u>27,008,662</u>
Segment results	3,147,662	3,097,922	6,245,584
<i>Reconciliation</i>			
Other income			392,968
Finance costs			(119,347)
Corporate and other unallocated expenses			<u>(2,474,257)</u>
Profit before tax			<u>4,044,948</u>
Segment assets	12,411,077	2,330,202	14,741,279
<i>Reconciliation</i>			
Corporate and other unallocated assets			<u>2,932,341</u>
Total assets			<u>17,673,620</u>
Segment liabilities	1,112,898	21,844	1,134,742
Tax payable			298,915
Loans and borrowings			4,609,246
Deferred tax liabilities			421,125
Corporate and other unallocated liabilities			<u>247,783</u>
Total liabilities			<u>6,711,811</u>
Other segment information			
Depreciation	1,426,194	239,683	1,665,877
Unallocated amounts			<u>36,309</u>
			<u>1,702,186</u>
Capital expenditure*	1,737,472	1,000,000	<u>2,737,472</u>

* Represented additions to property, plant and equipment

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Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group’s revenue for each of the Relevant Periods is set out below:

	2015	2016
	S\$	S\$
Customer A	11,404,360	11,044,344
Customer B	5,369,723	5,304,305
Customer C	2,576,165	3,010,965
	<u> </u>	<u> </u>

The revenue from the above major customers was derived from both the trucking and hubbing segments.

Information about geographical areas

Since all of the Group’s revenue and profit were generated from the provision of trucking and hubbing services in Singapore and all of the Group’s non-current assets were located in Singapore during the Relevant Periods, no geographical segment information in accordance with IFRS 8 *Operating Segments* is provided.

6. REVENUE

	2015	2016
	S\$	S\$
Revenue from services rendered	27,684,381	27,008,662
	<u> </u>	<u> </u>

7. OTHER INCOME

	2015	2016
	S\$	S\$
Gain on disposal of items of property, plant and equipment	11,000	17,283
One-off incentive for wage subsidy	417,741	375,685
	<u> </u>	<u> </u>
	428,741	392,968
	<u> </u>	<u> </u>

There were no unfulfilled conditions or contingencies relating to the incentives from Singapore Government.

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8. FINANCE COSTS

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Interest on borrowings	53,358	64,504
Interest on finance leases	106,539	54,843
	<u>159,897</u>	<u>119,347</u>

9. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Depreciation (note 14)	1,783,351	1,702,186
Employee benefits (excluding directors’ remuneration)		
— Salaries and wages	7,363,534	7,430,943
— CPF contributions	689,669	733,373
	<u>8,053,203</u>	<u>8,164,316</u>
Impairment loss on available-for-sale financial assets.	17,053	4,650
Auditors’ remuneration.	22,970	23,331
Rental expenses	1,538,248	1,267,564
	<u>1,538,248</u>	<u>1,267,564</u>

10. DIRECTORS’ REMUNERATION

The Company was incorporated in the Cayman Islands on 10 February 2017. Mr. Chua Kang Lim and Ms. Chua Sui Feng were appointed as executive directors of the Company on 10 February 2017.

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The directors received remuneration from the subsidiaries now comprising the Group, for their appointment as directors of these subsidiaries. The respective remuneration of each of the directors as recorded in the financial statements of the subsidiaries is set out below:

	Fees	Salaries and bonuses	CPF contributions	Total
	S\$	S\$	S\$	S\$
Year ended 31 December 2015				
Chua Kang Lim	200,000	288,250	11,900	500,150
Chua Sui Feng	—	65,625	10,137	75,762
	<u>200,000</u>	<u>353,875</u>	<u>22,037</u>	<u>575,912</u>
Year ended 31 December 2016				
Chua Kang Lim	100,000	389,250	18,745	507,995
Chua Sui Feng	—	79,525	13,520	93,045
	<u>100,000</u>	<u>468,775</u>	<u>32,265</u>	<u>601,040</u>

Mr. Dax Teo Tak Sin, Mr. Kwong Choong Kuen and Ms. Grace Choong Mai Foong were appointed as the Company’s independent non-executive directors on [•]. During the Relevant Periods, the independent non-executive directors had not yet been appointed and did not receive the directors’ remuneration in the capacity of independent non-executive directors.

No emoluments have been paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director waived or has agreed to waive any emoluments.

11. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the Relevant Periods.

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The Singapore statutory income tax rate is 17% during the Relevant Periods. Income tax expense of the Group relates wholly to the profits of the subsidiary, CA Transportation and Nexis, which were taxed at a statutory tax rate of 17% in Singapore. Major components of income tax expense for the Relevant Periods are:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Current — Singapore		
— Charge for the year	314,901	319,920
— Overprovision in prior years	(142)	(8,866)
Deferred (note 15)	230,904	388,243
Total tax expense for the year	<u>545,663</u>	<u>699,297</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company's subsidiaries are domiciled to the tax expense at the Group's effective tax rate is as follows:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Profit before tax	<u>3,590,667</u>	<u>4,044,948</u>
Income tax at statutory rate of 17%	610,413	687,641
Expenses not deductible for tax	310,912	298,096
Effects of partial tax exemption and tax rebate	(76,989)	(68,458)
Tax relief	(311,174)	(198,538)
Overprovision respect of previous periods	(142)	(8,866)
Others	12,643	(10,578)
Tax expense at the Group's effective tax rate	<u>545,663</u>	<u>699,297</u>

Tax relief mainly related to accelerated deductions claimed for wear and tear of qualifying fixed assets bought and used in business.

12. DIVIDENDS

No dividend has been declared or paid by the Company since its incorporation.

The dividends declared/paid by the Company's subsidiaries to the then shareholders during the Relevant Periods were as follows:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Interim dividend	<u>200,000</u>	<u>—</u>

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13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for the Relevant Periods on a combined basis as set out in Note 2.1 of this section.

14. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Furniture and fittings	Office equipment	Computers	Buildings	Total
	S\$	S\$	S\$	S\$	S\$	S\$
At 1 January 2015						
Cost	21,448,693	1,971	590	29,740	824,985	22,305,979
Additions	1,203,466	—	—	1,961	—	1,205,427
Disposals	(32,445)	—	—	—	—	(32,445)
	<u>22,619,714</u>	<u>1,971</u>	<u>590</u>	<u>31,701</u>	<u>824,985</u>	<u>23,478,961</u>
Accumulated depreciation						
At 1 January 2015	11,866,555	1,971	590	29,740	52,573	11,951,429
Charge for the year	1,751,386	—	—	1,961	30,004	1,783,351
Disposals	(32,445)	—	—	—	—	(32,445)
At 31 December 2015	<u>13,585,496</u>	<u>1,971</u>	<u>590</u>	<u>31,701</u>	<u>82,577</u>	<u>13,702,335</u>
Net book value						
At 31 December 2015	<u>9,034,218</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>742,408</u>	<u>9,776,626</u>
At 1 January 2016						
Cost	22,619,714	1,971	590	31,701	824,985	23,478,961
Additions	2,737,472	—	—	52,260	—	2,789,732
Disposals	(202,924)	—	—	—	—	(202,924)
	<u>25,154,262</u>	<u>1,971</u>	<u>590</u>	<u>83,961</u>	<u>824,985</u>	<u>26,065,769</u>
Accumulated depreciation						
At 1 January 2016	13,585,496	1,971	590	31,701	82,577	13,702,335
Charge for the year	1,665,877	—	—	6,305	30,004	1,702,186
Disposals	(199,208)	—	—	—	—	(199,208)
At 31 December 2016	<u>15,052,165</u>	<u>1,971</u>	<u>590</u>	<u>38,006</u>	<u>112,581</u>	<u>15,205,313</u>
Net book value						
At 31 December 2016	<u>10,102,097</u>	<u>—</u>	<u>—</u>	<u>45,955</u>	<u>712,404</u>	<u>10,860,456</u>

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Assets held under finance leases

During the year ended 31 December 2016, the Group acquired motor vehicles with an aggregate cost of S\$2,058,900 (2015: S\$745,750) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to S\$730,832 (2015: S\$459,677) for the year ended 31 December 2016. The carrying amount of motor vehicles held under finance leases as at 31 December 2016 was S\$9,104,983 (2015: S\$8,054,054). Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets under finance leases, the Group's buildings with a carrying amount of S\$712,404 (2015: S\$742,408) is mortgaged to secure the Group's bank loans as at 31 December 2016 (note 21).

15. DEFERRED TAX

The components of deferred tax assets and liabilities with the net balance recognised in the combined statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax liabilities arising from:

	Provisions	Excess of net book values of plant and equipment over tax values	Total
	S\$	S\$	S\$
At 1 January 2015	—	274,234	274,234
Charged to profit or loss during the year (note 11)	—	112,529	112,529
At 31 December 2015 and 1 January 2016 . .	—	386,763	386,763
Charged to profit or loss during the year (note 11)	959	230,691	231,650
At 31 December 2016	<u>959</u>	<u>617,454</u>	<u>618,413</u>

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Deferred tax assets arising from:

	Tax benefit available for offsetting against future taxable profits
	<u>S\$</u>
At 1 January 2015	472,256
Charged to profit or loss during the year (note 11).	<u>(118,375)</u>
At 31 December 2015 and 1 January 2016	353,881
Charged to profit or loss during the year (note 11).	<u>(156,593)</u>
At 31 December 2016.	<u><u>197,288</u></u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the combined statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Net deferred tax assets recognised		
in the combined statements of financial position	127,505	—
Net deferred tax liabilities recognised		
in the combined statements of financial position.	<u>(160,387)</u>	<u>(421,125)</u>
	<u><u>(32,882)</u></u>	<u><u>(421,125)</u></u>

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders.

16. TRADE RECEIVABLES

	<u>2015</u>	<u>2016</u>
	S\$	S\$
External parties	<u>4,136,359</u>	<u>4,639,182</u>

Trade receivables are non-interest bearing and are generally repayable on terms of 30 to 90 days.

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An ageing analysis of the trade receivables at the end of each of the Relevant Periods, based on the invoice dates is as follows:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Less than 30 days	2,143,768	2,555,729
31 to 60 days	1,529,979	1,564,159
61 to 90 days	245,775	285,914
More than 90 days	216,837	233,380
Total	<u>4,136,359</u>	<u>4,639,182</u>

As at 31 December 2016, the Group's trade receivables were not impaired. The ageing analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Neither past due nor impaired	3,097,533	3,262,896
Less than 30 days past due	554,310	891,515
31 to 60 days past due	268,168	251,464
61 to 90 days past due	216,348	233,307
Total	<u>4,136,359</u>	<u>4,639,182</u>

See note 27 about credit risk of trade receivables which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Non-current:		
Listed equity investments, at fair value	<u>11,400</u>	<u>6,750</u>

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Impairment losses

During the year ended 31 December 2016, the Group recognised an impairment loss of S\$4,650 (2015: S\$17,053) for the quoted equity securities as there was a “significant” or “prolonged” decline in the fair value of these investments below their costs. The Group regards “significant” generally as 20% and “prolonged” as greater than 12 months.

18. DEPOSITS AND OTHER RECEIVABLES

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Non-current:		
Other deposits	323,039	87,948
	<u>323,039</u>	<u>87,948</u>
Current:		
Other receivables	41,841	135,111
Other deposits	57,951	151,511
	<u>99,792</u>	<u>286,622</u>

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. The balance of other receivables is unsecured, interest-free and has no fixed terms of repayment.

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		<u>2015</u>	<u>2016</u>
	Note	S\$	S\$
Cash and bank balances		2,550,424	1,488,087
Time deposits		302,455	304,575
		2,852,879	1,792,662
Less: Pledged time deposits:			
Pledged for long-term bank loans	21(b)	(302,455)	(304,575)
Cash and cash equivalents		<u>2,550,424</u>	<u>1,488,087</u>

Cash at banks is denominated in Singapore dollars and earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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20. SHARE CAPITAL

The Company was incorporated on 10 February 2017 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of a par value of HK\$0.01 each. On the date of incorporation, 38,000,000 ordinary shares of HK\$380,000 were allotted and issued by the Company.

There was no authorised and issued capital as at 31 December 2015 and 2016 since the Company was incorporated after the end of the Relevant Periods.

Changes in share capital of the Company pursuant to the Reorganisation are set out in the section headed “History, Reorganisation and Corporate structure — Reorganisation” in the Document.

