

PROSPECTUS DATED 28 NOVEMBER 2005

(Registered with the Monetary Authority of Singapore on 28 November 2005)

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

A copy of this prospectus ("Prospectus") has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act (Chapter 289), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares (including the Vendor Shares), the New Shares, the Performance Shares or the Additional Shares (if the Over-Allotment Option is exercised) being offered or in respect of which an invitation is made, for investment.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and for quotation of all the ordinary shares of \$0.06 each (the "Shares") in the capital of Chasen Logistics Services Limited (the "Company") already issued (including the existing Shares for which the Vendor invites applications to purchase pursuant to this Invitation (the "Vendor Shares")), the new Shares which are the subject of this Invitation (the "New Shares"), and the Shares which may be issued pursuant to the Chasen Performance Share Plan (the "Performance Shares"). Such permission will be granted when the Company has been admitted to the Official List of the SGX-ST Dealing and Automated Quotation System (the "SGX-SESDAQ"). The dealing in and quotation of our Shares will be in Singapore dollars. Acceptance of applications will be conditional upon permission being granted by the SGX-ST to deal in and for the quotation of all of the issued Shares (including the Vendor Shares), the New Shares and the Performance Shares. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant will not have any claim against the Company, the Vendor, the Manager, the Underwriter or the Placement Agent, if the said permission is not granted.

In connection with the Invitation, the Vendor has granted Phillip Securities Pte Ltd an over-allotment option (the "Over-Allotment Option") (in connection with the Over-Allotment Option, the "Stabilising Manager"), exercisable in whole or in part during the period commencing on the date of commencement of trading of our Shares on the SGX-SESDAQ and ending 30 days thereafter. Pursuant to the Over-Allotment Option, the Stabilising Manager may, purchase and/or procure purchasers for up to an aggregate of 3,450,000 additional Shares from the Vendor (the "Additional Shares"), representing up to 15 per cent. of the Invitation Shares (comprising the New Shares and the Vendor Shares but excluding the Additional Shares), at the Invitation Price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. The Stabilising Manager may over-allot and effect transactions which stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market, subject to compliance with all applicable laws and regulations. Such stabilisation, if commenced, may be discontinued by the Stabilising Manager at any time at the discretion of the Stabilising Manager, subject to compliance with all applicable laws and regulations. The exercise of the Over-Allotment Option will not increase the total number of issued Shares immediately after completion of the Invitation.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-SESDAQ is not to be taken as an indication of the merits of the Invitation, our Company, our Subsidiaries, our Shares (including the Vendor Shares), the New Shares, the Performance Shares and the Additional Shares (if the Over-Allotment Option is exercised).

No Shares shall be allotted or allocated on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus. We have not lodged or registered this Prospectus in any other jurisdiction.

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 32 OF THIS PROSPECTUS.



CHASEN

CHASEN LOGISTICS SERVICES LIMITED

(Incorporated in the Republic of Singapore on 3 April 1999)

(Registration Number: 199901643D)

Invitation in respect of 23,000,000 Invitation Shares of \$0.06 each (subject to exercise of the Over-Allotment Option (as defined herein)) comprising 22,100,000 New Shares and 900,000 Vendor Shares as follows:-

(1) 2,000,000 Offer Shares at \$0.20 for each Offer Share by way of public offer; and

(2) 21,000,000 Placement Shares by way of placement, comprising:-

(i) 20,000,000 Placement Shares at \$0.20 for each Placement Share; and

(ii) up to 1,000,000 Reserved Shares at \$0.20 for each Reserved Share reserved for our Independent Directors, employees, management staff and business associates of the Group (as defined herein), and those who have contributed to the success of the Group,

payable in full on application.

Manager, Underwriter And Placement Agent



PhillipCapital

PHILLIP SECURITIES PTE LTD

Applications should be received by 12.00 noon on 13 December 2005 or such other date and time as our Company may, in consultation with the Issue Manager, decide in their absolute discretion, subject to any limitations under all applicable laws.



The Logistics Service Provider Specialising in Equipment Relocation

Chasen is a regional logistics service provider specialising in the provision of machinery and equipment relocation solutions.



Our Business

Relocation Solutions

- ✦ Relocate customers' machinery and equipment out of Singapore or any country in which Chasen has operations
- ✦ Door to door turnkey services, covering both inbound and outbound services for the relocation of customers' machinery and equipment
- ✦ Reposition existing machinery and equipment within customer's premises at short notice

Packing services

- ✦ Packing of machinery and equipment to OEM specifications
- ✦ Supply of packaging and crating materials

Warehousing and related services

- ✦ Warehousing of customers' machinery and equipment prior to installation or shipping
- ✦ Land transportation services using specialised conveyance vehicles and material handling equipment

Competitive Strengths

- ✦ We offer a comprehensive range of relocation services which include relocation management, total logistics management, and material management services
- ✦ We deliver quality relocation services to customers
- ✦ We own a fleet of well-diversified and state-of-the-art transportation vehicles and material handling tools and equipment
- ✦ We have a diversified customer base
- ✦ We have well-established business relationships with customers and a proven track record
- ✦ We have preferred vendor status
- ✦ We have a dedicated and experienced management team
- ✦ We have a team of experienced and well-trained movers



Our Prospects

- ✦ Continued growth in manufacturing sector in the PRC
- ✦ Foreign investment in regional countries
- ✦ Growing higher value added sectors in Singapore

Future Plans

- ✦ Expand our ability to deliver relocation services across national boundaries
- ✦ Maintain our cost competitiveness by investing in state-of-the-art equipment and improving labour productivity
- ✦ Secure more maintenance contracts to work towards a preferred vendor status with customers
- ✦ Expand our scope of services and customer base across industries

Financial Highlights

Revenue

FY2004 revenue increased 197.4% due to :

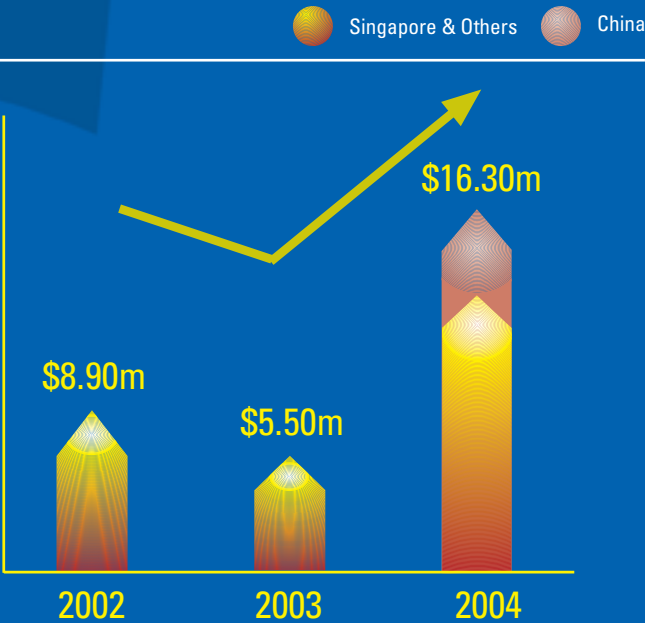
- General economic recovery
- Establishment of our China operations

FY2003 revenue declined as our relocation business was affected by external environment :

- Global Economic Recession
- IRAQ War and SARS Epidemic
- Semiconductor industry downturn

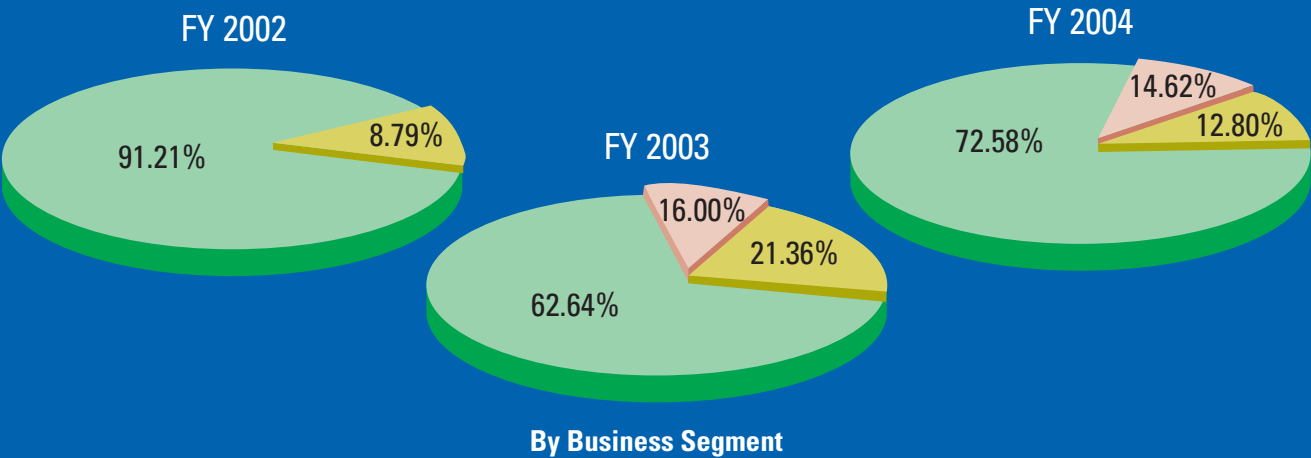
China Operations

- Maiden contribution of 39.1% to total revenue



Revenue Analysis

- Packing services introduced in FY2003



Profit After Tax

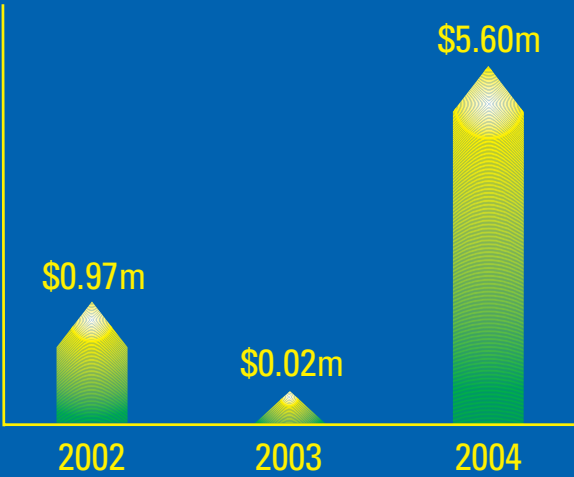


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CORPORATE INFORMATION

BOARD OF DIRECTORS	: Low Weng Fatt (Managing Director) Siah Boon Hock (Executive Director) Yap Koon Bee @ Louis Yap (Non-Executive Director) Yong Kwet Leong (Independent Director) Ng Jwee Phuan @ Frederick (Eric) (Independent Director)
COMPANY SECRETARY	: Helen Campos Thomas LL.B (Hons)(London) F.C.I.S.(UK and Singapore)
REGISTERED OFFICE	: 18 Jalan Besut Singapore 619571 Tel: (65) 6266 5978 Fax: (65) 6266 5313 Website: www.chasen-logistics.com Information on our web-site does not constitute part of this Prospectus
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	: Lim Associates (Pte) Ltd 10 Collyer Quay #19-08 Ocean Building Singapore 049315
MANAGER, UNDERWRITER AND PLACEMENT AGENT	: Phillip Securities Pte Ltd 250 North Bridge Road #06-00 Raffles City Tower Singapore 179101
RECEIVING BANKER	: United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
AUDITORS AND REPORTING ACCOUNTANTS	: LTC & Associates Certified Public Accountants 1 Raffles Place #20-02 OUB Centre Singapore 048616 Partner-in-Charge: Tsang Siu For Thomas (a member of the Institute of Certified Public Accountants of Singapore)
SOLICITORS TO THE INVITATION	: KhattarWong 80 Raffles Place #25-01 UOB Plaza 1 Singapore 048624
LEGAL ADVISERS TO THE COMPANY AS TO PRC LAW	: Yuan Tai Law Offices 14/F, Huaxia Bank Plaza 256 South Pudong Road Shanghai, PRC, 200120

CORPORATE INFORMATION

PRINCIPAL BANKERS : DBS Bank Ltd
6 Shenton Way,
DBS Building Tower One
Singapore 068809

Malayan Banking Berhad
2 Battery Road #01-00
Maybank Tower
Singapore 049907

VENDOR : Yap Koon Bee @ Louis Yap
725 Ang Mo Kio Ave 6
#02-4144
Singapore 560725

DEFINITIONS

In this Prospectus and the accompanying Application Forms, unless the context otherwise requires, the following definitions apply throughout where the context admits:—

Companies within the Group

<i>“Chasen” or “Company”</i>	:	Chasen Logistics Services Limited
<i>“Chasen Engineering”</i>	:	Chasen Logistics & Engineering Services Pte Ltd
<i>“Chasen Hi Tech”</i>	:	Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd
<i>“Group”</i>	:	Chasen and its Subsidiaries, consisting of Chasen Engineering and Chasen Hi Tech

Other Corporations or Organisations

<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“JTC”</i>	:	Jurong Town Corporation
<i>“Manager”, “Underwriter” or “Placement Agent”</i>	:	Phillip Securities Pte Ltd
<i>“MAS” or “Authority”</i>	:	Monetary Authority of Singapore
<i>“SCCS”</i>	:	Securities Clearing & Computer Services (Pte) Ltd
<i>“SGX-SESDAQ”</i>	:	SGX-ST Dealing and Automated Quotation System
<i>“SGX-ST” or “Stock Exchange”</i>	:	Singapore Exchange Securities Trading Limited

General

<i>“Act” or “Companies Act”</i>	:	The Companies Act, Chapter 50
<i>“Additional Shares”</i>	:	Up to 3,450,000 Shares that the Stabilising Manager may purchase from the Vendor pursuant to the exercise of the Over-Allotment Option
<i>“Application Forms”</i>	:	The official application forms to be used for the purpose of the Invitation and which form part of this Prospectus
<i>“Application List”</i>	:	List of applications for subscription and/or purchase of the Invitation Shares
<i>“ATM”</i>	:	Automated teller machine
<i>“Audited Financial Statements”</i>	:	The audited financial statements of our Group for the financial period 1 January 2002 to 30 April 2002, the financial period 1 May 2002 to 31 December 2002, the financial year ended 31 December 2003 and the financial year ended 31 December 2004, as annexed in Appendix A
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of the Company

DEFINITIONS

<i>“Bonus Issue”</i>	:	The issue of 6,452,651 ordinary shares of \$1.00 each fully paid to our Shareholders. Please refer to the section entitled “Share Capital” beginning on page 41 of this Prospectus for further details
<i>“Capitalisation Issue”</i>	:	The issue of 147,349 ordinary shares of \$1.00 each to Yeo Seck Cheong as repayment of a loan to a Subsidiary. Please refer to the section entitled “Share Capital” beginning on page 41 of this Prospectus for further details
<i>“Compiled Consolidated Financial Statements”</i>	:	The report from the Reporting Accountants in relation to the compiled consolidated financial statements of our Group for the financial years ended 31 December 2002, 2003 and 2004; and the compiled consolidated financial statements of our Group for the financial years ended 31 December 2002, 2003 and 2004
<i>“Controlling Shareholder”</i>	:	A Shareholder who holds directly or indirectly 15% or more of all post-Invitation Shares in our Company, or who in fact exercises control over our Company
<i>“CPF”</i>	:	Central Provident Fund
<i>“Directors”</i>	:	The directors of our Company as at the date of this Prospectus, unless otherwise stated
<i>“Electronic Applications”</i>	:	Applications for the Offer Shares made through an ATM of one of the Participating Banks or through the Internet Banking websites of one of the relevant Participating Banks in accordance with the terms and conditions of this Prospectus
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Prospectus, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Company as at the date of this Prospectus, unless otherwise stated
<i>“FY”</i>	:	The financial year ended or ending 31 December, as the case may be
<i>“Independent Directors”</i>	:	The non-executive independent Directors as at the date of this Prospectus, unless otherwise stated
<i>“Invitation”</i>	:	The invitation by our Company and the Vendor to the public in Singapore to subscribe for and/or purchase the Invitation Shares at the Invitation Price, on the terms and subject to the conditions of this Prospectus
<i>“Invitation Price”</i>	:	\$0.20 for each of the Invitation Shares
<i>“Invitation Shares”</i>	:	23,000,000 Shares which are the subject of the Invitation comprising 22,100,000 New Shares and 900,000 Vendor Shares

DEFINITIONS

<i>"Latest Practicable Date"</i>	:	15 September 2005, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
<i>"Market Day"</i>	:	A day on which SGX-ST is open for trading in securities
<i>"MNCs"</i>	:	Multinational companies
<i>"N.A." or "n.a."</i>	:	Not applicable
<i>"New Shares"</i>	:	22,100,000 new Shares for which our Company invites applications to subscribe under the Invitation
<i>"NTA"</i>	:	Net tangible assets
<i>"Offer"</i>	:	The offer by our Company and the Vendor of the Offer Shares to the public for subscription and/or purchase at the Invitation Price, on the terms and subject to the conditions of this Prospectus
<i>"Offer Shares"</i>	:	2,000,000 Invitation Shares which are the subject of the Offer
<i>"Over-Allotment Option"</i>	:	The over-allotment option granted by the Vendor to the Stabilising Manager which is exercisable by the Stabilising Manager, in whole or in part within 30 days of the commencement of the trading of our Shares on the SGX-SESDAQ to purchase and/or procure purchasers for up to an additional 3,450,000 Additional Shares from the Vendor which in aggregate represents no more than 15 per cent. of the Invitation Shares (before the exercise of the Over-Allotment Option), at the Invitation Price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. The exercise of the Over-Allotment Option will not increase the total number of issued Shares immediately after completion of the Invitation. Unless we indicate otherwise, all information in this Prospectus assumes that the Stabilising Manager does not exercise the Over-Allotment Option
<i>"Participating Banks"</i>	:	DBS Bank Ltd (including POSBank) ("DBS Bank"); Oversea-Chinese Banking Corporation Limited ("OCBC") and United Overseas Bank Limited ("UOB") Group (comprising UOB and its subsidiary, Far Eastern Bank Limited)
<i>"Performance Shares"</i>	:	New Shares to be issued upon the vesting of the awards granted under our Plan
<i>"Plan"</i>	:	Chasen Performance Share Plan
<i>"Placement"</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company and the Vendor at the Invitation Price, on the terms and subject to the conditions of this Prospectus

DEFINITIONS

<i>“Placement Shares”</i>	:	21,000,000 Invitation Shares which are the subject of the Placement (including the Reserved Shares)
<i>“PRC”</i>	:	People’s Republic of China
<i>“Reserved Shares”</i>	:	Up to 1,000,000 of the Placement Shares reserved for our Independent Directors, employees, management staff and business associates of our Group and those who have contributed to the success of our Group
<i>“Securities Account”</i>	:	Securities account or sub-account maintained by a depositor with CDP
<i>“SFA”</i>	:	Securities and Futures Act (Chapter 289)
<i>“Share Consolidation”</i>	:	The consolidation of three ordinary shares of \$0.02 each in the authorised as well as our issued share capital into 1 ordinary share of \$0.06 each as described under the section on “Share Capital and Group Structure” beginning on page 41 of this Prospectus
<i>“Shares”</i>	:	Ordinary shares of \$0.06 each in the capital of our Company
<i>“Shareholder”</i>	:	Person holding shares in the capital of the Company
<i>“Stabilising Manager”</i>	:	Phillip Securities Pte Ltd
<i>“Sub-division”</i>	:	The sub-division of each share of \$1.00 each in the authorised and issued and paid-up share capital of the Company into shares of \$0.02 each as described under the section on “Share Capital and Group Structure” beginning on page 41 of this Prospectus
<i>“Subsidiary”</i>	:	A company being a subsidiary for the time being of our Company within the meaning of section 5 of the Act
<i>“Substantial Shareholder”</i>	:	A person who has an interest in 5% or more of the aggregate of the nominal amount of all our Shares
<i>“telegraphic transfer”</i>	:	A method of transferring money abroad from one bank to another by telegraphy
<i>“Vendor”</i>	:	Yap Koon Bee @ Louis Yap
<i>“Vendor Shares”</i>	:	The 900,000 existing Shares for which the Vendor invite applications to purchase pursuant to the Invitation, on the terms and subject to the conditions of this Prospectus

DEFINITIONS

Currencies, Units and Others

“RMB”	:	PRC Renminbi
“SGD”, “S\$” or “\$” and “cents”	:	Singapore dollars and cents respectively, unless otherwise stated
“USD” or “US\$”	:	United States dollar
“%” or “per cent.”	:	Per centum or percentage
“sqm”	:	Square metre(s)
“sqft”	:	Square feet

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “associate” shall have the meaning ascribed to it in the SGX-ST Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-SESDAQ (as modified, supplemented or amended from time to time).

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Prospectus and the Application Forms to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the SFA or any statutory modification thereof and used in this Prospectus and the Application Forms shall have the meaning assigned to it under the said Act, the SFA or statutory modification as the case may be.

Any reference in this Prospectus and the Application Forms to shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

A reference to a time of day in this Prospectus and the Application Forms shall be a reference to Singapore time unless otherwise stated.

Any reference to “we”, “us” and “our” in this Prospectus is a reference to our Company, our Group or any member of our Group as the context requires.

GLOSSARY OF TECHNICAL TERMS

For the purpose of this Prospectus, the following technical terms and abbreviations have, where appropriate, been used. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

<i>“air bearing”</i>	:	A device, usually made from a rubber-type fabric, that is designed to inflate with compressed air and forms a floating action above the floor surface it is sitting on
<i>“air cushioned trailers”</i>	:	Trailers with devices that use trapped air to absorb the shock of motion
<i>“air suspension”</i>	:	A type of suspension that uses air springs instead of conventional steel springs
<i>“barrier bag”</i>	:	A type of bag that is used to protect the contents of the bag from moisture, oxygen and/or other environmental pollutants
<i>“bubble wrap”</i>	:	A sheet of plastic bubbles that is used for wrapping items in order to protect them
<i>“Clean Room”</i>	:	A room in which the air is highly filtered in order to keep out impurities
<i>“flatbed”</i>	:	An open truck bed or trailer with no sides; used to carry large heavy objects
<i>“Freight Forwarding”</i>	:	The expediting of shipments by preparing the necessary documents and making other arrangements for the movement of merchandise
<i>“hoisting equipment”</i>	:	An apparatus for lifting heavy or cumbersome objects
<i>“ISO”</i>	:	International Organization for Standardization
<i>“ISO 9001:2000”</i>	:	An international standard that gives requirements for an organization’s quality management system
<i>“ISO 14001”</i>	:	An international standard that gives requirements for an organization’s environmental management system
<i>“kitting”</i>	:	A process that provides for the packing and delivery of different accessories for a product in a complete, pre-counted package, which reduces the complexity of ordering and minimises inventory and storage space for our customers
<i>“laser alignment”</i>	:	The use of laser beams to assist in the installation of machinery and equipment
<i>“LCD”</i>	:	Liquid Crystal Display, a display technology that uses liquid crystals that flow like liquid and bend light
<i>“lowbed trailers”</i>	:	A type of trailer with a low flat platform for the transportation of heavy goods or equipment
<i>“material handling tools”</i>	:	Tools and equipment used for material handling, which refers to activities, equipment, and procedures related to the moving, storing, protecting and controlling of materials in a system

GLOSSARY OF TECHNICAL TERMS

<i>“Mover”</i>	:	A skilled workman employed by our Company in our relocation operations
<i>“OEM”</i>	:	Original Equipment Manufacturer
<i>“OHSAS”</i>	:	Occupational Health & Safety Management System
<i>“preferred vendor status”</i>	:	Preferred supplier or service provider
<i>“Rigger”</i>	:	A person who specialises in securing lifting equipment
<i>“semiconductor”</i>	:	A solid state substance that can be electrically altered and is halfway between a conductor and an insulator
<i>“shrink wrap”</i>	:	A protective wrapping for equipment consisting of a clear plastic film that is wound about the equipment to form a tight-fitting package
<i>“Signalman”</i>	:	A person who is trained to manage or display signals
<i>“vacuum pack”</i>	:	A method of packing from which all air has been substantially removed prior to final sealing of the package
<i>“wafer fabrication”</i>	:	Semi-conductor wafer manufacturing

SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase our Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the lodgement and/or registration of this Prospectus in Singapore in order to permit a public offering of our Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of our Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by us, the Vendor, the Manager, the Underwriter and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own cost and expense without liability to our Company, the Vendor, the Manager, Underwriter or the Placement Agent.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in the press releases and oral statements that may be made by our Company or our Directors, Executive Officers or employees acting on our behalf or the Vendor's behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "may", "will", "would", "could", "expect", "anticipate", "intend", "estimate", "believe", "plan", or similar words and phrases. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial position, business strategy, plans and prospects and future prospects of our Company's industry are forward-looking statements. These forward-looking statements are only predictions and include, but are not limited to, statements as to the following:—

- our revenue and profitability;
- expected growth in our industry;
- expected industry trends;
- our planned expansion; and
- other matters discussed in this Prospectus regarding matters that are not historical facts.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially and/or adversely different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, amongst others, the following:—

- changes in the social, economic and political conditions and regulatory environment in the countries/territories where we operate and/or where our customers and suppliers are located;
- the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- changes in competitive conditions in our industry and our ability to compete under these conditions;
- changes in our future capital needs and the availability of financing and capital to fund these needs;
- changes in currency exchange rates;
- changes in short-term and long-term interest rates;
- changes in customer preferences and needs; and
- other factors described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 32 and 73 of this Prospectus, respectively.

These forward-looking statements are applicable only as of the date of this Prospectus.

All forward-looking statements by or attributable to us, or our Directors, our Executive Officers or our employees acting on our or the Vendor's behalf, contained in this Prospectus are expressly qualified in their entirety by such factors. Given the risks and uncertainties that may cause our Company's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, undue reliance must not be placed on these statements.

Neither our Company, the Manager, the Vendor, the Placement Agent, the Underwriter nor any other person represents or warrants that our Company's actual future results, performance or achievements will be as discussed in those statements. Our actual results may differ materially from those anticipated in these forward-looking statements.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

Our Company, the Vendor and the Manager disclaim any responsibility to update any of those forward looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We may, however, pursuant to Section 241 of the SFA, lodge a supplementary or replacement prospectus if, prior to the close of the Invitation, we become aware of (a) a false or misleading statement or matter in this Prospectus, (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in this Prospectus, if it had arisen before this Prospectus was lodged and that is materially adverse from the point of view of an investor. We are also subject to the provisions of the Listing Manual regarding corporate disclosure upon our admission to the Official List of the SGX-SESDAQ.

DETAILS OF THE INVITATION

LISTING ON THE SGX-SESDAQ

Application has been made to the SGX-ST for permission to deal in and for quotation of our Shares already issued (including the Vendor Shares) as well as the New Shares and the Performance Shares. Such permission will be granted when our Company has been admitted to the Official List of the SGX-SESDAQ. No Shares shall be allotted or allocated on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus by the Authority. Acceptance of applications will be conditional upon, inter alia, the SGX-ST granting permission to deal in and for quotation of all the issued Shares (including the Vendor Shares), the New Shares which are the subject of the Invitation and the Performance Shares. If the completion of the Invitation does not occur because the SGX-ST's permission is not granted or for any other reason (including where the Authority issues a stop order pursuant to Section 242 of the SFA), monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim against our Company, the Vendor, the Manager, the Underwriter or the Placement Agent.

In connection with the Invitation, the Vendor has granted the Stabilising Manager the Over-Allotment Option, exercisable in whole or in part during the period commencing on the date of commencement of trading of our Shares on the SGX-SESDAQ and ending 30 days thereafter. Pursuant to the Over-Allotment Option, the Stabilising Manager may, purchase and/or procure purchasers for up to an aggregate of 3,450,000 Additional Shares from the Vendor in the Invitation, representing up to 15 per cent. of the Invitation Shares (before the exercise of the Over-Allotment Option), at the Invitation Price, solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. The exercise of the Over-Allotment Option will not increase the total number of issued Shares immediately after completion of the Invitation. The Stabilising Manager may over-allot and effect transactions which stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market, subject to compliance with all applicable laws and regulations. Such stabilisation, if commenced, may be discontinued by the Stabilising Manager at any time at the discretion of the Stabilising Manager, subject to compliance with all applicable laws and regulations and shall not be effected after the earlier of (a) the date falling 30 days after the commencement of dealing of our Shares on the SGX-SESDAQ or (b) the date on which the over-allotment of Shares which are the subject of the Over-Allotment Option have been fully covered (either through the purchase of Shares on the SGX-SESDAQ or the exercise of the Over-Allotment Option by the Stabilising Manager or both).

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-SESDAQ is not to be taken as an indication of the merits of the Invitation, our Company, our Subsidiaries, our Shares (including the Vendor Shares) or the New Shares or the Performance Shares or the Additional Shares (if the Over-Allotment Option is exercised).

A copy of this Prospectus has been lodged with and registered by the Authority on 26 September 2005 and 28 November 2005 respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the merits of our Shares (including the Vendor Shares), the New Shares, the Performance Shares or the Additional Shares (if the Over-Allotment Option is exercised), as the case may be, being offered or in respect of which an invitation is made, for investment.

This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the facts contained in this Prospectus are true, accurate and not misleading, that all expressions of opinion, intention and expectation contained in this Prospectus are fair and accurate in all material respects as at the date of Prospectus, there are no other material facts the omission of which would make any statement in this Prospectus misleading.

DETAILS OF THE INVITATION

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by our Company, the Vendor, the Manager, the Underwriter or the Placement Agent. Neither this Prospectus, the Application Forms nor the Invitation shall on its own or otherwise, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to involve a change in the affairs, condition or prospects of our Company or Subsidiaries or our Shares (including the Vendor Shares and the New Shares) or in any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur and are material or are required to be disclosed by law, our Company may make an announcement of the same to the SGX-ST and the public and, if required, a supplementary prospectus or replacement prospectus will be lodged with the Authority pursuant to Section 241 of the SFA and other applicable provisions of the SFA and immediate steps will be taken to comply with the requirements of the SFA and/or the requirements of the Authority and/or the SGX-ST. All applicants should take note of any such announcement, supplementary prospectus or replacement prospectus and, upon release of such an announcement, supplementary prospectus or replacement prospectus, shall be deemed to have notice of such changes.

In the event that a supplementary or replacement prospectus is lodged with the Authority, our Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement prospectus.

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for and/or purchase our Invitation Shares and:–

- (a) where our Shares have not been issued and/or sold to the applicants, our Company shall, and on behalf of the Vendor shall, either:–
 - (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (ii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company shall, and on behalf of the Vendor shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application to, without interest or a share of revenue or benefit arising therefrom; or
- (b) where our Shares have been issued and/or sold to the applicants, our Company shall, and on behalf of the Vendor shall, either:–
 - (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to our Company those Shares, which they do not wish to retain title in; or
 - (ii) treat the issue and/or sale of our Shares as void, in which case the issue and/or sale shall be deemed void and our Company shall, and on behalf of the Vendor shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom.

An applicant who wishes to exercise his option under paragraph (a)(i) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall, and on behalf of the Vendor shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for those Shares without interest or a share of revenue or benefit arising therefrom, at the applicant's risk.

DETAILS OF THE INVITATION

An applicant who wishes to exercise his option under paragraph (b)(i) to return our Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Shares, to our Company, whereupon our Company shall, and on behalf of the Vendor shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Shares and the issue and sale of those Shares shall be deemed to be void.

Under the SFA, the Authority may, in certain circumstances issue a stop order (the “Stop Order”) to our Company, directing that no or no further Shares to which this Prospectus relates, be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter, which in the opinion of the Authority is false or misleading, (ii) omits any information that should be included in accordance with the SFA or (iii) does not, in the opinion of the Authority, comply with the requirements of the SFA.

Where the Authority issues a Stop Order pursuant to section 242 of the SFA and applications to subscribe or purchase Invitation Shares have been made prior to the Stop Order, and:–

- (a) where the Invitation Shares have not been issued and/or sold to the applicants, the applications for the Invitation Shares shall be deemed to have been withdrawn and cancelled and our Company shall, and on behalf of the Vendor shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares;
- (b) where the Invitation Shares have been issued and/or sold to the applicants, the issue and/or sale of the Invitation Shares pursuant to the Invitation shall be deemed to be void and our Company shall, and on behalf of the Vendor shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for those Shares; or
- (c) where the Invitation Shares have been sold to the applicants, the sale of the Invitation Shares shall be deemed to be void and if documents purporting to evidence title have been issued to the applicants, our Company shall, and on behalf of the Vendor shall, within seven days from the date of the Stop Order, inform all applicants to return such documents to our Company within 14 days from that date, and within seven days from the date of receipt of such documents (if applicable) or the date of the Stop Order, whichever is later, pay to the applicants all monies paid by them for the Invitation Shares.

Such monies paid in respect of your application will be returned to you at your own risk, without any interest or any share of revenue or other benefit relating to such monies, and you will not have any claim against our Company, the Vendor, the Manager, the Underwriter or the Placement Agent.

If the Invitation is not completed because permission to deal in, and for quotation of, all our issued Shares as well as the New Shares and the Performance Shares is not granted or is withdrawn by the SGX-ST or if the Authority refuses to register this Prospectus or if the Invitation is deemed cancelled where the Authority issues a stop order pursuant to Section 242 of the SFA, or for any other reason, monies paid in respect of any application accepted will, subject to applicable laws, be returned to the applicant at his own risk, without interest or any share of revenue or other benefit arising therefrom and the applicant will not have any claim whatsoever against our Company, the Vendor, the Manager, the Underwriter or the Placement Agent.

Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our Subsidiaries.

DETAILS OF THE INVITATION

Neither our Company, the Vendor, the Manager, the Underwriter or the Placement Agent nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, financial, legal or tax advice. Investors should be aware that they may be required to bear the financial risk of an investment in our Shares for an indefinite period of time. Each prospective investor should consult his own professional or other advisors for business, financial, legal or tax advice regarding an investment in our Shares.

The Invitation Shares are offered for subscription and/or purchase solely on the basis of the information contained and the representations made in and as at the date of this Prospectus. This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares or for any other purpose.

This Prospectus does not constitute an offer of, or invitation or solicitation, to subscribe for and/or purchase, the Invitation Shares in any jurisdiction in which such offer or invitation is unauthorised or unlawful nor does it constitute an offer, invitation or solicitation to any person to whom it is unlawful to make such offer or invitation or solicitation.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours from:–

Phillip Securities Pte Ltd
250 North Bridge Road
#06-00 Raffles City Tower
Singapore 179101

and where available, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on:

- (a) the SGX-ST's website at <http://www.sgx.com>; and
- (b) the Authority's website at <http://www.mas.gov.sg>.

The Application List will open at 10.00 a.m. on 13 December 2005 and will remain open until 12.00 noon on the same day or for such further period or periods as our Directors and the Vendor may, in consultation with the Manager, in their absolute discretion decide, subject to any limitation under all applicable laws. Where a supplementary prospectus or replacement prospectus has been lodged with the Authority, the Application List shall be kept open for at least 14 days after the lodgement of the supplementary prospectus or replacement prospectus.

Details for the procedure for application for the Invitation Shares are set out in Appendix E of this Prospectus.

DETAILS OF THE INVITATION

INDICATIVE TIMETABLE FOR LISTING

In accordance with the SGX-ST's News Release of 28 May 1993 on the trading of initial public offering shares on a "when issued" basis, an indicative timetable is set out below for the reference of applicants:—

Indicative date/time	Event
13 December 2005, 12 noon	Close of Application List
14 December 2005	Balloting of applications, if necessary (in the event of an over-subscription for the Offer Shares)
15 December 2005, 9.00 a.m	Commence trading on a "when issued" basis
22 December 2005	Last day of trading on a "when issued" basis
23 December 2005, 9.00 a.m	Commence trading on a "ready" basis
29 December 2005	Settlement date for all trades done on a "when issued" basis and for all trades done on a "ready" basis on 23 December 2005

The above timetable is only indicative as it assumes that the closing of the Application List is 13 December 2005, the date of admission of our Company to the Official List of the SGX-SESDAQ will be 15 December 2005, the SGX-SESDAQ's shareholding spread requirement will be complied with and the Invitation Shares will be issued and fully paid-up prior to 15 December 2005. The actual date on which the Shares will commence trading on a "when issued" basis will be announced when it is confirmed by SGX-ST.

The above timetable and procedure may be subject to such modifications as the SGX-ST may in its discretion decide, including the decision to permit trading on a "when issued" basis, and the commencement date of such trading.

All persons trading in the Shares on a "when issued" basis do so at their own risk. In particular, persons trading in the Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or allocated with or are otherwise beneficially entitled to. Such persons are also exposed to the risk of having to cover their net sell positions earlier if "when issued" trading ends sooner than the indicative date mentioned above. Persons who have a net sell position traded on a "when issued" basis should close their position on or before the first day of "ready" basis trading.

The Invitation will open from the date of registration of this Prospectus to 13 December 2005 (12.00 noon).

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (i) through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com>; and
- (ii) in a local English newspaper, namely, The Straits Times.

Investors should consult the SGX-ST's announcement on the "ready" listing date on the Internet (at SGX-ST website <http://www.sgx.com>), INTV or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence. We will publicly announce the results of the Invitation (including the level of subscription and/or purchase for the Invitation Shares and the basis of distribution of the Invitation Shares pursuant to the Invitation) as soon as practicable after the closure of the Application List, through the channels in (i) and (ii) above.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. Terms defined elsewhere in this Prospectus have the same meanings when used herein. Prospective investors should carefully consider the information presented in this Prospectus, particularly the matters set out under “Risk Factors” beginning on page 32 of this Prospectus before making any investment decision.

OVERVIEW OF OUR GROUP

Our Company and Our Subsidiaries

Our Company was incorporated in Singapore on 3 April 1999 as a private limited company under the name of Chasen Logistics Services Pte Ltd. On 26 September 2005, we were converted from a private company limited by shares into a public company and changed our name to “Chasen Logistics Services Limited”.

Our Group comprises our Company and our Subsidiaries, Chasen Engineering and Chasen Hi Tech.

Our place of business is at 18 Jalan Besut, Singapore 619571. Our contact number is (65) 6266 5978 and our facsimile is (65) 6266 5313. Our internet address is www.chasen-logistics.com. **Information contained on our website does not constitute part of this Prospectus.**

Our Business

We are a logistics service provider, specializing in the provision of machinery and equipment relocation solutions to companies moving their operations to, within and out of Singapore, as well as from a location outside of Singapore to other countries in the region and the PRC. We also provide services to our customers for the repositioning of their machinery and equipment within their premises.

We provide specialist manpower equipped with appropriate tools, equipment, material and vehicles to relocate the machinery and equipment used by our customers within their premises, from one location to another within a country, or from one country to another country. We have bid successfully to relocate businesses to, within and out of Singapore and have contracts with many of the wafer fabrication facilities in Singapore to handle the internal repositioning of their machinery and equipment. We believe such contracts give us a preferred vendor status when relocation projects are up for bidding.

Our principal business activities are:—

- A. Relocation services — being the provision of machinery and equipment moving services through projects or maintenance contracts;
- B. Packing services — being the provision of packing services and the supply of packaging and crating materials to our customers; and
- C. Warehousing and Related Services — being the provision of warehousing of customers’ new or replaced machinery and equipment in our premises or open yard prior to installation in the customers’ premises or shipping out of Singapore and land transportation services using specialised conveyance vehicles and material handling equipment.

PROSPECTUS SUMMARY

A. Relocation Services

Relocation Projects

The moving of machinery and equipment from one location to another within Singapore and from one country to another, such as from Singapore to the PRC.

Inbound business — For new businesses or manufacturing operations being set up in Singapore and any of the countries where we have operations.

Outbound business — Where operations are being relocated out of Singapore or any other country where we have operations.

Turnkey business — Where machinery and equipment are to be moved from one location to another within Singapore or any country where we have operations, or from a location in one such country to another, we are able to provide door to door turnkey services to our customers covering both the inbound and outbound services described above.

Repositioning Contracts

In countries where we have established operations, we are able to provide repositioning services to our customers, in the form of a ‘maintenance’ contract covering a period of usually one year, to reposition or move existing machinery and equipment to a new location within their premises at short notice.

B. Packing Services

We provide specialised packing services to customers which require their machinery and equipment to be packed to certain specifications, including OEM specifications. We also provide packing and crating services to other logistics companies which request us to provide such services for their customers’ machinery and equipment.

C. Warehousing and Related Services

Warehousing Facilities

We provide warehousing facilities for machinery and equipment that have been moved by us which are stored in our warehouse while waiting to be installed in or shipped to their new locations. A similar service is provided for machinery and equipment shipped from abroad to be installed in Singapore or the PRC.

Specialised conveyance vehicles, manpower and materials

We own a fleet of four air suspension trailers with roller systems which are able to cushion sensitive equipment of our customers against vibrations caused by the unevenness of roads. We also own five humidity-controlled air-conditioned containers that can be mounted onto the air suspension trailers. At times, other logistics companies may require the use of such specialized vehicles and equipment, which we would rent to them complete with our skilled manpower and material handling tools and equipment, if necessary, so long as their requirements do not coincide with our own project schedules.

Please refer to the section entitled “Our Business” beginning on page 51 of this Prospectus for further details.

PROSPECTUS SUMMARY

Our Competitive Strengths

We believe that the following are our competitive strengths:–

(a) We provide a comprehensive range of relocation services

These relocation services include relocation planning and scheduling, risk assessment and relocation management, air suspension conveyance with temperature and humidity control, positioning of machinery in Clean Room environments, Total Logistics Management and materials management services.

(b) We deliver quality relocation services to our customers

We provide pre-move planning and risk assessment, employ efficient work methods to be used during the relocation process, and conduct post-move analysis of scheduling or logistics deficiencies.

(c) We own a fleet of well-diversified and state-of-the-art transportation vehicles and material handling tools and equipment

With our fleet of well-diversified and state-of-the-art transportation vehicles and material handling tools and equipment, we are capable of moving and transporting heavy, sensitive and expensive equipment and machinery. The wide range of vehicles and material handling tools and equipment also enables us to fulfill most relocation needs.

(d) We have a dedicated and experienced management team

Our business activities are managed by a dedicated, competent and experienced management team at the Company and Subsidiary levels. Our Managing Director, Mr Low Weng Fatt, Executive Director, Mr Siah Boon Hock, General Manager (PRC), Mr Yeo Seck Cheong and General Manager (Regional Operations), Mr Cheong Tuck Nang have between them over 45 years of experience in the logistics industry.

(e) We have well-established business relationships with our customers and a proven track record

With the advantage of being amongst the first and few operators in the specialist machinery and equipment relocation market niche of the logistics industry, we have developed long standing relationships with our customers over the years and established a track record of providing quality and reliable services. We believe that through the years we have earned the trust of our customers as a result of the integrity and personalized services of our management, our demonstration of the reliability of our services and our ability to support our customers in the provision of key repositioning services through our maintenance contracts. We believe that our business model and well-established interpersonal relationships with our customers may not be easily replicated.

(f) We have a team of experienced and well-trained Movers

Over the years we have developed a team of Movers, licensed operators and Riggers who are well trained and experienced in the operation of material handling tools and equipment and heavy transportation facilities. Our Movers also understand the operational requirements and demands of the industry and are adept in meeting such requirements and demands.

PROSPECTUS SUMMARY

(g) We have preferred vendor status as a result of the maintenance contracts entered into with certain customers

The maintenance contracts that we entered into with some of our customers give us the opportunity to obtain first hand knowledge of the customers' relocation needs as and when they arise. As the customers are familiar with our capability and our record of service, we are almost always invited to participate in the tender process for any relocation projects available from such customers. Our Directors believe that this preferred vendor status derived from our maintenance contracts enables us to secure more projects from existing customers.

(h) We have a diversified customer base

Our customers come from various manufacturing industries and commercial organizations. We believe our business as a specialist relocation solution provider is not wholly dependent on the business cycles of any particular customer due to our ability to secure customers from other industries that are not in a similar business cycle.

Please refer to the section entitled "Competitive Strengths" beginning on page 61 of this Prospectus for further details.

Business Strategy and Future Plans

We aim to be the leading logistics service provider specialising in the provision of relocation solutions in the region. We intend to achieve this objective by capitalizing on our current leading position in our market niche to expand our ability to provide a comprehensive range of door to door relocation management services for companies which are relocating their assets and production facilities in the region, especially to the PRC.

We intend to focus on the following business plans:—

(a) Expand our ability to deliver relocation services across national boundaries

We intend to replicate our ability to deliver comprehensive and high quality door to door turnkey relocation services in:—

- The PRC, by setting up branch offices and satellite operations in major industrial areas outside Shanghai such as Suzhou.
- Countries other than Singapore and PRC, such as Malaysia and Indonesia, initially by using the services of reliable agents in these countries, before setting up our own relocation operations.

We also intend to set up representative or sales offices in countries such as Japan and South Korea to promote our relocation services from these countries.

(b) Maintain our cost competitiveness through investment in state-of-the-art equipment and improvements in labour productivity

We intend to improve our labour productivity through continual training of our workforce to be skilled in the utilisation of state-of-the-art material handling tools and equipment, packaging material, land conveyance and warehousing facilities. We intend to keep abreast of the latest in material handling, packaging, land conveyance and warehousing technology and invest in such facilities, tools and equipment.

PROSPECTUS SUMMARY

(c) Secure more maintenance contracts to work towards a preferred vendor status with customers

We will continue to build close relationships with major customers through a better understanding of their specific needs in the relocation or repositioning of their machinery and equipment. We will continue to train skilled employees with specific knowledge of each of these customers' operations and where it is economically viable or strategically necessary to do so, to invest in specialised tools and equipment to meet their needs.

(d) Expand our scope of services and customer base across industries

We intend to capitalize on our leading position as a specialist relocation solutions provider in certain industries such as the wafer fabrication industry by marketing our services to other industries that use equally sophisticated and expensive machinery and equipment, such as pharmaceutical and biomedical industries. We also intend to increase our market share in the industries that we are currently serving, such as thin-film transistor LCD manufacturing. Furthermore, we intend to extend the scope of our services to include businesses with regular income stream in order to even out the revenue flow throughout the year. Such businesses should also have regional potential in order to capitalize on the Group's presence throughout the region. We also intend to use part of our proceeds to acquire and/or collaborate with businesses that would have the effect of evening out our revenue stream, such as other businesses in the logistics industry engaged in warehousing, distribution, order fulfilment and supply chain management which can provide a regular monthly income as compared to the largely project based relocation business. These are the areas of business which the Company will give priority in its acquisition plans not only in Singapore but also as it expands into the region.

Please refer to the section entitled "Prospects, Business Strategy and Future Plans" beginning on page 65 of this Prospectus for further details.

PROSPECTUS SUMMARY

SUMMARY OF OUR CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the Compiled Consolidated Financial Statements for FY2002, FY2003 and FY2004 set out in the section entitled "Compiled Consolidated Financial Statements" beginning on page 114 of this Prospectus and the Audited Financial Statements annexed in Appendix A of this Prospectus.

The Group changed its financial year end from 30 April to 31 December in 2002. For purposes of the Prospectus, the financial results of FY2002 was prepared from the audited financial statements of the Company for the four-month period from 1 January 2002 to 30 April 2002 and the audited financial statements of the Company for the eight-month period from 1 May 2002 to 31 December 2002.

Operating Results of the Group

	Financial year ended 31 December		
	Audited 2002 \$'000	Audited 2003 \$'000	Audited 2004 \$'000
Revenue	8,943	5,476	16,302
Cost of sales	(5,447)	(3,753)	(6,856)
Gross profit	3,496	1,723	9,446
Other operating income	23	21	67
	3,519	1,744	9,513
Distribution and selling expenses	(874)	(563)	(881)
Administrative expenses	(1,212)	(1,036)	(1,368)
Other operating expenses	(62)	(7)	(89)
Profit from operations	1,371	138	7,175
Finance costs	(65)	(62)	(101)
Profit before taxation⁽¹⁾	1,306	76	7,074
Taxation	(340)	(59)	(1,478)
Net profit for the financial year⁽¹⁾	966	17	5,596
EPS (cents)^{(1) (2)}	0.77	0.01	4.48

Notes:—

- (1) Had the Service Agreement been in place in FY2004, the profit before taxation, net profit and EPS for FY2004 would have been \$6.92 million, \$5.47 million and 4.38 cents respectively.
- (2) For comparative purposes, the EPS has been computed based on the net profit and the pre-Invitation share capital of 125,000,000 Shares.

PROSPECTUS SUMMARY

Financial Position of the Group as at 31 December

	Audited 2002 \$'000	Audited 2003 \$'000	Audited 2004 \$'000
Non-current assets			
Property, plant and equipment	1,102	2,656	3,627
Deferred taxation	—	2	4
	1,102	2,658	3,631
Current assets			
Trade debtors	1,548	1,509	3,593
Other debtors, deposits and prepayments	188	608	238
Fixed deposits	643	646	649
Cash and bank balances	663	9	3,681
	3,042	2,772	8,161
Current liabilities			
Bank loan and overdraft (secured)	—	144	107
Trade creditors	233	328	210
Other creditors and provisions	1,542	1,174	859
Current portion of obligations under hire purchase contracts	138	147	179
Provision for taxation	221	297	1,548
	2,134	2,090	2,903
Net current assets	908	682	5,258
Non-current liabilities			
Bank loan (secured)	—	1,036	929
Obligations under hire purchase contracts	78	367	497
Deferred taxation	12	—	—
	90	1,403	1,426
Net assets	1,920	1,937	7,463
Shareholders' equity			
Share capital	900	900	900
Translation reserve	—	—	(70)
Retained profits	1,020	1,037	6,633
	1,920	1,937	7,463
Adjusted NTA per share (cents) ⁽¹⁾	1.65	1.67	6.09

Note:—

(1) The Adjusted NTA per Share has been calculated based on the pre-Invitation share capital of 125,000,000 Shares.

THE INVITATION

- Invitation Size : 23,000,000 Invitation Shares (excluding the Additional Shares which may be sold by the Vendor pursuant to the Over-Allotment Option) comprising 22,100,000 New Shares and 900,000 Vendor Shares. The New Shares will, upon issue, allotment and registration in the name of CDP or its nominee, rank *pari passu* in all respects with the then existing issued Shares.
- Invitation Price : \$0.20 for each Invitation Share
- The Invitation : This Invitation (subject to the Over-Allotment Option) comprises:–
- (a) 2,000,000 Offer Shares to members of the public in Singapore; and
 - (b) 21,000,000 Placement Shares by way of placement, comprising:–
 - (i) 20,000,000 Placement Shares; and
 - (ii) up to 1,000,000 Reserved Shares reserved for our Independent Directors, employees, management staff and business associates of our Group and those who have contributed to the success of our Group.
- payable in full on application
- Please refer to the section entitled “Plan of Distribution” beginning on page 27 of this Prospectus for more details.
- Over-Allotment Option : The Vendor has granted the Stabilising Manager the Over-Allotment Option, which is exercisable, in whole or in part within 30 days from the date of commencement of dealing of our Shares on the SGX-SESDAQ, to purchase and/or procure purchasers for up to 3,450,000 Additional Shares from the Vendor in the Invitation, which in aggregate represents no more than 15 per cent. of the Invitation Shares (before the exercise of the Over-Allotment Option), solely to cover over-allotments (if any) made in connection with the Invitation. The exercise of the Over-Allotment Option will not increase the total number of issued Shares immediately after completion of the Invitation.
- Stabilisation : In connection with the Invitation, the Stabilising Manager may, in its discretion over-allot Shares or effect transactions which stabilise or maintain the market price of our Shares at levels which may not otherwise prevail in the open market, subject to compliance with the laws of Singapore. Such stabilisation, if commenced, may be discontinued at any time at the discretion of the Stabilising Manager.
- Purpose of the Invitation : Our Directors consider that the listing of our Company and the quotation of our Shares on the SGX-SESDAQ will enhance our Company’s public image and enable us to tap the capital markets for the expansion of our business. It will also provide members of the public, the management, staff and business associates of our Group an opportunity to participate in the equity of our Company.

THE INVITATION

- Use of proceeds : The net proceeds from the issue of the New Shares, after deducting estimated expenses in relation to the Invitation, of approximately \$2.98 million is expected to be utilised as follows:–
- (a) approximately \$1.40 million will be used for the purchase of specialist vehicles and material handling equipment for our PRC operations;
 - (b) approximately \$0.70 million will be used for the establishment of relocation operations in new markets such as Malaysia and Indonesia;
 - (c) approximately \$0.70 million will be used for the acquisition of businesses that would even out the revenue stream from the current project based pattern; and
 - (d) approximately \$0.18 will be used for general working capital.
- Please refer to the section entitled “Business Strategy and Future Plans” beginning on page 66 of this Prospectus for further details
- Pending the deployment of net proceeds as set out above, the net proceeds may be deposited with banks or financial institutions or invested in short-term money market or debt instruments, or used as working capital, as our Directors may deem appropriate.
- There is no minimum amount which, in the reasonable opinion of our Directors, must be raised from the Invitation.
- Listing Status : The Shares will be quoted on the SGX-SESDAQ, subject to admission of the Company to the Official List of the SGX-SESDAQ and permission for dealing in and quotation of the Shares being granted by the SGX-ST. Prior to the Invitation, there has been no public market for our Shares.
- Risk Factors : Investing in the Shares involves risks which are described under the section entitled “Risk Factors” beginning on page 32 of this Prospectus.

PLAN OF DISTRIBUTION

The Invitation Price of \$0.20 was determined by us and the Vendor, in consultation with the Manager, after taking into consideration, *inter alia*, prevailing market conditions, the estimated market valuation of our Company and the estimated market demand for our Shares. The Invitation Price is the same for all Invitation Shares and is payable in full on application.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for subscription and/or purchase at the Invitation Price. The terms and conditions and procedures for application and acceptance are described in Appendix E of this Prospectus.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for and/or purchased shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed and/or purchased or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and the Vendor after consultation with the Manager and approved by the SGX-ST.

Pursuant to the terms and conditions contained in the Management and Underwriting Agreement signed between our Company, the Vendor, the Manager and the Underwriter dated 28 November 2005, our Company has appointed Phillip Securities Pte Ltd to manage the Invitation and underwrite our Offer Shares. Phillip Securities Pte Ltd may, at its absolute discretion, appoint one or more sub-underwriter(s) for the Offer Shares.

Placement Shares (excluding Reserved Shares)

Application for the Placement Shares (excluding Reserved Shares) may only be made by way of application form. The terms and conditions and procedures for application and acceptance are described in Appendix E of this Prospectus.

Pursuant to the terms and conditions contained in the Placement Agreement signed between our Company, the Vendor and the Placement Agent dated 28 November 2005, the Placement Agent has agreed to subscribe for and/or purchase and/or procure subscribers and/or purchasers for the Placement Shares at the Invitation Price on the terms and conditions in the Placement Agreement. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agent(s) for the Placement Shares.

In the event of an under-subscription for the Placement Shares (other than Reserved Shares) as at the close of the Application List, that number of Placement Shares (other than Reserved Shares) not subscribed for and/or purchased shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Reserved Shares

To recognise contributions to our Group, we have reserved up to 1,000,000 Placement Shares for subscription and/or purchase by our Independent Directors, employees, management staff and business associates of our Group and those who have contributed to the success of our Group at the Invitation Price. These Reserved Shares are not subject to any moratorium and may be disposed of after the admission of our Company to the Official List of SGX-SESDAQ. However, none of the abovementioned persons will be offered more than 5 per cent. of the Invitation Shares. In the event that any of the Reserved Shares are not taken up as at the close of the Application List, they will be made

PLAN OF DISTRIBUTION

available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List or, in the event of an under-subscription for the Placement Shares as at the close of Application List, to satisfy excess applications made by members of the public for the Offer Shares to the extent there is an over-subscription for the Offer Shares as at the close of the Application List.

Please refer to the section entitled “Management, Underwriting and Placement Arrangements” beginning on page 145 of this Prospectus for further details.

Over-Allotment and Stabilisation

The Vendor has granted to the Stabilising Manager an Over-Allotment Option to purchase and/or procure purchasers for up to an aggregate of 3,450,000 Additional Shares from the Vendor (which in aggregate does not represent more than 15 per cent. of the Invitation Shares (before the exercise of the Over-Allotment Option)) at the Invitation Price, exercisable in full or in part within 30 days upon the commencement of dealing of our Shares on the SGX-SESDAQ (the “Commencement Date”) solely for the purpose of covering over-allotments (if any) made in connection with the Invitation. The exercise of the Over-Allotment Option will not increase the total number of issued Shares immediately after completion of the Invitation.

In over-allotting the Additional Shares (or their equivalent in class and description) (if any), priority will be given to satisfying the excess demand for the Placement Shares before satisfying any excess demand for the Offer Shares.

The Stabilising Manager may, in its discretion but subject always to applicable laws and regulations in Singapore, over-allot or effect transactions which stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-SESDAQ and in all jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulatory requirements. Such stabilization activities, if commenced, may be discontinued by the Stabilising Manager at any time at its discretion, in accordance with the laws of Singapore and shall not be effected after the earlier of (a) the date falling 30 days after the Commencement Date or (b) the date when the over-allotment of Shares which are the subject of the Over-Allotment Option has been fully covered (either through the purchase of Shares on the SGX-SESDAQ or the exercise of the Over-Allotment Option by the Stabilising Manager, or both).

Neither we, the Vendor nor the Stabilising Manager makes any representation or prediction as to the magnitude of any effect that the transaction described in this section may have on the market price of our Shares. In addition, neither we, the Vendor nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without advance notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement through the SGX-ST on the cessation of the stabilising action and the extent to which the Over-Allotment Option has been exercised.

Share Lending Agreement

Upon signing the Placement Agreement, the Stabilising Manager will enter into the Share Lending Agreement with Yap Koon Bee @ Louis Yap, under which the Stabilising Manager may borrow up to 3,450,000 Shares from Yap Koon Bee @ Louis Yap for the purpose of facilitating settlement of the over-allotment of Shares in connection with the Invitation. The Stabilising Manager will re-deliver to Yap Koon Bee @ Louis Yap such number of Shares which are equivalent to the Shares (if any) lent under this agreement no later than five Singapore business days following the earlier of (i) the exercise of the Over-Allotment Option or (ii) the expiry of the Over-Allotment Option, or such earlier time as may be agreed between the parties.

PLAN OF DISTRIBUTION

Subscription and/or purchase of Shares by Directors, Employees or Shareholders

We are not aware of any Directors, employees or Shareholders who intends to subscribe for Shares in the Invitation (other than Reserved Shares). To the best of our knowledge, we are also not aware of any person who intends to subscribe and/or purchase for more than 5% of the Invitation Shares. However, through the book-building process of assessing market demand for our Shares, there may be person(s) who may indicate an interest to subscribe and/or purchase for more than 5% of the Invitation Shares. If such person(s) were to make an application for Shares and subsequently be allotted such Shares, we will make the necessary announcements at an appropriate time.

Further, no Shares shall be allocated or allotted on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus.

INVITATION STATISTICS

Invitation Price for each Invitation Share	\$0.20
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NET TANGIBLE ASSETS

NTA per Share based on the audited consolidated balance sheet of our Group as at 31 December 2004 adjusted for the Bonus Issue, Capitalisation Issue, Sub-division and Share Consolidation (the "Adjusted NTA per Share"):-

- | | |
|---|------------|
| (a) before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 125,000,000 Shares | 6.09 cents |
| (b) after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 147,100,000 Shares | 7.20 cents |

Premium of Invitation Price of \$0.20 per Share over the Adjusted NTA per Share as at 31 December 2004:-

- | | |
|---|--------|
| (a) before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 125,000,000 Shares | 228.4% |
| (b) after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 147,100,000 Shares | 177.8% |

EARNINGS

Historical net earnings per Share of the Group for FY2004 based on the pre-Invitation share capital of 125,000,000 Shares	4.48 cents
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Historical net earnings per Share of the Group had the Service Agreement been effected for FY2004 and based on the pre-Invitation share capital of 125,000,000 Shares	4.38 cents
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PRICE EARNINGS RATIO

Historical price earnings ratio based on the historical net earnings per Share of the Group for FY2004 based on the pre-Invitation share capital of 125,000,000 Shares	4.47 times
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Historical price earnings ratio based on the historical net earnings per Share of the Group had the Service Agreement been effected for FY2004 and based on the pre-Invitation share capital of 125,000,000 Shares	4.57 times
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NET OPERATING CASH FLOW⁽¹⁾

Historical net operating cash flow per Share for FY2004 based on the pre-Invitation share capital of 125,000,000 Shares	4.42 cents
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Historical net operating cash flow per Share for FY2004 had the Service Agreement been effected and based on the pre-Invitation share capital of 125,000,000 Shares	4.29 cents
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PRICE TO NET OPERATING CASH FLOW RATIO

Historical price to net operating cash flow based on the historical net operating cash flow per Share for FY2004 based on the pre-Invitation share capital of 125,000,000 Shares	4.52 times
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INVITATION STATISTICS

Historical price to net operating cash flow based on the historical net operating cash flow per Share for FY2004 had the Service Agreement been effected and based on the pre-Invitation share capital of 125,000,000 Shares 4.66 times

MARKET CAPITALISATION

Based on the Invitation Price of \$0.20 and the post-Invitation share capital of our Company of 147,100,000 Shares. \$29.4 million

Note:—

- ⁽¹⁾ Net operating cash flow is defined as profit before taxation adjusted for non-cash operating activities such as accrual for interest expense and provision for depreciation, changes in working capital and tax paid.

RISK FACTORS

An investment in our Shares involves risks. Prospective investors should carefully consider and evaluate each of the following considerations (which are not intended to be exhaustive) and all other information set forth in this Prospectus before deciding to invest in our Shares. Certain of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution or sale of our Shares.

If any of the following considerations, uncertainties or material risks develop into actual events, our business, financial condition or results of operations could be materially and adversely affected. In such case, the market price of our Shares could decline due to any of these considerations, and you may lose all or part of your investment in our Shares.

A decline in the level of investment activities in Singapore may affect our business volume

We work mainly with manufacturers who invest in sophisticated machinery and equipment for their business operation. These machinery and equipment need to be installed at their premises and are relocated whenever their operational base is shifted, either to another part of the same country when their current premises prove inadequate due to expansion of production capacity or to another country for strategic reasons. As Singapore is currently our main base of operations, our customers usually come to know of us when they are setting up or after they have set up operations in Singapore. If there should be a decline in the level of investment activities in Singapore by companies already in Singapore or due to the lack of new businesses investing in Singapore, our volume of business may be adversely affected.

We operate in a business which relies on continued demand for our relocation services

Our relocation business is affected by general economic conditions in Singapore and the regional markets as well as the cyclical nature of the business of some of our customers. Any adverse change in the economic conditions in this region will have a negative impact on our operations. In weak economic conditions or a cyclical downturn, manufacturers may defer the purchase of new machinery and equipment. This will reduce the number and monetary value of relocation projects available for bidding as well as the revenue from the maintenance contracts we have with our customers. As a result, our revenue will be adversely affected.

In addition, we believe that our customers face intense competition in their industries globally and may have to relocate out of Singapore for strategic reasons. Should they relocate to countries where we do not have a presence now or in the future, we will lose their project and/or maintenance contract businesses and accordingly, our business and financial position will be adversely affected.

We are vulnerable to revenue volatility if we fail to secure relocation projects mainly through the competitive process of invited, negotiated and open tenders

In our business, revenue is primarily generated by way of projects secured mainly through the competitive process of invited, negotiated and open tenders. We also derive revenue from annual maintenance contracts we sign with some customers. Such contracts however do not guarantee a minimum amount of revenue to be earned annually during the life of the contract as it is dependent on the volume of repositioning activities required of us. Our revenue may fluctuate significantly from year to year depending on the number of projects and the value of projects successfully secured by us, as well as the revenue generated by the maintenance contracts we have with several customers. The number of projects secured and the revenue generated from the maintenance contracts may bear no correlation from one year to another, and this is the inherent risk to which companies in our industry are generally subject to. As such we are vulnerable to revenue volatility, and if we fail to secure projects through the competitive process of invited, negotiated and open tenders, our revenue and profitability would be adversely affected.

RISK FACTORS

We are exposed to potential liability arising from damage to property and injury or death to personnel

Due to the nature of our operations, our employees or third parties may be involved in accidents on our or third parties' premises or vehicles. These accidents may occur as a result of traffic accidents, fire, or other material handling incidents which may result in injury or death, or damage to property or vehicles.

There is no assurance that accidents resulting in injury to persons, death or damage to property or vehicles will not arise even though we comply with the safety requirements under the Factories Act (Chapter 104). We may be liable, whether contractually or under the law, for any or all of such loss or damage or injury or loss of life. In the event that our insurance policies do not adequately cover our liabilities arising from an accident, we would be liable for the claims that are in excess of our insurance coverage and this will adversely affect our financial performance and position.

In our industry, disputes may arise between customers and ourselves for various reasons including damage to customers' machinery or equipment, omissions or ambiguities in the contract documentation, inadequate or unsatisfactory level of services provided and general non-adherence to the contract specifications. There can be no assurance such disputes will not occur in our business and any such disputes or claims may result in undue delays in payment by our customers or in protracted litigation, which may have a negative impact on our working capital position. This may in turn have a material negative impact on our Group's financial performance.

In addition, we, our contractors and sub-contractors have under certain contracts waived or limited our mutual right of claim or recovery against each other in respect of any loss of or damage to our vehicles, property or equipment, economic loss suffered by us, injuries to or death of any persons arising out of any act, omission or default on the part of our contractors or sub-contractors. We may also enter into similar contracts with our customers waiving or limiting our mutual right of claim or recovery against each other. In such situations, in the event that there is any loss or damage suffered by us and we are unable to claim or claim in full against our insurers or any third party for such loss or damage, our results of operations will be adversely affected.

We may also be exposed to liabilities for accidents occurring to workers hired by our contractors. Firstly, the contractors may not have provided adequate insurance cover for their workers deployed to our projects and vehicles. Secondly, the compensation payable to such workers resulting from any accident may exceed the amount covered by our extended insurance coverage which includes workers of contractors. If we are required to pay any compensation to such workers, our financial performance will be adversely affected.

The industry we operate in is highly competitive

We believe that the logistics services industry is highly competitive and we expect to face increased competition from existing players in the transportation and freight forwarding sector of the logistics industry and any new entrants into the market. We believe that most transportation and freight forwarding companies already have general purpose trucks and manpower and they may hire or purchase specialized material handling equipment and vehicles such as air cushioned trailers to bid for relocation projects against us. We cannot assure you that we will be able to continue competing successfully with such competitors.

As some of these companies are larger players in the logistics industry, they may have greater resources to keep abreast of technological changes, bigger vehicular fleets, longer operating histories and greater financial, technical, marketing and other resources, as well as wider access to capital. They may therefore be able to compete more successfully over a longer period of time. Should our existing or new competitors offer services at a lower cost or engage in aggressive pricing in order to increase market share, our revenue may decline if we are not able to match their lower costs or aggressive pricing. This will have an adverse effect on our business, financial performance and financial condition.

RISK FACTORS

We may also have to provide more competitive pricing in order to retain our existing customers and attract new customers. A reduction in our pricing without any corresponding cost reduction will adversely affect our profitability.

We operate in industries which require us to regularly upgrade our specialised material handling equipment and vehicles and the skills of our manpower to stay competitive

Our specialized material handling equipment and vehicles are used to support our skilled manpower in executing the relocation operations. Some of our customers' machinery and equipment such as those used in the wafer fabrication industry may be bulky, expensive and sensitive to vibration and inclement weather while being moved from one location to another. This may entail the use of vehicles of heavier tonnage and which are equipped with greater capabilities. In the event that our fleet of general purpose and specialized vehicles, material handling equipment and manpower are unable to meet our customers' requirements, we may not be able to compete effectively against our competitors.

To maintain our competitive edge, we may need to regularly upgrade our specialised relocation equipment to match those offered by our competitors. We have to keep abreast of advances in equipment and vehicular construction and relocation techniques, so that we can compete effectively and maintain our market share in our existing niche market of the logistics industry. Our failure to stay ahead of our competitors may adversely affect our business growth which may lead to an adverse impact on our financial performance.

Reduction in business from our major customers will adversely affect our financial results

Our major customers accounted for approximately 70.7%, 54.2% and 74.0% of our revenue for the FY2002, FY2003 and FY2004 respectively. There is no assurance that we will continue to retain these customers and that they will maintain or increase their current level of business with our Group. Any significant reduction in demand for our services from any of these customers or the termination or non-renewal of our existing contracts with them will adversely affect our business, financial condition and results of operations. Please refer to the section entitled "Major Customers" beginning on page 60 of this Prospectus for more details of our major customers.

Our operations will be adversely affected if there is any significant downtime of vehicles or equipment

Any prolonged and significant downtime of our vehicles or equipment caused by unforeseen circumstances, such as accidents, may cause major disruptions to our operations. This may be so when we operate at or close to maximum capacity and such vehicles or equipment have to be sent for extensive repairs instead of being utilised for operations. While we have not experienced any such prolonged and significant downtime of our vehicles or equipment in the past, there is no assurance that this will not happen in the future. In the event we are affected by such prolonged and significant downtime of our vehicles or equipment, our operations and financial performance will be adversely affected.

We may be liable for loss or damage to customers' property stored in our premises

As part of our service to our customers, we provide warehousing facilities to store the materials, machinery and equipment of our customers. In such circumstances we are responsible for the safety of these materials, machinery and equipment. In the event that there is any loss of or damage to such materials, equipment and machinery, we may be liable for the loss or damage. In such event, if the loss or damage is significant and our insurance does not or is inadequate to cover such loss or damage, we may have to compensate our customers for any such loss or damage. Consequently our financial position may be adversely affected.

RISK FACTORS

We are dependent on skilled local and foreign workers

To ensure our continued success, we rely on skilled local and foreign workers. We need to hire, train, motivate, retain and manage employees who are skilled in our machinery and equipment relocation operations. In the event that we are not able to continue to recruit workers from the Singapore workforce and there is a disruption in the supply of workers from foreign countries, whether by reason of regulatory changes in these countries, or health quarantine imposed as a result of disease outbreaks, we may have to seek alternate sources of skilled labour. In the event that we are not successful in obtaining an alternative supply of labour, our business will be disrupted and our financial performance may be adversely affected.

Labour costs account for a significant portion of our total operational costs. In FY2004, it accounted for approximately 39.0% of our Group's total costs. In the event there is an increase in labour costs, our financial performance may also be adversely affected.

We need to successfully manage our expansion

Our future operating results will depend on our management's ability to manage our growth, including recruiting and retaining qualified employees, controlling costs and expanding our fleet of general purpose and specialized vehicles, material handling equipment and storage facilities, and optimizing their utilization rate.

We operate in a capital-intensive industry and the further expansion of our business requires significant additional capital. As part of our future plans, we intend to increase and renew our fleet of vehicles and expand our facilities overseas. Please refer to the section entitled "Prospects, Business Strategy and Future Plans" on page 65 of this Prospectus for more details. Our growth plans are limited by our ability to secure financing which, in turn, may affect our ability to compete effectively in the industry.

There is no assurance that the increased fleet of vehicles and facilities will lead to increase in our profits. In addition, we expect to incur depreciation expense and other expenses in connection with the acquisition of new vehicles or facilities to expand our capacity. Our expansion will also result in an increase in the fixed costs of our operations. Our ability to maintain or increase our profitability will continue to depend, in part, on our ability to generate increasing revenues and to maintain or increase the utilisation rates of our vehicles and facilities. The usage of our expanded fleet of vehicles and facilities, if not effectively managed, may result in the inefficient use of the vehicles and facilities and this may adversely affect our financial performance.

We depend on our key personnel for our business and its continued growth and success

Our continued success is dependent on our ability to retain the services of our key management and operational personnel. The loss of their services without adequate replacement or our inability to attract and retain qualified personnel will adversely affect our operations and our ability to grow may be limited. Any loss of our Executive Directors and Executive Officers, for example, Mr Low Weng Fatt, Mr Siah Boon Hock, Mr Yeo Seck Cheong and Mr Cheong Tuck Nang, will adversely affect our profitability and growth as they are instrumental in formulating our corporate strategies and managing our business. We have not purchased any keyman insurance for our Executive Directors and Executive Officers to date.

We are exposed to the credit risks of our customers

We usually extend to our customers credit terms of between 30 to 90 days. Our average debtors aging for the past three financial years ended 31 December 2002, 31 December 2003 and 31 December 2004 were 64 days, 102 days and 57 days respectively. In the event our customers face cash flow problems, it may impair their ability to settle promptly trade debts due to us. This will have an adverse impact on our financial performance and financial position. Please refer to the section entitled "Credit Policy" on page 54 of this Prospectus for details of our credit policy.

RISK FACTORS

We may be affected by foreign exchange fluctuations

A significant portion of our overseas revenue is denominated in US dollars, while our costs are denominated in SGD and RMB. For FY2004, 47.3% of our revenue was denominated in US dollars, 0.3% of our revenue was denominated in RMB, with the rest in Singapore dollars. For the same period 14.2% of our total costs were denominated in RMB while the rest were denominated in SGD.

Our foreign exchange risk arises mainly from the mismatch between the currency of our receipts and payments. To the extent that our receipts and payments are not matched in the same currency, we may be susceptible to foreign exchange exposure. For example, any significant depreciation in the foreign exchange rate of the US\$ against the S\$ could result in us incurring net foreign exchange losses. Hence should there be any significant adverse fluctuation in the exchange rate of the S\$ against the US\$, our financial performance will be adversely affected. We currently do not have any formal policy to hedge our foreign currency exchange exposure although we may enter into foreign currency forward contracts, where necessary, to hedge our exposure to foreign currency fluctuations. However, there is no assurance that we will be able to successfully hedge all foreign currency exposures.

As our accounting books and records are recorded in Singapore dollars, any fluctuation in currency exchange rates will also result in exchange gains or losses arising from transactions carried out in foreign currencies as well as translations of foreign currency monetary assets and liabilities as at the balance sheet dates. All resultant exchange differences are dealt with through the profit and loss account.

Please refer to the section entitled “Foreign Exchange Exposure” on page 84 of this Prospectus for more details.

We may require additional funding for our future growth

In view of the changing business requirements and market conditions in the logistics industry, certain business opportunities that can add value to our business may arise from time to time. If such situations arise, we may require additional funding to take advantage of these opportunities. These additional funds may be in the form of bank loans, grants or secondary issue of securities. The timing and quantum of funds required cannot be accurately predicted at this point in time. An issue of Shares or other securities to raise funds will dilute shareholders' equity interests and may, in the case of a rights issue, require additional investments by shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of the Shares then held by an investor. Dilution may occur in shareholdings terms even if the issue of shares is at a premium to the market price. In addition, any additional debt funding may increase our level of borrowings and contain restrictive covenants with respect to dividends, future fund raising exercises and other operational and financial matters. If we are unable to secure additional funds when required to meet our business requirements, we may not be able to fully implement our future plans.

We may be adversely affected by the spread of communicable diseases such as severe acute respiratory syndrome (“SARS”)

We, as well as our customers and suppliers, operate in countries which were affected adversely by SARS. In the event of an outbreak of communicable diseases such as SARS or any new infectious diseases in any of the premises of any of our Group companies or that of our customers, our management and employees may need to be quarantined and we may be required by the relevant health authorities to suspend our operations. Similarly, a disruption in the business and operations of our customers and suppliers through quarantines imposed on their management and employees and the suspension of their operations may result in delays in the implementation of projects already awarded to us, which may have an adverse impact on our business and financial performance.

RISK FACTORS

We are subject to general risks associated with doing businesses outside Singapore

There are risks inherent in doing business overseas. These include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations including collection of receivables, social and political instability, fluctuations in currency exchange rates, longer payment cycles, potentially adverse tax consequences, legal uncertainties regarding our liability and enforcement, cost of compliance with and changes in foreign laws, labour conditions and controls on the repatriation of capital or profits. We presently operate in the PRC and other neighbouring countries and we intend to expand our overseas operations further. Any of the above risks in the countries where we operate can adversely affect our operations there and consequently, our Group's financial performance.

We may be adversely affected by uncertainties in the PRC legal system

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, circulars and directives. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. The promulgation of new laws, regulations, circulars and directives may have an effect on the business and prospects of entities investing and operating in the PRC. Furthermore, as the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances and some of these laws and regulations, and the interpretation, implementation and enforcement thereof, may be subject to changes. In addition, precedents on the interpretation, implementation and enforcement of PRC laws and regulations are limited, and unlike in common law jurisdictions such as Singapore, decisions on precedent cases are not binding on lower courts. As such, the outcome of dispute resolutions may not be as consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain expeditious and equitable enforcement of the laws in the PRC, to obtain enforcement of a foreign judgment by a PRC court, or to obtain enforcement of a PRC judgment by a court of another jurisdiction.

As we currently engage in new projects in the PRC, we may, in the future, be involved in disputes with our PRC customers or suppliers due to, among other things, payment delays or defaults for on-going or future projects. In such cases we may have to resolve our disputes within the PRC legal system using PRC laws.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Our Share price may be volatile which could result in substantial losses for investors purchasing Shares in the Invitation

The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- variations of our operating results;
- changes in securities analysts' estimates of our financial performance;
- announcement by us of significant acquisitions, strategic alliances or joint ventures;
- additions or departure of key personnel;
- fluctuations in stock market prices and volume;
- involvement in litigation;
- general economic and stock market conditions; and
- foreign exchange fluctuations and translations.