21. LOANS AND BORROWINGS

	2015	2016
	S\$	S\$
Current:		
Finance lease payables (note 30)	2,362,115	1,875,328
Bank overdrafts — secured	—	45,031
Bank loan — secured	518,827	873,485
	<u>2,880,942</u>	<u>2,793,844</u>
Non-current:		
Finance lease payables (note 30)	1,066,731	930,321
Bank loan — secured	752,436	885,081
	<u>1,819,167</u>	<u>1,815,402</u>
Total	<u><u>4,700,109</u></u>	<u><u>4,609,246</u></u>
Analysed into:		
Bank loans:		
Within one year or on demand	518,827	918,516
In the second year	255,672	186,294
In the third to fifth years, inclusive	109,207	397,705
Beyond five years	387,557	301,082
	<u>1,271,263</u>	<u>1,803,597</u>
Other borrowings:		
Within one year or on demand	2,362,115	1,875,328
In the second year	921,986	624,865
In the third to fifth years, inclusive	144,745	305,456
	<u>3,428,846</u>	<u>2,805,649</u>
	<u><u>4,700,109</u></u>	<u><u>4,609,246</u></u>

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- (a) The finance leases obligations are secured by charges over the leased assets. The average effective interest rate of the leases is 2.49% (2015: 2.41%) per annum.
- (b) The Group's bank loans are secured by:
- (i) joint personal guarantees by the directors of the Company;
 - (ii) mortgages over the Group's buildings situated in Singapore, which had an aggregate carrying value of \$712,404 as at 31 December 2016 (2015: S\$742,408) (note 14);
 - (iii) time deposits with an aggregate carrying value of \$304,575 as at 31 December 2016 (2015: S\$302,455) (note 19).

The effective interest rate of the bank loans range from 1.7%.to 10.88% (2015: 3.8% to 10.88%) per annum.

- (c) Bank overdrafts are denominated in S\$, bear interest at 5.25% per annum and are secured by a specific charge over the time deposits and joint personal guarantees by the directors of the Company.

22. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled on terms of 30 days.

An ageing analysis of the trade payables at the end of each of the Relevant Periods, based on the invoice dates is as follows:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Less than 30 days	856,114	664,226
31 to 60 days	177,357	18,496
61 to 90 days	79,263	3,144
More than 90 days	101,422	161
	<u>1,214,156</u>	<u>686,027</u>

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23. OTHER PAYABLES AND ACCRUALS

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Accrued liabilities	620,140	656,607
Amount due to a director	2,577,707	—
GST payable	146,626	39,891
	<u>3,344,473</u>	<u>696,498</u>

Other payables and accruals are non-interest-bearing and are normally repayable on demand.

The amount due to a director was unsecured, interest-free and had no fixed term of repayment as at 31 December 2015. The amount was fully repaid in 2016.

24. RESERVES

The amounts of the Group's reserves and the movements therein for each reporting year during the Relevant Periods are presented in the combined statements of changes in equity.

Available-for-sale investment revaluation reserve

Available-for-sale investment revaluation reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

Other reserve

Other reserve represents the aggregate issued paid-up capital of the subsidiaries comprising the Group.

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25. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Remuneration paid to key management personnel (including directors’ remuneration)	699,212	844,228
	<u>699,212</u>	<u>844,228</u>

26. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods are as follows:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Loans and receivables:		
Pledged deposits	302,455	304,575
Cash and bank balances	2,550,424	1,488,087
Trade and other receivables	4,559,190	5,031,752
	<u>7,412,069</u>	<u>6,806,414</u>
Available-for-sale financial assets	<u>11,400</u>	<u>6,750</u>
Financial liabilities measured at amortised cost:		
Trade payables	1,214,156	686,027
Other payables and accruals	3,045,838	390,029
Loans and borrowings	4,700,109	4,609,246
	<u>8,960,103</u>	<u>5,685,302</u>

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(b) Fair values of financial instruments

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

31 December 2015	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	S\$	S\$	S\$	S\$
Available-for-sale investments:				
Equity investments	11,400	—	—	11,400

Assets measured at fair value:

31 December 2016	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	S\$	S\$	S\$	S\$
Available-for-sale investments:				
Equity investments	6,750	—	—	6,750

Liabilities for which fair values are disclosed:

31 December 2015	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	S\$	S\$	S\$	S\$
Finance lease payables	—	3,428,846	—	3,428,846
Loans and borrowings	—	1,271,263	—	1,271,263
Total	—	4,700,109	—	4,700,109

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31 December 2016	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	S\$	S\$	S\$	S\$
Finance lease payables	—	2,805,649	—	2,805,649
Loans and borrowings	—	1,803,597	—	1,803,597
Total	—	4,609,246	—	4,609,246

The carrying amounts of finance lease payables and loans and borrowings reasonably approximate to their fair values.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments.

The main risks arising from the Group’s financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group’s financial instruments will fluctuate because of changes in market interest rates. The Group’s exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group’s financial assets and liabilities at floating rates are contractually re-priced at intervals of less than six months (2015: less than six months) from the end of the reporting period.

The Group’s policy is to manage interest cost using a mix of fixed and floating rate debts. The Group’s policy is to keep 60% to 90% (2015: 60% to 80%) of its loans and borrowings at fixed rates of interest. Approximately 88% and 98% of the Group’s borrowings are at fixed rates of interest as at 31 December 2015 and 2016 respectively.

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Sensitivity analysis for interest rate risk

As at 31 December 2016, if interest rates had been 75 (2015: 75) basis points higher for the Group's floating rate debts with all other variables held constant, the Group's profit before tax for the year ended 31 December 2016 would have remained substantially unchanged (2015: S\$4,395 lower). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's main exposure to credit risk arises primarily from trade and other receivables. The credit risk on such trade and other receivables is minimal as the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history.

Exposure to credit risk

At the end of each of the Relevant Periods, the Group's maximum exposure to credit risk represented the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the individual profile of its trade receivables on an on-going basis.

As at 31 December 2016, approximately 69% (2015: 78%) of the Group's trade receivables were due from the top three customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired relate to creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with no history of default.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in note 16.

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Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to a shortage of funds.

The Group’s exposure to liquidity risk arises in the general funding of the Group’s operating activities. The Group’s cash and bank balances and operating cash flows are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The table below summarises the maturity profile of the Group’s financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted repayment obligations.

	2015				2016			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Financial liabilities:								
Trade and other payables . . .	4,259,994	—	—	4,259,994	1,076,056	—	—	1,076,056
Finance lease payables	2,419,929	1,082,231	—	3,502,160	1,922,009	951,438	—	2,873,447
Bank loans	573,402	549,064	428,902	1,551,368	709,638	958,087	269,256	1,936,981
Total undiscounted financial liabilities	<u>7,253,325</u>	<u>1,631,295</u>	<u>428,902</u>	<u>9,313,522</u>	<u>3,707,703</u>	<u>1,909,525</u>	<u>269,256</u>	<u>5,886,484</u>

28. CONTINGENT LIABILITIES

Performance guarantees were given by financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of the performance guarantees given by the financial institutions and insurance companies was S\$610,000 as at 31 December 2016 (2015: S\$610,000).

29. COMMITMENTS

(a) Operating lease commitments

The Group leases certain of its yard under operating lease arrangements.

Leases for yard are negotiated for terms ranging from one to three years.