RISK FACTORS

Substantial future sale of Shares could adversely affect the market price of our Shares

Immediately following the Invitation, our Company will have 147,100,000 issued and paid-up Shares. Such Shares, except for those under moratorium, may be sold in the public market in Singapore. Any future sale or availability of our Shares in the public market can have a downward pressure on our Share price. The sale of a significant amount of Shares in the public market after the Invitation, or the perception that such sale may occur, could materially and adversely affect the market price of our Shares.

Except as otherwise described under the section entitled “Moratorium” on page 47 of this Prospectus, there will be no restriction on the ability of our Substantial Shareholders to sell their Shares either in the public market or otherwise. If our Substantial Shareholders sell substantial amounts of our Shares in the public market following the expiry of the moratorium, the market price of our Shares could fall.

Control by existing Shareholders may limit your ability to influence the outcome of matters submitted to Shareholders for approval

Upon the completion of the Invitation, our Directors, Substantial Shareholders and their associates will, in the aggregate beneficially own or deemed to be interested in approximately 84.5% of our enlarged share capital after the Invitation assuming the Over-Allotment Option is not exercised. These Shareholders, if acting together, will be able to exercise significant influence over all matters requiring approval by our Shareholders, including the election of Directors and the approval of significant corporate transactions except where they are required by the Rules of the SGX-ST’s Listing Manual to abstain from voting. This concentration of ownership will place them in a position to affect significantly our corporate actions in a manner that could conflict with the interest of public Shareholders or delay or prevent a change in control of the Company or otherwise discourage a potential acquirer from attempting to obtain control of us. Please refer the section entitled “Shareholders” on page 44 of this Prospectus for details of our Substantial Shareholders.

Investors in our Shares are buying our Shares at a price higher than the Adjusted NTA per Share

Our Invitation Price of \$0.20 is substantially higher than our Group’s Adjusted NTA per Share as of 31 December 2004 of 7.20 cents (adjusted for the net proceeds from the Invitation) based on the post-Invitation issued share capital of 147,100,000 Shares. If we were liquidated for NTA immediately following the Invitation, each Shareholder subscribing to the Invitation would receive less than the price they paid for their Shares.

In addition, we intend to grant Shares as an incentive to our employees under the “Chasen Performance Share Plan”. To the extent that such Shares are granted, there will be dilution to our Shareholders. Please refer to the section entitled “Dilution” on page 40 of this Prospectus for more details. Please refer to the section entitled “Chasen Performance Share Plan” and Appendix D beginning on pages 98 and D-1 respectively of this Prospectus for details of the Chasen Performance Share Plan.

DIVIDENDS

Our Company has not paid dividends in FY2002, FY2003 and FY2004. To date, our Company does not have a formal policy for dividend payments. Potential investors should note that past dividend distributions should not be taken as an indication of future dividend distributions. The declaration and payment of dividends will be determined at the sole discretion of our Directors, subject to the approval of our shareholders and section 69 of the Companies Act. Future dividends will be paid by the Company as and when approved by our Directors and shareholders.

Our Company may, by ordinary resolution of our shareholders at a general meeting, declare dividends, but the amount of such dividend shall not exceed the amount recommended by the Directors. The Directors may also declare an interim dividend without seeking shareholders' approval. Our Company must pay all dividends out of our profits or from our share premium account, in accordance with Section 69 of the Companies Act.

Any such dividend payments payable by us in the future will be affected by matters such as the level of our future earnings, results of operations, capital requirements, cashflow, financial conditions, our plans for expansion, general business conditions and other factors, including such legal or contractual restrictions as may apply from time to time or which our Directors may consider appropriate in the interest of our Company. The Directors will consider all these factors ("Dividend Factors") before proposing any dividends. The Directors' policy is to recommend dividends consistent with the Company's overall governing objective of maximizing shareholder value over time.

Our Directors intend to, subject to the Dividend Factors stated above, declare and pay regular dividends on all outstanding Shares. We intend to declare and pay a dividend of not less than 30 per cent. of our net profit after tax to the Shareholders for FY2005 and a dividend of not less than 30 per cent. of our net profit after tax to the Shareholders for FY2006 payable on a semi-annual basis.

The foregoing are statements of our present intentions which may be subject to modification (including the reduction or non-declaration of any dividends) in the sole and absolute discretion of our Directors. The declaration of any future dividend will be subject to the decision of our Directors. The form, frequency and amount of future dividends (if any) on our Shares will depend on our earnings, financial position, results of operations, contractual restrictions, provisions of applicable law and other factors which our Directors may deem relevant.

For more information relating to taxes payable on dividends, please refer to the section entitled "Taxation" beginning on page 107 of this Prospectus.

DILUTION

Dilution is the amount by which the Invitation Price to be paid by subscribers and purchasers of our Shares pursuant to this Invitation exceeds the Adjusted NTA per Share after this Invitation. Our Adjusted NTA per Share as at 31 December 2004, after adjusting for the Bonus Issue, Capitalisation Issue, Sub-division and Share Consolidation but before adjusting for the estimated net proceeds from the Invitation and based on our pre-Invitation issued and paid-up capital of 125,000,000, was 6.09 cents.

Based on 22,100,000 New Shares to be issued pursuant to the Invitation at the Invitation Price of \$0.20 for each Share, after deducting the estimated issue expenses and based on the post-Invitation share capital of 147,100,000 Shares, our Adjusted NTA per Share as at 31 December 2004 would have been 7.20 cents. This represents an immediate increase in the Adjusted NTA per Share of 1.11 cents to our existing Shareholders and an immediate dilution in the Adjusted NTA per Share of 12.80 cents to new investors.

The following table illustrates this per Share dilution:–

	Cents
Invitation Price per Share	20.0
NTA per Share as at 31 December 2004, based on the pre-Invitation issued share capital of 125,000,000 Shares ¹ , as adjusted for the Bonus Issue, Capitalisation Issue, Sub-division and Share Consolidation	6.09
Increase in NTA per Share attributable to existing investors	1.11
NTA per Share after the Invitation, based on post-Invitation issued share capital of 147,100,000 Shares	7.20
Dilution in NTA per Share to new investors	12.80

Note:

- As adjusted for the Bonus Issue, Capitalisation Issue, Sub-division and Share Consolidation and based on the pre-Invitation share capital of 125,000,000 Shares.

The following table summarises the total number of shares held by our existing Shareholders (assuming the Over-Allotment Option is not exercised) and the total number of Shares issued by us, the total consideration paid to us and the average price per Share by our existing Shareholders and our new consideration paid to us and the average price per Share by our existing Shareholders and our new investors pursuant to the Invitation.

	Number of Shares Acquired ('000)	%	Total Consideration (\$'000)	%	Average price per Share (Cents)
Existing Shareholders	125,000,000	85.0	7,500,000	62.9	6.00
New Investors	22,100,000	15.0	4,420,000	37.1	20.0
Total	147,100,000	100.0	11,920,000	100.0	

SHARE CAPITAL AND GROUP STRUCTURE

A description of our share capital is set out below. This description is only a summary and is qualified by reference to our Articles of Association. The relevant Articles of Association of our Company relating to the voting rights of our shareholders are set out in Appendix C of this Prospectus.

SHARE CAPITAL

The Company was incorporated in Singapore under the name of Chasen Logistics Services Pte Ltd on 3 April 1999 as a private limited company. On 26 September 2005, it changed its name to Chasen Logistics Services Limited in connection with the Company's conversion to a public company limited by shares.

As at the date of incorporation, the Company had an authorised share capital of \$1,000,000 comprising 1,000,000 ordinary shares of \$1.00 each and the issued and paid-up share capital of the Company was \$900,000 comprising 900,000 ordinary shares of \$1.00 each.

On 12 April 2005, the authorised share capital of the Company was increased from \$1,000,000 divided into 1,000,000 ordinary shares of \$1.00 each to \$30,000,000 divided into 30,000,000 ordinary shares of \$1.00 each by the creation of an additional 29,000,000 ordinary shares of \$1.00 each.

At an Extraordinary General Meeting held on 27 April 2005, the Shareholders of the Company approved, *inter alia*, the following:—

- (a) the capitalisation of \$6,452,651 out of our retained profits by way of a bonus issue of 6,452,651 ordinary shares of \$1.00 each fully paid to the Shareholders of our Company ("Bonus Issue");
- (b) the allotment and issue of 147,349 ordinary shares of \$1.00 each to Yeo Seck Cheong as repayment of a loan advanced to a Subsidiary in the amount of S\$147,349 by Yeo Seck Cheong ("Capitalisation Issue").

Therefore, as at 27 April 2005, the authorised share capital of the Company was \$30,000,000 and the issued and paid-up capital of the Company was \$7,500,000 divided into 7,500,000 ordinary shares of \$1.00 each.

At an Extraordinary General Meeting held on 21 September 2005 the Shareholders of the Company approved, *inter alia*, the following:—

- (a) the sub-division of one share of \$1.00 each in the authorised and issued and paid-up share capital of the Company into 50 shares of \$0.02 each ("Sub-division");
- (b) the consolidation of three ordinary shares of \$0.02 each in the authorized as well as our issued share capital into 1 ordinary share of \$0.06 each (the "Share Consolidation");
- (c) the conversion of the Company into a public limited company;
- (d) the change of its name to "Chasen Logistics Services Limited";
- (e) the adoption of a new set of Articles of Association of the Company;
- (f) the issue of 22,100,000 New Shares which are subject to the Invitation and which when fully paid-up will rank *pari passu* in all respects with the existing Shares of the Company;
- (g) that authority be given pursuant to Section 161 of the Act to the Directors to allot and issue shares and/or convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) in the Company (whether by way of rights, bonus, or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed fifty per cent. (50%) of the issued share capital of the Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent. (20%) of

SHARE CAPITAL AND GROUP STRUCTURE

the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of any convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of shares), and unless revoked or varied by the Company in general meeting and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and

(h) the adoption of the Plan.

As at the date of this Prospectus, there is only one class of shares being ordinary shares of \$0.06 each. There are no founder, management or deferred shares. The rights and privileges attached to the shares are as stated in the Articles of Association of the Company.

As at the date of lodgment of this Prospectus, our authorised share capital is \$30,000,000 consisting of 500,000,000 Shares of \$0.06 each and our issued and fully paid-up share capital is approximately \$7,500,000 consisting of 125,000,000 Shares. Upon completion of the Invitation, our issued and paid-up share capital will increase to approximately \$8,826,000 comprising 147,100,000 Shares.

Details of the changes in the issued and paid-up share capital of our Company within the three years preceding the date of lodgement of this Prospectus and the resultant issued and paid-up share capital immediately after the Invitation are set out below:–

Purpose of issue	Par Value (\$)	Number of Shares	Resultant issued share capital (\$)
Issued and fully paid ordinary shares of \$1.00 each as at 31 December 2004	1.00	900,000	900,000
Bonus Issue	1.00	6,452,651	6,452,651
Capitalisation Issue	1.00	147,349	147,349
		7,500,000	7,500,000
Sub-division	0.02	375,000,000	7,500,000
Share Consolidation	0.06	125,000,000	7,500,000
Pre-Invitation share capital	0.06	125,000,000	7,500,000
New Shares to be issued for public subscription	0.06	22,100,000	1,326,000
Post-Invitation share capital		147,100,000	8,826,000

SHARE CAPITAL AND GROUP STRUCTURE

The authorised share capital and Shareholders' funds as at 31 December 2004, as at 21 September 2005 and after the Invitation are set out below.

	As at 31 December 2004 (\$)	As at 21 September 2005 after the Bonus Issue, Capitalisation Issue, Sub-division and Share Consolidation (\$)	After Invitation (\$)
Authorised Share Capital			
Ordinary shares of \$1.00 each	1,000,000	—	—
Ordinary shares of \$0.06 each	—	30,000,000	30,000,000
Issued Share Capital			
Ordinary shares of \$1.00 each	900,000	—	—
Ordinary shares of \$0.06 each	—	7,500,000	8,826,000
Shareholders' Equity			
Share Capital	900,000	7,500,000	8,826,000
Share Premium	—	—	1,654,000
Translation reserve	(70,000)	(70,000)	(70,000)
Retained Profits	6,633,003	180,352	180,352
Total Shareholders' Equity	7,463,003	7,610,352	10,590,352

The rights and privileges of these Shares are stated in our Articles of Association.

SHARE CAPITAL AND GROUP STRUCTURE

SHAREHOLDERS

Our Shareholders and their respective shareholdings immediately prior to and after the Invitation are set out below. The figures in the table with the exercise of the Over-Allotment Option assume the exercise of the Over-Allotment Option in full.

	Before the Invitation				After the Invitation (without Over-Allotment)				After the Invitation (with Over-Allotment)			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors												
Low Weng Fatt	50,437,500	40.3	—	—	50,437,500	34.3	—	—	50,437,500	34.3	—	—
Siah Boon Hock	10,625,000	8.5	—	—	10,625,000	7.2	—	—	10,625,000	7.2	—	—
Yap Koon Bee @ Louis Yap ¹	39,875,000	31.9	—	—	38,975,000	26.5	—	—	35,525,000	24.2	—	—
Yong Kwet Leong ²	—	—	—	—	100,000	0.1	—	—	100,000	0.1	—	—
Ng Jwee Phuan @ Frederick (Eric) ²	—	—	—	—	100,000	0.1	—	—	100,000	0.1	—	—
Substantial Shareholder												
Yeo Seck Cheong	18,750,000	15.0	—	—	18,750,000	12.7	—	—	18,750,000	12.7	—	—
Other Shareholder												
Cheong Tuck Nang	5,312,500	4.3	—	—	5,312,500	3.6	—	—	5,312,500	3.6	—	—
Public	—	—	—	—	22,800,000	15.5	—	—	26,250,000	17.8	—	—
Total	125,000,000	100.00			147,100,000	100.00			147,100,000	100.00		

Notes:—

- Yap Koon Bee @ Louis Yap has granted to the Stabilising Manager an Over-Allotment Option to purchase and/or procure purchasers for up to an aggregate of 3,450,000 Additional Shares at the Invitation Price, exercisable in full or in part within 30 days upon the commencement of dealing of our Shares on the SGX-SESDAQ solely for the purpose of covering over-allotment (if any) made in connection with the Invitation.
- Each Independent Director will be allocated 100,000 Reserved Shares. If an Independent Director subscribes for the said Reserved Shares, he may dispose of or transfer all or part of his shareholdings in our Company after our admission to the Official List of the SGX-SESDAQ.

SHARE CAPITAL AND GROUP STRUCTURE

There is only one class of shares in the capital of our Company being ordinary shares, and our Articles of Association provide for all ordinary shares to have the same voting rights.

Our Executive Director and Substantial Shareholder, Siah Boon Hock, is the son-in-law of our non-Executive Director and Controlling Shareholder, Yap Koon Bee @ Louis Yap, who is also the father of our Administration Manager, Yap Beng Geok Dorothy and an Operations Supervisor in the Company, Yap Beng Huat David, and the father-in-law of our Shareholder and General Manager (Regional Operations), Cheong Tuck Nang. The father of Cheong Tuck Nang, Cheong Pang @ Cheong Yew Pung, is employed by the Company as a general worker.

Save as disclosed above, none of our Executive Officers and employees holds 5% or more of the post-Invitation and paid-up capital of our Company nor are they related to any Directors or Substantial Shareholders of our Company.

Our Substantial Shareholders do not have different voting rights from other shareholders of the Company.

On 28 April 2005, Low Weng Fatt transferred 919,512, 637,500, and 318,750 shares in the Company of \$1.00 each in favour of, Yeo Seck Cheong, Siah Boon Hock and Cheong Tuck Nang respectively, in recognition of their past and continuing contributions to the Group. On 28 April 2005, Yap Koon Bee @ Louis Yap also transferred 58,139 shares in the Company of \$1.00 each to Yeo Seck Cheong in recognition of his past and continuing contributions to the Group ("Transfer").

There is no known arrangement, the operation of which, may, at a subsequent date, result in a change in the control of the Company.

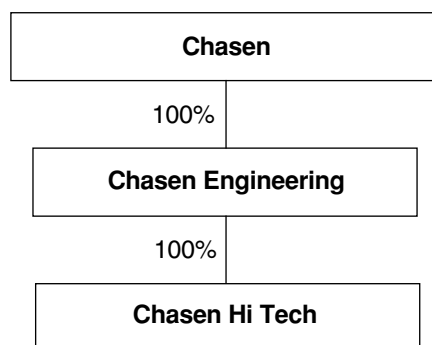
Save as disclosed above, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly.

The changes in the percentage of ownership of our Company held by our Directors and Shareholders in the last three years and as at the date of this Prospectus after the Bonus Issue, Capitalisation Issue, Transfer, Sub-Division and Share Consolidation are as follows:—

Name	As at 31 December 2002, 2003 and 2004		After Bonus Issue		After Capitalisation Issue		As at date of Prospectus (after Transfer, Sub-Division and Share Consolidation)	
	Number of shares of \$1.00 each	%	Number of shares of \$1.00 each	%	Number of Shares of \$1.00 each	%	Number of Shares	%
Directors								
Low Weng Fatt	600,030	66.7	4,902,012	66.7	4,902,012	65.3	50,437,500	40.3
Siah Boon Hock	—	—	—	—	—	—	10,625,000	8.5
Yap Koon Bee @ Louis Yap	299,970	33.3	2,450,639	33.3	2,450,639	32.7	39,875,000	31.9
Substantial Shareholder								
Yeo Seck Cheong	—	—	—	—	147,349	2.0	18,750,000	15.0
Other Shareholder								
Cheong Tuck Nang	—	—	—	—	—	—	5,312,500	4.3

SHARE CAPITAL AND GROUP STRUCTURE

As at the date of this Prospectus, the structure of our Group is as shown below:–



Name of Company and its principal place of business	Date and place of incorporation	Issued and paid up/ Authorised or Registered capital	Effective percentage held by the Company (%)	Principal activities
Chasen Logistics Services Limited	3 April 1999 Singapore	\$7,500,000/ \$30,000,000	—	Relocation services, packing services, warehousing and related services
Chasen Logistics & Engineering Services Pte Ltd	31 January 2004 Singapore	\$100/ \$3,000,000	100.0	Investment holding company
Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd	10 March 2004 PRC	US\$1,000,000 (paid-up capital) US\$4,010,000 (registered capital)	100.0	General activities relating to high value machinery and equipment

None of our Directors or Substantial Shareholders or any of their associates has any direct interest in any of our Subsidiaries.

MORATORIUM

To demonstrate their commitment to our Group, our Managing Director, Low Weng Fatt, our Executive Director, Siah Boon Hock, our non-Executive Director, Yap Koon Bee @ Louis Yap, our Controlling Shareholder, Yeo Seck Cheong and our Shareholder, Cheong Tuck Nang, who in aggregate hold 124,100,000 Shares, representing 84.4% of our Company's issued and paid-up share capital immediately after the Invitation (assuming the Over-Allotment Option is not exercised), have given contractual undertakings to the Manager:—

- (a) not to sell, realise, transfer or otherwise dispose of any part of their respective shareholdings in our Company immediately after the Invitation for a period of 6 months ("Initial Period") commencing from the date of admission of our Company to the Official List of the SGX-SESDAQ ("Listing Date"); and
- (b) for a period of 6 months after the Initial Period, not to reduce their individual shareholdings to below 50% of their respective shareholdings in our Company as at the Listing Date.

The above moratorium does not apply to disposals or transfers of any Shares by the Vendor that are the subject of the exercise of the Over-Allotment Option or to be borrowed in accordance with the Share Lending Agreement.

VENDOR

The name of the Vendor and the number of Vendor Shares which the Vendor will offer pursuant to the Invitation are set out below:–

Assuming the Over-Allotment Option is not exercised:

Name/Relationship with our Group	Shares held immediately before the Invitation		Vendor Shares offered pursuant to the Invitation		Shares held after the Invitation	
	Number of Shares	% of pre-Invitation share capital	Number of Vendor Shares	% of pre-Invitation share capital	Number of Shares	% of post-Invitation share capital
Yap Koon Bee @ Louis Yap/ Non-Executive Director and Controlling Shareholder	39,875,000	31.9	900,000	0.7	38,975,000	26.5

Assuming the Over-Allotment Option is exercised in full:

Name/Relationship with our Group	Shares held immediately before the Invitation		Vendor Shares (including Additional Shares) offered pursuant to the Invitation and the exercise of the Over-Allotment Option		Shares held after the Invitation	
	Number of Shares	% of pre-Invitation share capital	Number of Vendor Shares (including Additional Shares)	% of pre-Invitation share capital	Number of Shares	% of post-Invitation share capital
Yap Koon Bee @ Louis Yap/ Non-Executive Director and Controlling Shareholder	39,875,000	31.9	4,350,000	3.5	35,525,000	24.2

HISTORY

We are a logistics service provider, specialising in the provision of machinery and equipment relocation solutions to multinational and other corporations in the region for the relocation of their costly and sensitive machinery and equipment.

The history of our business began in 1995, when Mr Yap Koon Bee formed a partnership, Chasen Logistics Services, with two other partners to supply labour for the stuffing and unstuffing of containers, packing and warehousing. Mr Yap has been involved in the business of labour supply as well as transport and warehousing since the 1960s.

In 1996, our Managing Director, Mr Low Weng Fatt joined Chasen Logistics Services as a project manager and expanded the scope of the business from only the supply of labour to moving equipment for companies that were relocating to, within and out of Singapore.

In 1999 the business was incorporated as Chasen Logistics Services Pte Ltd to carry on the business of Chasen Logistics Services, and the partnership dissolved. Mr Low Weng Fatt assumed the position of Managing Director in 2001 and we discontinued the labour supply business to focus on the business of moving machinery and equipment for manufacturing companies and other businesses setting up operations in Singapore, relocating to new premises within Singapore as well as those moving their operations out of Singapore.

We began to build our operational capability by (1) acquiring a fleet of general and specialised trucks to convey the equipment that were being relocated, (2) purchasing specialist material handling tools and equipment to improve the efficiency of our operation and to meet the needs of the increasingly sophisticated equipment being moved and (3) providing warehousing facilities to customers.

Today we own a fleet of four air suspension trailers with roller system that would cushion the sensitive equipment of our customers against the unevenness of the roads when the equipment are moved from one location to another. We also own five humidity-controlled air-conditioned containers that can be mounted onto the air suspension trailers. In addition we have also purchased specialist material handling tools and equipment to improve the efficiency of our operation and to meet the needs of the increasing sophistication of the equipment being moved. We also train our workers to use these material handling tools effectively to improve their operational productivity.

On 12 June 2001 we were ISO 9001:2000 certified for our Quality Management System and on 10 December 2004 we were certified for consistently maintaining an Occupational Health & Safety Management System in accordance with OHSAS 18001:1999. On 31 December 2004 we were certified under ISO 14001 for our Environmental Management System. In 2003 we extended our business to the PRC by using local subcontractors working under the supervision of our project managers.

In January 2004, Chasen Engineering was set up to explore the prospects of expanding our business operations to the PRC. Chasen Engineering is an investment holding company, which was set up for the purpose of holding all the Group's investments in PRC. We subsequently incorporated Chasen Hi Tech in Shanghai in March 2004, which is currently the main operating company for the relocation business in the PRC.

Our business has progressed over the past several years from general equipment moving to increasing specialisation in relocating highly sensitive equipment such as those in the semiconductor manufacturing, wafer fabrication industries and thin-film transistor LCD manufacturing industries. In addition to relocating equipment for our customers to, within and out of Singapore, we also enter into contracts with leading manufacturers such as Hewlett Packard, TECH Semiconductor, ST Microelectronics and Systems on Silicon Manufacturing Company to maintain a crew of skilled equipment movers at the call of these customers to shift their equipment within their premises whenever such services are needed. With the setting up of our PRC operations, we are now also able to assist customers to relocate their equipment to, within and out of the PRC.

HISTORY

Chasen Logistics Services initially operated from its office in Wallich Building at Wallich Street. The first warehouse which our business used for providing warehousing services was located at Lorong Tukang Lima and as a result of our business expansion, our operations were relocated to our current premises at 18 Jalan Besut in 1996, which we rented. On 1 April 2003, we purchased this property from JTC. The land lease of this property was also renewed for another 21 years from 1 March 2003. Besides our office, our warehouses are also located on these premises. The warehouses are used to store equipment and goods of our customers which are on transit in and out of, or within Singapore.

With specialised skills, tools, equipment and vehicles as well as transit warehouses, our Directors believe our Company has become one of the leading specialist service providers offering specialised machinery and equipment relocation solutions to our customers in Singapore and the region.

On 26 September 2005 we converted our Company from a private limited company to a public limited company for the purpose of this Invitation.

OUR BUSINESS

We are a logistics service provider, specialising in the provision of machinery and equipment relocation solutions to companies moving their operations to, within and out of Singapore and the PRC, as well as from a location outside of Singapore to other countries in the region. We also provide services to our customers for the repositioning of their machinery and equipment within their premises.

OVERVIEW OF OUR BUSINESS

We believe that our Company, which has focused on the machinery and equipment moving aspect of transportation logistics, has a first mover advantage in this market niche. We have not only bid successfully to relocate businesses in, within and out of Singapore, we also have contracts with many of the wafer fabrication facilities in Singapore to handle the internal repositioning of their machinery and equipment. We believe such contracts give us a preferred vendor status when relocation projects are up for bidding. While there are many transport companies in Singapore and many moving companies that handle the relocation of personal effects and office furniture and equipment, we believe that there is only a handful of specialised machinery and equipment moving companies in Singapore. Please refer to the section entitled “Competition” on page 61 of this Prospectus for details of our competition.

We believe that local moving companies in Singapore usually handle only one part of a relocation across national boundaries. That is the ‘inbound’ business when operations are being set up in Singapore or the ‘outbound’ business when operations are being relocated out of Singapore. With the setting up of our PRC operations, our Company is able to handle both the inbound and outbound business of a customer relocating their operations out of Singapore to the PRC and therefore provide door to door turnkey relocation solutions to such customers.

We believe that there are also companies from other countries in the region such as Japan and South Korea seeking to set up operations in the PRC. Our PRC operations enable us to bid for the inbound business of such relocation projects. We are therefore not wholly dependent on the Singapore domestic market for our business.

Principal Activities

Our principal business activities are:–

- A. Relocation services — being the provision of machinery and equipment moving services through projects or maintenance contracts;
- B. Packing services — being the provision of packing services and the supply of packaging and crating materials to our customers; and
- C. Warehousing and Related Services — being the provision of warehousing of customers’ new or replaced machinery and equipment in our premises or open yard prior to installation in the customers’ premises or shipping out of Singapore and land transportation services using specialised conveyance vehicles and material handling equipment.

Our Company is a specialist relocation solutions provider. Our service is to provide specialist manpower equipped with appropriate tools, equipment, material and vehicles to relocate the machinery and equipment used by our customers in their manufacturing or other business operations within their premises, from one location to another within a country, or from one country to another country.

A. Relocation Services

Relocation Projects

The moving of machinery and equipment from one location to another within Singapore and from one country to another, such as from Singapore to the PRC, would be in the form of a project for our Company. Such projects would usually take from a few days to a few months from the time the first machine or equipment is moved until the time the project is completed depending on the

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amount of machinery and equipment to be moved and the distance between the point of origination to the point of discharge.

Inbound business — For new businesses or manufacturing operations being set up in Singapore and any of the countries where we have operations, our service is usually provided from the time the machinery and equipment arrive at the local airport or seaport until the time they are correctly positioned at the premises where the machinery and equipment are to be installed. Where required, we would also provide specialist technicians and workmen (who may be our own employee or a subcontractor) for laser alignment of production machinery and equipment after they have been correctly positioned in the customers' premises.

With the setting up of our PRC operations, we are also able to offer inbound services to relocate the machinery and equipment of customers originating outside of Singapore, such as Japan or South Korea, to the PRC.

Outbound business — Where operations are being relocated out of Singapore or any other country where we have operations, our service is provided from the time the machinery or equipment is dismantled either by the equipment manufacturer or their agents. We would usually then move the machinery or equipment off the production floor, vacuum pack them into wooden crates, load them onto general or specialised trucks or pack them into containers, depending on the customer's specifications, and transport them to the airport or seaport.

Turnkey business — Where machinery and equipment are to be moved from one location to another within Singapore or any country where we have operations, or from a location in one such country to another, such as from Singapore to the PRC and vice versa, we are able to provide door to door turnkey services to our customers covering both the inbound and outbound services described above.

Repositioning Contracts

In countries where we have established operations, we are able to provide repositioning services to our customers in the form of a 'maintenance' contract covering a period of usually one year. Such maintenance contracts require us to provide the requisite manpower, tools and equipment to reposition or move existing machinery and equipment to a new location within their premises at short notice and at the contracted rates and charges.

We hope that by setting up more overseas operations, we would be able to offer door to door turnkey relocation services and repositioning services throughout the region. Please refer to the section entitled "Business Strategy and Future Plans" beginning on page 66 for more details of this expansion plan.

B. Packing Services

With our experience gained from handling and packing machinery and equipment as part of our relocation solutions for customers, we have acquired the knowledge and ability to pack machinery and equipment according to OEM specifications, which specify the type of packaging and protective material required and the manner in which such machinery and equipment are to be packed.

Therefore, where customers require their machinery and equipment to be packed to such specifications, we would be able to provide such a service. There are also occasions where other logistics companies request us to provide such packing and crating services for their customers' machinery and equipment and we would also do so for them.

OUR BUSINESS

C. Warehousing and Related Services

Warehousing Facilities

At times due to the timing of the shipping schedules, the machinery and equipment that have been moved by us are stored in our warehouse while waiting to be installed in or shipped to their new locations. They may also need to be specially packed and crated in our warehouse prior to shipping to their new location. A similar service is provided for machinery and equipment shipped from abroad to be installed in Singapore or the PRC.

As machinery and equipment especially for manufacturing operations are often bulky and heavy, they cannot be palletised. Hence our warehouses have to be low rise with appropriately constructed floors which allow for access to and within the warehouse by cranes and heavy trucks, in order for such bulky equipments to be moved in and out of storage. We believe that not many warehouses in Singapore provide for such a generous amount of ground floor space, especially given the cost of land here.

Specialised conveyance vehicles, manpower and materials

Currently we own a fleet of four air suspension trailers with roller systems which are able to cushion sensitive equipment of our customers against vibrations caused by the unevenness of roads when the equipment are moved from one location to another. We also own five humidity-controlled air-conditioned containers that can be mounted onto the air suspension trailers. Although these air suspension trailers and air-conditioned containers are usually provided as part of our relocation services to our customers, at times other logistics companies may require the use of such specialized vehicles and equipment. So long as their requirements do not coincide with our project schedules, we would rent out these specialized vehicles and equipment complete with our skilled manpower and material handling tools and equipment, if necessary, to these logistics companies.

Marketing

The marketing of our Group's services in Singapore and the region is handled by Low Weng Fatt and Siah Boon Hock, while the marketing in the PRC is handled by Low Weng Fatt and Yeo Seck Cheong. In FY2004, a substantial portion (58.9%) of our sales were repeat business from long standing customers who value the reliability and quality of our services. We secure new customers through referrals from existing customers as well as from the marketing efforts of our management team, such as placing of advertisements in trade publications, participation in regional trade exhibitions, making direct sales visits to potential customers identified from our knowledge of the market players in these industries, and through personal networking efforts.

Going forward, as the Group expands its geographical base of operations, we intend to hire additional trained and experienced marketing professionals to enhance our market presence and increase our market share in the region to meet the growth objectives of our Group. We also intend to strengthen our corporate presence in growth markets such as the PRC, Malaysia, South Korea and Japan.

We intend to increase our marketing efforts in the PRC by setting up satellite operations and sales offices in major industrial areas throughout the PRC. For countries such as South Korea and Japan where we currently do not have operational bases, we intend to appoint sales agents to tap into the out-bound services market in those countries.

Our marketing efforts are primarily targeted at customers from the electronics, wafer fabrication and thin-film transistor LCD manufacturing industries as well as OEMs.

Please refer to the section entitled "Business Strategy and Future Plans" beginning on page 66 of this Prospectus for more details.

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Credit Policy

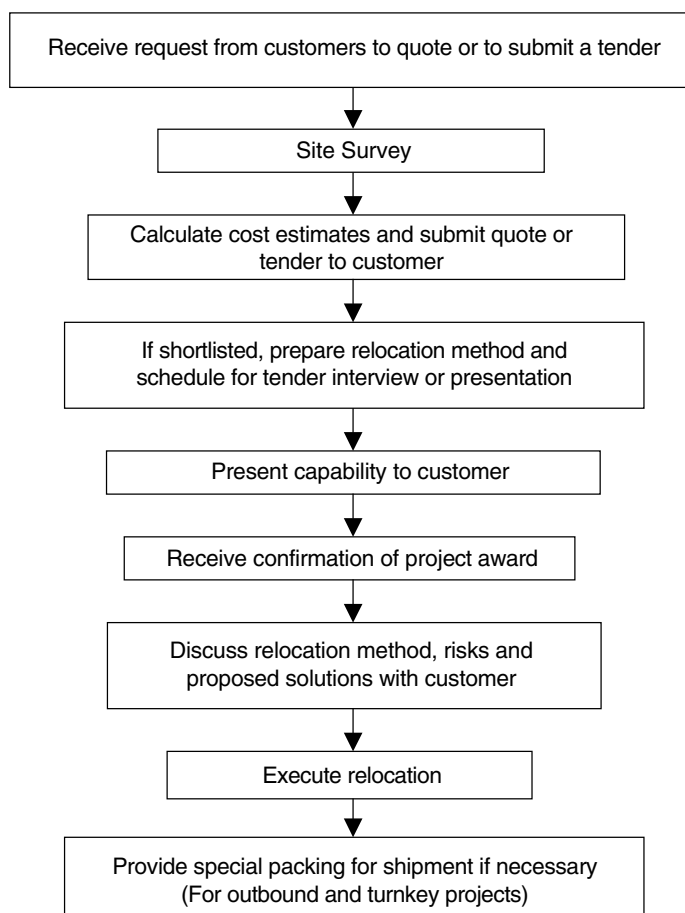
Our sales to existing customers are usually on credit terms ranging from 30 to 90 days. All credit terms granted to customers have to be approved by authorised officers appointed by the Managing Director. Currently, these authorised officers include our Executive Directors and our Financial Controller. For new customers, we typically assess their credit-worthiness by reviewing their financial position through publicly available records and/or our knowledge of their standing in the industry.

For overseas customers, upfront payment through telegraphic transfers prior to our execution of the relocation project is usually required, unless prior approval has been obtained from our Managing Director to grant an exemption from this requirement.

Our debtors' turnover in FY2004 was 57 days. We do not have a policy of maintaining a general provision for doubtful debts. Specific provisions or write-off of outstanding debts will be made if we are of the view that the collectibility of a particular outstanding debt is remote. Efforts will be made through legal action to recover any bad debts before such debts are written off.

Operation Process

Customers who use our relocation services are usually manufacturers (1) setting up their operations in Singapore or other countries where we have established operations (inbound) or (2) those who are relocating their manufacturing operations in another location within Singapore or PRC (door to door turnkey) or (3) those who are relocating their operations out of Singapore or other countries where we have established operations (outbound). The general operational process of an outbound or inbound project is set out in the diagram below. Door to door turnkey relocation projects involve both inbound and outbound processes.



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QUALITY ASSURANCE/REPAIRS AND MAINTENANCE

We obtained the ISO 9001:2000 Certification in June 2001 for our quality management system in the provision of mover (inclusive of heavy and sensitive machinery), warehousing (inclusive of licence warehousing), import/export and local transportation services. The aforesaid certification is valid until 22 July 2007. In December 2004 we were certified under ISO 14001 for environmental management systems and OHSAS 18001 for occupational health, safety and systems for the abovementioned services. The aforesaid certifications are valid up to 22 July 2007 and 9 December 2007 respectively.

Our Quality Policy

Our staff, from our workers to our management, is trained to provide a high standard of service quality by continually working to improve their job skills, customer satisfaction, communication, and teamwork. Our service model is based on the principle of a dedicated project co-ordinator being the single point of contact for the customer and this person is also responsible for the successful implementation of the project.

The quality of our service is determined by the efficiency in which our relocation assignments are executed in accordance with the work method and schedule presented to customers for each project; and the level of customer satisfaction as reflected in their response to our post-project customer satisfaction survey.

Our quality policy requires that ongoing training be given to our workforce to maintain and upgrade their skills as well as to motivate them to improve our service quality to customers. The fact that we have been awarded repositioning contracts by several customers resulting in our appointment as preferred vendor in the relocation of their machinery and equipment is testimony to our standard of service quality and the reliability of our service.

Please refer to the section entitled “Staff Training” beginning on page 58 of this Prospectus for more details of our staff training policies.

Repair and maintenance of our vehicles and equipment

As our equipment, including our vehicles, are important elements in the delivery of our services, the maintenance of:-

- (a) our vehicles to ensure their roadworthiness and that they will not break down on the road; and
- (b) our tools and equipment to ensure their accuracy through regular calibration testing

also reflects the quality of our service.

In addition to traffic regulations requiring that all our vehicles to be regularly tested for their roadworthiness prior to renewal of road tax, we have a regular schedule of maintenance for our vehicles at reliable motor workshops to ensure that they do not break down while transporting customers' machinery and equipment during a relocation project. Similarly, we also have a schedule of regular preventive maintenance for our material handling tools and equipment. Measuring equipment are also regularly calibrated as part of the ISO certification requirements to ensure their accuracy at all times.

The Factories Act requires that our hoisting equipment whether stand alone units or attached to vehicles are regularly tested and certified by professional engineers registered with the Ministry of Manpower to be capable of safely hoisting the load for which they were manufactured and that their load capacity is correctly labelled on the hoisting equipment.

RESEARCH AND DEVELOPMENT

We do not conduct research and development as it is not in the nature of our business to engage in research and development activities.

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INTELLECTUAL PROPERTY RIGHTS

Other than disclosed below, we currently do not use or own any other patents, trade marks or intellectual property which are material to our business.

Trade marks owned by our Group

Our Company is in the process of applying for registration of the following trade marks. The countries in which our Company has applied for trade mark application are: Hong Kong Special Administrative Region of China ("Hong Kong"), Malaysia and Singapore.

Trade mark	Classes	Status
	39 ¹	Application pending registration ²
Chasen	39 ¹	Application pending registration ²

(1) Class 39 covers transportation services; delivery of goods; shipping of goods; packaging and storage of goods; warehousing and storage services; delivery and distribution (transport) services; logistics (transport) services; rental of vehicles and storage containers; loading and unloading of cargoes; crating of goods.

(2) For Singapore and Malaysia only. The trade mark has been registered in Hong Kong with effect from 25 August 2005.

INSURANCE

As we are involved in the transportation of goods, we are responsible for the loss of or damage to goods when such loss or damage occurs while the goods in question are in our possession, custody or control. We may also be responsible for any bodily injury that occurs during the course of our business and we are exposed to the risk of loss or damage to our machinery and equipment. In view of the above, we have undertaken various insurance policies including:—

- Erection all risks insurance — for loss or damage to goods held in care, custody and control by us, loss or damage to goods, machinery or equipment and accidental bodily injury or illness or accidental loss or damage to property of third party;
- Fire insurances — for bodily injury or damage to goods, machinery, equipment or building due to fire and/or explosion at our premises;
- Burglary insurance — for loss or damage to properties due to theft (forcible and violent entry) occurring in our premises and any attempt thereat;
- Plant All Risks insurance — for sudden and unforeseen loss of or physical damage to some of our machinery;
- Public Liability insurance — for bodily injury and/or property damage which arise out of negligence in the use and operation of our vehicles;
- Comprehensive as well as Third Party Fire and Theft Commercial Motor Vehicles insurance; and
- Workmen's Compensation.

Our Directors believe that we have adequate insurance coverage for our business requirements.

GOVERNMENT LICENCES AND REGULATIONS

Our Company and our Subsidiaries have all the necessary licences to carry out our businesses in the relevant jurisdictions.

Apart from laws and regulations that are of general application in the jurisdictions in which our Group carries on business and operations, we are subject to specific laws as set out in the following paragraphs.

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Singapore

Road Traffic Act (Cap. 276) and Parking Places Act (Cap. 214)

We are required to obtain vehicle licences from the Land Transport Authority of Singapore (“LTA”) for each of our vehicles. For heavy vehicles such as heavy goods vehicles or trailers or container trailers or low loaders or flat-bed trailers with a maximum laden weight exceeding 5,000 kilograms and mobile cranes or recovery vehicles with a maximum unladen weight exceeding 2,500 kilograms, they will also have to obtain valid licences to operate private parking spaces issued by the Superintendent of Car Parks, prior to obtaining valid vehicular licences. These licences are valid for a period of either 6 or 12 months and applications for fresh licences will have to be made before the former’s expiry dates. We are also required to obtain, for each of our vehicles, test certificates that are issued by the Registrar of Vehicles upon satisfactory inspection of the vehicles’ conditions.

Factories Act (Cap. 104)

We are required to register our premises at 18 Jalan Besut Singapore with the Chief Inspector of Factories in order to be issued with a factory permit. Our current permit expires on 30 June 2006. The renewal of such permits is automatic upon payment of a prescribed fee. We are also required to obtain certificates from registered professional engineers authorized by the Chief Inspector, evidencing the testing and examination of each of our hoisting equipment and lifting equipment. We are also required to subject each of our hoisting equipment and lifting equipment to thorough examination by such inspectors once every 12 months.

Telecommunications Act (Cap. 323)

We are required to obtain a licence issued by the Director-General (Telecoms) of the Info-communications Development Authority of Singapore, to establish, install and operate our multi-channel, localised private network. This licence was granted to us on 5 March 2004 and was renewed on 2 March 2005. The current licence expires on 31 March 2006.

Electricity Act (Cap. 89A)

We are required to obtain a licence issued by the Energy Market Authority to use and operate our electrical installation at our factory. This licence is renewed yearly by our licenced electrical engineer on our behalf. The current licence expires on 30 May 2006.

The People’s Republic of China

Chasen Hi Tech is a wholly foreign owned enterprise (“WFOE”) established in Shanghai. WFOEs are governed by the Law of the People’s Republic of China Concerning Enterprises with Sole Foreign Investments, which was promulgated on 12 April 1986 and amended on 31 October 2000, and its Implementation Regulations promulgated on 12 December 2001. Accordingly, we are required to obtain the Approval Certificate for Establishment of Enterprises with Foreign Investment in the People’s Republic of China from the Shanghai Municipal People’s Government, the Enterprise Legal Person Business Licence from the Shanghai Municipal Administrative Bureau for Industry and Commerce and the Foreign Exchange Registration Certificate from the State Administration for Foreign Exchange, Shanghai Branch.

In addition, in the PRC, we are required to obtain the Financial Registration Certificate from the Shanghai Municipal Treasure Bureau, the Statistics Registration Certificate from the Shanghai Municipal Statistics Bureau, the Taxation Registration Certificate from the Shanghai Municipal State Tax Bureau and the Taxation Registration Certificate from the Shanghai Municipal Local Tax Bureau.

For our relocation operations in the PRC, we are also required to obtain the Organizational Institution Entity Code Certificate from the Shanghai Municipal Administration for Quality & Technology

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Supervision pursuant to the Administration on Code of Enterprises and Government Units (《企业事业单位和社会团体代码管理办法》) promulgated by State Administration for Quality & Technology Supervision on July 13, 1993.

We have obtained all of the above-mentioned certificates and licences and as at the Latest Practicable Date, these certificates and licences are valid. Our Directors are not aware of any reason that would cause any of our licences to be revoked.

Save as otherwise disclosed in this Prospectus, we are currently unaware of any statutory or regulatory provisions that will have a material effect on our business operations.

PROPERTIES AND FIXED ASSETS

Immovable Property

As at the Latest Practicable Date, the Group owns the following properties:—

Location	Land Area (sq m)	Tenure	Use
18/18A Jalan Besut, Singapore 619571	9,396	21 years with effect from 1 March 2003	Office and warehouse

The Group currently leases the following properties:—

Location	Floor Area (sq m)	Tenure	Use
No. 92 Lane 3740 Huaning Road, Minhang District, Shanghai, PRC	1,400	5 years commencing from 1 September 2004 with an option to renew for a further 5 years	Office and warehouse

Fixed Assets

Apart from the immovable property set out above, our other fixed assets comprise motor vehicles, assets on board motor vehicles and trucks, plant and machinery, renovation, furniture and fittings, office equipment and computers. The aggregate net book value of these other fixed assets as at 31 December 2004 amounted to approximately \$2.21 million.

Save as disclosed above, all our fixed assets were owned by the Group and are not subject to any regulatory requirement that may affect the Group's utilisation of the fixed asset.

STAFF TRAINING

We believe that employees at all levels of appointments should be provided with sufficient instructions and guidance to enable them to perform their present job efficiently and to prepare themselves for future jobs within the Company. Our training policy aims to fully develop the potential of each and every employee through the provision of adequate opportunities and facilities within and outside the Company to improve the employee's knowledge and skill.

Our recruitment policy is to hire persons who have been trained institutionally or on the job to be placed in jobs most suited to their ability. This also applies to foreign workers especially those hired to drive heavy vehicles with lifting equipment. Certified specialist training that our employees go through include formal training for the Signalman/Rigger Certificate, Lifting Supervisor Certificate and Ministry of Manpower/Port of Singapore Authority Certificate for Forklift Drivers and Safety Protocol Class I Mover training conducted by us and by our customers with Clean Room facilities. Our supervisors are usually those who have undergone supervisory and leadership training at our local training institutions or who

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have been promoted from the ranks of experienced Movers whom we may send for specialist training such as the Safety Instruction Course for Lifting Supervisors conducted by the Ministry of Manpower Singapore.

New employees are formally orientated to the requirements of our business and trained to use tools and equipment specific to the industry or customer whose machinery and equipment they would be relocating. This is to ensure that our Company's resources are effectively utilized and the relocation assignment is efficiently conducted without damage to our customers' property and with minimal disruption to the customers' operations.

Other staff of our Group attend external courses which are related to their jobs as part of their training and career development. Such training includes courses in information technology, work safety, quality control, supervisory skills, and marketing.

The amount of expenditure incurred in relation to training of staff externally for the last three financial years has not been significant relative to our turnover.

Precautionary Measures and Contingency Plans in relation to SARS

We have put in place various precautionary measures as well as contingency plans to ensure that our operational activities are not disrupted in the event of a Severe Acute Respiratory Syndrome (SARS) outbreak.

Our employees have been educated on the seriousness of SARS and the requisite preventive measures and hygiene practices. Our workers' familiarity with the requirements of the Clean Room operations of our some of our customers has made general personal cleanliness practices a daily work habit for them. If any employee has been in close contact with any person who is infected with the SARS virus or has been to SARS-affected countries, he is to inform his supervisor or department head immediately. Such an employee will be monitored closely and if he develops any of the symptoms of SARS, he will be sent to the Company-appointed doctor for a medical check up.

In the event of a SARS outbreak, we will request our customers to inform us of their contingency plans and ensure our employees comply fully with them. We will also require employees of our suppliers to comply with our SARS preventive measures and hygiene practices when they visit our premises.

MAJOR SUPPLIERS

The suppliers accounting for 5% or more of the Group's purchases during each of the past three financial years are as follows:—

Supplier	Nature of products/ services	Percentage of Total Purchases (%)		
		FY2002	FY2003	FY2004
Brosea Pte Ltd	Provision of material handling products	—	—	6.94
Dextrans Worldwide Pte Ltd	Freight forwarding services	—	8.18	0.05
Eng Lee Logistics Pte Ltd	Trucking services	9.27	6.89	7.82
Lim Bok Teck t/a Lim's Timber Trading Co. (Singapore)	Supply of timber	—	9.06	14.68
Moh Seng Cranes Pte Ltd	Crane rental services	6.88	3.70	3.47
Speedmark Air Transportation Pte Ltd	Freight forwarding services	—	1.07	14.82
Tiong Woon Crane and Transport Pte Ltd	Crane rental services	13.86	7.60	2.89

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Our major suppliers include firms who provide trucking services, freight forwarding services, crane rental services for our relocation projects as per our customers' requirements. Our other major suppliers also include companies which provide material handling products for our material handling tools and equipment, and timber supply companies who supply timber used for making crates which is part of our packing services to our customers. We do not enter into fixed terms contracts with our suppliers.

Our major suppliers which individually accounted for 5% or more of our costs of services in FY2002, FY2003 and FY2004 collectively accounted for 30.01%, 36.50% and 50.67% of our costs of services in FY2002, FY2003 and FY2004 respectively.

Brosea Pte Ltd is our supplier for our material handling equipment such as air float systems, which we purchased only in FY2004. Dextrans Worldwide Pte Ltd and Speedmark Air Transportation Pte Ltd are freight forwarding companies which we used on a project basis for different relocation projects. Our purchases from Lim Bok Teck t/a Lim's Timber Trading Co. (Singapore) increased significantly in line with the introduction of our packing services in FY2003 and the increase in revenue from our packing services. Moh Seng Cranes Pte Ltd and Tiong Woon Crane and Transport Pte Ltd are suppliers of heavy lifting crane. In 2003 and 2004, the projects that the company secured did not require such specialist equipment, As such there is significant decrease in purchases from these suppliers.

None of our Directors or Substantial Shareholders has any interest, direct or indirect, in the suppliers mentioned above.

MAJOR CUSTOMERS

Over the years, we have established good working relationships with our diversified base of customers from different industries. The customers who accounted for 5% or more of our turnover in each of the past three financial years are as follows:—

Customer	Percentage of Total Turnover (%)		
	FY2002	FY2003	FY2004
ST Microelectronics Pte Ltd	6.95	20.11	11.13
Hewlett Packard Singapore (Pte) Ltd	17.98	14.76	5.61
Advanced Micro Devices (S) Pte Ltd	—	7.63	1.42
Ellipsiz Singapore Pte Ltd	0.50	0.62	14.03
Carim Korea Co., Ltd	—	—	15.16
Nippon Express (Singapore) Pte Ltd ⁽¹⁾	6.57	3.02	2.06
Nippon Express Co., Ltd ⁽¹⁾	31.40	—	—
M+W Zander (S) Pte Ltd	5.77	2.88	3.21
Kenzone Logistics Pte Ltd	—	5.21	0.17
Sumitrans (Japan) Corporation ⁽²⁾	—	—	21.25
Sumitrans Corporation (S) Pte Ltd ⁽²⁾	1.55	—	—

Note:

⁽¹⁾ Nippon Express (Singapore) Pte Ltd and Nippon Express Co., Ltd are related companies.

⁽²⁾ Sumitrans (Japan) Corporation and Sumitrans Corporation (S) Pte Ltd are related companies.

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Our customers, ST Microelectronics Pte Ltd, Hewlett Packard Singapore (Pte) Ltd, Advanced Micro Devices (S) Pte Ltd, Ellipsiz Singapore Pte Ltd and M+W Zander (S) Pte Ltd, are companies which are in, or which serve, the wafer fabrication industry. Nippon Express (Singapore) Pte Ltd, Nippon Express Co., Ltd, Carim Korea Co., Ltd and Sumitrans (Japan) Corporation are companies which support the thin-film transistor LCD manufacturing industry. The projects for Carim Korea Co. Ltd and Sumitrans (Japan) Corporation were carried out in the PRC, whilst the projects for the other major customers were carried out in Singapore.

None of our Directors or Substantial Shareholders has any interest, direct or indirect, in any of the above customers.

COMPETITION

We believe that the principal competitive factors in the machinery and equipment relocation industry are (1) the availability of trained and experienced movers, (2) the provision of specialized material handling tools and equipment including special user trucks/vehicles and (3) the ability to provide other value-added services and expertise to customers and (4) a good track record in relocating similar machinery or equipment. We believe that although there are many transport companies, freight forwarders and moving companies that handle cross border relocation of personal effects as well as relocation of offices within Singapore, most do not compete against us when we bid for relocation projects involving machinery and equipment. We consider Bee Hup Seng Kinetic Pte Ltd and Liten Logistics Services Pte Ltd to be our main competitors especially in the wafer fabrication industry and for relocation projects. For machinery and equipment relocation projects outside the wafer fabrication industry, we consider Yap Cheng Koon trading as Yap Cheng Koon Engineering and Trading Services to be our main competitor.

Our Directors are not aware of any published statistics on this niche sector of the logistics industry that would enable us to compute our market share in the machinery and equipment relocation business.

We believe that while there are many companies competing in the local logistics industry, not many of them choose to specialize in this niche sector as capital commitment in specialized state-of-the-art vehicles, tools and equipment and a pool of skilled and experienced workforce are required.

Our Directors believe that the long standing business relationship developed between our customers and our management, as well as the experience and expertise of our management and staff in meeting the needs of owners of sophisticated machinery and equipment, such as manufacturers in the wafer fabrication industry, are not easily replicated. We believe that new players in this niche sector of the logistics industry will need to build up a good network of customers, possess an array of specialized tools, equipment and vehicles, and employ a team of well trained and skilled workforce in order to gain entry into a market where customers often rely on established service providers with proven track records of reliability and efficiency to service their relocation needs.

COMPETITIVE STRENGTHS

We believe that the following are our competitive strengths:—

We provide a comprehensive range of relocation services

Our services range from relocation planning and scheduling, risk assessment and relocation management, crating and uncrating, vacuum packing, hoisting/lifting, air suspension conveyance with temperature and humidity control, positioning of machinery in Clean Room environments, engineering surveys, to warehousing of customers' machinery and equipment. We also provide Total Logistics Management to customers, which encompasses warehousing and transportation services such as container haulage, stuffing and unstuffing of containers, documentation clearance, inventory management, and freight forwarding. We also provide materials management services, whereby warehouse floor space is dedicated to store the property of specific customers, with a dedicated team to service each one of them. These services include the planning and scheduling of the movement of

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the items, the procurement of packing materials, kitting and assembly of such items and local delivery or shipment overseas of the final product.

We deliver quality relocation services to our customers

We provide pre-move planning and risk assessment services as well as post-move analysis of scheduling or logistics deficiencies, if any. During the relocation process, we employ the most efficient work method, which has been previously discussed with and approved by the customer, to ensure the smooth and safe packing, handling and transportation of the customer's machinery and equipment.

We own a fleet of well-diversified and state-of-the-art transportation vehicles and material handling tools and equipment

We have our own fleet of transportation vehicles, forklifts and specialized equipment for the handling, packing, movement and delivery of our customers' relocation needs.

We have four 40-footer trailers equipped with air suspension and roller systems for the transportation of sensitive equipment, which are cushioned against vibrations caused by the unevenness of roads. We also own five humidity-controlled air-conditioned containers that can be mounted onto the air suspension trailers.

We use state-of-the-art equipment and tools capable of moving heavy, sensitive and expensive equipment and machinery. We offer a wide range of material handling and transportation equipment to cater to most relocation needs including forklifts with capacities ranging from 2.5 to 16 tonnes, loading /unloading platforms with capacities of 3 to 20 tonnes which have been certified by Professional Engineers, and air bearing pads/rollers with capacities ranging from 6 to 40 tonnes.

We have a dedicated and experienced management team

Our business activities are managed by a dedicated, competent and experienced management team at the Company and Subsidiary levels. Our Managing Director, Mr Low Weng Fatt, Executive Director Mr Siah Boon Hock, General Manager (PRC), Mr Yeo Seck Cheong and General Manager (Regional Operations), Mr Cheong Tuck Nang have between them over 45 years of experience in the logistics industry. In an industry with many operators, Mr Low Weng Fatt first identified, and then repositioned the Company's business from being a supplier of manpower for stuffing and unstuffing of containers, packing and warehousing to the niche market of relocating machinery and equipment to meet the needs of the many manufacturing operations in Singapore.

As industries grew in sophistication using more expensive and sensitive machinery and equipment in their operations, our Managing Director, Mr Low Weng Fatt's ability to anticipate business trends and demands has enabled us to offer the right type of equipment and facilities to customers. We believe this is required by the wafer fabrication industry with its high standards of cleanliness in its operating environment, and customers in this industry require service providers to have the right tools and equipment before they are qualified to tender for a relocation project.

Our Executive Director, Mr Siah Boon Hock, has been in charge of business development in our Company since May 2001. He has been largely responsible for growing our business revenue since joining us. Detecting the trend of not only more Singapore-based business but also businesses based in other countries in the region such as Japan and South Korea relocating their operations to the PRC, Mr Siah, together with our Managing Director, made the decision to expand our business operations to the PRC. This has allowed us to export our relocation capabilities and provide door to door turnkey relocation services to customers relocating to the PRC instead of offering only either the outbound or inbound aspect of a relocation operation, thus overcoming the growth limitation of a purely Singapore-based business.

OUR BUSINESS

Our General Manager (PRC), Mr Yeo Seck Cheong, has been with the Company since October 2000. His experience in the management of relocation projects and customer services made him the most suitable person to head our PRC operations. In the short time since we commenced operations in the PRC, Mr Yeo was instrumental to the successful execution of several relocation projects contributing to 39.1% of the revenue in FY2004. He is tasked with spearheading our Company's expansion of operations in the PRC, to replicate the success of our Singapore operations by tapping the large business potential of our market niche in the logistics industry of the PRC.

We have well-established business relationships with our customers and a proven track record

With the advantage of being amongst the first and few operators in the specialist machinery and equipment relocation market niche of the logistics industry, we have developed long standing relationships with our customers over the years and established a track record of providing quality and reliable services. 58.9% of our revenue is from repeat businesses and our customers are mainly multinational companies such as Hewlett Packard, ST Microelectronics and Sumitrans. Hewlett Packard has been a customer of our Company (including our predecessor, Chasen Logistics Services) since 1996. This is testimony to the well-established business relationships we have developed and maintained with our customers. We believe that through the years we have earned the trust of our customers as a result of the integrity and personalized services of our management, our demonstration of the reliability of our services and our ability to support our customers in the provision of key repositioning services through our maintenance contracts. We believe that our business model and well-established interpersonal relationships with our customers may not be easily replicated.

We have a team of experienced and well-trained Movers

Providing efficient and reliable service in the relocation of machinery and equipment requires a high level of skill and expertise in the workforce. Over the years we have developed a team of Movers, licensed operators and Riggers who are well trained and experienced in the operation of material handling tools and equipment and heavy transportation facilities. Our Movers also understand the operational requirements and demands of the industry, for example the Clean Room environment of wafer fabrication operations, and are adept in meeting such requirements and demands. We have a policy of not using part time employees in our relocation projects.

We believe our workforce has the knowledge and experience to handle most types of machinery or equipment relocation, whether it is for a Clean Room, machine shop or electronic manufacturing facility.

We have preferred vendor status as a result of the maintenance contracts entered into with certain customers

We have entered into maintenance contracts with some of our customers for the repositioning of their machinery and equipment within their premises. These contracts usually cover a period of one year and require us to provide the requisite manpower, tools and equipment to reposition or move existing machinery and equipment to a new location within their premises at short notice and at contracted rates and charges. By being in touch with the customers while such contracts are in force, we are able to obtain first hand knowledge of the customers' relocation needs as and when they arise. As the customers are familiar with our capability and our record of service, we are almost always invited to participate in the tender process for any relocation projects available from such customers. Our Directors believe that this preferred vendor status derived from our maintenance contracts enables us to secure more projects from existing customers.

OUR BUSINESS

We have a diversified customer base

We have customers from various manufacturing industries and commercial organizations. We believe that although the business of some of our customers (such as those in the wafer fabrication industry) are cyclical in nature, our business as a specialist relocation solution provider is not wholly dependent on the business cycles of any particular customer. This is because we are able to secure customers from other industries that are not in a similar business cycle as they are able to utilize our trained manpower, material handling tools and equipment and other logistics facilities. For example, when the manufacturing industries are facing a downturn in Singapore, we are able to secure businesses from relocation activities in other business sectors.

PROSPECTS, BUSINESS STRATEGY AND FUTURE PLANS

OVERVIEW OF THE INDUSTRY

From the late sixties through the eighties, Singapore attracted many US, European and Japanese multinational manufacturers which set up factories here. With rising costs in Singapore, certain manufacturers began to relocate their manufacturing operations to other countries. The PRC in recent years, with its abundant supply of cheaper labour and land, has attracted and continues to attract multinational companies to relocate their manufacturing facilities there.

As Singapore continues to attract investments, new production facilities such as wafer fabrication and the manufacture of pharmaceutical and LCD display products were set up in Singapore. Machinery and equipment used in such operations are highly sophisticated, expensive and sensitive to vibrations during handling and movement. We believe that the new generation of production facilities requires specialist skill and material handling tools when installing or repositioning machinery and equipment in such facilities to avoid damage to the facilities or the machinery and equipment. The high tech machinery and equipment are also often sensitive to vibrations when in transit and as such require the use of specialized vehicles such as air cushioned trailers to convey them on land from one point to another in order not to be damaged. Minimization of vibration during transportation will also help to reduce the time required to set up the machinery and equipment after they have been transported to their new premises.

We believe that industries such as wafer fabrication and thin-film transistor LCD display manufacturing will increase the demand for relocation specialists who are trained and well equipped to handle and move such highly sensitive machinery and equipment. We believe that companies that require specialist relocation solutions would prefer to entrust the moving of their expensive machinery and equipment to those with an established track record in providing such services. As business operations continue to move from one country to another as companies position themselves for the best competitive edge, their machinery and equipment will have to be relocated and relocation specialists, we believe, will continue to be in demand. So long as our region continues to attract investments, there will be movement of machinery and equipment from one location or another, thus providing the basis for growth in our niche sector of the logistics industry.

PROSPECTS

Continued growth in manufacturing sector in the PRC

In recent years, we have observed a rapid growth in the PRC's manufacturing sector, and the PRC's manufacturing output has become one of the largest in the world. As a result, the logistics industry in the PRC has grown in tandem with the growth in the manufacturing sector. In 2003 and 2004, the logistics industry in the PRC grew 27.0% and 29.9% respectively, with total earnings amounting to RMB38.4 trillion in 2004¹. With the rise of the PRC as a global manufacturing center, many companies have relocated or are relocating their operations there. Arising from this trend, many local support industries are following their multinational customers in moving their factories to the PRC. We have also observed that other American, European, Japanese, Korean and Taiwanese production facilities are also being relocated to PRC directly from their existing home bases and believe that this trend is likely to continue in the next several years. We believe that this presents growth opportunities to companies in the logistics sector which specialise in relocating machinery and equipment and who are able to provide door to door turnkey relocation services or either the outbound or inbound aspects of the relocation.

1 The statistics (the "Statistics") were obtained from the Internet website of The Federation of Chinese Logistics & Procurement Association – <http://www.chinawuliu.com.cn>. The Federation of Chinese Logistics & Procurement Association has not consented to the inclusion of the Statistics in the Prospectus and are thereby not liable for the Statistics under Section 253 and 254 of the SFA. While we have taken reasonable steps to ensure that the Statistics have been included in the Prospectus in their proper form and context, we have not independently verified the accuracy of the Statistics.

PROSPECTS, BUSINESS STRATEGY AND FUTURE PLANS

With the setting up of our PRC operations, we are now able to provide door to door turnkey relocation services from Singapore to the PRC. Our PRC operations also enable us to handle the inbound relocation of machinery and equipment of customers originating outside of Singapore, such as Japan, to the PRC.

Foreign investment in regional countries

Other countries in the region, such as Malaysia, continue to attract foreign investment and manufacturing facilities are being set up in these regional countries. We intend to replicate our business model in these countries as such operations will enable us to tap into the inbound relocation market as investors move their machinery and equipment there.

At the same time, we foresee that as a result of certain competitive advantages in the PRC, certain operations from these regional countries will be relocated to the PRC. This will also give us the opportunity to tap into their outbound relocation market as existing operations in these regional countries are relocated to the PRC. In addition, if the relocation originates from a country where we have an operational base, we will be able to provide door to door turnkey relocation services by handling both the outbound and the inbound projects.

Growing higher value added sectors in Singapore

We believe the Singapore Government will continue to be successful in attracting foreign investments into the country, especially those that generate higher value added products and services such as the electronics and precision engineering sector. Our operational capability is targeted at these businesses, such as those in the semiconductor sector, as they require the use of sophisticated machinery and equipment in their operations. Our Directors believe that so long as Singapore continues to be an attractive investment center for the higher value added industries, the demand for relocation services such as ours will grow.

In addition, we believe that the rapid technological changes of the electronics and precision engineering sector will result in new equipment being installed in existing operations to upgrade their capability and competitiveness. The arrival of new equipment requires either existing machinery be removed or be repositioned within their premises to accommodate the new addition. We believe that as Singapore continues to focus on growing the electronics and precision engineering sector, which includes the semi-conductor industry, the demand for repositioning services will increase.

Our Directors believe that the prospects in Singapore, the PRC and the region referred to above, will increase the demand for relocation services which our Group provides. As such, in view of our competitive strengths, we are well-positioned to capitalise on the opportunities when they arise.

ORDER BOOK AND TREND INFORMATION

For our logistics business, which comprises mainly relocation services, we do not have any order book as our orders are usually built on a month to month basis when purchase orders from our customers are received. As at the Latest Practicable Date, we have received orders of approximately S\$4 million, to be fulfilled in FY2005 and FY2006. Barring any unforeseen circumstances, our Directors expect to be able to maintain the level of net earnings in FY2005, compared with the previous year.

BUSINESS STRATEGY AND FUTURE PLANS

Our Corporate Vision is to be the leading logistics service provider specialising in the provision of machinery and equipment relocation solutions in the region.

Our Mission is to be a partner to our customers in the management of their relocation needs, specialising in the relocation of machinery and equipment with a well trained and productive workforce utilizing state of the art handling and conveyance tools, equipment and facilities.

PROSPECTS, BUSINESS STRATEGY AND FUTURE PLANS

Our Business Strategy to achieve our corporate vision is to capitalize on our current leading position in our market niche by extending our capability across the region in order to expand our ability to provide a comprehensive range of door to door relocation management services for companies which are relocating their assets and production facilities in the region, especially to the PRC. By extending our operational capabilities to more countries in the region which are likely venues of manufacturing investments, such as the PRC, Malaysia and Indonesia and establishing our sales presence in those which are the likely source or origin of relocation activities, such as Japan and South Korea, we will be extending our marketing reach beyond those customers who only know of our capability due to their physical presence in Singapore where we are currently based.

In line with our stated strategy we intend to focus on the following business plans:–

Expand our ability to deliver relocation services across national boundaries

We intend to replicate our ability to deliver comprehensive and high quality door to door turnkey relocation services in the PRC as we currently do in Singapore by setting up branch offices and satellite operations in major industrial areas outside Shanghai such as Suzhou. The expanded PRC operations will extend our door to door turnkey relocation capability to customers relocating their operations from Singapore and other countries in the region to the PRC.

We intend to provide full door to door turnkey relocation services for more relocation projects not targeted at Singapore or the PRC, such as Malaysia and Indonesia, initially by using the services of reliable agents in these countries, before setting up our own relocation operations. We also intend to set up representative or sales offices in countries such as Japan and South Korea to promote our relocation services from these countries.

Maintain our cost competitiveness through investment in state-of-the-art equipment and improvements in labour productivity

We intend to focus on being cost competitive wherever we operate by improving our labour productivity through continual training of our workforce to be skilled in the utilisation of state-of-the-art material handling tools and equipment, packaging material, land conveyance and warehousing facilities. We intend to keep abreast of the latest in material handling, packaging, land conveyance and warehousing technology and invest in such facilities, tools and equipment so as to maintain our competitive edge in our niche industry, which is both capital and labour intensive.

Secure more maintenance contracts to work towards a preferred vendor status with customers

We will continue to build close relationships with major customers through a better understanding of their specific needs in the relocation or repositioning of their machinery and equipment. We will continue to train skilled employees with specific knowledge of each of these customers' operations and where it is economically viable or strategically necessary to do so, to invest in specialised tools and equipment to meet their needs. We believe that this will enable us to secure maintenance contracts with more customers and over time attain preferred vendor status in any subsequent relocation projects that these customers may have.

Expand our scope of services and customer base across industries

We intend to capitalize on our leading position as a specialist relocation solutions provider in certain industries such as the wafer fabrication industry by marketing our services to other industries that use equally sophisticated and expensive machinery and equipment, such as pharmaceutical and biomedical industries. We also intend to increase our market share in the industries that we are currently serving, such as thin-film transistor LCD manufacturing. As a substantial portion of our revenue stream is project based, we intend to extend the scope of our services to include businesses with regular income streams in order to even out the revenue flow throughout the year. Such businesses should also have regional potential in order to capitalize on the Group's presence

PROSPECTS, BUSINESS STRATEGY AND FUTURE PLANS

throughout the region. We also intend to use part of our proceeds to acquire and/or collaborate with businesses that would have the effect of evening out our revenue stream, such as other businesses in the logistics industry engaged in warehousing, distribution, order fulfilment and supply chain management which can provide a regular monthly income as compared to the largely project based relocation business. These are the areas of business which the Company will give priority in its acquisition plans not only in Singapore but also as it expands into the region.

SUMMARY OF GROUP FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the Compiled Consolidated Financial Statements for FY2002, FY2003 and FY2004 set out in the section entitled "Compiled Consolidated Financial Statements" beginning on page 114 and the Audited Financial Statements set out in Appendix A of this Prospectus.

The Group changed its financial year end from 30 April to 31 December in 2002. For purposes of the Prospectus, the financial results of FY2002 was prepared from the audited financial statements of the Company for the four-month period from 1 January 2002 to 30 April 2002 and the audited financial statements of the Company for the eight-month period from 1 May 2002 to 31 December 2002.

Operating Results of the Group

	Financial year ended 31 December		
	Audited 2002 \$'000	Audited 2003 \$'000	Audited 2004 \$'000
Revenue	8,943	5,476	16,302
Cost of sales	(5,447)	(3,753)	(6,856)
Gross profit	3,496	1,723	9,446
Other operating income	23	21	67
	3,519	1,744	9,513
Distribution and selling expenses	(874)	(563)	(881)
Administrative expenses	(1,212)	(1,036)	(1,368)
Other operating expenses	(62)	(7)	(89)
Profit from operations	1,371	138	7,175
Finance costs	(65)	(62)	(101)
Profit before taxation⁽¹⁾	1,306	76	7,074
Taxation	(340)	(59)	(1,478)
Net profit for the financial year⁽¹⁾	966	17	5,596
EPS (cents)⁽¹⁾⁽²⁾	0.77	0.01	4.48

Notes:—

- (1) Had the Service Agreements been in place in FY2004, the profit before taxation, net profit and EPS for FY2004 would have been \$6.92 million, \$5.47 million and 4.38 cents respectively.
- (2) For comparative purposes, the EPS has been computed based on the profit after taxation and the pre-Invitation share capital of 125,000,000 Shares.

SUMMARY OF GROUP FINANCIAL INFORMATION

Financial Position of the Group as at 31 December

	Audited 2002 \$'000	Audited 2003 \$'000	Audited 2004 \$'000
Non-current assets			
Property, plant and equipment	1,102	2,656	3,627
Deferred taxation	—	2	4
	1,102	2,658	3,631
Current assets			
Trade debtors	1,548	1,509	3,593
Other debtors, deposits and prepayments	188	608	238
Fixed deposits	643	646	649
Cash and bank balances	663	9	3,681
	3,042	2,772	8,161
Current liabilities			
Bank loan and overdraft (secured)	—	144	107
Trade creditors	233	328	210
Other creditors and provisions	1,542	1,174	859
Current portion of obligations under hire purchase contracts	138	147	179
Provision for taxation	221	297	1,548
	2,134	2,090	2,903
Net current assets	908	682	5,258
Non-current liabilities			
Bank loan (secured)	—	1,036	929
Obligations under hire purchase contracts	78	367	497
Deferred taxation	12	—	—
	90	1,403	1,426
Net assets	1,920	1,937	7,463
Shareholders' equity			
Share capital	900	900	900
Translation reserve	—	—	(70)
Retained profits	1,020	1,037	6,633
	1,920	1,937	7,463
Adjusted NTA per share (cents) ⁽¹⁾	1.65	1.67	6.09

Notes:—

(1) The Adjusted NTA per Share has been calculated based on the pre-Invitation share capital of 125,000,000 Shares.

SEGMENTAL BREAKDOWN OF PAST PERFORMANCE

By Geographical Region

A breakdown of our revenue by geographical markets for the past 3 financial years ended 31 December 2004 is set out below.

Revenue

	FY2002		FY2003		FY2004	
	\$'000	%	\$'000	%	\$'000	%
Singapore and others	8,943	100.0	5,476	100.0	9,922	60.9
PRC	—	—	—	—	6,380	39.1
Total	8,943	100.0	5,476	100.0	16,302	100.0

Gross profit

	FY2002		FY2003		FY2004	
	\$'000	%	\$'000	%	\$'000	%
Singapore and others	3,496	100.0	1,723	100.0	5,545	58.7
PRC	—	—	—	—	3,901	41.3
Total	3,496	100.0	1,723	100.0	9,446	100.0

Gross profit margin

	FY2002	FY2003	FY2004
	%	%	%
Singapore and others	39.1	31.5	55.9
PRC	—	—	61.1
Total	39.1	31.5	57.9

Distribution of total revenue by geographical markets is determined by the locations where the services were rendered.

By Business Segment

Our revenue is primarily derived from the provision of our specialist relocation business activities, namely relocation, packing, warehousing and related services. A breakdown of our revenue by business segment for the past 3 financial years ended 31 December 2004 is set out below.

Revenue

	FY2002		FY2003		FY2004	
	\$'000	%	\$'000	%	\$'000	%
Relocation	8,157	91.2	3,430	62.6	11,831	72.6
Packing	—	—	876	16.0	2,384	14.6
Warehousing and related services	786	8.8	1,170	21.4	2,087	12.8
Total	8,943	100.0	5,476	100.0	16,302	100.0

SEGMENTAL BREAKDOWN OF PAST PERFORMANCE

Gross profit

	FY2002		FY2003		FY2004	
	\$'000	%	\$'000	%	\$'000	%
Relocation	3,348	95.8	913	53.0	7,139	75.6
Packing	—	—	357	20.7	1,509	16.0
Warehousing and related services	148	4.2	453	26.3	798	8.4
Total	3,496	100.0	1,723	100.0	9,446	100.0

Gross profit margin

	FY2002	FY2003	FY2004
	%	%	%
Relocation	41.0	26.6	60.3
Packing	—	40.8	63.3
Warehousing and related services	18.8	38.7	38.2
Total	39.1	31.5	57.9

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our results of operations and financial condition should be read in conjunction with the Compiled Consolidated Financial Statements and the related notes beginning on page 114 of this Prospectus and the Audited Financial Statements annexed in Appendix A of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause our future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors" beginning on page 32 of this Prospectus.

OVERVIEW

Revenue

Our revenue is derived from the provision of our specialist relocation business activities, namely relocation, packing, warehousing and related services. Revenue from services is recognized when the services are rendered to customers and by reference to the stage of completion of the services. A discussion of our services is set out below.

(i) Relocation Services

Our Group's business since its incorporation has been primarily in the provision of relocation services, specialising in solutions to the relocation of our clients' costly and sensitive machinery and equipment to, within and out of Singapore. With the setting up of our PRC operations in FY2004, our Group is able to handle the 'inbound' business (services to relocate the machinery and equipment of customers originating from or outside of Singapore, such as Japan or South Korea, to the PRC) in addition to the 'outbound' business of a customer relocating their operations out of Singapore to the PRC.

We also provide services on a contract basis to reposition machinery and equipment for our clients within their premises whenever needed, such as when new machinery and equipment are added to our clients' production capacity and existing machinery and equipment have to be repositioned or removed to accommodate the new equipment.

Revenue from our relocation services accounted for 91.2%, 62.6% and 72.6% of our Group's total revenue in FY2002, FY2003 and FY2004 respectively and are recognised when services are rendered to customers.

(ii) Packing Services

In addition to our relocation services, our Group also provides complementary services such as packing, including the supply of packing and crating materials to our customers. This is to protect the customers' machinery and equipment for transportation purposes, mainly to overseas destinations. Revenue from our packing services accounted for 16.0% and 14.6% of our Group's total revenue in FY2003 and FY2004 respectively and are recognised when services are rendered to customers.

(iii) Warehousing and Related Services

Other complementary services provided by our Group include land transportation using specialised conveyance vehicles and material handling equipment and warehousing of customers new or replaced machinery and equipment in our premises or open yard prior to installation in the customers' premises or shipping out of Singapore, so as to offer our customers a one-stop solution to meet their relocation logistics needs. Revenue derived from these warehousing and related services accounted for 8.8%, 21.4% and 12.8% of our Group's total revenue in FY2002, FY2003 and FY2004 respectively and are recognised when services are rendered to customers.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our customers are primarily in the manufacturing industry such as those in the semiconductor wafer fabrication sector and owners of large commercial facilities. Our customers are mainly based in Singapore, although our relocation solutions may require that our skilled manpower be deployed in turnkey projects to Indonesia and Malaysia. In FY2004 when we set up our PRC operations, we also service customers who are based outside of Singapore such as Japan, South Korea, Europe and USA in addition to customers based in Singapore.