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The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Within one year	1,504,824	1,479,000
In the second to fifth years, inclusive	1,440,000	759,000
	<u>2,944,824</u>	<u>2,238,000</u>

(b) Capital commitments

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Contracted, but not provided for:		
Capital expenditure in respect of acquisition of items of property, plant and equipment	1,100,000	1,320,000
	<u>1,100,000</u>	<u>1,320,000</u>

30. FINANCE LEASE PAYABLES

The Group leases some of its motor vehicles under finance lease arrangements. These leases have remaining lease terms ranging from one to five years.

At the end of each of the Relevant Periods, the total future minimum lease payments under finance leases and their present values were as follows:

	<u>2015</u>		<u>2016</u>	
	<u>Minimum lease payments</u>	<u>Present value of minimum lease payments</u>	<u>Minimum lease payments</u>	<u>Present value of minimum lease payments</u>
	S\$	S\$	S\$	S\$
Not later than one year	2,419,929	2,362,115	1,922,009	1,875,328
In the second year	935,916	921,986	641,989	624,865
In the third to fifth years, inclusive	146,315	144,745	309,449	305,456
Total minimum finance lease payments	3,502,160	3,428,846	2,873,447	2,805,649
Less: Amounts representing future finance charges	(73,314)	—	(67,798)	—
Total net finance lease payables	<u>3,428,846</u>	<u>3,428,846</u>	<u>2,805,649</u>	<u>2,805,649</u>
Portion classified as current liabilities	(2,362,115)		(1,875,328)	
Non-current portion	<u>1,066,731</u>		<u>930,321</u>	

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31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new Shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The gearing ratios which are total loans and borrowings divided by the total equity at the end of each of the Relevant Periods were as follows:

	<u>2015</u>	<u>2016</u>
	S\$	S\$
Total loans and borrowings	4,700,109	4,609,246
Total equity	<u>7,616,158</u>	<u>10,961,809</u>
Gearing ratio	<u>62%</u>	<u>42%</u>

32. EVENTS AFTER THE REPORTING PERIOD

In addition to events disclosed elsewhere in this Historical Financial Information, the Group had the following material events occurred after the Relevant Periods:

- (a) On 10 February 2017, each authorised and issued ordinary share of a par value of HK\$1.00 in the capital of the Company was sub-divided into 38,000,000 ordinary shares of a par value of HK\$0.01 each.
- (b) On [•], the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.01 each by the creation of an additional 4,962,000,000 shares of HK\$0.01 each.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to [31 December 2016].

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information sets out in this Appendix does not form part of the Accountants’ Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed “Financial information” in this document and the “Accountants’ Report” set out in Appendix I to this document.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets have been prepared in accordance with Rule 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the [REDACTED] on the combined net tangible assets as at 31 December 2016 as if it had taken place on 31 December 2016. The unaudited pro forma adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as at 31 December 2016 or any future date. It is prepared based on the combined net tangible assets as at 31 December 2016 as set out in the Accountants’ Report as set out in Appendix I to this document, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants’ Report as set out in Appendix I to this document.

	Audited net tangible assets of the Group attributable to the Company as at 31 December 2016	Estimated net proceeds from the [REDACTED]	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company	Unaudited pro forma adjusted combined net tangible assets per Share
	S\$	S\$	S\$	S\$
	(note 1)	(note 2)		(note 4)
Based on [REDACTED] of HK\$[REDACTED] per [REDACTED].	7,616,158	[REDACTED]	[REDACTED]	[REDACTED]
Based on [REDACTED] of HK\$[REDACTED] per [REDACTED]	7,616,158	[REDACTED]	[REDACTED]	[REDACTED]

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Notes:

- (1) The combined net tangible assets attributable to the owners of the Company as of 31 December 2016 is extracted from the Accountants’ Report set out in Appendix I to this document.
- (2) The forecast net proceeds from the [REDACTED] are based on the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED] after deduction of the [REDACTED] fees and related expenses payable by our Company. The estimated net proceeds are converted into S\$ at the rate of S\$1.00 = HK\$5.50.
- (3) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2016.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share has been arrived at after making the adjustment referred to in this section above and on the basis that [REDACTED] Shares are in issue immediately following the completion of the [REDACTED]. The unaudited pro forma adjusted combined net tangible assets per Share is equal to approximately HK\$[REDACTED] and HK\$[REDACTED]. The conversion of S\$ into HK\$ is based on the approximate exchange rate of S\$1.00 to HK\$5.50.

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

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SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 February 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [•] with effect from the [REDACTED]. The following is a summary of certain provisions of the Articles:

- (a) **Shares**
 - (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

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(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new Shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

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(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

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(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

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A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) *Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

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The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine), or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

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Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all

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travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

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(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

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A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

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(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) *Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

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If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

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Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers published daily and circulating generally in Hong Kong and in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
 - (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
 - (cc) the election of directors in place of those retiring;
 - (dd) the appointment of auditors and other officers;
 - (ee) the fixing of the remuneration of the directors and of the auditors;
 - (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
 - (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.
- (v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

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The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

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A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

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Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

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All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

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- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

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3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

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The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not to be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise

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of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

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Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

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(i) Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from [•].

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

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(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company

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as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express

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to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix [•] to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Information of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 10 February 2017. Our Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established its principal place of business in Hong Kong at 19/F., Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 14 March 2017. In connection with such registration, our Company has appointed Mr. Chang Man Leong of 19/F., Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong, as the authorised representative of our Company for the acceptance of service of processes and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitution comprising the Memorandum and the Articles. A summary of various provisions of our Company's constitution and certain relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in the share capital of our Company

- (a) The authorised share capital of our Company as of the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one nil-paid Share was allotted and issued to the initial subscriber and was transferred to Ventris Global on 10 February 2017 at nil consideration.
- (b) On [•], Ventris Global transferred the entire issued share capital of New Pine to our Company for the consideration of HK\$[•] based on the net assets value of New Pine, which was satisfied by (i) our Company allotting and issuing [999,999] new Shares, credited as fully paid, to Ventris Global; and (ii) the crediting of the one nil-paid Share, which was registered in the name of Ventris Global, as fully-paid.
- (c) Pursuant to the resolutions in writing of the sole Shareholder passed on [•], the authorised share capital of our Company was increased from HK\$380,000 to HK\$[50,000,000] by the creation of an additional [4,962,000,000] Shares.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (d) Pursuant to the Capitalisation Issue, our Company will allot and issue [REDACTED] Shares to Ventris Global. Immediately following completion of the [REDACTED] and the Capitalisation Issue, the authorised share capital of our Company will be HK\$[50,000,000] divided into [5,000,000,000] Shares and the issued share capital of our Company will be HK\$[REDACTED] divided into [REDACTED] Shares, all fully paid or credited as fully paid and [REDACTED] Shares will remain unissued.