Factors that can affect our revenue include, *inter alia*:-

- (a) the level of activities in the relocating of manufacturing and commercial operations into, within and out of Singapore and into and within the PRC, which is in turn mainly dependent on the need for various industries to be competitive in the delivery of their goods and services to the international markets;
- (b) the general volume of investment in new machinery and equipment and rate of replacement of existing machinery and equipment in industries coming in or going out of Singapore, as well as the demand for specialist resources such as manpower, material handling equipment and vehicles to effect these relocations in the region, which are in turn affected by general economic conditions globally and in the region;
- (c) fluctuation in hire rates of equipment and vehicles not owned by us, which are determined by the demand and supply of these specialised equipment and vehicles in the territories which we operate in;
- (d) fleet size and the utilisation rate of our Group's vehicles and equipment. The utilisation rate of our vehicles and equipment is dependent on our ability to secure relocation projects. This is affected by the level of competition, our ability to provide vehicles and equipment that meet the specifications of the customers at competitive rates, our quality of service, track record and marketing efforts; and
- (e) fluctuations in the US dollar exchange rate against the Singapore dollar, and the Singapore dollar against the RMB as 47.3% of our relocation revenue in FY2004 were denominated in the US dollar and 14.2% of our cost of operations were denominated in RMB.

There is no apparent seasonality pattern in our sales. Our regional revenue and income is recognised on the basis of where our relocation operations is conducted, that is either Singapore or the PRC where we currently operate from.

Other Operating Income

This consists of interests earned from interests bearing deposits with financial institutions, exchange gain or loss and income from other miscellaneous sources such as reimbursement from insurance claims and proceeds from the sale of scrap material.

Cost of Sales

Our cost of sales comprise mainly (i) labour costs, (ii) rental, freight, transport and handling costs, (iii) depreciation and upkeep expenses of our vehicles, equipment and property (iv) costs of packaging and other materials consumed during the relocation and maintenance work, and (v) hire of third party vehicles and equipment expenses. These contributed to approximately 52.3%, 20.8%, 13.3%, 11.5%, and 0.5% of our cost of sales in FY2004 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Staff costs comprise wages of our direct labour pool and cost of sub-contract casual labour. Our Movers who carry out the relocation projects, including supervisors, as well as sub-contract workers whom we employ to augment our workforce during relocation projects include local and foreign workers. Local wage levels, labour market conditions and changes in government policies and regulations in the countries we operate in such as Central Provident Fund contribution and foreign workers' levy and quota in Singapore or equivalent legislations in the PRC and other regional markets will affect our labour costs in the markets which we operate in.

Rental, freight, transport and handling costs comprise third party transportation and handling charges for the conveyance of customers' and/or our machinery and equipment during relocation projects, freight charges incurred in the shipment of customers' machinery and equipment, and other project costs such as insurance and custom clearance charges.

Depreciation and upkeep expenses of our vehicles, equipment and property are mainly affected by the cost of our vehicles, and the age and physical condition of our fleet and insurance costs for our vehicles. Cost of Certificates of Entitlement in the purchase of vehicles is a major cost component that determines the price of new vehicles that we purchase, thus affecting our depreciation expenses. An ageing fleet may require a higher level of maintenance, thus affecting our upkeep expenses. Motor insurance costs are affected by claim experience of our fleet as well as that of the motor insurance industry as a whole in Singapore that would increase the cost of insurance premium for our vehicles. The depreciation and upkeep expenses of our vehicles is expected to increase in FY2005 and thereafter with our proposed acquisition of additional specialist vehicles in FY2005 as we build up our operation capability in the PRC post Invitation.

Materials for our relocation and maintenance project include packaging and crating materials, hand tools and hardware. Cost of timber is the major component of our cost of crating materials, while cost of packaging materials such as bubble wrap, shrink wrap and barrier bag, is the major component of our cost of packing materials. As our Group has not entered into any long-term purchase contracts with our suppliers, any shortage of such materials may result in us having to pay higher prices for these materials.

Expenses incurred for the hire of third party vehicles and equipment are affected by the utilisation rate of our Group's vehicles, the market hire rates for the type of vehicle and equipment required by our customers. Freight, transport and handling costs relate to the charges paid to third party logistics providers for the transportation or handling of our customers' machinery and equipment.

Other Operating Expenses

Other operating expenses comprise mainly provisions for doubtful debts, foreign exchange gain or loss and gain or loss on disposal of fixed assets.

Finance Costs

Finance costs are mainly interest expenses on bank overdrafts, term loans and obligations under hire purchase contracts, finance leases and factoring charges.

Taxation

Generally, income from our business is subject to the applicable corporate tax rate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVIEW OF RESULTS OF OPERATIONS

FY2002 to FY2003

Revenue

Our total revenue decreased by \$3.46 million, or approximately 38.7%, from \$8.94 million in FY2002 to \$5.48 million in FY2003 due to a slow down in the global economy resulting from uncertainties caused by the Iraq war and the SARS epidemic. This negatively impacted our customers' business resulting in capital equipment purchase and plant relocation decisions being put off and it affected our relocation business substantially. This general economic slow down also coincided with the cyclical downturn of the global semiconductor industry which contributed a substantial portion of our previous year's revenue.

As a result revenue from the relocation business alone decreased by \$4.73 million, or approximately 58.0%, from \$8.16 million in FY2002 to \$3.43 million in FY2003. Revenue derived from our warehousing, hire of equipment and vehicle and supply of crating and packaging materials business increased by \$1.26 million or 159.5% from FY2002 to \$2.05 million in FY2003. This was mainly due to the introduction of packing services in FY2003, which contributed \$0.88 million in revenue.

Cost of Sales and Gross Profit

Our cost of sales decreased by \$1.70 million or approximately 31.2% from \$5.45 million in FY2002 to \$3.75 million in FY2003, as a result of a decrease in our revenue and cost control measures taken by the Company in response to the reduced business volume. The decrease comprised mainly a decrease of \$1.00 million in labour costs, \$0.40 million in rental, freight, transport and handling costs and \$0.36 million in hire of third party vehicles and equipment but was offset by an increase of \$0.02 million in packing costs.

The decrease labour costs was attributable primarily to (1) a decrease in the number of subcontract workers employed which contributed \$0.25 million of the decrease; (2) a decrease in the average number of permanent operations staff employed in FY2003 which contributed \$0.75 million of the decrease. The average number of operations staff employed in FY2002 was 83 and in FY2003 was 67; and (3) a decrease in the average salary of operations staff in FY2003.

The reduction in rental, freight, transport and handling costs is consistent with the reduction in revenue due to decrease business volume i.e. decrease in customers' requirements on these services.

In FY2003, the Company expanded its business operation to include the provision of specialised packing and crating services (in FY2002, the Company had no revenue from packing services). Packing costs incurred during that period was primarily for the provision of that service.

Our overall gross profit decreased by \$1.78 million or approximately 50.9% from \$3.50 million in FY2002 to \$1.72 million in FY2003. Our gross profit margin decreased from 39.1% in FY2002 to 31.5% in FY2003. Our gross profit margin decreased as our depreciation charges for equipment and machinery and staff costs decreased less than proportionately to the decrease in revenue. The reduction in depreciation amounting to about \$0.04 million under direct cost in FY2003 was due mainly to the disposal of a reach truck in Dec 2002, and the disposal of 2 trucks in January 2003 and April 2003.

In addition, margins for relocation projects secured in recessionary conditions during most parts of FY2003 were lower than previous fiscal year in general.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Other Operating Income

Total income from these sources decreased by \$2,000 or approximately 8.7% in FY2003 compared to FY2002.

Distribution and Selling Expenses

Our distribution and selling expenses decreased by \$0.31 million or approximately 35.6% from \$0.87 million in FY2002 to \$0.56 million in FY2003, mainly due to a decrease in staff costs of \$0.25 million as well as decrease in entertainment expenses of \$0.07 million resulting from cost control measures instituted during the year.

Administrative Expenses

Our administrative expenses decreased by \$0.17 million or approximately 14.0% from \$1.21 million in FY2002 to \$1.04 million in FY2003. This was mainly attributed to a decrease in staff costs of \$0.39 million due mainly to a reduction in directors fees, whilst offset by an increase in depreciation of \$0.17 million due to the purchase of property at 18 Jalan Besut and a motor vehicle.

Other Operating Expenses

Our other operating expenses in FY2002 comprised primarily provision for doubtful debts and loss on disposal of fixed assets amounting to \$0.02 million and \$0.04 million respectively, whereas in FY2003 our other operating expenses comprised primarily of loss on disposal of fixed assets of approximately \$7,000.

Finance Costs

Our finance costs decreased by \$3,000 or approximately 4.6%, from \$65,000 in FY2002 to \$62,000 in FY2003.

Profit before Tax

Our profit before tax decreased by \$1.23 million, or approximately 93.9%, from \$1.31 million in FY2002 to \$0.08 million in FY2003. The reduced profitability was mainly due to the lower revenue for the fiscal year as explained above while operating expenses such as staff costs could not be proportionately reduced. In addition, the Company took advantage of the prevailing lower vehicle prices at that time to replace its aging fleet. The acquisition of capital assets resulted in higher depreciation charges being incurred in the financial year which affected our profitability.

Tax

We incurred tax expenses of \$59,000 in FY2003 compared to \$340,000 in FY2002 as a result of reduced profitability in FY2003 as compared to FY2002.

FY2003 to FY2004

Revenue

Our revenue increased by \$10.82 million, or approximately 197.4% from \$5.48 million in FY2003 to \$16.30 million in FY2004. This was mainly due to economic recovery resulting in facilities relocation projects put off in previous year being implemented. The recovery of the semiconductor industry also resulted in more business to us as new machinery and equipment were purchased and installed both in Singapore and PRC. In FY2004, we secured and completed a few large projects with customers such as Carim Korea Co., Ltd, Sumitrans (Japan) Corporation and Ellipsiz Singapore Pte Ltd, which

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

contributed to the increase in our revenue. Please refer to the section on "Major Customers" on page 60 of this Prospectus for details of their contributions to our revenue.

With the establishment of our PRC operations, our scope of business increased and we were able to secure turnkey projects for relocations originating from Singapore to the PRC, whereas previously we could only handle the outbound portion. The PRC operations also enabled us to secure relocation projects originating outside of Singapore, such as Japan and Korea, to the PRC, which contributed in aggregate 36.4% of our total revenue in FY2004. We were therefore able to earn revenue which previously was not available to us. On the whole, our PRC operations contributed \$6.38 million or approximately 39.1% of our total revenue for this fiscal year.

Revenue from the relocation business increased by \$8.40 million, or approximately 244.9%, from \$3.43 million in FY2003 to \$11.83 million in FY2004. Revenue derived from our warehousing, hire of equipment and vehicle and supply of packaging material business increased by \$2.42 million or 118.0% from \$2.05 million in FY2003 to \$4.47 million in FY2004.

Cost of Sales and Gross Profit

Our cost of sales increased by \$3.11 million or approximately 82.9% from \$3.75 million in FY2003 to \$6.86 million in FY2004, as a result of an increase in our revenue. The increase was attributable to increases of \$1.51 million in labour costs, \$0.70 million in rental, freight, transport and handling costs, \$0.49 million in costs of packing material and \$0.41 million in depreciation and upkeep of vehicles and equipment.

Our overall gross profit increased by \$7.73 million or approximately 449.4% from \$1.72 million in FY2003 to \$9.45 million in FY2004. Our gross profit margin improved from 31.5% in FY2003 to 57.9% in FY2004. The improvement in our gross profit margin was due to (1) better utilisation of our labour and other resources such as vehicles and material handling equipment, (2) less than proportionate increase in rental, freight and handling charges resulting from our expanded inhouse capacity due to capital purchases made in FY2003 as compared to the increase in revenue and (3) reduced unit cost of packing materials due to increased volume of purchases. In addition, the cost of executing relocation projects in the PRC is generally lower than in Singapore, resulting in the gross profit margin from the PRC operation being 61.1% compared to 55.9% in Singapore.

Other Operating Income

Total income from these sources increased by \$0.05 million from \$0.02 million in FY2003 to \$0.07 million in FY2004 due mainly to insurance claims of workmen compensation.

Distribution and Selling Expenses

Our distribution and selling expenses increased by \$0.32 million or approximately 57.1% from \$0.56 million in FY2003 to \$0.88 million in FY2004. This was mainly due to increase staff cost of \$0.13 million and increase travelling expenses of \$0.10 million.

Administrative Expenses

Our administrative expenses increased by \$0.33 million or approximately 31.7% from \$1.04 million in FY2003 to \$1.37 million in FY2004. This was mainly attributable to an increase in staff costs of \$0.26 million and PRC general office expenses of \$0.13 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Other Operating Expenses

Our other operating expenses of \$0.09 million in FY2004 comprised mainly of provision for doubtful debts of \$0.03 million, foreign exchange loss of \$0.06 million and gain on disposal of fixed assets of \$2,000, while other operating expenses in FY2003 comprised mainly of loss on disposal of fixed assets of \$7,000.

Finance Costs

Our finance costs increased by \$0.04 million from \$0.06 million in FY2003 to \$0.10 million in FY2004, due to higher hire purchase interest charges and the full-year effect of interest charge on bank loan that was obtained after the first quarter of FY2003.

Profit before Tax

Our profit before tax increased by \$6.99 million, or approximately 87.4 times, from \$0.08 million in FY2003 to \$7.07 million in FY2004. The significant increase in our profitability was mainly the result of significantly higher revenue for the fiscal year as explained above as we secured and completed a few large projects with customers such as Carim Korea Co., Ltd, Sumitrans (Japan) Corporation and Ellipsiz Singapore Pte Ltd (please refer to the section on "Major Customers" on page 60 of this Prospectus), while operating expenses such as staff costs and depreciation did not increase proportionately. With regard to staff costs, the increase in manpower was in the PRC where the unit cost of labour was lower.

Tax

We incurred tax expenses of \$1.48 million in FY2004 compared to \$0.06 million in FY2003 as a result of the significant increase in profitability in FY2004 as compared to FY2003.

REVIEW OF PAST FINANCIAL POSITION

Non-Current Assets

Our non-current assets increased from \$2.66 million as at 31 December 2003 to \$3.63 million as at 31 December 2004, and consist primarily of property, plant and equipment of net book value of \$3.63 million as at 31 December 2004.

The increase was mainly attributable to the additional property, plant and equipment acquired in FY2004.

Current Assets

Our current assets increased from \$2.77 million as at 31 December 2003 to \$8.16 million as at 31 December 2004, and consist of trade debtors, other debtors, deposits and prepayments, cash and bank balances and fixed deposits.

Trade debtors amounted to \$3.59 million or approximately 44.0% of current assets as at 31 December 2004. Other debtors, deposits and prepayments amounted to \$0.24 million or 2.9% of current assets. Cash and bank balances amounted to \$3.68 million or 45.1% of current assets and fixed deposits amounted to \$0.65 million or 8.0% of current assets as at 31 December 2004.

Fixed deposits of \$0.65 million were pledged to the banks as securities for the bank overdraft facilities. As at 31 December 2004, there was no bank overdraft.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Current Liabilities

Our current liabilities increased by \$0.81 million or 38.8% from \$2.09 million as at 31 December 2003 to \$2.90 million as at 31 December 2004, and consist of bank loan and overdraft, trade creditors, other creditors and provisions, current portion of obligations under hire purchase contracts and provision for taxation.

Bank loan and overdraft amounted to \$0.11 million or 3.8% of current liabilities as at 31 December 2004. Trade creditors amounted to \$0.21 million or 7.2% of current liabilities. Other creditors and provisions amounted to \$0.86 million or 29.7% of current liabilities. These relate mainly to accruals of \$0.59 million and amount due to Directors and a director of a Subsidiary of \$0.20 million. Current portion of obligations under hire purchase contracts and provision for taxation amounted to \$0.18 million and \$1.55 million, or 6.2% and 53.4% of current liabilities as at 31 December 2004 respectively.

Non-current Liabilities

Our non-current liabilities increased marginally from \$1.40 million as at 31 December 2003 to \$1.43 million as at 31 December 2004, and consist of bank loan and obligations under hire purchase contracts.

Bank loan amounted to \$0.93 million or 65.0% of non-current liabilities as at 31 December 2004. Obligations under hire purchase contracts amounted to \$0.50 million or 35.0% of non-current liabilities as at 31 December 2004.

Shareholders' Equity

Our shareholders' equity increased from \$1.94 million as at 31 December 2003 to \$7.46 million as at 31 December 2004 as a result of an increase in our profitability in FY2004.

LIQUIDITY AND CAPITAL RESOURCES

The growth of our Group has been financed through a combination of shareholders' equity, retained earnings and bank borrowings.

Based on our Group's shareholders' equity as at 31 December 2004 of \$7.46 million, and total borrowings of \$1.71 million, our gearing stood at 0.23 time. We have been able to service our interest commitment due to financial institutions and our interest cover ratio (profit before interest and tax, divided by interest expense) was 71 times in FY2004. As at the Latest Practicable Date, we have yet to utilise \$2.01 million of our existing bank facilities. Our Directors believe that the cash flows generated from operations, together with existing cash and cash equivalents, net proceeds from the Invitation and our banking facilities, will be sufficient to meet our working capital requirements and potential business expansion for the next 12 months.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Group's cash flow summary for FY2002, FY2003 and FY2004 as follows:

	FY2002 \$'000	FY2003 \$'000	FY2004 \$'000
Net cash inflow from operating activities	1,442	74	5,525
Net cash outflow from investing activities	(302)	(451)	(1,366)
Net cash outflow from financing activities	(653)	(618)	(377)
Net increase/(decrease) in cash and cash equivalents	487	(995)	3,782
Cash and cash equivalents at beginning of financial year	477	964	(31)
Effect of exchange rate changes on balances held in foreign currencies	—	—	(70)
Cash and cash equivalents at end of financial year	964	(31)	3,681
Cash and cash equivalents at end of financial year comprised:			
Cash and bank balances	663	9	3,681
Fixed deposits	643	646	649
Bank overdraft	—	(40)	—
	1,306	615	4,330
Less Fixed deposits pledged	(342)	(646)	(649)
	964	(31)	3,681

Net Cash Inflow From Operating Activities

Our operating profit before adjustments and working capital changes and taxes paid or refunded amounted to \$1.31 million, \$0.08 million and \$7.07 million in FY2002, FY2003 and FY2004 respectively. Net cash inflows from adjustments amounted to \$0.56 million, \$0.65 million and \$0.85 million in FY2002, FY2003 and FY2004 respectively. These related to depreciation of fixed assets, fixed assets written off, loss/gain on disposal of plant and equipment, provision for doubtful debts, interest income and interest expense.

The working capital changes resulted in net cash outflows of \$0.38 million, \$0.65 million and \$2.17 million in FY2002, FY2003 and FY2004 respectively, due to increases in trade and other debtors and decreases in trade and other creditors. Tax paid in FY2002, FY2003 and FY2004 amount to \$0.05 million, nil and \$0.23 million respectively.

As a result, we had positive net cash inflows from operating activities from FY2002 to FY2004 of approximately \$1.44 million, \$0.07 million and \$5.53 million in FY2002, FY2003 and FY2004 respectively.

Net cash outflow from investing activities

Our net cash outflow from investing activities amounted to \$0.30 million, \$0.45 million and \$1.37 million in FY2002, FY2003 and FY2004 respectively, mainly due to payments made in relation to the purchase of plant and equipment and proceeds from disposal of plant and equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net cash outflow from financing activities

Our net cash outflow from financing activities amounted to \$0.65 million, \$0.62 million and \$0.38 million in FY2002, FY2003 and FY2004 respectively. The net cash outflow from financing activities in FY2002, FY2003 and FY2004 were mainly due to interest receipts and payments, repayment of hire purchase contracts, repayments of bank loan and pledged fixed deposits with banks.

Please refer to the section on "Capitalisation and Indebtedness" beginning on page 82 of this Prospectus for details on our banking facilities and capital commitments.

CAPITALISATION AND INDEBTEDNESS

The following table shows our cash and bank balances, indebtedness and capitalisation as at 31 December 2004 as adjusted to give effect to the issue of 22,100,000 New Shares pursuant to the Invitation and net proceeds from the Invitation of approximately \$2.98 million, after deducting estimated expenses related to the Invitation.

You should read this table in conjunction with the Compiled Consolidated Financial Statements beginning on page 114 of this Prospectus.

(\$'000)	As at 31 December 2004	As adjusted for the proceeds of the Invitation
Cash and bank balances	3,681	6,661
Indebtedness		
Current		
— Bank term loan (secured)	107	107
— Obligations under hire purchase contracts	179	179
	286	286
Non-current		
— Bank term loans (secured)	929	929
— Obligations under hire purchase contracts	497	497
	1,426	1,426
Total Indebtedness	1,712	1,712
Shareholders' equity	7,463	10,590
Total capitalisation and indebtedness	9,175	12,302

As at 31 December 2004, our Group had cash and bank balances of \$3.68 million, current borrowings of \$0.28 million and non-current borrowings of \$1.43 million. Our total borrowings therefore amounted to \$1.71 million, which consisted of obligations under hire purchase contracts of \$0.68 million and a bank loan of \$1.03 million. Our hire purchase contracts were mainly related to the acquisition of plant and equipment. Our bank loan was utilised for the purposes of acquiring the leasehold building. The interest rates of our credit facilities comprise both fixed and variable rates and ranges from 2.0% to 5.0%. Our bank loan is secured by a first legal mortgage of the leasehold building and a joint and several guarantees provided by certain Directors of the Company. The tenure for our bank loan is for 10 years beginning from FY2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As at the Latest Practicable Date, save as disclosed above, there were no material changes in our total capitalisation and indebtedness, save for changes in our retained earnings arising from our day-to-day operations in the ordinary course of business.

Contingent Liabilities

As at the Latest Practicable Date, we have a contingent liability of \$11,000 in respect of a bank guarantee given to a customer for an ongoing project.

CAPITAL EXPENDITURES, DIVESTMENT AND COMMITMENT

Capital Expenditure

Our capital expenditure for FY2002, FY2003, FY2004 and from 1 January 2005 to the Latest Practical Date, were as follows:

(\$'000)	FY2002	FY2003	FY2004	1 January 2005 to Latest Practical Date
Leasehold buildings	—	1,513	53	86
Transportation equipment	—	511	844	32
Tools and equipment	350	120	844	42
Furniture and fitting and office equipment	1	4	16	41
Total	351	2,148	1,757	201

The above capital expenditure was financed by a combination of funds generated from our operations and from banking facilities.

Divestment

Our divestment for FY2002, FY2003, FY2004 and from 1 January 2005 to the Latest Practical Date, were as follows:

(\$'000)	FY2002	FY2003	FY2004	1 January 2005 to Latest Practical Date
Leasehold buildings	—	—	—	—
Transportation equipment	46	22	46	—
Tools and equipment	—	—	72	—
Furniture and fitting and office equipment	70	—	—	—
Total	116	22	118	—

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operating Lease Commitments

As at the Latest Practicable Date, we had the following operating lease commitments:—

	\$'000
Within 1 year	249
After 1 year but not more than 5 years	936
After 5 years	2,571
Total	<u>3,756</u>

Capital Commitments

As at the Latest Practicable Date, the Group does not have any material capital commitments.

FOREIGN EXCHANGE EXPOSURE

Transactional Exposures

Our revenue is mainly denominated in S\$ and US\$, while our costs are mainly denominated in S\$ and RMB.

In FY2004, 52.4%, 47.3% and 0.3% of our revenue was denominated in S\$, US\$ and RMB respectively. 85.8% and 14.2% of our operating expenses were denominated in S\$ and RMB respectively.

With the proposed acquisition of assets in the PRC using part of the proceeds of this Invitation, we expect that the Group would secure more business from the PRC. Hence, we expect a greater portion of our revenue to be denominated in RMB and US\$. Please refer to the section entitled "Use of Proceeds" on page 26 of this Prospectus for details of our use of proceeds.

Translational Exposures

Our Compiled Consolidated Financial Statements are prepared in S\$ while the financial statements of our foreign subsidiary is prepared in RMB. For consolidation purpose, all assets and liabilities of the foreign subsidiary are translated in S\$ at the exchange rates ruling at the end of the financial year. The trading results of the foreign subsidiary are translated at the average exchange rates for the financial year. Exchange differences due to such currency translation are taken directly to translation reserve account.

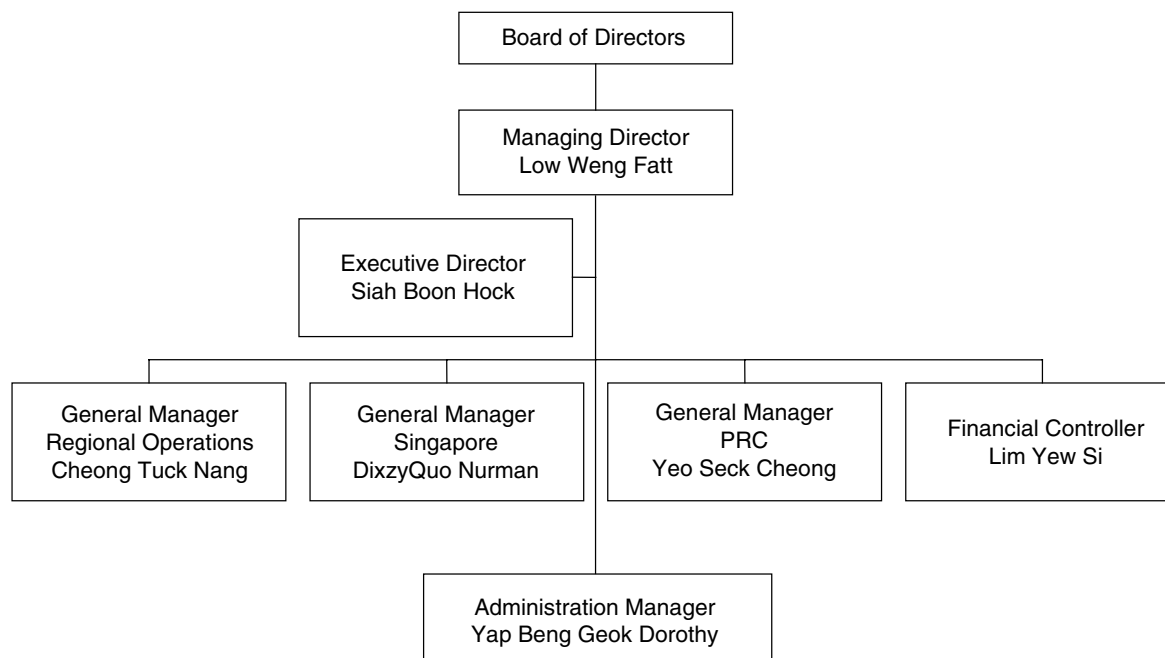
Presently, we do not have any formal hedging policy with respect to our foreign exchange exposure. During the period from 1 January 2005 to the Latest Practicable Date, we have entered into forward foreign currency contracts to hedge against exposure from foreign currency fluctuations for our US\$ fixed deposits. The outstanding commitments in respect of forward foreign currency contracts sold were US\$1,278,000.

The impact of foreign exchange fluctuations on our financial performance over the past 3 financial years was not significant.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

MANAGEMENT STRUCTURE

The management structure chart showing the reporting lines and functional responsibilities of our Executive Directors and Executive Officers is set out below:–



DIRECTORS

The Board of Directors is entrusted with the responsibility for the overall management of our Group. The names, ages, addresses and principal occupations of our Directors are listed below:–

Name	Age	Residential address	Country of principal residence	Principal Occupation
Low Weng Fatt	40	5 Sennett Lane Singapore 466893	Singapore	Managing Director
Siah Boon Hock	45	7 Joo Hong Road Singapore 548373	Singapore	Executive Director
Yap Koon Bee @ Louis Yap	70	725 Ang Mo Kio Ave 6 #02-4144 Singapore 560725	Singapore	Non- Executive Director
Yong Kwet Leong	50	16 Jalan Suasa Singapore 678508	Singapore	Advocate and Solicitor
Ng Jwee Phuan @ Frederick (Eric)	58	8 Lakme Street Singapore 456905	Singapore	Management Consultant

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Information on the areas of responsibilities and working experiences of our Directors is set out below:–

Low Weng Fatt has been the Managing Director of the Group since June 2001. He has been a Director of the Company since its incorporation in 1999. He is responsible for the strategic planning, overseeing of financial stability and setting of goals and sales targets for the Group. As the Managing Director, he is also responsible for establishing the general business direction for the Group, providing the leadership to steer the Group through its growth plans in the local and regional markets and pioneering its regional investment project plans. Mr Low joined the Company in 1996 as Project Manager where he was responsible for project management and operations control, technical service consultation, development of tools for use in operations and after sales support for the Company's clients. Recognising the growth potential of the equipment relocation business, he discontinued the labour supply business to focus on this segment of the business. He gradually built up our Group's operational capability by (1) acquiring a fleet of general and specialised trucks to convey the equipment that were being relocated, (2) purchasing specialist material handling tools and equipment to improve the efficiency of our operation and to meet the needs of the increasingly sophisticated equipment being moved and (3) providing complementary services and facilities to customers, such as warehousing, packing and crating. In late 2003 he extended the Group's operations to the PRC which contributed a major portion of the nearly 200% revenue growth for FY2004. Prior to joining our Group, he was a director of Moving Ads Pte Ltd from 1990 to 1995, where he was responsible for the marketing and distribution of household products. He holds a GCE 'O' level Certificate.

Siah Boon Hock is an Executive Director of our Company. He was appointed to the Board on 22 April 2005. He is responsible for the general management of sales and marketing in the Company and assists the Managing Director in strategic planning, development and the Company's expansion into overseas markets. Mr Siah has over 15 years of experience in sales and marketing. Prior to joining the Company, he was a director of Ascomp Cyberware International Pte Ltd from 2000 to 2001, where he managed the sales development of the trading company. He was also director of SB Tac Pte Ltd from 1997 to 1999, where he managed a turnkey-assembly manufacturing joint venture between American and Singapore principals. He was concurrently the regional sales manager of SB Holdings Pte Ltd, where he was responsible for the sales and market development of supply chain management solutions to personal computer OEMs with internationally recognised brands such as Apple, IBM, Compaq (now known as Hewlett Packard), in Asia. When SB Holdings Pte Ltd and SB Tac Pte Ltd were acquired by iLogistics Pte Ltd, Mr Siah worked as their regional sales manager from 1999 to 2000. From 1989 to 1996, Mr Siah worked in Stream International Pte Ltd as its sales manager and was in charge of the sales and market development of software contents to PC OEMs in Southeast Asia. Mr Siah has completed pre-university education.

Yap Koon Bee @ Louis Yap is a non-Executive Director of our Company. He has been a Director of the Company since its incorporation in 1999. He founded the business in 1995 as a partnership to supply labour for the stuffing and unstuffing of containers, packing and warehousing. He managed the Company's business until 2001 when he retired from active business management but has remained a non-Executive Director of the Company. He has been involved in the business of labour supply as well as transport and warehousing since the 1960s. Mr Yap completed his secondary education in 1952.

Yong Kwet Leong is an Independent Director of the Company and was appointed to the Board on 27 April 2005. Mr Yong is a partner of Yong & Partners. He is involved in social service activities and is on the management committee of HELP Family Service Centre and Canossaville Children's Home. Mr Yong has been a practising Advocate and Solicitor of the Supreme Court of Singapore since 9 September 1981. He was called to the English Bar by the Honourable Society of Inner Temple on 24 July 1980. Mr Yong was admitted as a Fellow of the Chartered Institute of Arbitrators in 1994. He obtained a Bachelor of Arts Degree from the University of Singapore, now known as the National University of Singapore, in 1979.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Ng Jwee Phuan @ Frederick (Eric) is an Independent Director of our Company and was appointed to the Board on 27 April 2005. Mr Ng has been the Principal Consultant of Chadway Management Service Pte Ltd since 1982. He is responsible for providing operational management, strategic planning and corporate finance services to companies in Singapore and the region, and advises them on their business growth and globalization strategies. Mr Ng is also active in various societies and institutions, being a member of the Singapore Institute of Directors and the Singapore Human Resource Institute. He also served as the District Governor for Singapore of Lions Clubs International from 2002 to 2003. Mr Ng obtained a Bachelor of Science in Business Administration from the United States of America in 1980 and a Master in Business Administration from Canada in 1988.

Our Executive Director and Substantial Shareholder, Siah Boon Hock, is the son-in-law of our non-Executive Director and Controlling Shareholder, Yap Koon Bee @ Louis Yap.

Save as disclosed above, none of our Directors is related to any of our other Directors or Substantial Shareholders of our Company.

There was no arrangement or understanding with a Substantial Shareholder, customer or supplier pursuant to which we will appoint any of them or persons nominated by any of them as Director or Executive Officer.

Our Directors have the appropriate expertise to act as directors of the Company, as evidenced by their business and working experience set out above. Our Independent Director, Ng Jwee Phuan @ Frederick (Eric) is a director of another listed company in Singapore and is familiar with the roles and responsibilities of a director of a public listed company in Singapore. Messrs Low Weng Fatt and Siah Boon Hock have received the relevant training to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore. Our Company will be making arrangements for Messrs Yap Koon Bee @ Louis Yap and Yong Kwet Leong to receive the relevant training to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore subsequent to the Admission of our Company to the Official List of the SGX-SESDAQ.

The list of present and past directorships of each Director for the past 5 years, other than in the Company, is set out below:–

Name	Present Directorships	Past Directorships
Low Weng Fatt	<u>Group Companies</u>	<u>Group Companies</u>
	Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd (PRC)	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Lay Seng Food Industries Pte Ltd	Moving Ads Pte Ltd

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present Directorships	Past Directorships
Siah Boon Hock	<u>Group Companies</u> Chasen Logistics & Engineering Services Pte Ltd Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd (PRC) <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> SB Tac Pte Ltd Ascomp Cyberware International Pte Ltd Ace Marketplace Pte Ltd
Yap Koon Bee @ Louis Yap	<u>Group Companies</u> Nil <u>Other Companies</u> Nil	<u>Group Companies</u> Nil <u>Other Companies</u> Universal Transport Co. Pte. Ltd
Yong Kwet Leong	<u>Group Companies</u> Nil <u>Other Companies</u> Nesino Investments Pte Ltd (gazetted to be struck off)	<u>Group Companies</u> Nil <u>Other Companies</u> Nil
Ng Jwee Phuan @ Frederick (Eric)	<u>Group Companies</u> Nil <u>Other Companies</u> Avaplas Ltd Chadway Management Services Pte Ltd Chadway Investment Holdings Pte Ltd SB Transnet Enterprise Pte Ltd Rhema Movers Pte Ltd	<u>Group Companies</u> Nil <u>Other Companies</u> Avaplas (Thailand) Ltd Rhema Centre Pte Ltd (in voluntary liquidation)

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Directors who are assisted by a management team of experienced Executive Officers. The names, ages, addresses and positions of the Executive Officers are set out below:–

Name	Age	Residential address	Country of principal residence	Principal Occupation
Lim Yew Si	40	501 Sembawang Road #01-11 Singapore 757706	Singapore	Financial Controller
Yeo Seck Cheong	43	136C Hillview Ave #10-02 Merawoods Singapore 669608	Singapore	General Manager (PRC)
Cheong Tuck Nang	34	50 Canberra Drive #01-19 Singapore 768438	Singapore	General Manager (Regional Operations)
DixzyQuo Nurman	34	67 Cavenagh Road #02-08 Singapore 229621	Singapore	General Manager (Singapore)
Yap Beng Geok Dorothy	37	50 Canberra Drive #01-19 Singapore 768438	Singapore	Administration Manager

Information on the areas of responsibilities and working experiences of our Executive Officers is set out below:–

Lim Yew Si joined as the Financial Controller of the Company in January 2005. He is primarily responsible for our Group's accounting and financial operations as well as the reporting requirements of the Company, amongst others. Prior to joining our Company, from November 2001 to August 2004, Mr Lim was the Group Chief Accountant in BIL Management Pte Ltd, a subsidiary of BIL International Limited (formerly known as Brierley Investment Limited) and was later promoted to the position of Financial Controller. He has also held various positions in Vickers Systems Asia Pacific Pte Ltd including the Asia Pacific Financial Accounting Manager and Southeast Asia Financial Controller, from April 1999 to November 2001. Prior to joining Vickers Systems Asia Pacific Pte Ltd, Mr Lim was the Group Senior Internal Auditor for Feeders Asia Pte Ltd from 1998 to 1999. He has also previously worked in accounting firms such as Chong Khee San & Co, Coopers & Lybrand (now known as PricewaterhouseCoopers) and Coopers & Lybrand CIEC (Beijing, China) from 1990 to 1998.

Mr Lim was appointed as an Executive Committee Member of Metta Welfare Association from April 2004 to March 2005 and was a Committee Member of The Chartered Institute of Management Accountants, Singapore branch from 2000 to 2003. He obtained a Bachelor of Accountancy from National University of Singapore in 1990, qualified as a member of the Institute of Certified Public Accountants of Singapore in 1996 and was admitted as an Associate of the Chartered Institute of Management Accountants in 1998.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Yeo Seck Cheong is the General Manager (PRC) of our Group. In this capacity he is the CEO of Chasen Hi Tech, our wholly owned PRC subsidiary. He is responsible for overall operations and the sales and marketing of our Group's business in the PRC. He joined our Company in 2000 as a Project Manager responsible for successfully executing relocations projects secured by our Company. With this experience he was posted to the PRC and he has successfully managed the PRC operations since its establishment. Mr Yeo also assists the Managing Director in regional strategic planning and growth. Prior to joining our Group, Mr Yeo worked in West LB Bank, Singapore first as the FX/Option Marketing/Trading Assistant Vice President and then as Vice President from 1994 to 1998 and from 1998 to 2000 respectively. He also worked as an Assistant FX Manager in DKB Bank, Singapore from 1992 to 1994 and a FX/Option Trader in Merrill Lynch, Singapore from 1990 to 1992. Mr Yeo holds a GCE 'A' Level Certificate.

Cheong Tuck Nang is the General Manager (Regional Operations) of the Company, where his responsibilities include overseeing general warehouse operations, trouble shooting and providing technical and engineering solutions to relocation projects in local and overseas operations, including the design of specialised relocation tools for specific projects. He is also responsible for the execution of all the major projects of the Group and the provision of after-sales support to all of the Group's customers. Mr Cheong has been with the Group since its inception and has been in the logistics industry since 1990. Mr Cheong holds a GCE 'O' Level Certificate.

DixzyQuo Nurman is the General Manager (Singapore) of the Company. He joined our Company in 2000 as a Business Planning Manager responsible for planning and coordinating the business processes of the Company and preparing sales reports and market analysis. He was promoted to his current position in 2004 to oversee relocation projects, general warehousing and after-sales support to customers in Singapore. Prior to joining the Company, Mr Quo worked as a Cost & System Analyst and Programme Manager in Li Xin Industries Ltd (now Flextronics Ltd) in 1998 and 1999 respectively. Prior to that, he was a Senior Financial Analyst and later Finance System Manager at DHL Worldwide Express (Jakarta, Indonesia) from 1996 to 1997. From 1993 to 1996, he worked in PT Astra Microtronics Technology as a Financial Analyst. Mr Quo is a *summa cum laude* graduate from the Bandung Institute of Technology, Indonesia, where he majored in Economic Engineering and obtained a Bachelor of Science (Industrial Engineering) in 1993.