Save as aforesaid and as mentioned in the paragraph headed “3. Written resolutions of the sole Shareholder passed on [•]” below, there has been no alteration in the share capital of our Company since the date of its incorporation.

Save as disclosed in this document, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

3. Written resolutions of the sole Shareholder passed on [•]

On [•], written resolutions of the sole Shareholder were passed pursuant to which:

- (a) the authorised share capital of our Company was increased from HK\$380,000 to HK\$[50,000,000] by the creation of an additional [4,962,000,000] Shares;
- (b) our Company approved and adopted the Memorandum with immediate effect and the Articles to be effective conditional on the [REDACTED];
- (c) conditional on (A) the Stock Exchange granting the [REDACTED] of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the [REDACTED] and the Capitalisation Issue) and (B) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and not being terminated in accordance with the terms of the [REDACTED] or otherwise, in each case on or before the date determined in accordance with the terms of the [REDACTED]:
- (i) the [REDACTED] was approved and our Directors were authorised to allot and issue the [REDACTED];

APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (ii) conditional upon the share premium amount of our Company being credited as a result of the [REDACTED], our Directors were authorised to capitalise the amount of HK\$[REDACTED] from the amount standing to the credit of the share premium account of our Company and apply such sum to pay up in full at par [REDACTED] Shares for allotment and issue to the person(s) whose name(s) appear(s) on the register of members of our Company at the close of business on [•], pro-rata (or as nearly as possible without involving fractions) to its/their then existing shareholdings in our Company; and
- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the section headed “Share Option Scheme” of this Appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme provided that such amendments are effected in accordance with the provisions of the Share Option Scheme relating to amendments and the relevant requirements of the GEM Listing Rules, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares upon the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
- (d) a general and unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of a rights issue or any scrip dividend schemes or similar arrangements in accordance with the Articles of Association or an issue of Shares upon the exercise of any options which may be granted under the Share Option Scheme or the [REDACTED] or the Capitalisation Issue) Shares with an aggregate nominal amount not exceeding the sum of (i) 20% of the aggregate number of Shares in issue immediately following completion of the [REDACTED] and the Capitalisation Issue but excluding any Shares which may be allotted and issued upon the exercise of any options under the Share Option Scheme; and (ii) the number of Shares repurchased by our Company pursuant to the authority granted to our Directors as referred to in paragraph (e) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any laws applicable to our Company to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first;

APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (e) a general and unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase Shares not exceeding 10% of the aggregate number of Shares in issue immediately following completion of the [REDACTED] and the Capitalisation Issue but excluding any Shares which may be allotted and issued upon the exercise of any options under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any laws applicable to our Company to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first; and

- (f) conditional on the passing of the resolutions referred to in sub-paragraphs (d) and (e) above, the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition of the aggregate number of Shares which may be allotted, issued or dealt with by our Directors pursuant to such general unconditional mandate of the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate referred to in sub-paragraph (e) above.

4. Corporate reorganisation

Please refer to the section headed “History, Reorganisation and Corporate structure — Reorganisation” in this document for further details.

5. Changes in the share capital of subsidiaries of our Company

Our Company’s subsidiaries are referred to in the Accountants’ Report for our Company, the text of which is set out in Appendix I to this document.

Save for the alterations disclosed in the section headed “History, Reorganisation and Corporate structure — Reorganisation” of this document, there is no other alteration in the authorised or issued share capital of the Company’s subsidiaries which took place within the two years immediately preceding the date of this document.

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6. Particulars of our subsidiaries

As at the Latest Practicable Date, our Group has three subsidiaries, namely New Pine, CA Transportation and Nexis Logistics. Set out below is a summary of the corporate information of New Pine, CA Transportation and Nexis Logistics:

(a) New Pine

Date of incorporation:	29 November 2016
Registered office:	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI
Nature:	Private company limited by shares
Principal business activities:	Investment holding
No. of issued shares:	3
Shareholder:	Our Company

(b) CA Transportation

Date of incorporation:	12 February 1992
Registered office:	3 Soon Lee Street, #06-03 Pioneer Junction, Singapore 627606
Nature:	Private company limited by shares
Principal business activities:	Provision of transport management services
No. of issued shares:	3,000,000
Shareholder:	New Pine

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(c) Nexis Logistics

Date of incorporation:	30 April 2003
Registered office:	3 Soon Lee Street, #06-04 Pioneer Junction, Singapore 627606
Nature:	Limited exempt private company
Principal business activities:	Provision of transport management services
No. of issued shares:	200,000
Shareholder:	New Pine

7. Repurchase by our Company of its own securities

This paragraph includes information relating to the repurchase of the Shares, including information required by the Stock Exchange to be included in this document concerning such repurchase.

(a) Relevant legal and regulatory requirements

The GEM Listing Rules permit our Shareholders to grant our Directors a general mandate to repurchase Shares that are listed on GEM subject to certain restrictions, details of which are summarised below:

(i) Shareholders' approval

All proposed repurchase of Shares (which must be fully paid up) by our Company must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

The Repurchase Mandate was granted to our Directors by our sole Shareholder pursuant to the written resolutions dated [•] authorising them to exercise all powers of our Company to repurchase Shares not exceeding 10% of the aggregate number of Shares in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any laws applicable to our Company to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

(ii) Source of funds

Repurchase of Shares must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the GEM Listing Rules. Under the Companies Law, our Company may make repurchases out of our profit or share premium or out of the proceeds of a fresh issue of the Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be paid out of profits of our Company or out of the share premium account of our Company. Subject to satisfaction of the solvency test prescribed by the Companies Law, a repurchase may also be made out of capital.

(iii) Trading restrictions

Our Company may repurchase up to 10% of the aggregate number of Shares in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue but excluding any Shares which may be allotted and issued upon the exercise of any options under the Share Option Scheme. Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on GEM if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by our Company to effect a repurchase of the Shares is required to disclose to the Stock Exchange any information with respect to a Share repurchase as the Stock Exchange may require.

In addition, a listed company is prohibited from repurchasing its shares on GEM if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on GEM.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

(iv) Status of Shares repurchased

All Shares repurchased (whether on GEM or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's shares repurchased may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate par value of the shares repurchased accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Repurchase of Shares are prohibited after inside information has come to our Company's knowledge, or development which may constitute inside information has occurred or has been the subject of a decision until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, our Company may not repurchase the Shares on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchase of Shares on GEM if our Company has breached the GEM Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Business Day following any day on which our Company makes a purchase of Shares. In addition, our Company's annual report and accounts are required to disclose details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on GEM or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such repurchase, where relevant, and the aggregate price paid. Our Directors' report is also required to contain reference to the repurchase made during the year and our Directors' reasons for making such repurchase.

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(vii) Core connected persons

According to the GEM Listing Rules, a company is prohibited from knowingly repurchasing securities on GEM from a “core connected person”, that is, a director, chief executive or substantial shareholder of such company or any of its subsidiaries or any of their respective close associates and a core connected person shall not knowingly sell his/her/its securities to the Company on GEM.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this document. Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after completion of the [REDACTED] and the Capitalisation Issue but excluding any Shares which may be allotted and issued upon the exercise of options under the Share Option Scheme, would result in up to [REDACTED] Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

None of our Directors nor, to the best of their knowledge, information and belief having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate immediately after the [REDACTED].

No core connected person has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) have been entered into by members of our Group within the two years immediately preceding the date of this document and are or may be material:

- (a) the agreement for sale and purchase of shares in CA Transportation dated [•] and entered into between New Pine and Mr. K L Chua pursuant to which New Pine agreed to acquire 3,000,000 shares of CA Transportation from Mr. K L Chua at the consideration of S\$[•], which was satisfied by New Pine allotting and issuing one new share of New Pine to Ventris Global at the direction of Mr. K L Chua;
- (b) the agreement for sale and purchase of shares in Nexis Logistics dated [•] and entered into between New Pine and Mr. K L Chua pursuant to which New Pine agreed to acquire 200,000 shares of Nexis Logistics from Mr. K L Chua at the consideration of S\$[•], which was satisfied by New Pine allotting and issuing one new share of New Pine to Ventris Global at the direction of Mr. K L Chua;
- (c) the agreement for sale and purchase of three shares in New Pine dated [•] and entered into among our Company, Ventris Global and Mr. K L Chua, pursuant to which our Company agreed to acquire the entire issued share capital of New Pine from Ventris Global at the consideration of S\$[•], which was satisfied by (i) our Company allotting and issuing 999,999 new Shares to Ventris Global credited as fully paid; and (ii) the crediting of the one nil-paid Share, which was registered in the name of Ventris Global, as fully paid;
- (d) the [REDACTED];
- (e) the Deed of Indemnity; and
- (f) the Deed of Non-competition.

2. Intellectual property rights

As at the Latest Practicable Date, we had registered the following domain name which is material to the business of our Group:

<u>Domain name</u>	<u>Registrant</u>	<u>Registration date</u>	<u>Expiry date</u>
cnlimited.com	the Company	22 February 2017	22 February 2019

APPENDIX IV STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDER

1. Disclosure of interests

(a) Interest of Directors and the chief executive of our Company in Shares, underlying shares and debentures of our Company and our associated corporations

Immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme), the interests or short positions of each of our Directors and the chief executive in the Shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which, once the Shares are listed, will be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

(i) Long position in our Shares

<u>Name</u>	<u>Capacity and nature of interests</u>	<u>Number of Shares held</u> <i>(Note 1)</i>	<u>Percentage of issued shares capital of our Company</u>
Mr. K L Chua	Interest in controlled corporation	[REDACTED] (L) <i>(Note 2)</i>	[REDACTED]

Notes:

1. The letter “L” denotes to the long position in the Shares.
2. Mr. K L Chua is deemed to be interested in the Shares held by Ventris Global as Ventris Global is wholly-owned by Mr. K L Chua.

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(ii) Long position in the shares of associated corporation

Name of associated corporation	Name	Capacity/Nature of interest	Number of shares held (Note 1)	Percentage of issued share capital
Ventris Global	Mr. K L Chua	Beneficial owner	1 (L) (Note 2)	100%

Notes:

1. The letter “L” denotes the long position in the shares.
2. Ventris Global is wholly-owned by Mr. K L Chua.

(b) Substantial shareholder

So far as our Directors are aware, immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme), the following person(s) (not being a director or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity and nature of interests	Number of Shares held (Note)	Percentage of issued shares capital of our Company
Ventris Global	Beneficial owner	[REDACTED] (L)	[REDACTED]

Note: The letter “L” denotes the long position in the Shares.

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2. Particulars of service contracts and letters of appointment

(a) Executive Directors

Each of the Executive Directors has entered into a service contract with our Company which will become effective on the [REDACTED]. The terms and conditions of each of such service contracts are similar in all material respects. The service contracts are initially for a fixed term of three years commencing from the [REDACTED] and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of our Executive Directors is entitled to a basic salary set out below (subject to an annual increment at the discretion of our Directors) and a discretionary bonus. An Executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of our Directors regarding the amount of the monthly salary and the discretionary bonus payable to him. The annual remuneration payable to the Executive Directors under each of the service contracts are as follows:

Name	Amount
	S\$
Mr. K L Chua	504,000
Ms. S F Chua	119,000

The Executive Directors are entitled to a bonus in respect of each financial year of our Company for an amount to be determined by our Board in its absolute discretion.

(b) Independent non-executive Directors

Each of the independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the independent non-executive Directors is appointed with an initial term of three years commencing from the [REDACTED] subject to termination in certain circumstances as stipulated in the relevant letters of appointment. The annual remuneration payable to the independent non-executive Directors under each of the letters of appointment are as follows:

Name	Amount
	S\$
Mr. Dax Teo Tak Sin	20,000
Ms. Grace Choong Mai Foong	20,000
Mr. Kwong Choong Kuen	25,000

Save as disclosed above, none of our Directors has entered or is proposed to enter into any service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

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(c) Remuneration of our Directors

The aggregate remuneration paid by our Company to our Directors in respect of each of the two financial years ended 31 December 2016 were approximately S\$575,900 and S\$601,000 respectively.

Pursuant to the current arrangements, it is estimated that an aggregate amount of approximately S\$655,000 (excluding discretionary bonus, if any) will be paid to our Directors as remuneration for the year ending 31 December 2017.

Our Company's policy concerning the remuneration of our Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, workload and the time devoted to our Group.

3. Interest in customers and suppliers of our Group

As at the Latest Practicable Date, so far as our Directors were aware, no Director or their respective associates or Shareholder (which to the knowledge of our Directors owns more than 5% of the issued share capital of our Company immediately upon completion of the [REDACTED] and Capitalisation Issue) had any interest in the top five customers or, the top five suppliers of our Group.

4. Related party transactions

Our Group entered into the related party transactions within the two financial years immediately preceding the date of this document as mentioned in Note 25 of the Accountants' Report set out in Appendix I to this document.

APPENDIX IV STATUTORY AND GENERAL INFORMATION

D. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to any employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of our Board has contributed or may contribute to our Group (the “**Eligible Participants**”), as incentive or reward for their contribution to our Group to subscribe for the Shares thereby linking their interest with that of our Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, our Directors may, in its absolute discretion make offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after ten years from the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the offer date).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof.