Yap Beng Geok Dorothy is the Administration Manager of the Company. She is responsible for the day-to-day administrative workflow, human resource matters and the general administration of the Company. Ms Yap joined Chasen Logistics Services in 1995 and in the course of her employment with Chasen Logistics Services and with the Company over the past 10 years, she has acquired in-depth knowledge of many aspects of the Group's business, including its operation and administration. She was previously in charge of the Group's accounting matters. Prior to joining Chasen Logistics Services, she worked as an Administrative Officer in Sony International (S) Ltd (now Sony Electronics Asia Pacific Pte Ltd), providing secretarial and general administrative support to the Asia Service Technical Centre of the Company. Ms Yap obtained a Diploma in Business Management from University of Bradford, United Kingdom in 1995.

Our Administration Manager, Ms Yap Beng Geok Dorothy is the daughter of our non-Executive Director, Yap Koon Bee @ Louis Yap and the wife of our General Manager (Regional Operations), Cheong Tuck Nang. She is also the sister-in-law of our Executive Director, Siah Boon Hock.

Save as disclosed above, none of our Executive Officers are related to each other or to any Director or Substantial Shareholder of our Company.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The list of present and past directorships of each Executive Officer for the past 5 years is set out below:–

Name	Present Directorships	Past Directorships
Lim Yew Si	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Happy Art Enterprise Ltd	Nil
Yeo Seck Cheong	<u>Group Companies</u>	<u>Group Companies</u>
	Chasen Logistics & Engineering Services Pte Ltd Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd (PRC)	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Lay Seng Food Industries Pte Ltd	Nil
Cheong Tuck Nang	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Max Lube Trading Pte Ltd	Nil
DixyQuo Nurman	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Nil	Nil
Yap Beng Geok Dorothy	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Nil	Nil

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and in the offering of high standards of accountability to our shareholders. In line with the above, our Directors have established a Nominating Committee, a Remuneration Committee and an Audit Committee.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Nominating Committee

Our Nominating Committee comprises our Independent Directors, Yong Kwet Leong and Ng Jwee Phuan @ Frederick (Eric) and our Managing Director, Low Weng Fatt. The Chairman of the Nominating Committee is Yong Kwet Leong. Our Nominating Committee will be responsible for:–

- (a) re-nomination of our Directors having regard to the Director's contribution and performance;
- (b) determining on an annual basis whether or not a Director is independent; and
- (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director.

Our Nominating Committee will decide on how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board is to enhance long-term shareholders' value. The performance evaluation will also include consideration of our share price performance over a five-year period vis-à-vis the Straits Times Index. The Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director.

Remuneration Committee

Our Remuneration Committee comprises our Independent Directors, Yong Kwet Leong, Ng Jwee Phuan @ Frederick (Eric) and our Executive Director, Siah Boon Hock. The Chairman of the Remuneration Committee is Ng Jwee Phuan @ Frederick (Eric). Our Remuneration Committee will recommend to the Board a framework of remuneration for the Directors, Executive Officers and their associates, and determine specific remuneration packages for each Executive Director and the Managing Director. The recommendations of our Remuneration Committee would be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his or his associates' remuneration package.

Audit Committee

Our Audit Committee comprises our Independent Directors, Yong Kwet Leong, Ng Jwee Phuan @ Frederick (Eric) and our non-Executive Director, Yap Koon Bee @ Louis Yap. The Chairman of the Audit Committee is Ng Jwee Phuan @ Frederick (Eric). Our Audit Committee will meet quarterly to perform the following functions:–

- (a) review the audit plans of our external auditors;
- (b) review the external auditors' reports;
- (c) review the co-operation given by our officers to the external auditors;
- (d) review our Compiled Consolidated Financial Statements before their submission to the Board of Directors;
- (e) nominate external auditors for re-appointment;
- (f) approve internal control procedures and arrangements for all interested person transactions;
- (g) review the internal controls audit report;
- (h) review the Group's exposure to foreign exchange risk; and
- (i) review and ratify all interested person transactions to ensure that they comply with the approved internal control procedures and have been conducted on arms' length bases.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Apart from the above functions, our Audit Committee will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on our operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

Board Practices

Our Directors are appointed by our Shareholders at a general meeting and an election of Directors is held annually. One third (or the number nearest to a third) of our Directors are required to retire from office at every annual general meeting and all Directors are required to retire from office at least once in every 3 years. However, a retiring Director is eligible for re-election at the meeting at which he retires. As our non-Executive Director, Yap Koon Bee @ Louis Yap, has reached 70 years of age, he will be required under the Act to retire (and be eligible for reappointment) every year at the annual general meeting.

Please refer to Appendix C — “Summary of Memorandum of Association and Selected Articles of Association of the Company” for more details on the appointment or retirement of Directors.

EMPLOYEES

As at 31 December 2004, our Group has 245 full-time employees. We do not employ a significant number of temporary employees.

The employees of Chasen Hi Tech have established a labour union. Our management and the labour union have enjoyed good relations and our management expects such good relations to continue. Save as disclosed aforesaid, none of our employees are unionised. The number of full time employees is not subject to any significant seasonal fluctuations. The relationship between the management and staff is good and there has not been any incidence of work stoppages or labour disputes which had affected our operations.

The numbers of our full-time employees as at 31 December for each of the last three financial years are as follows:—

	2002	2003	2004
Number of full-time employees	92	94	245

The geographical and functional distribution of our employees as at 31 December for each of the last three financial years are as follows:—

Location	2002	2003	2004
Singapore	92	94	120
PRC	Nil	Nil	125
Total	92	94	245
Function	2002	2003	2004
Management	10	8	9
Administration/Finance	5	6	11
Sales & Marketing	6	4	7
Operations/Quality Control	71	76	218
Total	92	94	245

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

The remuneration¹ of our Directors and our Executive Officers for FY2003, FY2004 and estimated FY2005 are as follows:–

(a) Directors in each remuneration band²

Directors	FY2003	FY2004	Estimated FY2005 ³
Low Weng Fatt	A	A	A
Siah Boon Hock	A	A	A
Yap Koon Bee @ Louis Yap	A	A	A
Yong Kwet Leong ⁴	—	—	A
Ng Jwee Puan @ Frederick (Eric) ⁴	—	—	A

(b) Executive Officers in each remuneration band²

Executive Officers	FY2003	FY2004	Estimated FY2005 ³
Lim Yew Si	—	—	A
Yeo Seck Cheong	A	A	A
Cheong Tuck Nang	A	A	A
DixzyQuo Nurman	A	A	A
Yap Beng Geok Dorothy	A	A	A

Notes:–

1. Remuneration includes salary, bonus, CPF, directors' fee and benefits-in-kind, if applicable.
2. Remuneration band 'A' refers to remuneration up to \$250,000.
3. The estimated remuneration for FY2005 does not include any bonus or profit sharing.
4. Comprises directors' fees payable to our Independent Directors.

REMUNERATION OF EXECUTIVE OFFICERS AND OTHER EMPLOYEES WHO ARE RELATED TO DIRECTORS/SUBSTANTIAL SHAREHOLDERS

As at the date of this Prospectus, the following employees are related to our Directors and Substantial Shareholders. They are our Administration Manager, Yap Beng Geok Dorothy, our General Manager (Regional Operations) Cheong Tuck Nang, Yap Beng Huat David, an Operations Supervisor, and Cheong Pang @ Cheong Yew Pung, a general worker in the Company. They are the daughter, son-in-law, son and father of the son-in-law of our non-Executive Director and Controlling Shareholder, Yap Koon Bee @ Louis Yap respectively, and the sister-in-law, brothers-in-law and father of brother-in-law of our Executive Director and Substantial Shareholder, Siah Boon Hock respectively.

The aggregate remuneration of the abovenamed employees for FY2004 was approximately \$0.19 million. The basis of determining their remuneration is the same as the basis of determining the remuneration of unrelated employees.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The remuneration of employees who are related to our Directors and Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

In the event that a member of our Remuneration Committee is related to any of the employees under review, he will abstain from the review.

Annual Report Disclosure

The aggregate remuneration paid to our Directors and Executive Officers will be disclosed in our annual report. The remuneration paid to employees who are related to our Directors and Substantial Shareholders will also be disclosed in our annual report in the event that such remuneration exceeds \$150,000 for the relevant financial year.

SERVICE AGREEMENT

On 22 April 2005, our Company entered into a service agreement (the “Service Agreement”) with Mr Low Weng Fatt (the “Appointee”) whereby the Appointee was appointed as the Managing Director of our Company for a term of three (3) years which commenced on 1 January 2005 (the “Term”).

According to the terms of the Service Agreement, during the appointment, the Company shall pay the Appointee a monthly salary of S\$15,000 per month (or such other amount as may be agreed between the Company and the Appointee from time to time in writing) (the “Salary”). The Appointee shall be entitled to an annual increment as may be determined by the Board each year. During the term of the Appointee’s appointment, the Appointee shall be provided with the use of a company car of an age and model as may be determined by the Board. The Appointee shall also be provided with membership in a local social or golf club and upon the Appointee’s completion of a continuous term of five years of employment with the Company, he shall be entitled to retain absolute beneficial interest in the club membership.

The Appointee shall be eligible to participate in any profit sharing scheme and share incentive plan that may be adopted by the Company. With respect to any period of his employment embracing only part of a Financial Year, the Company shall pay to him for every week or part thereof a share of profit (if applicable) equal to one fifty-second part of the share of profit which would otherwise have been payable to him had he served the Company for the whole of such Financial Year.

The Service Agreement may be terminated (a) by either party giving to the other not less than six (6) months’ notice in writing to that effect or payment of 6 months’ salary in lieu of notice, (b) pursuant to the grounds of termination set out below or (c) upon the death of the Appointee, whichever is earlier.

Other than as described above, the Appointee is not entitled to any compensation upon termination.

Without limitation, the Company may summarily without notice or payment of compensation whatsoever terminate the Appointee’s employment if the Appointee:—

- (a) in the opinion of the Board, is guilty of dishonesty or grave misconduct or commits any act or wilful neglect, which in the opinion of the Board, is likely to bring the Group or any of its or their officials or employees into disrepute, whether such dishonesty, misconduct, act or neglect is or is not directly related to the affairs of the Company;
- (b) becomes of unsound mind or if he becomes a patient within the meaning of the Mental Disorders and Treatment Act (Cap. 178 of Singapore) or becomes permanently incapacitated by accident or ill-health and is unable to perform his duties under this Agreement or is otherwise prevented by any illness or disability which, in the opinion of the Board, prevents him from properly performing his duties hereunder for a continuous period of thirty (30) days or more in any calendar year;

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

- (c) becomes bankrupt or makes any arrangement or composition with his creditors;
- (d) in the opinion of the Board, commits any material or persistent breach of any of his duties or obligations under this Agreement or have failed to carry out his duties diligently and with due competence;
- (e) is convicted of any criminal offence other than an offence which in the reasonable opinion of the Board does not affect his position as a Managing Director or Director of the Company;
- (f) is found to have made illegal monetary profit or received any gratuities or other rewards (whether in cash or kind) out of any of the Group affairs; or
- (g) if the Company is required or requested by any authority (whether government or statutory) to terminate the services of the Managing Director.

Upon such termination, the Appointee shall not be entitled to claim any compensation or damages for or in respect or by reason of such termination.

The Appointee has covenanted with the Company that he will not at any time during the period of employment or within 24 months from the earlier of the date of the Term or of termination of the employment, do or permit any of the following, without the prior written consent of the Board directly or indirectly:—

- (a) whether solely or jointly with or on behalf of any person, firm or corporation or otherwise, carry on or be engaged in any activity or business which will be in competition with the business of the Group;
- (b) solicit the custom of any person who is, or has been at any time during the period of the Employment, a customer of the Company for the purpose of offering to such customer goods or services similar to or competing with the business of the Group;
- (c) assist any person, firm or corporation with advice and/or information in relation to any activity or business which shall be in competition with the business of the Group;
- (d) whether solely or jointly with or on behalf of any person, firm or corporation or otherwise, endeavour to entice away from the Company any person who has at any time during the year immediately preceding such termination or expiration been employed or engaged by the Company; or
- (e) cause or permit any person or company, under his control or in which he has any beneficial interest to do any of the foregoing acts or things.

There are no other existing service contracts between any of our Directors and our Company or any of our Subsidiaries which provide for benefits upon termination of employment with our Company.

There is no amount set aside or accrued by our Company or our Subsidiaries to provide pension, retirement or similar benefits for our Directors.

Save as disclosed above, there are no other existing or proposed service agreements between our Company or our Subsidiaries and any Director or Executive Officer of our Company.

Had the Service Agreement been effected in FY2004, the estimated total remuneration (excluding directors' fees) for our Executive Directors and Executive Officers would have been \$0.82 million instead of \$0.56 million and net profit in respect of FY2004 would have been \$5.37 million instead of \$5.60 million.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

PROFIT SHARING SCHEME

The Chasen Logistics Employee Profit Sharing Scheme (the "Scheme") was approved by the Board of Directors on 21 September 2005 and is intended to be implemented by the Company with effect from the current Financial Year.

The objective of the Scheme is to peg the total remuneration of Executive Directors and Executive Officers to the profitability of the Company, in line with the current government policy to promote a variable wage system.

The sum to be set aside for compensation of Executive Directors and Executive Officers under the Scheme (the "Distributable Profits") for each Financial Year shall be dependent on the return on shareholders' funds (the "ROF") and the audited profit before tax (the "PBT") of that Financial Year. In respect of each Financial Year commencing from January 1, 2005, the Distributable Profits shall be calculated as follows:

Return on Shareholders Funds	Amount of Distributable Profits
Below 15%	Nil
15% to 19.99%	9% of PBT
20% to 29.99%	10% of PBT
30% or more	12% of PBT

where:

- (i) "ROF" is the ratio of PBT over shareholders' funds
- (ii) "PBT" is, in relation to each Financial Year, the audited profits before tax of the Company before any extraordinary item and the amount to be set aside under the Scheme; and
- (iii) "Shareholders Funds" is the aggregate of share capital, share premium account and retained earnings of the Group based on the audited accounts for the previous Financial Year, except for the purpose of computing the distributable profits for FY2005, the "Shareholders Funds" shall be 1.5 times the aggregate of share capital, share premium account and retained earnings of the Group based on the audited accounts for FY2004.

The Distributable Profits for each Financial Year shall be certified by the auditors and distributed as follows:

- | | | | |
|-----|--|---|------------------------------|
| (a) | Managing Director | — | 25% of Distributable Profits |
| (b) | Other Executive Directors and Executive Officers | — | 75% of Distributable Profits |

or such other proportions as the Board of Directors may decide from time to time under the recommendation of the Remuneration Committee. Any Director who has an interest in the above subject matter will abstain from participating or making any recommendation in relation to himself. With regards to the staff listed in category (b) above, distribution shall be in accordance with the performance appraisal of the individual Executive Director or Executive Officer for that Financial Year. The Scheme shall be administered by the Remuneration Committee.

The salaries of all staff (including the Managing Director, the Executive Director, the Executive Officers and others) who are entitled to the Scheme are calculated on a 12-month basis.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Pursuant to the letter of appointment dated 6 December 2004 from our Company to Lim Yew Si whereupon Mr Lim was appointed as Financial Controller of our Group, Mr Lim is entitled to, inter alia, an annual bonus which is dependent on the result of the Company/Group's business operations and Mr Lim's performance for the relevant year. Upon the admission of our Company to the Official List of the SGX-SESDAQ, such annual bonus will be computed in accordance with the aforesaid Scheme.

Save as disclosed above, none of our Directors or Executive Officers are entitled to any other performance bonus or profit sharing.

CHASEN PERFORMANCE SHARE PLAN

The Chasen Performance Share Plan (the "Plan") was approved by our Shareholders at an Extra-ordinary General Meeting held on 21 September 2005. The terms of the Plan are set out in Appendix D of this Prospectus.

Under the rules of the Plan, our Group's Directors and all confirmed full-time managers and those listed above them in the organizational charts of the Group, who are not less than 21 years old are eligible to participate in the Plan.

As at the date of this Prospectus, no Awards have been granted under the Plan.

Objectives of the Plan

In conjunction with our Company's listing on the SGX-SESDAQ, our Company has adopted an employee share award scheme known as the "Chasen Performance Share Plan" (the "Plan"), whereby eligible participants are conferred rights by the Company to be issued or transferred Shares (hereinafter referred to as "Awards"). The rationale of the Plan is to provide an opportunity for the Directors and full-time employees of our Group (the "Participants") to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and to give recognition to employees of our Group who have contributed to the success of the Group. The Participants are not required to pay for the grant of Awards or for the Shares allotted or allocated pursuant to an Award.

The Plan is an integral part of employee incentive compensation in the Company's variable wage system. The Plan will give Participants an opportunity to have a direct interest in the value of the Company's Shares and help to achieve the following objectives:—

- (a) foster an ownership culture within the Group which aligns the interests of Participants with the interests of Shareholders of the Company;
- (b) motivate Participants to optimize their performance, efficiency and productivity by relating their total remuneration to the performance of the Company; and
- (c) make employee remuneration sufficiently competitive to recruit and retain key employees including our Executive Directors whose contributions are important to the long term growth and profitability of our Group.

Rationale for participation of Controlling Shareholders and their associates and non-Executive Directors

Participation of Controlling Shareholders and their associates

An employee who is a Controlling Shareholder of our Company or an associate of a Controlling Shareholder shall be eligible to participate in the Plan if (a) his participation in the Plan and (b) the actual number and terms of the Awards to be granted to him have been approved by independent Shareholders of our Company in separate resolutions for each such person. The relevant Employee is required to abstain from voting on, and (in the case of employees who are Directors) refrain from making any recommendation on, the resolutions in relation to the Plan.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

It is the intention of our Company that employees who are Controlling Shareholders or associates of Controlling Shareholders should be remunerated for their contribution to the Group on the same basis as other employees who are not Controlling Shareholders or their associates. Although the Controlling Shareholders and their associates already have shareholding interests in our Company, the extension of the Plan to allow the Controlling Shareholders and their associates to participate in the Plan, will ensure that they are equally entitled, with the other employees who are not Controlling Shareholders or their associates, to take part and benefit from this system of remuneration. The Plan is intended to be part of a system of remuneration for employees and our Company is of the view that employees who are Controlling Shareholders or associates of Controlling Shareholders should not be unduly discriminated against by virtue only of their shareholding in our Company. Our Company is also of the view that the extension of the Plan to Controlling Shareholders and their associates will enhance the long-term commitment of the Controlling Shareholders and associates to our Company as it will ensure that such Controlling Shareholders and associates will continue to have a stake in our Company even if they decrease their shareholdings in our Company in the future.

We believe that the grant of Awards to Controlling Shareholders and their associates will act as an additional incentive for the Controlling Shareholders and associates who are employees of our Group to improve their performance, as the value of the Awards will be best realised when the result of their performance correlate directly with higher values of our Shares.

Our Directors are of the view that the participation in the Plan by the Controlling Shareholders and their associates is in the best interests of our Company as such Controlling Shareholders and their associates are able to set the direction of our Company, define objectives and roles of management and influence decisions made by our Company and thus stand in a unique position to contribute to the growth and prosperity of our Group.

It is proposed that Mr Low Weng Fatt who is the Managing Director and Controlling Shareholder of our Company, be entitled to participate in the Plan. The shareholding interests of Mr Low Weng Fatt in the issued share capital of our Company as at the Latest Practicable Date are set out in the section entitled "Share Capital and Group Structure" beginning on page 41 of this Prospectus.

Rationale for participation of Mr Low Weng Fatt

Mr Low Weng Fatt is the Managing Director of our Company and has been responsible for the overall management, strategic planning and direction of our Group since taking over the helm of the Company in 2001. Mr Low has been with our Group since 1996 when it operated as a partnership and has played a pivotal role in steering the growth of our Group with his 10 years of experience in the logistics industry. He has ably led our Group by exploiting its first mover advantage in meeting the growing specialist relocation needs of manufacturers and other businesses who use sophisticated and expensive machines and equipment in their operations locally and in this region and building up a good track record and reputation for our Company.

He has in-depth knowledge of the needs of the business as it evolved over the years. His ability to anticipate business trend and demand has enabled us to offer the right type of material handling equipment and special conveyance vehicles to customers when they are needed. He also successfully implemented the strategy to develop the Company's capability to meet the total relocation needs of customers at competitive terms, with prompt, reliable and efficient service at all times than merely providing labour for packing and stuffing and unstuffing containers. The comprehensive range of services to meet all the customers' relocation logistics needs also enable us to replicate our services overseas in particular the PRC where similar capabilities are lacking.

The range of services now available to the Group's customers includes the provision of repositioning services in the form of maintenance contracts where customers can call for our specialist services at short notice and at predetermined rates as well as turnkey relocation projects in major manufacturing centres in this region such as PRC, Malaysia and Singapore. Mr Low Weng Fatt continues to play an instrumental role in charting our Group's expansion and business development plans.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The participation in the Plan by Mr Low Weng Fatt will take place only after the Company has been admitted to the Official List of the SGX-SESDAQ. Under the SGX-ST Listing Manual, the specific grant of Awards to Mr Low Weng Fatt and any other Controlling Shareholders or their associates will have to be approved by other Shareholders of our Company in general meetings.

Participation of non-Executive Directors

Under the rules of the SGX-ST Listing Manual, our Group has some flexibility in formulating a Plan that recognises and benefits not only persons who are in the employment of our Group but also non-Executive Directors who are not employed by our Group but who nevertheless work closely with our Group and/or are in the position to contribute their experience, knowledge and expertise to the development and success of our Group.

The Plan is extended to the non-Executive Directors (including our Independent Directors) of our Group, other than Mr Yap Koon Bee @ Louis Yap.

Although the non-Executive Directors are not involved in the day-to-day running of our Group, they also play an invaluable role in our success by applying their experience, drawing on their knowledge and utilising their expertise for the benefit of our Group. It is desirable that our non-Executive Directors be allowed to participate in the Plan to give recognition to their services and contribution and to further align their interests with that of our Group.

In order to minimise any possible conflicts of interest, and so as not to compromise the objectivity of independent members of our Board who may, in the future, be selected to participate in the Plan, our non-Executive Directors would primarily continue to be remunerated for their services by way of directors' fees. As the Plan does specify a limit as to the amount of Shares to be comprised in awards that may be granted to any participant in a financial year, it is envisaged that Awards that may be granted to non-Executive Directors will be of token amounts and will not comprise (whether on an individual or collective basis) a significant portion of the Awards available under the Plan.

Our Remuneration Committee when deciding on the selection of non-Executive Directors to participate in the Plan and the number of Shares to be offered (in accordance with the Plan) will take into consideration the nature and extent of their input, assistance and expertise rendered to the committees on which they sit and the impact thereof on the growth, success and development of our Company and our Group, as well as their involvement and commitment to the Board. Non-Executive Directors will abstain from making any recommendation as a Director and abstain from voting as a member of our Company when the grant of Awards to him is being considered.

Summary of the Plan

A summary of the rules of the Plan is set out as follows:

(1) Participants and Eligibility

Under the rules of the Plan, our Group's Directors and all confirmed full-time managers and those listed above them in the organization charts of the Group, who are not less than 21 years old and who, in the opinion of the Remuneration Committee have contributed to the success and development of the Group, are eligible. For Participants who are non-Executive Directors, written justification will first have to be provided to Shareholders for their participation at the introduction of the Plan or prior to the first grant of Awards.

Controlling Shareholders and their associates are not eligible to participate in the Plan unless:—

- (a) written justification have been provided to Shareholders for their participation at the introduction of the Plan or prior to the first grant of Awards to them;

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

- (b) the actual number and terms of any Shares to be granted to them have been specifically approved by Shareholders of the Company who are not beneficiaries of the grant in a general meeting in separate resolutions for each such Controlling Shareholder or his associates; and
- (c) all conditions for their participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied.

(2) Plan administration

The Plan is administered by our Company's Remuneration Committee (the "Committee") appointed and authorized by our Directors to administer the Plan. The Committee may consist of Directors (including Directors who may be Participants in the Plan). A member of the Committee who is also a Participant must not be involved in its deliberations in respect of Awards granted or to be granted to him. The Committee shall have absolute discretion to determine the eligibility of employees to participate in the Plan and the number of Shares to be awarded to each Participant shall be determined at the absolute discretion of the Committee, which shall take into account the performance of the Participant and such general criteria as the Committee may consider appropriate, subject to rules of the Plan and the SGX-ST.

(3) Size of the Plan and maximum entitlements

The Committee shall determine the number of shares to be awarded each year according to the Company's performance as reflected in the return on Shareholders' funds ("ROF") and the PBT of that Financial Year and with reference to the same benchmarks as that set for the Chasen Logistics Employee Profit Sharing Scheme.

The maximum limits of Shares to be awarded are:-

- (a) up to 200,000 Shares per year for the Managing Director;
- (b) up to 150,000 Shares per year for each Executive Director (other than the Managing Director);
- (c) up to 50,000 Shares per year for each non-Executive Director (if eligible);
- (d) up to 100,000 Shares per year for each General Manager or each Senior Manager; and
- (e) up to 50,000 Shares per year for each Manager,

(collectively, the "Plan Limit").

The total number of Shares to be offered to all the Controlling Shareholders and their associates (if eligible) shall not during the entire operation of the Plan exceed 25 per cent. of the Plan Limit and the total number of Shares to be offered to each Participant who is a Controlling Shareholder or his associate shall not during the entire operation of the Plan exceed 10 per cent. of the Plan Limit.

(4) Grant of Awards

Under the rules of the Plan, there are no fixed periods for the grant of Awards. As such, offers of the grant of Awards may be made at any time and from time to time at the discretion of the Committee. However, in the event that an announcement on any matter involving unpublished price sensitive information is made, Awards may only be granted after the second market day following the aforesaid announcement.

The Committee may at the time of the grant of an Award impose such conditions on the Participant in relation to his employment which must be fulfilled or satisfied by the Participant prior to his entitlement to be vested with the Shares granted under the Award.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

(5) Acceptance of Awards

The grant of an Award, if not accepted by the Participant within thirty (30) days from the day of the grant, will automatically lapse and be null and void. A Participant may accept or refuse the whole but not part of a grant of an Award.

(6) Release of Awards

Shares granted under an Award may be vested in a Participant subject to the following limits:–

- (a) after the first anniversary of the date of grant: maximum of 40 per cent. of the Award granted;
- (b) after the second anniversary of the date of grant: maximum of 70 per cent. of the Award granted; and
- (c) after the third anniversary of the date of grant: maximum of 100 per cent. of the Award granted.

(7) Duration of the Plan

The Plan shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date the Plan comes into effect provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Financial Effect of Awards

As Participants are not required to pay for the grant of the Awards, such grant of Awards will have a financial effect on our Company.

The grant of Awards under the Plan will not have an impact on our Company's reported profit under current accounting rules set out in the Singapore Financial Reporting Standards ("FRS") applicable for the financial years ended 31 December 2004, 31 December 2003 and 31 December 2002. However, a new accounting standard, which has been effective for the financial periods beginning on or after 1 January 2005, requires the recognition of an expense in respect of Awards granted under the Plan. The expenses will be based on the fair value of the Awards at the date of the grant and will be recognised over the expected vesting period. However, no expense will ultimately be recognised for any Awards granted that do not vest because of failure to satisfy the vesting conditions. The requirement to recognise an expense in respect of Awards granted to Participants is set out in FRS 102 issued by the Council on Corporate Disclosure and Governance.

In accordance with FRS102 'Share-based payment', paragraph 15, the Company shall account for the grant of award during the vesting period, with a corresponding increase in equity. Per FRS102, paragraph 19, on a cumulative basis, no amount is recognised for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition. Also, per FRS102, paragraph 20, the Company shall recognise an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary. Therefore, grant of award is recognised to income statement over the expected vesting period. If an employee leaves before end of vesting period, the Company should revise the estimated number of equity instruments expected to vest.

INTERESTED PERSON TRANSACTIONS

Save as disclosed in this Prospectus, none of the Directors, our Substantial Shareholders or associates of such Directors or Substantial Shareholders, were or are interested in any material transactions undertaken by our Group within the past 3 financial years and up to the Latest Practicable Date.

PAST TRANSACTIONS

Amount due to our Company from Lay Seng Food Industries Pte Ltd

In 2003, our Company granted an interest free, unsecured loan of S\$227,412 to Lay Seng Food Industries Pte Ltd, a company in which our Managing Director and Controlling Shareholder, Low Weng Fatt, and our General Manager (PRC) and Substantial Shareholder, Yeo Seck Cheong, has a 50% and a 40% interests respectively. This loan was unsecured and had no fixed terms of repayment. As of 31 December 2004, the aforesaid loan has been fully repaid to our Company. There have been no further advances or loans extended by our Company to Lay Seng Food Industries Pte Ltd.

Amount due to Yeo Seck Cheong from Chasen Hi-Tech

In 2004, our General Manager (PRC) and Substantial Shareholder, Yeo Seck Cheong, granted an interest free loan of S\$147,349 to Chasen Hi Tech for the expansion of our Company's PRC operations. This loan was unsecured and had no fixed terms of repayment. As of the Latest Practicable Date, this loan has been fully repaid to Mr Yeo by way of the issue of 147,349 new shares of par value \$1.00 each in the Company on 27 April 2005.

Provision of advisory and project management services by Chadway Management Services Pte Ltd

Ng Jwee Phuan @ Frederick (Eric), who is the managing director of Chadway Management Services Pte Ltd ("Chadway"), is an Independent Director of our Company. Chadway had provided advisory and project management services to the Company in relation to the Invitation. As at the date of this Prospectus, we have ceased to engage Chadway for the provision of any services and do not intend to do so in the future so long as Mr Ng remains an Independent Director of our Company. The aggregate amounts paid by our Company to Chadway in the last 3 financial years until the Latest Practicable Date are set out below:

	FY2002	FY 2003	FY 2004	Latest Practicable Date
Fees charged for services rendered (\$)	—	—	41,321	34,000

The above transactions were conducted on an arm's length basis and on normal commercial terms prior to his appointment as our Independent Director. Our Directors are of the view that the provision of the aforesaid services will not interfere with Mr Ng's independent judgment in his role as our Independent Director.

Provision of legal services by Yong & Partners

Yong Kwet Leong, who is a practising Advocate and Solicitor in Singapore and partner of Yong & Partners, is an Independent Director of our Company. Yong & Partners had previously provided professional legal services to our Company and the Subsidiaries from time to time. The aggregate amount charged by Yong & Partners to our Company and/or the Subsidiaries for professional legal services rendered in the last 3 financial years up to the Latest Practicable Date are set out below:—

	FY2002	FY2003	FY2004	Latest Practicable Date
Fees charged for professional legal services rendered (\$)	—	—	2,870	1,866

INTERESTED PERSON TRANSACTIONS

The above transactions were conducted on an arm's length basis and on normal commercial terms. Our Directors are of the view that the provision of the above services will not interfere with Mr Yong's independent judgment in his role as our Independent Director. As at the date of this Prospectus we have ceased to engage Yong & Partners for the provision of any services and do not intend to do so in the future so long as Mr Yong remains an Independent Director of our Company.

PRESENT AND ON-GOING TRANSACTIONS

Guarantees provided by Yap Koon Bee @ Louis Yap and Low Weng Fatt to secure banking facilities granted to our Company

Our Managing Director and Controlling Shareholder, Low Weng Fatt ("Low") and our non-Executive Director and Controlling Shareholder, Yap Koon Bee @ Louis Yap ("Louis Yap"), have provided joint and several personal guarantees (collectively the "Guarantees") for certain banking facilities granted by financial institutions to our Company. There was no fee paid by our Company to Louis Yap and Low for the Guarantees and as such was not on an arm's length basis. The amounts utilised from the banking facilities secured by the Guarantees as at the dates set out below were as follows:—

	As at 31 Dec 2002	As at 31 Dec 2003	As at 31 Dec 2004
Amounts (SGD)	216,537	1,694,208	1,711,939

The largest amount of facilities guaranteed by Louis Yap and Low within the past 3 financial years and up to the date of this Prospectus is S\$1,903,414. The aggregate outstanding amount guaranteed as at the Latest Practicable Date is S\$1,513,996.

Upon the listing of our Shares on SGX-SESDAQ, we intend to procure the discharge of the Guarantees provided to these financial institutions. In the event that we are unable to procure the discharge of the Guarantees, Low and Louis Yap will continue to provide such guarantees to the relevant financial institutions.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or associated companies that the listed company, or the listed company and its interested person(s), has control over (other than a subsidiary or associated company that is listed on a foreign stock exchange), proposes to enter into a transaction with the listed company's interested persons, shareholders' approval and/or an immediate announcement is required in respect of the transaction if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, shareholders' approval is required where the value of such transaction is not below \$100,000 and is:—

- (i) equal to or more than 5% of the latest audited NTA of the listed company; or
- (ii) equal to or more than 5% of the latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

Based on the NTA of the Compiled Consolidated Financial Statements of our Group as at 31 December 2004 of approximately \$7.46 million, shareholders' approval will be required if a transaction entered into with an interested person is of a value equal to or more than \$0.37 million.

INTERESTED PERSON TRANSACTIONS

Definitions under the Listing Manual

Under the Listing Manual:–

- (a) the term “interested person” is defined to mean a director, chief executive officer, or Controlling Shareholder, of the listed company or an associate of any such director, chief executive officer or Controlling Shareholder; and
- (b) the term “associate” is defined to mean:
 - (i) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual):
 - (a) his immediate family;
 - (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (c) any company in which he and his immediate family (that is, the spouse, child, adopted child, step child, sibling or parent) together (directly or indirectly) have an interest of 30% or more;
 - (ii) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

Our Review Procedures

Our Audit Committee will review all interested person transactions to ensure that they are transacted on an arm’s length basis, at normal commercial terms, and will not be prejudicial to our shareholders. It will adopt the following procedures when reviewing interested person transactions:–

- (i) When purchasing items from or engaging the services of an interested person, two other quotations from non-interested persons will be obtained for comparison, to ensure that the interests of minority shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including, but not limited to quality, delivery time and track record will be taken into consideration; and
- (ii) When selling items or supplying services to an interested person, the price or fee and terms of two other successful sales of a similar nature to non-interested persons will be used for comparison, to ensure that the interests of minority shareholders are not disadvantaged. The sale price or fee for the supply of services shall not be lower than the lowest sale price or fee of the two other successful transactions with non-interested persons.

Our Audit Committee will review all interested person transactions, if any, at least quarterly to ensure that they are carried out on arm’s length and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. In the event that a member of the Audit Committee is interested in any interested person transaction, he will abstain from reviewing and voting on that particular transaction. Furthermore, if during these periodic reviews, the Audit Committee believes that the guidelines and procedures as stated above are not sufficient to ensure that interests of minority shareholders are not prejudiced, we will adopt new guidelines and procedures.

In addition, our Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of its internal controls. Our Board of Directors will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will also be subject to shareholders’ approval if deemed necessary by the Listing Manual.

INTERESTED PERSON TRANSACTIONS

POTENTIAL CONFLICTS OF INTEREST

Save as disclosed in this Prospectus during the past three financial years and up to the date of this Prospectus:—

- (a) No Director, Substantial Shareholder, Controlling Shareholder or Executive Officer of our Group and associates of any such Director, Substantial Shareholder, Controlling Shareholder or Executive Officer of our Group has any interest, direct or indirect, in any material transactions to which our Group is a party.
- (b) No Director, Substantial Shareholder, Controlling Shareholder or Executive Officer of our Group and associates of any such Director, Substantial Shareholder, Controlling Shareholder or Executive Officer of our Group has any interest, direct or indirect, in any business carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group.
- (c) No Director, Substantial Shareholder, Controlling Shareholder or Executive Officer of our Group and associates of any such Director, Substantial Shareholder, Controlling Shareholder or Executive Officer of our Group has any interest, direct or indirect, in any enterprise or company that is our Group's customer or supplier of goods or services.
- (d) No Director, Substantial Shareholder, Controlling Shareholder or Executive Officer of our Group and associates of any such Director, Substantial Shareholder, Controlling Shareholder or Executive Officer of our Group has any interest, direct or indirect, in any material transactions undertaken by our Group within the last 3 years.

TAXATION

The following discussion describes the material Singapore income tax, stamp duty and estate duty consequences of the purchase, ownership and disposal of our ordinary shares to a holder thereof and is not intended to be and does not constitute legal or tax advice. This discussion is based on tax laws in effect in Singapore and on administrative and judicial interpretations of these laws, as of the date of this Prospectus, all of which are subject to change, possibly on a retroactive basis. While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Prospectus, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of the Shares by Singapore investor and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase the Shares.

Prospective investors should consult their tax advisers regarding Singapore tax and other tax consequences of owning and disposing the Shares. It is emphasised that neither the Company, the Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares. Dividends payable by our Company on the Shares will be declared and paid to shareholders in Singapore dollars.

INCOME TAX

General

Singapore tax resident individuals are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign sources of income received by Singapore tax resident individuals on or after 1 January 2004 are exempted from Singapore tax except where the income is received through a partnership in Singapore.

An individual is regarded as tax resident in Singapore if he is physically present in Singapore or exercises an employment in Singapore (other than as a director of a company) for 183 days or more in a calendar year, or if the individual ordinarily resides in Singapore.

Non-Singapore tax resident individuals, subject to certain exceptions, are subject to Singapore income tax only on income accruing in or derived from Singapore. Non-Singapore tax resident individuals are exempted from tax on all foreign sources of income.

Singapore tax resident individuals are subject to tax based on progressive tax rates, currently from 0% to 21% for the Year of Assessment 2006 and 0% to 20% for the Year of Assessment 2007. The reduction of individual tax rates was announced by the Minister for Finance in the 2005 Singapore Budget on 18 February 2005.

Non-Singapore tax resident individuals are generally subject to tax based on the prevailing corporate tax rate except for certain other income where withholding tax is applicable.

Corporate taxpayers, whether tax resident in Singapore or not, subject to certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore. Foreign income derived by corporate taxpayers will be taxed when it is received or deemed received in Singapore, except in respect of foreign income in the form of dividends, branch profits and service income received or deemed received in Singapore on or after 1 June 2003. These will be exempted from tax, as long as the income is earned and received from jurisdictions with headline tax of at least 15 % and is subject to tax in that jurisdiction either by direct assessment or by withholding tax as the case may be.

A corporate taxpayer is regarded as tax resident in Singapore if the company's business is controlled and managed in Singapore. The meaning of "control and management" is not defined in the Income Tax Act. In practice, the residence of a company is generally taken to be where the directors of the company manage and control its business and hold their board meetings.

TAXATION

The standard corporate tax rate in Singapore, applicable to chargeable income in excess of \$100,000, effective from the year of Assessment 2005, will be 20%. For chargeable income below \$100,000, the effective rates will be 5% on the first \$10,000 and 10% on the next \$90,000. For certain qualified Singapore incorporated companies, the first \$100,000 chargeable income is fully exempted from corporate tax for the first three consecutive years of assessment between the Year of Assessments 2005 and 2009.