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(c) Subscription Price

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) Maximum number of Shares

- (i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of Shares as equals 10% of the issued share capital of our Company at the date of approval of the Share Option Scheme. On the basis of a total of [REDACTED] Shares in issue as at the [REDACTED], the relevant limit will be [REDACTED] Shares which represent 10% of the issued Shares on the [REDACTED]. Our Company may seek approval by the Shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.
- (ii) Our Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by our Company before such approval is sought. Our Company will send a circular to the Shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time.

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- (iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.
- (iv) Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates abstaining from voting (or his/her associates if the Eligible Participant is a connected person of our Company). Our Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before our Shareholders' approval and the date of meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by our Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

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Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or, in the event of an exercise of option by a personal representative, to the estate of the grantee) credited as fully paid.

Although there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

No option shall be granted by our Directors under the following circumstances:

- (i) after inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules; and
- (ii) during the period commencing one month immediately preceding the earlier of:
 - (aa) the date of our Board meeting (as such date is first notified to the Stock Exchange under Rule 17.48 of the GEM Listing Rules) for approving our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under Rule 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.

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(g) Rights are personal to grantees

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) Rights on ceasing employment

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

In the event of the grantee who is an employee of our Group ceasing to be an Eligible Participant by resignation, retirement, expiry of employment contract or termination of employment for any reason other than his/her death, ill-health and retirement in accordance with his/her contract of employment on one or more grounds specified in sub-paragraph (u)(iv) before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors may determine otherwise in which event the grantee, may exercise the option (to the extent not already exercised) in whole or in part within a period of three months following the date of such cessation or termination or, if any of the events referred to in paragraph (l) or (m) occurs during such period, exercise the option pursuant to paragraph (l) or (m) respectively. The date of cessation or termination as aforesaid shall be the last day on which the grantee is actually at work with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not.

(i) Rights on death

In the event of the grantee ceasing to be an Eligible Participant by reason of his/her death before exercising the option in full and where the grantee is any employee of our Group none of the events which would be a ground for termination of his/her employment under paragraph (h) above arises, his/her personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

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(j) Cancellation of options

Our Board may, with the consent of the relevant grantee, at any time cancel any option granted but not exercised.

Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by the Shareholders as mentioned in paragraph (d) above.

(k) Effect of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), repurchase, consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever (excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party), then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct an independent financial adviser or the auditors to certify in writing:

- (i) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:
 - (aa) the number or nominal amount of the Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or
 - (bb) the subscription price; and/or
 - (cc) the maximum number of Shares referred to in paragraph (d)(i); and/or
 - (dd) the method of the exercise of the option(s),

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or any combination thereof, and an adjustment as so certified by an independent financial adviser or the auditors shall be made, provided that:

- (1) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;
 - (2) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
 - (3) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
 - (4) the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
 - (5) to the advantage in any respect of the grantee without specific prior approval of the Shareholders.
- (ii) in respect of any such adjustment, other than any made on a capitalisation issue, an independent financial adviser or the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements set out in the above and of the relevant provisions of the GEM Listing Rules (including, without limitation, the "Supplemental Guidance on GEM Listing Rules 23.03(13) and the Note immediately after the Rule" attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

(l) Rights on a general offer

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, the Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his/her options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under the scheme of arrangement, as the case may be.

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(m) Rights on winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his/her personal representative (s) shall be entitled to exercise all or any of his/her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his/her personal representative(s) may by notice in writing to our Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, the Shareholders. If such scheme of arrangement is formally proposed to the Shareholders, the grantee shall, notwithstanding any other term on which his/her options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

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(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alterations to the terms of the Share Option Scheme

Subject to the GEM Listing Rules, the Share Option Scheme may be altered from time to time in any respect by a resolution of our Directors except that the following alterations shall require the prior sanction of an ordinary resolution of the Shareholders in general meeting (with all grantees, prospective grantees and their close associates abstaining from voting and the votes taken by poll):

- (i) alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of the Eligible Participant without the prior approval of the Shareholders in general meeting;

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- (ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and
- (iii) any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the Listing Committee (as defined in the GEM Listing Rules) granting the [REDACTED] of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;
- (ii) commencement of dealings in Shares on the GEM; and
- (iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by the Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal in Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) Grant of options to core connected persons or any of their associates

Each grant of options to any of our Directors, chief executive or substantial Shareholders of our Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of his/her associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1 per cent. of the Shares in issue; and

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- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by the Shareholders. Our Company must send a circular to the Shareholders. All the grantee, his/her associates and all core connected persons of our Company must abstain from voting at such general meeting, except that any of them may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

- (1) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the meeting of our Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (2) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and
- (3) the information as may be required under the GEM Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial Shareholder of our Company or an independent non-executive Director, or any of their respective associates.

(u) Lapse of option

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (i), (o) or subparagraph (iv) below, where applicable;
- (iii) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);

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- (iv) the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his/her employment or directorship on any one or more of the grounds that he/she has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the Grantee or any member of our Group into disrepute);
- (v) the date on which our Directors shall exercise our Company's right to cancel the option by reason of a breach of paragraph (g) by the grantee in respect of that or any other option;
- (vi) the date of the commencement of the winding-up of our Company referred to in paragraph (m);
- (vii) the date on which the grantee commits a breach of paragraph (g); or
- (viii) the date on which the option is cancelled by our Board as set out in paragraph (j).

(v) *Termination*

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) *Miscellaneous*

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

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(x) Present status of the Share Option Scheme

Application has been made to the Listing Division of the Stock Exchange for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the [REDACTED] of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the Shares in issue upon completion of the [REDACTED] and the Capitalisation Issue.

As at the date of this document, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Our Board confirms that our Board will not approve the exercise of any option if as a result of which our Company will not be able to comply with the public float requirements under the GEM Listing Rules.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Each of Mr. K L Chua and Ventris Global (collectively, the “**Indemnifiers**”) and our Company entered into the Deed of Indemnity referred to in the paragraph headed “Summary of material contracts” in the section headed “B. Further information about our business” in this Appendix, under which the Indemnifiers have given joint and several indemnities in favour of our Group in respect of, among other things, the amount of any and all taxation falling on any member of our Group resulting from or by reference to any income, profits, gains earned, accrued or received on or before the [REDACTED] or any event or transaction entered into or occurring on or before the [REDACTED] whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

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The indemnity contained above shall not apply:

- (a) to the extent that full provision or reserve has been made for such taxation in the combined audited accounts of our Group or the audited accounts of the relevant member of our Group for each of the two financial years ended 31 December 2016, as set out in Appendix I to this document; or
- (b) to the extent that such taxation would not have arisen but for some act or omission of, or transaction entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the course of normal day to day operations of that company or carried out, made or entered into pursuant to a legally binding commitment created on or before the [REDACTED]; or
- (c) to the extent that any provisions or reserve made for taxation in the audited accounts of any member of our Group for each of the two financial years ended 31 December 2016 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied pursuant to the Deed of Indemnity to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (d) to the extent that such taxation liability or claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the laws, rules and regulations or the interpretation or practice thereof by the Inland Revenue Department in Hong Kong, the taxation authority in Singapore or any other relevant authority (whether in Hong Kong, Singapore, or any other part of the world) coming into force after the [REDACTED] or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the [REDACTED] with retrospective effect.