Subject to any applicable tax treaty, non-Singapore tax resident corporations and individuals are presently subject to withholding tax of 20% on certain categories of income derived or deemed to be derived from Singapore or 15% in the case of interest, royalties and rental of movable property. As for royalties, the applicable rate has been reduced from 15% to 10% from 1 January 2004 onwards.

DIVIDEND DISTRIBUTIONS

Singapore has replaced the classical tax imputation system with the one-tier tax system with effect from 1 January 2003, subject to a 5-year transition period up to 31 December 2007. Transitional rules apply during the 5 year period, under which franked dividends can still be paid under the classical tax imputation system using franking credits (Section 44A balance) accumulated up to 31 December 2002 unless the company which pays the dividend:

- (a) has elected to early adopt the one-tier system; or
- (b) has no dividend franking balance (under Section 44A of the Income Tax Act) on the day before the date of payment of the dividend.

Under the classical tax imputation system, the shareholders can offset their overall Singapore income tax liability with the tax credits attached to the franked dividend. If the amount of Singapore tax payable by the shareholders was less than the tax credits, the shareholders are entitled to a tax refund on the difference from Inland Revenue Authority of Singapore.

Under the one-tier system, the tax imposed on the company's profits will be the final tax and no further tax will be imposed on the shareholders receiving the dividend income. Such dividends are exempt from Singapore tax in the hands of the shareholders.

After 31 December 2007, all companies will move to the one-tier tax system and only one-tier exempt dividends can be declared. As the dividends are exempted from tax for the shareholders, there are no dividend franking credits attached to the dividends received by the shareholders. Thus the shareholders cannot set off any dividend franking credits against their respective Singapore tax liabilities.

As in the current tax laws in force, no withholding tax will be imposed on dividends paid to non-resident shareholders.

Our Company has not yet moved to the one-tier system.

BONUS SHARES

Under current Singapore tax law and practice, a capitalisation of profits followed by the issue of new Shares, credited as fully paid, pro rata to shareholders ("bonus issue") does not represent a distribution of dividends by a company to its shareholders. Therefore, a shareholder receiving Shares by way of a bonus issue should not have a liability to Singapore tax.

TAXATION

CAPITAL GAINS

Singapore does not impose tax on capital gains. Any gain arising to a shareholder from the disposal of Shares in a company will not be subject to tax in Singapore if it is a capital gain, unless the shareholder is regarded as having derived gains from activities construed as carrying on of a trade or business, in which case, the gains would be taxable.

The determination of whether the gain is a non-taxable capital gain or a taxable revenue gain is entirely dependent upon various factors such as intention, frequency of similar transactions, length of ownership and circumstances responsible for the sale. For example, the gains arising to a financial institution or investment dealing enterprise, regularly transacting in its portfolio of security investments (including equity investments in various companies, listed or unlisted), may be construed as trading gains and subject to Singapore tax.

STAMP DUTY

There is no stamp duty on the allotment or holding of Shares. Stamp duty is payable on any conveyance, assignment or transfer on sale of any stock or Shares or interest thereof.

The stamp duty on an instrument of transfer of Shares is \$0.20 for every \$100 or any part thereof of the consideration for the Shares.

The purchaser is liable for stamp duty, unless otherwise agreed. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore. Stamp duty is, however, not applicable to electronic transfers of ordinary Shares through The Central Depository system.

GOODS AND SERVICES TAX ("GST")

Generally a supply of services or goods made by a GST-registered person is subject to GST at the current rate of 5% unless the supply of services or goods is exempted or zero-rated under the GST Act.

The sale of the Shares by investor belonging in Singapore through the SGX-ST or to another person belonging in Singapore is an exempt supply and not subject to GST. Any GST directly or indirectly incurred by the investor in respect of this exempt supply will become an additional cost to the investor.

Where the Shares are sold by a GST-registered investor to a person belonging outside Singapore or through an overseas stock exchange, the sale is a taxable sale subject to GST at zero-rated. Any GST incurred by a GST-registered investor in the making of this supply in the course of furtherance of a business is claimable as a refund from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the shares will be subject to GST at the current rate of 5%. Similar services rendered to an investor belonging outside Singapore are subject to GST at 0% provided that the services rendered do not benefit any Singapore person.

ESTATE DUTY

Singapore estate duty is imposed on the value of immovable property situated in Singapore and on movable property, wherever it may be, owned by individuals who are domiciled in Singapore, subject to specific exemption limits. However, for individuals, who are non-domiciled in Singapore, all moveable assets wherever they are located, are exempt from Singapore estate duty.

TAXATION

Our Company's ordinary shares are considered to be movable property situated in Singapore as our Company is a company incorporated in Singapore and the share register is maintained in Singapore. Any Shares held by individuals at the time of death are chargeable asset under the Singapore Estate Duty Act.

Singapore estate duty is payable to the extent that the value of the ordinary shares aggregated with any other assets subject to Singapore estate exceeds \$600,000. Unless other exemptions apply to other assets, for example, the separate exemption limit for residential properties, any excess beyond \$600,000 will be taxed at 5% on the first \$12,000,000 of the individual's Singapore chargeable assets and thereafter at 10%. Individuals should consult their own tax advisors regarding the Singapore estate duty consequences of their ownership of our Company's ordinary shares.

Prospective purchasers of such Shares who are individuals, whether or not domiciled in Singapore, should consult their own tax advisers regarding Singapore estate duty consequences of their investment.

EXCHANGE CONTROLS

The following is a description of the foreign exchange controls that exist in the jurisdictions which our Group operates in.

While there are certain foreign exchange controls in the jurisdictions as discussed below, these foreign exchange controls have not had any effect on the repatriation of capital, profits, dividends, interest or any other payments from our Subsidiaries in these jurisdictions to our Company, nor have they had any effect on our Company's cash flow.

The discussion below is not intended to constitute a complete analysis of all exchange control consequences relating to our operations or business in Singapore and the PRC. Prospective purchasers of our Shares should consult their own legal advisors concerning the exchange control consequences of their particular situations. This description is based on laws, regulations and interpretations now in effect and available as of the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time and any change can be retroactive. These laws and regulations are also subject to various interpretations and the relevant authorities or the courts can later disagree with the explanations or conclusions set out below.

Singapore

There are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:—

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

PRC

Prior to 31 December 1993, enterprises in the PRC requiring foreign currency were required to obtain approval from the State Planning Committee and the Ministry of Foreign Trade and Economic Cooperation before it could convert Renminbi into foreign currency, and such conversion had to be effected at the official rate prescribed by the State Administration for Foreign Exchange ("SAFE").

Renminbi reserved by foreign investment enterprises could also be converted into foreign currency at swap centres with the prior examination and verification by SAFE. The exchange rates used by swap centres were largely determined by the supply of and demand for foreign currencies and Renminbi. On 28 December 1993, the People's Bank of China announced that the dual exchange rate system for Renminbi against foreign currencies would be abolished with effect from 1 January 1994 and be replaced by the unified exchange rate system. Under the new system, the People's Bank of China publishes the Renminbi exchange rate against the United States dollar daily. The daily exchange rate is set by reference to the Renminbi/US Dollar trading price on the previous day on the "inter-bank foreign exchange market".

On 1 April 1996, the Foreign Exchange Control Regulations of China (as amended on 14 January 1997) came into effect. On 20 June 1996, the Regulations on Sale and Purchase of and Payment in Foreign Exchange were promulgated by the People's Bank of China, which came into effect on 1 July 1996 and which allows foreign investment enterprises to settle their foreign exchange related transactions at designated banks or at swap centres from 1 July 1996. On 20 June 1996, the Regulations on Sale and Purchase of and Payment in Foreign Exchange were promulgated by the People's Bank of China and came into effect on 1 July 1996.

EXCHANGE CONTROLS

On 25 October 1998, the People's Bank of China and SAFE issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1 December 1998, foreign exchange transactions for foreign investment enterprises may only be conducted at designated banks. In addition, some of the swap centres would be abolished, while the others which are already linked up with the China Foreign Exchange Trading Centre (the "CFETC") by the computerised network will be merged with the CFETC and subcentres to the CFETC.

In summary, the present position under the PRC law relating to foreign exchange control, taking into account the promulgation of the recent new regulations and the extent the existing provisions stipulated in previous regulations do not contradict these new regulations, are as follows:—

- (a) The previous dual exchange rate system for Renminbi was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. The People's Bank of China, having regard to the trading prices between Renminbi and major foreign currencies on the inter-bank foreign exchange market, publishes on each bank business day the exchange rates against major foreign currencies.
- (b) The PRC enterprises are generally required to sell their foreign exchange earnings to designated banks unless specifically approved otherwise and purchase foreign exchange at designated banks for current account transactions.
- (c) Foreign investment enterprises, however, may have their own foreign currency account and are permitted to retain a certain percentage of their recurrent foreign exchange earnings.
- (d) Foreign investment enterprises which require foreign exchange for their ordinary trading activities such as trade services and payment of interest on foreign debts may purchase foreign exchange from designated foreign exchange banks if the application is supported by proper payment notices or supporting documents.
- (e) Foreign investment enterprises may require foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as distributing profits to their foreign investors. They can withdraw funds in their foreign exchange bank accounts kept with designated foreign exchange banks, subject to the due payment of tax on such dividends. Where the amount of the funds in foreign exchange is insufficient, the enterprise may, upon the presentation of the resolutions of the Directors on the profit distribution plan of the particular enterprise, purchase foreign exchange from designated foreign exchange banks.

Foreign investment enterprises may apply to the Bank of China or other designated foreign exchange banks to remit the profits out of the PRC to the foreign parties to equity or cooperative joint ventures or the foreign investors in wholly foreign-owned enterprises if the requirements provided by the PRC laws, rules and regulations are met.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the SGX-SESDAQ, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through SGX-SESDAQ will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Act, as members of our Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding our Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on SGX-SESDAQ, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of \$10.00 for each withdrawal of 1,000 Shares or less and a fee of \$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of \$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of \$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or \$0.20 per \$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on SGX-SESDAQ must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of \$20.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-SESDAQ is payable at the rate of 0.05 per cent. of the transaction value subject to a maximum of \$200 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax at the prevailing rate of 5.0 per cent.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-SESDAQ generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP depository agent. The CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

28 November 2005

The Board of Directors
Chasen Logistics Services Limited
18 Jalan Besut
Singapore 619571

Dear Sirs

**REPORT FROM THE REPORTING ACCOUNTANTS
IN RELATION TO THE COMPILED CONSOLIDATED FINANCIAL STATEMENTS OF
CHASEN LOGISTICS SERVICES LIMITED AND SUBSIDIARIES
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004**

On the basis of information provided by directors, we have compiled, in accordance with the Singapore Standard on Auditing applicable to compilation engagements, the consolidated financial statements of Chasen Logistics Services Limited (the "Company") and its subsidiaries (the "Group") for the financial years ended 31 December 2002 to 2004 ("Compiled Consolidated Financial Statements") set out on pages 115 and 140 of the Prospectus dated 28 November 2005 (the "Prospectus"), which has been prepared in connection with the proposed invitation in respect of 23,000,000 ordinary shares of par value \$0.06 each in the Company. Directors of the Company are responsible for the Compiled Consolidated Financial Statements. We have not audited nor reviewed the Compiled Consolidated Financial Statements and accordingly express no assurance thereon.

The audited financial statements of the Company for the financial period from 1 January 2002 to 30 April 2002 were audited by LTC & Associates whose report dated 24 May 2005 is included in the Prospectus.

The statutory audited financial statements of the Company for the financial period from 1 May 2002 to 31 December 2002 and financial year ended 31 December 2003 were audited by Kang & Khoo, whose reports dated 13 May 2003 and 14 June 2004 respectively are included in the Prospectus.

The statutory audited consolidated financial statements of the Group for the financial year ended 31 December 2004 were audited by LTC & Associates whose report dated 15 April 2005 is included in the Prospectus.

Yours faithfully

LTC & Associates
Certified Public Accountants
Singapore

Tsang Siu For Thomas
Partner

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES LIMITED AND SUBSIDIARIES

COMPILED CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004

	Note	2002	2003	2004
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Revenue	3	8,943	5,476	16,302
Cost of sales		<u>(5,447)</u>	<u>(3,753)</u>	<u>(6,856)</u>
Gross profit		3,496	1,723	9,446
Other operating income	4	<u>23</u>	<u>21</u>	<u>67</u>
		3,519	1,744	9,513
Distribution and selling expenses		(874)	(563)	(881)
Administrative expenses		(1,212)	(1,036)	(1,368)
Other operating expenses		<u>(62)</u>	<u>(7)</u>	<u>(89)</u>
Profit from operations	6	1,371	138	7,175
Finance costs	7	<u>(65)</u>	<u>(62)</u>	<u>(101)</u>
Profit before taxation		1,306	76	7,074
Taxation	8	<u>(340)</u>	<u>(59)</u>	<u>(1,478)</u>
Net profit for the financial year		<u>966</u>	<u>17</u>	<u>5,596</u>
Basic earnings per share (in cents)	9	<u>107</u>	<u>2</u>	<u>622</u>

See accompanying notes to the consolidated financial statements

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES LIMITED AND SUBSIDIARIES

COMPILED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2002, 2003 AND 2004

	Note	2002	2003	2004
		\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	10	1,102	2,656	3,627
Deferred taxation	11	—	2	4
		<u>1,102</u>	<u>2,658</u>	<u>3,631</u>
Current assets				
Trade debtors	12	1,548	1,509	3,593
Other debtors, deposits and prepayments	13	188	608	238
Fixed deposits	14	643	646	649
Cash and bank balances		<u>663</u>	<u>9</u>	<u>3,681</u>
		<u>3,042</u>	<u>2,772</u>	<u>8,161</u>
Current liabilities				
Bank loan and overdraft (secured)	15	—	144	107
Trade creditors	16	233	328	210
Other creditors and provisions	17	1,542	1,174	859
Current portion of obligations under hire purchase contracts	18	138	147	179
Provision for taxation		<u>221</u>	<u>297</u>	<u>1,548</u>
		<u>2,134</u>	<u>2,090</u>	<u>2,903</u>
Net current assets		<u>908</u>	<u>682</u>	<u>5,258</u>
Non-current liabilities				
Bank loan (secured)	15	—	1,036	929
Obligations under hire purchase contracts	18	78	367	497
Deferred taxation	11	<u>12</u>	<u>—</u>	<u>—</u>
		<u>90</u>	<u>1,403</u>	<u>1,426</u>
Net assets		<u>1,920</u>	<u>1,937</u>	<u>7,463</u>
Shareholders' equity				
Share capital	19	900	900	900
Translation reserve		—	—	(70)
Retained profits		<u>1,020</u>	<u>1,037</u>	<u>6,633</u>
		<u>1,920</u>	<u>1,937</u>	<u>7,463</u>

See accompanying notes to the consolidated financial statements

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES LIMITED AND SUBSIDIARIES

COMPILED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004

	Share capital	Translation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2002	900	—	54	954
Net profit for the financial year	—	—	966	966
Balance at 31 December 2002	900	—	1,020	1,920
Net profit for the financial year	—	—	17	17
Balance at 31 December 2003	900	—	1,037	1,937
Net profit for the financial year	—	—	5,596	5,596
Foreign currency translation differences	—	(70)	—	(70)
Balance at 31 December 2004	900	(70)	6,633	7,463

See accompanying notes to the consolidated financial statements

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES LIMITED AND SUBSIDIARIES

COMPILED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004

	2002	2003	2004
	\$'000	\$'000	\$'000
Cash flows from operating activities:–			
Profit before taxation	1,306	76	7,074
Adjustments for:			
Depreciation of property, plant and equipment	454	583	736
Plant and equipment written off	42	—	—
Provision for doubtful trade debts	21	—	27
Loss/(Gain) on disposal of plant and equipment	—	7	(2)
Interest income	(23)	(4)	(8)
Interest expense	65	62	101
Operating profit before working capital changes	1,865	724	7,928
Increase in trade and other receivables	(130)	(381)	(1,740)
Decrease in trade and other payables	(245)	(273)	(433)
Cash generated from operations	1,490	70	5,755
Tax paid	(48)	—	(230)
Tax refund	—	4	—
Net cash generated from operating activities	1,442	74	5,525
Cash flows from investing activities:–			
Purchase of plant and equipment (Note A below)	(302)	(454)	(1,418)
Proceeds from disposal of plant and equipment	—	3	52
Net cash used in investing activities	(302)	(451)	(1,366)
Cash flows from financing activities:–			
Interest received	23	4	8
Interest paid	(65)	(62)	(101)
Repayments of bank loan	—	(60)	(104)
Repayments of hire purchase contracts	(269)	(196)	(177)
Pledged fixed deposits placed with banks	(342)	(304)	(3)
Net cash used in financing activities	(653)	(618)	(377)
Net increase/(decrease) in cash and cash equivalent	487	(995)	3,782
Cash and cash equivalents at beginning of year	477	964	(31)
Effect of exchange rate changes on balances held in foreign currencies	—	—	(70)
Cash and cash equivalents at end of year	964	(31)	3,681
Cash and cash equivalents comprise:			
Cash and bank balances	663	9	3,681
Fixed deposits (Note 14)	643	646	649
Bank overdraft (Note 15)	—	(40)	—
	1,306	615	4,330
Less: Fixed deposits pledged (Note 14)	(342)	(646)	(649)
	964	(31)	3,681

See accompanying notes to the consolidated financial statements

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES LIMITED AND SUBSIDIARIES

COMPILED CONSOLIDATED CASH FLOW STATEMENTS (CONT'D) FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004

Note:

A. Purchase of plant and equipment

	2002	2003	2004
	\$'000	\$'000	\$'000
Cash payments	302	454	1,418
Purchased by means of hire purchase	49	1,694	339
	351	2,148	1,757

See accompanying notes to the consolidated financial statements

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES LIMITED AND SUBSIDIARIES

NOTES TO THE COMPILED CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2002, 2003 AND 2004

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. CORPORATE INFORMATION

The Company was incorporated in the Republic of Singapore on 3 April 1999 as a private limited company under the name of Chasen Logistics Services Pte Ltd. Effective from 26 September 2005, the Company was converted into a public limited company and renamed Chasen Logistics Services Limited.

The registered office and place of business of the Company is at 18 Jalan Besut, Singapore 619571.

The principal activities of the Company are to carry on the business of relocation services, industrial packing, warehousing, transportation, freight forwarding and shipping. There have been no significant changes in the nature of these activities during the financial years.

Details of the subsidiaries as at 31 December are as follows:—

Name of company (Country of incorporation/ place of business)	Principal activities	Cost of investments			Percentage of equity held		
		2002	2003	2004	2002	2003	2004
		\$'000	\$'000	\$'000	%	%	%
<i>Held by the Company</i>							
Chasen Logistics & Engineering Services Pte Ltd ⁽ⁱ⁾ (a) (Singapore)	Investment holding	—	—	— ⁽ⁱⁱⁱ⁾	—	—	100
<i>Held by a subsidiary</i>							
Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd ⁽ⁱⁱ⁾ (b) (People's Republic of China "PRC")	General activities relating to high value machinery and equipment	—	—	1,717	—	—	100

(i) Audited by LTC & Associates.

(ii) Audited by Cheng Hui Certified Public Accountants, PRC for statutory audit in PRC; and audited by LTC & Associates for consolidation purpose.

(iii) Denotes less than \$1,000.

Incorporations of subsidiaries in the year ended 31 December 2004

- (a) On 31 January 2004, the Company incorporated Chasen Logistics & Engineering Services Pte Ltd in Singapore as a 100% owned subsidiary. The paid-up capital of the subsidiary was S\$100.
- (b) On 10 March 2004, Chasen Logistics & Engineering Services Pte Ltd incorporated Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd in PRC as a 100% owned subsidiary. The initial investment was US\$140,000 (equivalent to approximately \$240,380) and was subsequently increased to US\$1,000,000 (equivalent to approximately \$1,717,000) during the year ended 31 December 2004. Subsequent to year ended 31 December 2004, on 22 September 2005, the registered capital was increased to US\$4,010,000 (equivalent to approximately \$6,885,000).

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Basis of presentation

(a) *Basis of accounting*

The consolidated financial statements are prepared under the historical cost convention and are expressed in Singapore dollars.

(b) *Statement of compliance*

The consolidated financial statements are prepared in accordance with and comply with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

(c) *Basis of consolidation*

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the Company so as to obtain benefits from its activities.

Investments in subsidiaries are stated at cost, less provision for impairment in values. The consolidated financial statements include the financial statements of the Company and its subsidiaries (the “Group”). The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the Group’s financial statements from their respective dates of acquisition or disposal. Intercompany balances and transactions and resulting unrealised profits are eliminated in full on consolidation. Unrealised losses resulting from intercompany transactions are also eliminated unless cost cannot be recovered.

For inclusion in the Group’s financial statements, all assets and liabilities of foreign subsidiary are translated into Singapore dollars at the exchange rates ruling at the end of the financial year. The trading results of foreign subsidiary is translated into Singapore dollars at the average exchange rates for the financial year. Exchange differences due to such currency translations are taken directly to translation reserve account.

(II) Summary of significant accounting policies

(a) *Property, plant and equipment and depreciation*

All property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Depreciation is calculated to write off the cost of the property over the lease period, and to write off the cost of plant and equipment over their estimated useful lives by the straight-line method. The estimated useful lives of the assets are as follows:–

	Year
Leasehold building	21
Transportation equipment	5–10
Tools and equipment	5
Furniture and fittings, and office equipment	1–5

Fully depreciated assets still in use are retained in the consolidated financial statements.

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(II) Summary of significant accounting policies (cont'd)

(b) *Investment in subsidiary*

Investment in subsidiary is stated at cost less provision for impairment in value.

(c) *Foreign currencies*

Transactions arising in foreign currencies are converted into Singapore dollars at rates of exchange approximating to those ruling at transaction dates and recorded monetary balances at the balance sheet date are converted at rates of exchange approximating to those ruling at that date. Exchange differences are taken up in the income statement.

(d) *Taxation*

Taxation on the profit or loss for the year comprise current and deferred taxation. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and the adjustment to tax payable in respect of previous years.

Deferred taxation is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(e) *Assets under hire purchase*

Where assets are under hire purchase agreements, the assets are capitalised in the financial statements and the corresponding obligation treated as a liability. The assets so capitalised are depreciated in accordance with the Group's accounting policy on depreciation of property, plant and equipment. The total interest, being the difference between the total instalments payable and the capitalised amount is charged to the income statement to give a constant rate of charge on the remaining balance of the obligation.

(f) *Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental costs under operating leases are charged to the income statement over the period of the leases.

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(II) Summary of significant accounting policies (cont'd)

(g) *Revenue recognition*

Revenue from the services income is recognised when services are rendered to customers.

Interest income is recognised on a time-proportion basis.

(h) *Employee benefits*

Defined contribution plan

As required by the law, the Group makes contributions to the state managed pension scheme, the Central Provident Fund ("CPF"). CPF contribution is recognised as compensation expense in the same period as the employment that gives rise to the contribution.

(i) *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(j) *Impairment of assets*

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(k) *Fair values of financial assets and liabilities*

The carrying amounts of financial assets and liabilities included in the net current assets approximate their value due to their short-term nature. The Group does not anticipate that the carrying amount recorded at the balance sheet date would be significantly different from the value that would be received or paid.

(l) *Financial risk management policies*

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates, along with credit, liquidity and cash flow risks. The Group has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the Group to financial risk consist principally of cash and bank balances, trade debtors and other debtors. Financial liabilities that expose the Group to financial risk consist principally of bank loans, trade creditors and other creditors etc.

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(II) Summary of significant accounting policies (cont'd)

(I) Financial risk management policies (cont'd)

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States Dollars and Renminbi. The Group currently does not hedge its foreign currency risk. However, this risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement. The Group also maintains foreign currency bank accounts for operating purposes.

The Group has investment in a foreign subsidiary, whose net assets measured in Renminbi are exposed to foreign currency translation risk as their reporting and functional currency are in foreign currency.

The Group's exposure to changes in market interest rates relates primarily to bank loans. The Group's policy is to manage its interest cost using a combination of fixed and variable interest rate borrowings, where applicable.

The Group has no significant concentrations of credit risk. The Group performs on going credit evaluation of its customer's financial condition. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and cash equivalents with creditworthy institutions.

The Group maintains sufficient cash and open committed credit lines from banks for its funding requirements. And the Group also has adequate credit facilities to ensure necessary liquidity as provided from the consolidated balance sheet.

The fair values of financial assets and financial liabilities approximate their carrying amount as reflected in the consolidated balance sheet.

3. REVENUE

Revenue represents invoiced value of services rendered less returns and discounts.

	2002	2003	2004
	\$'000	\$'000	\$'000
Relocation services	8,157	3,430	11,831
Packing services	—	876	2,384
Warehousing and related services	786	1,170	2,087
	<u>8,943</u>	<u>5,476</u>	<u>16,302</u>

4. OTHER OPERATING INCOME

	2002	2003	2004
	\$'000	\$'000	\$'000
Bank interest income	23	4	8
Other income	—	17	59
	<u>23</u>	<u>21</u>	<u>67</u>

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

5. STAFF COST

	2002	2003	2004
	\$'000	\$'000	\$'000
Wages and salaries and other staff related expenses	3,071	2,224	3,302
Employers' contribution to defined contribution plan	475	333	385
Directors' remuneration	149	126	260
Directors' fee	360	—	210
Staff welfares	187	168	343
	<u>4,242</u>	<u>2,851</u>	<u>4,500</u>
Number of employees at end of year	<u>92</u>	<u>94</u>	<u>245</u>

6. PROFIT FROM OPERATIONS

This is determined after charging/(crediting):

	2002	2003	2004
	\$'000	\$'000	\$'000
Auditors' remuneration			
— auditors of the Company	6	4	18
Depreciation of property, plant and equipment	454	583	736
Directors' fee:			
— directors of the Company	360	—	210
Directors' remuneration:			
— directors of the Company	149	126	179
— directors of subsidiaries	—	—	81
Plant and equipment written off	42	—	—
Loss on foreign exchange differences, net	—	—	64
Loss/(gain) on disposal of plant and equipment	—	7	(2)
Operating lease expense in respect of land and buildings	412	48	206
Provision for doubtful trade debts	21	—	27
	<u>412</u>	<u>48</u>	<u>206</u>

7. FINANCE COSTS

	2002	2003	2004
	\$'000	\$'000	\$'000
Bank overdraft interest	1	5	9
Hire purchase interest	37	26	25
Bank loan interest	4	23	38
Other interest	1	1	1
Factoring interest & charge	22	7	28
	<u>65</u>	<u>62</u>	<u>101</u>

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

8. TAXATION

	2002	2003	2004
	\$'000	\$'000	\$'000
Current taxation	362	71	1,480
(Over)/Under provision in prior years	(15)	1	—
Deferred taxation	(60)	(13)	(13)
Under provision of deferred taxation in prior years	53	—	11
	<u>340</u>	<u>59</u>	<u>1,478</u>

The income tax expense varied from the amount of income tax expense by applying the Singapore income tax rate of 22% in 2002 and 2003, and 20% in 2004 to profit before taxation as a result of the following differences:

	2002	2003	2004
	\$'000	\$'000	\$'000
Accounting profit	1,306	76	7,074
Income tax expense at statutory rate	287	17	1,414
Tax effects on non-allowable items	26	52	60
Tax effects on exemption scheme & rebate	(11)	(12)	(11)
(Over)/Under provision for prior year's taxation	(15)	2	—
Under provision for prior year's deferred taxation	53	—	11
Others	—	—	4
	<u>340</u>	<u>59</u>	<u>1,478</u>

9. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated based on the consolidated net profit of \$966,000, \$17,000 and \$5,596,000 for the financial years ended 31 December 2002, 2003 and 2004, respectively, divided by the weighted average number of shares outstanding for each of the financial years ended 31 December 2002, 2003 and 2004 of 900,000.

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building	Transportation equipment	Tools and equipment	Furniture and fittings, and office equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:					
As at 1 January 2002	—	1,220	718	200	2,138
Additions	—	—	350	1	351
Disposals	—	(46)	—	(70)	(116)
As at 31 December 2002	—	1,174	1,068	131	2,373
Additions	1,513	511	120	4	2,148
Disposals	—	(22)	—	—	(22)
As at 31 December 2003	1,513	1,663	1,188	135	4,499
Additions	53	844	844	16	1,757
Disposals	—	(46)	(72)	—	(118)
As at 31 December 2004	1,566	2,461	1,960	151	6,138
Accumulated depreciation:					
As at 1 January 2002	—	458	299	135	892
Charge	—	231	201	22	454
Disposals	—	(29)	—	(46)	(75)
As at 31 December 2002	—	660	500	111	1,271
Charge	60	282	231	10	583
Disposals	—	(11)	—	—	(11)
As at 31 December 2003	60	931	731	121	1,843
Charge	89	324	309	14	736
Disposals	—	(28)	(36)	—	(64)
Translation differences	—	(1)	(2)	(1)	(4)
As at 31 December 2004	149	1,226	1,002	134	2,511
Net book value					
As at 31 December 2002	—	514	568	20	1,102
As at 31 December 2003	1,453	732	457	14	2,656
As at 31 December 2004	1,417	1,235	958	17	3,627

- (i) The net book value of plant and equipment purchased under hire purchase is approximately \$60,000 in 2002, Nil in 2003 and \$96,000 in 2004.
- (ii) The net book value of motor vehicles purchased under hire purchase is approximately \$290,000 in 2002, \$557,000 in 2003 and \$606,000 in 2004.
- (iii) The leasehold building is mortgaged to a bank for certain credit facilities granted including a bank loan (See note 15).

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

11. DEFERRED TAXATION

	2002	2003	2004
	\$'000	\$'000	\$'000
Tax effect of:			
Deferred tax assets:			
Provision for doubtful trade debts	5	5	10
Deferred tax liabilities:			
Excess of capital allowances over depreciation	(17)	(3)	(6)
Net deferred tax (liabilities)/assets	<u>(12)</u>	<u>2</u>	<u>4</u>

12. TRADE DEBTORS

	2002	2003	2004
	\$'000	\$'000	\$'000
Outside parties	1,569	1,530	3,641
Less: Provision for doubtful trade debts	(21)	(21)	(48)
	<u>1,548</u>	<u>1,509</u>	<u>3,593</u>

The movement in the provision for doubtful trade debts account is as follows:

	2002	2003	2004
	\$'000	\$'000	\$'000
Balance at beginning of year	—	21	21
Current year provision	21	—	27
Balance at end of year	<u>21</u>	<u>21</u>	<u>48</u>

13. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2002	2003	2004
	\$'000	\$'000	\$'000
Other deposit paid	—	—	20
Staff loans	122	139	—
Expenses incurred for the proposed initial public offering of the Company	—	—	178
Other debtors & prepayment	66	242	40
Advance to a company in which a director of the Company has a substantial interest	—	227	—
	<u>188</u>	<u>608</u>	<u>238</u>

Staff loans are unsecured, interest-free and have no fixed term for repayment.

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

14. FIXED DEPOSITS

	2002	2003	2004
	\$'000	\$'000	\$'000
Fixed deposits placed with banks	643	646	649

Included in fixed deposits is an amount of approximately \$342,000 for 2002, \$646,000 for 2003 and \$649,000 for 2004 pledged to banks as securities for the bank facilities.

For the year ended 31 December 2002, fixed deposits borne interest rate between 0.5000% per annum and 0.5625% per annum with maturity dates within one month subsequent to year end.

For the year ended 31 December 2003, fixed deposits borne interest rate between 0.3125% per annum and 0.4375% per annum with maturity dates within one month subsequent to year end.

For the year ended 31 December 2004, fixed deposits borne interest rate between 1.0000% per annum and 1.0300% per annum with maturity dates within one month subsequent to year end.

15. BANK LOAN AND OVERDRAFT (SECURED)

	2002	2003	2004
	\$'000	\$'000	\$'000
Bank overdraft	—	40	—
Bank loan	—	1,140	1,036
	—	1,180	1,036
Current portion of bank loan and overdraft	—	(144)	(107)
Non-current portion of bank loan	—	1,036	929

The bank loan and bank overdraft are secured by the following:

- (a) a pledge on fixed deposits of \$342,000 for 2002, \$646,000 for 2003 and \$649,000 for 2004; and
- (b) first legal mortgage of the Company's leasehold building.

In addition, certain directors of the Company provide joint and several guarantees to the banks for facilities granted.

The bank loan is repayable over a period of 10 years. Interest was charged at a range from 3.2% to 4.6% per annum for 2003 and 2004 respectively.

The effective interest rates for bank overdraft were 5.5%, 5.4% and 4.4% per annum for year 2002, 2003 and 2004 respectively.

	2002	2003	2004
	\$'000	\$'000	\$'000
Bank loan repayable:			
Within 1 year	—	104	107
Within 2 to 5 years	—	446	462
More than 5 years	—	590	467
	—	1,140	1,036

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE CREDITORS

	2002	2003	2004
	\$'000	\$'000	\$'000
Outside parties	233	328	210

17. OTHER CREDITORS AND PROVISIONS

	2002	2003	2004
	\$'000	\$'000	\$'000
Accrual	394	368	590
Other creditors ⁽ⁱ⁾	129	125	—
Amounts due to directors ⁽ⁱⁱ⁾	657	678	46
Directors' fee	360	—	—
Deposit received	2	3	4
Others	—	—	72
Amount due to a director of a subsidiary ⁽ⁱⁱ⁾	—	—	147
	1,542	1,174	859

(i) These represent amounts owing to individuals which are unsecured, interest-free and have no fixed term of payment.

(ii) These represent amounts owing to directors of the Company and a director of a subsidiary which are unsecured, interest-free and have no fixed term of payment.

18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2002	2003	2004
	\$'000	\$'000	\$'000
Minimum lease payments payable:			
Within one year	155	168	203
Within two to five years	87	383	546
More than five years	—	42	27
	242	593	776
Finance charges allocated to future periods	(26)	(79)	(100)
Present value of minimum lease payments	216	514	676
Present value of minimum lease payable:			
Within one year	138	147	179
Within two to five years	78	331	474
More than five years	—	36	23
	216	514	676

The effective interest rates were 11.28%, 7.07% and 4.26% per annum for 2002, 2003 and 2004 respectively.

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL

	2002	2003	2004
	\$'000	\$'000	\$'000
Authorised:			
1,000,000 ordinary shares of \$1 each	1,000	1,000	1,000
Issued and fully paid:			
900,000 ordinary shares of \$1 each	900	900	900

20. CONTINGENT LIABILITIES

	2002	2003	2004
	\$'000	\$'000	\$'000
Banker's guarantee	—	—	11

21. OPERATING LEASE COMMITMENT

At the balance sheet date, the Group had outstanding commitments for non-cancelable operating lease payments in respect of the leased land and buildings. The non-cancelable leases have remaining lease term from 1 to 20 years. Future minimum lease payments payable under non-cancelable lease as at 31 December are as follows:

	2002	2003	2004
	\$'000	\$'000	\$'000
Within one year	80	190	246
Within two to five years	—	762	928
More than five years	—	2,889	2,698
	80	3,841	3,872

22. SEGMENT INFORMATION

The Group is currently engaged in three business activities namely relocation services, packing services, and warehousing and related services. These activities are the basis on which the Group reports its primary segment information.

The principal business activities are:—

- A. Relocation services — being the provision of machinery and equipment moving services through projects or maintenance contracts;
- B. Packing services — being the provision of packing services and the supply of packaging and crating materials to our customers; and
- C. Warehousing and related services — being the provision of warehousing of customers' new or replaced machinery and equipment in our premises or open yard prior to installation in the customers' premises or shipping out of Singapore and land transportation services using specialised conveyance vehicles and material handling equipment.

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

22. SEGMENT INFORMATION (CONT'D)

Business Segment

Segment revenue and expense are the operating revenue and expense reported in the Group's income statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets consist principally of trade debtors that are directly attributable to a segment.

Unallocated items comprise property, plant and equipment, other debtors, deposits and prepayments, fixed deposits, cash and bank balances, bank loan and overdraft, trade creditors, other creditors and provisions, deferred taxation, provision for taxation, obligations under hire purchase contracts, other operating income and operating expense.

For the financial year ended 31 December 2002:

	Relocation services	Packing services	Warehousing and related services	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
External sales	8,157	—	786	8,943
Results				
Segment results	3,348	—	148	3,496
Unallocated other operating income				23
Unallocated expenses				(2,148)
Profit from operations				1,371
Finance costs				(65)
Profit before taxation				1,306
Taxation				(340)
Net profit for the financial year				966
Other information				
Segment assets	1,431	—	117	1,548
Segment assets – unallocated				2,596
Total assets				4,144
Segment liabilities – unallocated				2,224
Capital expenditure – unallocated				351
Depreciation	350	—	34	384
Depreciation — unallocated				70
Total depreciation				454

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

22. SEGMENT INFORMATION (CONT'D)

Business Segment (cont'd)

For the financial year ended 31 December 2003:

	<u>Relocation services</u>	<u>Packing services</u>	<u>Warehousing and related services</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Revenue				
External sales	3,430	876	1,170	5,476
Results				
Segment results	913	357	453	1,723
Unallocated other operating income				21
Unallocated expenses				(1,606)
Profit from operations				138
Finance costs				(62)
Profit before taxation				76
Taxation				(59)
Net profit for the financial year				17
Other information				
Segment assets	958	245	306	1,509
Segment assets – unallocated				3,921
Total assets				5,430
Segment liabilities – unallocated				3,493
Capital expenditure – unallocated				2,148
Depreciation	183	24	105	312
Depreciation — unallocated				271
Total depreciation				583

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

22. SEGMENT INFORMATION (CONT'D)

Business Segment (cont'd)

For the financial year ended 31 December 2004:

	Relocation services	Packing services	Warehousing and related services	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
External sales	11,831	2,384	2,087	16,302
Results				
Segment results	7,139	1,509	798	9,446
Unallocated other operating income				67
Unallocated expenses				(2,338)
Profit from operations				7,175
Finance costs				(101)
Profit before taxation				7,074
Taxation				(1,478)
Net profit for the financial year				5,596
Other information				
Segment assets	3,088	267	238	3,593
Segment assets – unallocated				8,199
Total assets				11,792
Segment liabilities – unallocated				4,329
Capital expenditure – unallocated				1,757
Depreciation	364	20	89	473
Depreciation — unallocated				263
Total depreciation				736

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

22. SEGMENT INFORMATION (CONT'D)

Geographical Segment

Distribution of total revenue by geographical location of services rendered:–

	2002	2003	2004
	\$'000	\$'000	\$'000
Singapore and Others*	8,943	5,476	9,922
PRC	—	—	6,380
Total	8,943	5,476	16,302

Assets and capital expenditure by geographical areas based on the location of those assets:

	Carrying amounts of segment assets			Capital expenditure		
	2002	2003	2004	2002	2003	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore and Others*	4,144	5,430	10,222	351	2,148	418
PRC	—	—	1,570	—	—	1,339
	4,144	5,430	11,792	351	2,148	1,757

* Others include countries/city such as Japan, Korea, Hong Kong and United States of America.