Under the Deed of Indemnity, the Indemnifiers have also given indemnities in favour of our Group whereby they would jointly and severally indemnify each member of our Group against, among others, all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines and of whatever nature suffered or incurred by any member of our Group (i) as a result of directly or indirectly or in connection with, or in consequence of any non-compliance with or breach of any applicable laws, rules or regulations of any jurisdiction by any member of our Group on or before the [REDACTED]; or (ii) as a result of directly or indirectly or in connection with any litigation, proceeding, claim, investigation, inquiry, enforcement proceeding or process by any governmental, administrative or regulatory body which (a) any member of our Group and/or their respective directors or any of them is/are involved; and/or (b) arises due to some act or omission of, or transaction voluntarily effected by, our Group or any member of our Group (whether alone or in conjunction with some other act, omission or transaction) on or before the [REDACTED].

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The indemnity contained above shall not apply to the extent that provision has been made for such claim in the combined audited accounts of our Group or the audited accounts of any member of our Group for each of the two financial years ended 31 December 2016. Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, Hong Kong, Singapore and other jurisdictions in which the companies comprising our Group are incorporated.

2. Litigation

As at the Latest Practicable Date, save as disclosed in the section headed “Business — 9. Environmental protection, health and work safety” neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened by or against our Group which would have a material adverse effect on our business, results of operations or financial conditions.

3. Sole Sponsor

Vinco Capital has made an application on behalf of our Company to the Stock Exchange for [REDACTED] of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein.

Vinco Capital is independent from our Company pursuant to Rule 6A.07 of the GEM Listing Rules.

The sponsor’s fees payable by us in respect of Vinco Capital’s services as sole sponsor for the [REDACTED] is HK\$[REDACTED] (excluding any disbursements).

4. Preliminary expenses

The preliminary expenses relating to the incorporation of the Company incurred or proposed to be incurred are approximately HK\$64,000 and are payable by our Company.

5. Promoter

Our Company has no promoter. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the [REDACTED] or the related transactions described in this document.

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6. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name of expert	Qualification
Bird & Bird AMTD LLP	Qualified Lawyers in Singapore
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Ernst & Young	Certified Public Accountants
Vinco Capital Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ipsos Pte. Ltd.	Independent industry consultant

7. Consents of experts

Each of the experts referred in the paragraph headed “E. Other information — 6. Qualifications of experts” in this Appendix IV has given and has not withdrawn its written consent to the issue of this document with the inclusion of its opinion and/or report and/or letter and/or the references to its name included herein in the form and context in which they are respectively included.

8. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company will appoint the Sole Sponsor as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the [REDACTED] and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full year commencing after the [REDACTED] or until the agreement is terminated, whichever is the earlier.

9. Agency fees or commission received

The [REDACTED] will receive an [REDACTED] commission, and the Sole Sponsor will receive a documentation/advisory fee, as referred to under the section headed “[REDACTED] — Commission and expenses” in this document.

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10. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors nor any of the persons whose names are listed in the paragraph headed “E. Other information — 7. Consents of experts” in this Appendix IV is interested in the promotion of our Company, or in any assets which have been within the two years immediately preceding the issue of this document, or are proposed to be, acquired or disposed of by or leased to any member of our Group nor will any Director apply for the [REDACTED] either in his/her own name or in the name of a nominee;
- (b) none of our Directors nor any of the persons whose names are listed in the paragraph headed “E. Other information — 6. Qualifications of experts” in this Appendix IV is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group; and
- (c) save in connection with the [REDACTED], none of the parties whose names are listed in the paragraph headed “E. Other information — 6. Qualifications of experts” in this Appendix IV: (i) is interested legally or beneficially in any securities of any member of us; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of us.

11. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
 - (iii) no commission has been paid or payable (excluding commission payable to [REDACTED]) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;

APPENDIX IV STATUTORY AND GENERAL INFORMATION

- (b) no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (d) none of the experts referred to under the paragraph headed "E. Other information — 6. Qualifications of experts" in this Appendix IV:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (e) there has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months immediately preceding the date of this document;
- (f) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (g) our Company has no outstanding convertible debt securities;
- (h) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement;
- (i) there are no arrangements in existence under which future dividends are to be or agreed to be waived; and
- (j) as at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

12. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the CWUMPO so far as applicable.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the [REDACTED]; (ii) the written consents referred to in the section headed "Statutory and general information — E. Other information — 7. Consents of experts" in Appendix IV to this document; and (iii) copies of the material contracts referred to in the section headed "Statutory and general information — B. Further information about our business — 1. Summary of material contracts" in Appendix IV to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Michael Li & Co., at 19th Floor, Prosperity Tower, No. 39 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum and Articles;
- (b) the Accountants' Report of our Group from Ernst & Young, the text of which is set out in Appendix I to this document;
- (c) the audited financial statements of our Group for each of the two financial years ended 31 December 2016;
- (d) the report on unaudited pro forma financial information of our Group prepared by Ernst & Young, the text of which is set out in Appendix II to this document;
- (e) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman company law referred to in Appendix III to this document;
- (f) the Companies Law;
- (g) the service contracts and letters of appointment referred to in the section headed "Statutory and general information — C. Further information about our Directors and Substantial Shareholder — 2. Particulars of service contracts and letters of appointment" in Appendix IV to this document;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (h) the material contracts referred to in the section headed “Statutory and general information — B. Further information about our business — 1. Summary of material contracts” in Appendix IV to this document;
- (i) the written consents referred to in the section headed “Statutory and general information — E. Other information — 7. Consents of experts” in Appendix IV to this document;
- (j) the Singapore legal opinion issued by Bird & Bird AMTD LLP in respect of the accident occurring on 24 November 2016, as described in the section headed “Business — 9. Environmental Protection, Health and Work Safety — Accident” in this document;
- (k) the rules of the Share Option Scheme; and
- (l) the industry report prepared by Ipsos Pte. Ltd. referred to in the section headed “Industry Overview” in this document.