23. STATEMENT OF ADJUSTMENTS AND RECLASSIFICATIONS

- (a) The Company changed its financial year end from 30 April to 31 December in 2002, and the statutory audited financial statements for the financial period from 1 May 2002 to 31 December 2002 covered the eight-month period from 1 May 2002 to 31 December 2002. For the purposes of the Compiled Consolidated Financial Statements, the Company has presented the financial information cover the twelve-month period from 1 January 2002 to 31 December 2002. The financial information has been prepared from the audited financial statements of the Company for the four-month period from 1 January 2002 to 30 April 2002 and the statutory audited financial statements of the Company for the eight-month period from 1 May 2002 to 31 December 2002 (see note 23(b) on the reclassifications of income statement).

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

23. STATEMENT OF ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

Compiled income statement for the financial year ended 31 December 2002:

	Audited financial statements — 1 January 2002 to 30 April 2002	1 May 2002 to 31 December 2002 (Note 23(b))	Compiled Consolidated Financial Statements — 1 January 2002 to 31 December 2002
	\$'000	\$'000	\$'000
Revenue	3,614	5,329	8,943
Cost of sales	(2,221)	(3,226)	(5,447)
Gross profit	1,393	2,103	3,496
Other operating income	20	3	23
	1,413	2,106	3,519
Distribution and selling expenses	(346)	(528)	(874)
Administrative expenses	(363)	(849)	(1,212)
Other operating expenses	(20)	(42)	(62)
Profit from operations	684	687	1,371
Finance costs	(33)	(32)	(65)
Profit before taxation	651	655	1,306
Taxation	(194)	(146)	(340)
Net profit for the financial period/year	457	509	966

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

23. STATEMENT OF ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

- (b) The following reclassifications have been made to the statutory audited financial statements of the Company for the respective financial years covered by this report in arriving at the Compiled Consolidated Financial Statements in order to achieve a consistent format of presentation.

Income statement for the financial period from 1 May 2002 to 31 December 2002:

	Statutory audited financial statements — 1 May 2002 to 31 December 2002	Reclassification 2002	1 May 2002 to 31 December 2002 (Note 23(a))
	\$'000	\$'000	\$'000
Revenue	5,329		5,329
Cost of sales	—	(3,226)	(3,226)
Gross profit	—		2,103
Other operating income	3		3
	5,332		2,106
Staff costs	(2,688)	2,688 ⁽¹⁾	—
Depreciation	(310)	310 ⁽²⁾	—
Distribution and selling expenses	—	(528)	(528)
Administrative expenses	—	(849)	(849)
Other operating expenses	(1,647)	1,605 ⁽³⁾	(42)
Profit from operations	687		687
Finance costs	(32)		(32)
Profit before taxation	655		655
Taxation	(146)		(146)
Net profit for the financial year	509		509

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

23. STATEMENT OF ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

Compiled income statement for the financial year ended 31 December 2003:

	Statutory audited financial statements 2003	Reclassification 2003	Compiled Consolidated Financial Statements 2003
	\$'000	\$'000	\$'000
Revenue	5,476		5,476
Cost of sales	—	(3,753)	(3,753)
Gross profit	—		1,723
Other operating income	21		21
	5,497		1,744
Staff costs	(2,851)	2,851 ⁽⁴⁾	—
Depreciation	(583)	583 ⁽⁵⁾	—
Distribution and selling expenses	—	(563)	(563)
Administrative expenses	—	(1,036)	(1,036)
Other operating expenses	(1,925)	1,918 ⁽⁶⁾	(7)
Profit from operations	138		138
Finance costs	(62)		(62)
Profit before taxation	76		76
Taxation	(59)		(59)
Net profit for the financial year	17		17

Details of the reclassification adjustments made to the statutory audited financial statements of the Company for the respective financial years in arriving at the Compiled Consolidated Financial Statements are as follows:

For the financial period from 1 May 2002 to 31 December 2002:

Note	Description	Amount	Cost of sales	Distribution and selling expenses	Administrative expenses
		\$'000	\$'000	\$'000	\$'000
(1)	Reclassification of staff costs	2,688	(1,578)	(474)	(636)
(2)	Reclassification of depreciation	310	(295)	—	(15)
(3)	Reclassification of other operating expenses	1,605	(1,353)	(54)	(198)
			(3,226)	(528)	(849)

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

23. STATEMENT OF ADJUSTMENTS AND RECLASSIFICATIONS (CONT'D)

For the financial year ended 31 December 2003:

Note	Description	Amount	Cost of sales	Distribution and selling expenses	Administrative expenses
		\$'000	\$'000	\$'000	\$'000
(4)	Reclassification of staff costs	2,851	(1,912)	(512)	(427)
(5)	Reclassification of depreciation	583	(344)	—	(239)
(6)	Reclassification of other operating expenses	1,918	(1,497)	(51)	(370)
			(3,753)	(563)	(1,036)

24. SUBSEQUENT EVENTS

Subsequent to 31 December 2004, on 12 April 2005, the authorised share capital of the Company was increased from \$1,000,000.00 divided into 1,000,000 ordinary shares of \$1.00 each to \$30,000,000.00 divided into 30,000,000 ordinary shares of \$1.00 each by the creation of an additional 29,000,000 ordinary shares of \$1.00 each.

At an Extraordinary General Meeting held on 27 April 2005, the Shareholders of the Company approved, *inter alia*, the following:—

- (a) the capitalization of \$6,452,651.00 out of the retained profits by way of a bonus issue of 6,452,651 ordinary shares of \$1.00 each fully paid to the shareholders of the Company; and
- (b) the allotment and issue of 147,349 ordinary shares of \$1.00 each to Yeo Seck Cheong as payment of a loan advanced to a subsidiary of the Company in the amount of \$147,349.00 by Yeo Seck Cheong.

Therefore, as at 27 April 2005, the authorised share capital of the Company was \$30,000,000.00 and the issued and paid-up capital of the Company was \$7,500,000.00 divided into 7,500,000 ordinary shares of \$1.00 each.

At an Extraordinary General Meeting held on 21 September 2005, the Shareholders of the Company approved, *inter alia*, the following:—

- (a) the sub-division of one share of \$1.00 each in the authorised and issued and paid-up share capital of the Company into 50 shares of \$0.02 each ("Sub-division");
- (b) the consolidation of three ordinary shares of \$0.02 each in the authorised as well as the issued share capital into 1 ordinary share of \$0.06 each (the "Share Consolidation");
- (c) the conversion of the Company into a public limited company;
- (d) the change of its name to "Chasen Logistics Services Limited";
- (e) the adoption of a new set of Articles of Association of the Company;
- (f) the issue of 22,100,000 New Shares which are subject to the Invitation and which when fully paid-up will rank *pari passu* in all respects with the existing Shares of the Company;

COMPILED CONSOLIDATED FINANCIAL STATEMENTS

24. SUBSEQUENT EVENTS (CONT'D)

- (g) that authority be given pursuant to Section 161 of the Act to the Directors to allot and issue shares and/or convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) in the Company (whether by way of rights, bonus, or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions for and such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and/or convertible securities to be issued shall not exceed fifty per cent. (50%) of the issued share capital of the Company, of which the aggregate number of shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent. (20%) of the issued share capital of the Company (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of any convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of shares, and unless revoked or varied by the Company in general meeting and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; and
- (h) the adoption of the Chasen Performance Share Plan.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. The name, age, address and current occupation of each of our Directors and Executive Officers of our Group are set out beginning on pages 85 and 89 of this Prospectus respectively.
2. Information on the business and working experience of each of our Directors is set out beginning on page 86 of this Prospectus.
3. The list of present and past directorships of each of our Directors for the past 5 years preceding the date of this Prospectus excluding those held in our Company, is set out beginning on page 87 of this Prospectus.
4. Information on the business and working experience of each of the Executive Officers of our Group is set out beginning on page 89 of this Prospectus.
5. The list of present and past directorships of each of the Executive Officers for the past 5 years preceding the date of this Prospectus is set out on page 91 of this Prospectus.
6. Save as disclosed in the sections entitled “Directors, Executive Officers and Staff” and “Share Capital and Group Structure” beginning on pages 85 and 41 of this Prospectus respectively, none of our Directors has any family relationship with one another or with any of our Executive Officers or Substantial Shareholders of our Company.
7. Save as disclosed in the section entitled “Shareholders” beginning on page 44 of this Prospectus, none of our Executive Officers has any family relationship with other Executive Officers or with any of our Directors or Substantial Shareholders of our Company.
8. Save as disclosed below, none of our Directors or Executive Officers or Controlling Shareholder:—
 - (a) had at any time during the last 10 years, a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner;
 - (b) had at any time during the last 10 years, a petition under any law of any jurisdiction filed against a corporation of which he was a director or key executive for the winding up of that corporation on the ground of insolvency;
 - (c) has any unsatisfied judgement against him;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment for 3 months or more, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such breach;
 - (f) had at any time during the last 10 years, judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirements that relates to the securities or future industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any corporation;
 - (h) has ever been disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

GENERAL AND STATUTORY INFORMATION

- (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
 - (ii) any corporation or partnership which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership.

On 5 February 2001, a Companies Winding-up Petition was presented in the High Court of the Republic of Singapore against our Company by a former director of our Company on the ground that it was just and equitable to do so. The former director had alleged that the manner in which he had been removed as a director of our Company was unfair and oppressive. Our Directors and Controlling Shareholders, Low Weng Fatt and Yap Koon Bee @ Louis Yap, and our Executive Officer, Cheong Tuck Nang had filed affidavits on behalf of the Company to refute the allegations raised by this former director. The petition was withdrawn on 23 March 2001.

9. The aggregate emoluments (including CPF contributions and benefits-in-kind) paid to the Directors for services rendered in all capacities to our Company and its Subsidiaries in FY2004 amounted to \$0.47 million. The aggregate emoluments payable to the present Directors in FY2005 under the arrangements in force at the date of this Prospectus, including the Service Agreement referred to beginning on page 95 of this Prospectus, excluding bonuses and profit sharing, is estimated to be approximately \$0.36 million.
10. There is no arrangement or understanding with our Substantial Shareholders, customers, suppliers or others, pursuant to which any person was selected as a Director or an Executive Officer.
11. No option to subscribe for shares in, or debentures of, our Company or its Subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the two years preceding the date of this Prospectus.
12. Save as disclosed in the section entitled “Interested Person Transactions” beginning on page 103 of this Prospectus, no Director or expert is interested, directly or indirectly, in the promotion of, or in any assets acquired or disposed of by, or leased to, our Company or its Subsidiaries within the two years preceding the date of this Prospectus, or in any proposal for such acquisition or disposal or lease as aforesaid.
13. Save as disclosed in the section entitled “Interested Person Transactions” beginning on page 103 of this Prospectus, no Director has any interest in any existing contract or arrangement which is significant in relation to the business of our Group taken as a whole.
14. Save as disclosed on page 106 of this Prospectus, no Director, Substantial Shareholder or Executive Officer has any interest, direct or indirect, in any company carrying on the same trade or dealing in similar products as our Company or its Subsidiaries.
15. There is no shareholding qualification for Directors in the Articles of Association of our Company.

GENERAL AND STATUTORY INFORMATION

16. Save as disclosed in the section entitled “Share Capital and Group Structure” beginning on page 41 of this Prospectus, there was no significant change in the percentage shareholding of our Directors and Substantial Shareholders for the past three years before the Latest Practicable Date.
17. No sum has been paid or has been agreed to be paid to any Director or expert or to any firm in which a Director or expert is a partner or to any corporation in which such Director or expert holds shares or debentures, in cash or in shares or otherwise by any person in the case of a Director to induce him to become or to qualify him as a Director or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company, or in the case of an expert for services rendered by him or the firm or the corporation in connection with the promotion or formation of our Company.

SHARE CAPITAL

18. As at the date of this Prospectus, there is only one class of shares in the capital of our Company. The rights and privileges attached to the Shares are stated in the Articles of Association of our Company. There are no founder, management or deferred shares. The New Shares shall have the same interest and voting right as the Shares that were issued prior to the Invitation and there are no restrictions on the free transferability of the Shares.
19. The changes in the issued and paid-up share capital of our Subsidiaries within the 3 years preceding the date of lodgement of this Prospectus are as follows:—

	Date of Issue	Number of shares Issued	Issue Price per share	Consideration	Purpose of Issue	Resultant issued share capital
Chasen Engineering	—	—	—	—	—	—
		Contributed capital/ Registered capital				
	Date of Issue		Purpose			Resultant capital
Chasen Hi Tech	20/02/2004	USD140,000.00	Initial Capital			USD140,000.00
	24/06/2004	USD860,000.00	Increase of capital to meet business requirements			USD1,000,000.00
	22/09/2005	USD3,010,000.00 (registered capital)	Increase of capital to meet business requirements			USD4,010,000.00 (registered capital) USD1,000,000.00 (contributed capital)

20. Save as disclosed above and in the section entitled “Share Capital and Group Structure” beginning on page 41 of this Prospectus, no shares or debentures were issued or were agreed to be issued by our Company or its Subsidiaries for cash or for a consideration other than cash during the past 3 years preceding the date of lodgement of this Prospectus.
21. No person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or its Subsidiaries.

ARTICLES OF ASSOCIATION

22. The provisions in the Articles of Association of our Company relating to the remuneration, voting rights on proposals, arrangements or contracts in which our Directors are interested, borrowing powers of our Directors, the restrictions on the transferability of shareholdings, the voting rights of members of our Company and the appointment, retirement and removal of our Directors are set out under “**Appendix C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY**” of this Prospectus.

GENERAL AND STATUTORY INFORMATION

BANK BORROWINGS AND WORKING CAPITAL

23. Save as disclosed on pages 82 and 83 of this Prospectus, our Company and its Subsidiaries had as at the Latest Practicable Date, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptances credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.
24. In the opinion of our Directors, there are no minimum amounts which must be raised by the Invitation in order to provide for the following items:—
- (a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the Invitation;
 - (b) estimated preliminary and issue expenses (including placement commission) for the Invitation payable by our Company;
 - (c) the repayment of any money borrowed by our Company in respect of any of the foregoing matters; and
 - (d) working capital.

No amount is required to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the Invitation.

25. Our Directors are of the opinion that, after taking into account our present cash position and available banking facilities, our Group has adequate working capital for its present requirements.

MATERIAL CONTRACTS

26. The following contracts not being contracts entered into in the ordinary course of business of our Company and its Subsidiaries (as the case may be) have been entered into by our Company and its Subsidiaries (as the case may be) within the two years preceding the date of this Prospectus and are or may be material:—
- (a) Trust Deed dated 31 January 2004 made between the Company, Siah Boon Hock and Yeo Seck Cheong (collectively the “Trustees”) whereby the Company appointed the Trustees to, inter alia, hold the shares of Chasen Engineering on trust for and on behalf of the Company with effect from 31 January 2004. The trust has been terminated with effect from 21 September 2005.
 - (b) Shareholders’ Agreement dated 29 March 2004 (“Shareholders’ Agreement”) made between Siah Boon Hock (“Siah”) and Yeo Seck Cheong (“Yeo”) whereby, inter alia, the Company appointed Yeo to hold the shares of Chasen Hi Tech on trust for Chasen Engineering and Siah and Yeo agreed to co-operate to ensure that the business of Chasen Engineering was conducted in the best interests of Chasen Engineering on sound commercial profit making principles so as to generate maximum achievable profits. The Shareholders’ Agreement has been terminated with effect from 3 February 2005.
 - (c) Lease agreement dated 2 August 2004 entered into between Shanghai Meilong Decoration and Construction Co. Ltd as landlord (the “Landlord”) and Chasen Hi Tech as tenant, whereby the Landlord agreed to lease to Chasen Hi Tech the premises located at No. 92 Lane 3740 Huaning Road, Minhang District, Shanghai, PRC, for a period of 10 years commencing from 1 September 2004, with a rent of RMB280,000 per year for the first five years and rent to be negotiated for the next five years.

GENERAL AND STATUTORY INFORMATION

LITIGATION

27. Neither our Company nor any of our Subsidiaries is, or have had in the last 12 months before the date of lodgment of this Prospectus been, engaged in any litigation as plaintiff or defendant in respect of any claims or amounts which are material in the context of the Invitation and our Directors have no knowledge of any proceedings pending or threatened against our Company or any of our Subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which may have a material effect on the financial position or the business of our Company or any of our Subsidiaries.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

28. (a) Pursuant to the management and underwriting agreement (the “Management and Underwriting Agreement”) dated 28 November 2005 our Company and the Vendor appointed Phillip Securities Pte Ltd to manage the Invitation and underwrite the Offer Shares. Phillip Securities Pte Ltd will receive a management fee from our Company for its services rendered in connection with the Invitation.
- (b) Pursuant to the Management and Underwriting Agreement, Phillip Securities Pte Ltd agreed to underwrite the Offer Shares for a commission of 2.25% of the Invitation Price for each Offer Share.
- (c) Pursuant to the placement agreement (the “Placement Agreement”) dated 28 November 2005, Phillip Securities Pte Ltd agreed to subscribe or procure subscriptions for the Placement Shares for a placement commission of 1.5% of the Invitation Price for each Placement Share. Phillip Securities Pte Ltd may, at its absolute discretion, appoint one or more sub-placement agent(s) for the Placement Shares.
- (d) Brokerage will be paid by our Company and the Vendor on the Offer Shares in the proportion in which the number of Offer Shares offered by each of them pursuant to the Invitation bears to the total number of Offer Shares, to Phillip Securities Pte Ltd, members of SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of accepted applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at the ATMs of the relevant Participating Banks, at the rate of 0.25% of the Invitation Price for each Offer Share and each Placement Share.
- (e) Brokerage will also be paid by our Company and the Vendor on the Placement Shares in the proportion in which the number of Placement Shares offered by each of them pursuant to the Invitation bears to the total number of Placement Shares at the rate of 1.0% of the Invitation Price for each Placement Share. The brokerage will be paid to the Placement Agent.
- (f) Subscribers of Placement Shares may be required to pay a commission to the Placement Agent (and if so required, such brokerage will be up to 1.0% of the Invitation Price).
- (g) Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two years preceding the date of this Prospectus or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company.
- (h) In the event the Over-Allotment Option is exercised and the Stabilising Manager purchases or procures purchasers for the Additional Shares, the Vendor will pay the Stabilising Manager an aggregate fee of 2.5% of the aggregate Invitation Price of the New Shares purchased by the Stabilising Manager or for which purchasers have been procured.

GENERAL AND STATUTORY INFORMATION

- (i) The Management and Underwriting Agreement may be terminated by the Underwriter at any time on or before the closing of the Application List upon the occurrence of certain events including, *inter alia*,
 - (i) any introduction or prospective introduction of or any change or prospective change in legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law) and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST, in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere;
 - (ii) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or restriction on trading in securities generally on the SGX-ST and/or SGX-SESDAQ due to exceptional financial circumstances or otherwise);
 - (iii) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets) in any jurisdiction;which event or events shall in the reasonable opinion of the Manager and Underwriter, (1) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or overseas; or (2) be likely to materially prejudice the success of the subscription, purchase or offer of the Invitation Shares; or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with the Invitation; or (4) be likely to have a material adverse effect on the business, trading position, operations or prospects of the Company, the Subsidiaries or of the Group as a whole; or (5) be such that no reasonable underwriter would have entered into the Management and Underwriting Agreement; or (6) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for the Underwriter to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement.
- (j) The Placement Agreement is conditional, *inter alia*, on the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

Save as disclosed above, in the reasonable opinion of our Directors, other than for the appointment of Phillip Securities Pte Ltd as the Manager, Underwriter and Placement Agent, we do not have a material relationship with Phillip Securities Pte Ltd.

MISCELLANEOUS

- 29. The nature of the business of our Company is stated in the section entitled "Our Business" beginning on page 51 of this Prospectus. At the date of this Prospectus, the corporations which are by virtue of Section 6 of the Act deemed to be related to our Company are set out in the section "Share Capital and Group Structure" on page 46 of this Prospectus.
- 30. The time of opening of the Application List is set out on page 17 of this Prospectus.
- 31. The amount payable on application is \$0.20 for each Invitation Share. There has been no previous issue of Shares by our Company or offer for sale of its Shares to the public within the two years preceding the date of this Prospectus.

GENERAL AND STATUTORY INFORMATION

32. Application monies received by our Company in respect of successful applications (including successful balloted applications which are subsequently rejected) will be placed in a separate non-interest bearing account with United Overseas Bank Limited (the “Receiving Bank”). There is no sharing arrangement between the Receiving Bank and our Company in respect of any interest or revenue or any other benefit arising from the deployment of application monies in the interbank money market. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of such revenue or any other benefits.
33. Save as disclosed in this Prospectus, no property has been purchased or acquired or proposed to be purchased or acquired by our Company or its Subsidiaries which is to be paid for wholly or partly out of the proceeds of the Invitation or the purchase or acquisition of which has not been completed at the date of the issue of this Prospectus other than property the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of our Company or its Subsidiaries, the contract not being made in contemplation of the Invitation nor the Invitation in consequence of the contract.
34. The estimated amount of the expenses of this Invitation (assuming the Over-Allotment Option is not exercised) and of the application for listing, including underwriting and placement commission, brokerage, management fee, auditors’ fee, solicitors’ fee and all other incidental expenses in relation to this Invitation, all of which are payable by the Company, can be broken down as follows:–

	\$’000
Listing fee	10.5
Professional fees	641.3
Underwriting and placement commission and brokerage	120.8
Miscellaneous expenses	727.4
Total estimated expenses in connection with the Invitation	<u>1,500.0</u>

The total expenses in connection with the Invitation of approximately \$1.50 million will be borne by our Company and the Vendor in the proportion in which the number of Invitation Shares offered by each of them pursuant to the Invitation bears to the total number of Invitation Shares.

35. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the date of this Prospectus or is proposed or intended to be paid or given to any promoter at any time.
36. Save as disclosed in this Prospectus, our Directors are not aware of any relevant material information including trading factors or risks not mentioned elsewhere in the Prospectus which is unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and its Subsidiaries.
37. Save as disclosed in this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:–
- (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from operations; and

GENERAL AND STATUTORY INFORMATION

- (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.

In the opinion of our Directors, and save as disclosed in this Prospectus, up to the Latest Practicable Date, no significant change in circumstances has arisen since 31 December 2004, being the date the most recent Compiled Consolidated Financial Statements of our Group and the Audited Financial Statements were made up, which would have a material effect on the Compiled Consolidated Financial Statements and the Audited Financial Statements of our Group.

- 38. No Shares shall be allotted or allocated on the basis of this Prospectus later than 6 months after the registration of this Prospectus.
- 39. No expert named:–
 - (a) is employed on a contingent basis by our Company or our Subsidiaries;
 - (b) has a material interest, directly or indirectly, in our Shares or in the shares of any of our Subsidiaries; or
 - (c) has a material economic interest, directly or indirectly, in our Company, including an interest in the success of the Invitation.
- 40. Save as disclosed in the section entitled “Our Business” beginning on page 51 of this Prospectus, our Group is not materially dependent on any patent, licence, industrial, commercial or financial contract (including a contract with a customer or supplier) or manufacturing process.

CONSENTS

- 41. The Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the Compiled Consolidated Financial Statements beginning on page 114 of this Prospectus, the audited financial statements of our Company for the financial period 1 January 2002 to 30 April 2002 annexed in Appendix A of this Prospectus (which were prepared for the purposes of incorporation in this Prospectus) and the statutory audited consolidated financial statements of our Group for the financial year ended 31 December 2004 annexed in Appendix A of this Prospectus (which was not prepared for the purposes of incorporation in this Prospectus) in the form and context in which they are included and the inclusion herein of their names and references thereto in the form and context in which they are included in this Prospectus and to act in such capacity in relation to this Prospectus.

Kang & Khoo, Certified Public Accountants (a member of the Institute of Certified Public Accountants of Singapore), have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion in this Prospectus of the audited financial statements of our Group for the financial period 1 May 2002 to 31 December 2002 and the financial year ended 31 December 2003, as annexed in Appendix A (which were not prepared for the purposes of incorporation in this Prospectus), in the form and context in which they appear in this Prospectus and references to their names in which they are included in this Prospectus.

The Manager, Underwriter and Placement Agent have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion of their names and references thereto in the form and context in which they are included in the Prospectus and to act in such capacity in relation to this Prospectus.

- 42. Each of the Receiving Bank, the Solicitors to the Invitation, the legal advisers to the Company as to PRC law and the Share Registrar does not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and, to the

GENERAL AND STATUTORY INFORMATION

maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

43. Copies of the following documents may be inspected at registered office of the Company during normal business hours for a period of 6 months from the date of this Prospectus:–
- (a) the Memorandum and Articles of Association of our Company;
 - (b) the Report from the Reporting Accountants in relation to the compiled consolidated financial statements of our Group for FY2002, FY2003 and FY2004;
 - (c) the compiled consolidated financial statements of our Group for FY2002, FY2003 and FY2004;
 - (d) the letters of consent referred to on page 148 of this Prospectus;
 - (e) the audited financial statements of our Group for the financial period 1 January 2002 to 30 April 2002, the financial period 1 May 2002 to 31 December 2002, the financial year ended 31 December 2003 and the financial year ended 31 December 2004; and
 - (f) the Service Agreement referred to beginning on page 95 of this Prospectus.

STATEMENT BY OUR DIRECTORS AND THE VENDOR

44. This Prospectus has been seen and approved by our Directors and the Vendor and they collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other material facts the omission of which would make any statements herein misleading, that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Company and its Subsidiaries, and that the opinions expressed are fair and accurate in all material respects. There has been no event which may have a material effect on the financial information provided in the Compiled Consolidated Financial Statements and the Audited Financial Statements of our Group since the end of the period covered by the aforesaid.

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APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD
(Company registration number: 199901643D)

AND SUBSIDIARIES

FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 DECEMBER 2004

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD AND SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their report to the members together with audited financial statements of the Company and the Group for the financial year ended 31 December 2004.

1. DIRECTORS

The directors of the Company in office at the date of this report are:-

Low Weng Fatt
Yap Koon Bee @ Louis Yap

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company or related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	<u>At beginning of year</u>	<u>At end of year</u>	<u>At beginning of year</u>	<u>At end of year</u>
<u>Chasen Logistics Services Pte Ltd</u>				
(Ordinary shares of \$1.00 each)				
Low Weng Fatt	600,030	600,030	-	-
Yap Koon Bee @ Louis Yap	299,970	299,970	-	-
<u>Chasen Logistics & Engineering Services Pte Ltd</u>				
(Ordinary shares of \$1.00 each)				
Low Weng Fatt	-	-	-	67
Yap Koon Bee @ Louis Yap	-	-	-	33
<u>Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd</u>				
(Paid-up capital)				
Low Weng Fatt	-	-	-	USD670,000
Yap Koon Bee @ Louis Yap	-	-	-	USD330,000

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Company Act, by reason of a contract made by the Company with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

5. OPTIONS GRANTED

During the financial year, there were no options granted to any person to take up unissued shares in the Company or any corporation in the Group.

6. OPTIONS EXERCISED

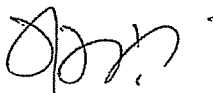
During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of any exercise of option to take up unissued shares.

7. OPTIONS OUTSTANDING

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

8. AUDITORS

The auditors, LTC & Associates, have expressed their willingness to accept re-appointment.



Low Weng Fatt
Director



Yap Koon Bee @ Louis Yap
Director

Singapore, 15 April 2005

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD AND SUBSIDIARIES

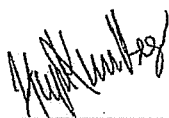
STATEMENT BY DIRECTORS

In the opinion of the directors:-

- (i) the accompanying financial statements are drawn up in accordance with Singapore Financial Reporting Standards and give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004 and the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.



Low Weng Fatt
Director



Yap Boon Bee @ Louis Yap
Director

Singapore, 15 April 2005

APPENDIX A: AUDITED FINANCIAL STATEMENTS

LTC
& Associates
Certified Public Accountants

1 Raffles Place
#20-02 OUB Centre
Singapore 048616
Telephone : (65) 6226 0080
Facsimile : (65) 6226 3345
E-mail : ltc@ltc-cpa.com
Website : www.ltc-cpa.com

REPORT OF THE AUDITORS TO THE MEMBERS OF

CHASEN LOGISTICS SERVICES PTE LTD

We have audited the accompanying financial statements of Chasen Logistics Services Pte Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2004. These financial statements are the responsibility of the directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the financial year ended 31 December 2003 were audited by another auditor whose report dated 14 June 2004 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



LTC & Associates
Certified Public Accountants

Singapore, 15 April 2005

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APPENDIX A: AUDITED FINANCIAL STATEMENTS

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**CHASEN LOGISTICS SERVICES PTE LTD
AND SUBSIDIARIES**

**CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004**

		<u>Group</u>
		<u>2004</u>
	<u>Note</u>	<u>\$'000</u>
Revenue	3	16,302
Cost of sales		<u>(6,856)</u>
Gross profit		9,446
Other operating income	4	<u>67</u>
		9,513
Distribution and selling expenses		(881)
Administrative expenses		(1,368)
Other operating expenses		<u>(89)</u>
Profit from operations	6	7,175
Finance costs	7	<u>(101)</u>
Profit before taxation		7,074
Taxation	8	<u>(1,478)</u>
Net profit for the financial year		<u>5,596</u>

See accompanying notes to the consolidated financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD AND SUBSIDIARIES

BALANCE SHEETS AS AT 31 DECEMBER 2004

		Group	Company	
	Note	2004	2004	2003
		\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	9	3,627	2,470	2,656
Investments in subsidiaries	10	-	-	-
Deferred taxation	11	4	4	2
		<u>3,631</u>	<u>2,474</u>	<u>2,658</u>
Current assets				
Trade debtors	12	3,593	3,593	1,509
Other debtors, deposits and prepayments	13	238	2,075	608
Fixed deposits	14	649	649	646
Cash and bank balances		<u>3,681</u>	<u>3,234</u>	<u>9</u>
		<u>8,161</u>	<u>9,551</u>	<u>2,772</u>
Current liabilities				
Bank loan and overdraft (secured)	15	107	107	144
Trade creditors	16	210	498	328
Other creditors and provisions	17	859	704	1,174
Current portion of obligations under hire purchase contracts	18	179	179	147
Provision for taxation		<u>1,548</u>	<u>1,548</u>	<u>297</u>
		<u>2,903</u>	<u>3,036</u>	<u>2,090</u>
Net current assets		<u>5,258</u>	<u>6,515</u>	<u>682</u>
Non-current liabilities				
Bank loan (secured)	15	929	929	1,036
Obligations under hire purchase contracts	18	497	497	367
		<u>1,426</u>	<u>1,426</u>	<u>1,403</u>
Net assets		<u>7,463</u>	<u>7,563</u>	<u>1,937</u>
Shareholders' equity				
Share capital	19	900	900	900
Translation reserve		(70)	-	-
Retained profits		<u>6,633</u>	<u>6,663</u>	<u>1,037</u>
		<u>7,463</u>	<u>7,563</u>	<u>1,937</u>

See accompanying notes to the consolidated financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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**CHASEN LOGISTICS SERVICES PTE LTD
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004**

	Share capital	Translation reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2004	900	-	1,037	1,937
Net profit for the financial year	-	-	5,596	5,596
Foreign currency translation differences	-	(70)	-	(70)
Balance at 31 December 2004	<u>900</u>	<u>(70)</u>	<u>6,633</u>	<u>7,463</u>

See accompanying notes to the consolidated financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD AND SUBSIDIARIES CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

	2004 \$'000
Cash flows from operating activities: -	
Profit before taxation	7,074
Adjustments for:	
Depreciation of property, plant and equipment	736
Provision for doubtful trade debts	27
Gain on disposal of plant and equipment	(2)
Interest income	(8)
Interest expense	101
Operating profit before working capital changes	7,928
Increase in trade and other receivables	(1,740)
Decrease in trade and other payables	(433)
Cash generated from operations	5,755
Tax paid	(230)
Net cash generated from operating activities	5,525
Cash flows from investing activities: -	
Purchase of plant and equipment (Note A below)	(1,418)
Proceeds from disposal of plant and equipment	52
Net cash used in investing activities	(1,366)
Cash flows from financing activities: -	
Interest received	8
Interest paid	(101)
Repayments of bank loan	(104)
Repayments of hire purchase contracts	(177)
Pledged fixed deposits placed with banks	(3)
Net cash used in financing activities	(377)
Net increase in cash and cash equivalent	3,782
Cash and cash equivalents at beginning of year	(31)
Effect of exchange rate changes on balances held in foreign currencies	(70)
Cash and cash equivalents at end of year	3,681
Cash and cash equivalents comprise:	
Cash and bank balances	3,681
Fixed deposits (Note 14)	649
	4,330
Less: Fixed deposits pledged (Note 14)	(649)
	3,681
Notes:	
A. Purchase of plant and equipment	
Cash payments	1,418
Purchased by means of hire purchase	339
	1,757

See accompanying notes to the consolidated financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2004

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. GENERAL

The Company is incorporated and domiciled in the Republic of Singapore.

Its principal activities are to carry on the business of relocation services, industrial packing, warehousing, transportation, freight forwarding and shipping.

Its registered office is at 18 Jalan Besut, Jurong (Off Jalan Terusan) Singapore 619571.

The principle activities of the subsidiaries are stated in note 10 to the consolidated financial statements.

The consolidated financial statements of the Company for the financial year ended 31 December 2004 were authorized for issue in accordance with a resolution of the directors on 15 April 2005.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) Basis of presentation

(a) Basis of accounting

The consolidated financial statements are prepared under the historical cost convention and are expressed in Singapore dollars.

(b) Statement of compliance

The consolidated financial statements are prepared in accordance with and comply with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

(c) Basis of consolidation

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the Company so as to obtain benefits from its activities.

Investments in subsidiaries are stated at cost, less provision for impairment in values. The Group's financial statements include the financial statements of the Company and its subsidiaries. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the Group's financial statements from their respective dates of acquisition or disposal. Intercompany balances and transactions and resulting unrealized profits are eliminated in full on consolidation. Unrealised losses resulting from intercompany transactions are also eliminated unless cost cannot be recovered.

For inclusion in the Group's financial statements, all assets and liabilities of foreign subsidiary are translated into Singapore dollars at the exchange rates ruling at the end of the financial year. The trading results of foreign subsidiary is translated into Singapore dollars at the average exchange rates for the financial year. Exchange differences due to such currency translations are taken directly to translation reserve account.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

Page 10

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(II) Summary of significant accounting policies

(a) Property, plant and equipment and depreciation

All property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Depreciation is calculated to write off the cost of the property over the lease period, and to write off the cost of plant and equipment over their estimated useful lives by the straight-line method. The estimated useful lives of the assets are as follows:-

	<u>Year</u>
Leasehold building	21
Transportation equipment	5-10
Tools and equipment	5
Furniture and fittings, and office equipment	1-5

Fully depreciated assets still in use are retained in the consolidated financial statements.

(b) Investment in subsidiary

Investment in subsidiary is stated at cost less provision for impairment in value.

(c) Foreign currencies

Transactions arising in foreign currencies are converted into Singapore dollars at rates of exchange approximating to those ruling at transaction dates and recorded monetary balances at the balance sheet date are converted at rates of exchange approximating to those ruling at that date. Exchange differences are taken up in the income statement.

(d) Taxation

Taxation on the profit or loss for the year comprise current and deferred taxation. Taxation is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Assets under hire purchase contracts

Where assets are under hire purchase agreements, the assets are capitalised in the financial statements and the corresponding obligation treated as a liability. The assets so capitalised are depreciated in accordance with the Group's accounting policy on depreciation of property, plant and equipment. The total interest, being the difference between the total instalments payable and the capitalised amount is charged to the income statement to give a constant rate of charge on the remaining balance of the obligation.

(f) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental costs under operating leases are charged to the income statement over the period of the leases.

(g) Revenue recognition

Revenue from the services income is recognised when services are rendered to customers.

Interest income is recognised on a time-proportion basis.

(h) Employee benefits

Defined contribution plan

As required by the law, the Group makes contributions to the state managed pension scheme, the Central Provident Fund ("CPF") and superannuation. CPF and superannuation contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

Page 12

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(k) Fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities included in the net current assets approximate their value due to their short-term nature except for amount due from a subsidiary. It is not practicable to estimate the fair value of amount due from a subsidiary without incurring excessive costs due to the absence of agreed repayment terms between the parties involved. However, the Group does not anticipate that the carrying amount recorded at the balance sheet date would be significantly different from the value that would be received.

(l) Financial risk management policies

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates, along with credit, liquidity and cash flow risks. The Group has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the Group to financial risk consist principally of cash and bank balances, trade debtors and other debtors. Financial liabilities that expose the Group to financial risk consist principally of bank loans, trade creditors and other creditors etc.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States Dollars and Renminbi. The Group currently does not hedge its foreign currency risk. However, this risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement. The Group also maintains foreign currency bank accounts for operating purposes.

The Group has investment in a foreign subsidiary, whose net assets measured in Renminbi are exposed to foreign currency translation risk as their reporting and functional currency are in foreign currency.

The Group's exposure to changes in market interest rates relates primarily to bank loans. The Group's policy is to manage its interest cost using a combination of fixed and variable interest rate borrowings, where applicable.

The Group has no significant concentrations of credit risk. The Group performs on going credit evaluation of its customer's financial condition. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and cash equivalents with creditworthy institutions.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

Page 13

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(cont'd)

The Group maintains sufficient cash and open committed credit lines from banks for its funding requirements. And the Group also has adequate credit facilities to ensure necessary liquidity as provided from the consolidated balance sheet.

The fair values of financial assets and financial liabilities approximate their carrying amount as reflected in the consolidated balance sheet.

3. REVENUE

Revenue represents invoiced value of services rendered less returns and discounts.

	Group <u>2004</u> \$'000
Relocation services	11,831
Packing services	2,384
Warehousing and related services	<u>2,087</u>
	<u>16,302</u>

4. OTHER OPERATING INCOME

	Group <u>2004</u> \$'000
Bank interest income	8
Other income	<u>59</u>
	<u>67</u>

5. STAFF COST

	Group <u>2004</u> \$'000
Wages and salaries and other staff related expenses	3,302
Employers' contribution to defined contribution plan	385
Directors' remuneration	260
Directors fee	210
Staff welfares	<u>343</u>
	<u>4,500</u>
Number of employees at end of year	<u>245</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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6. PROFIT FROM OPERATIONS

This is determined after charging/(crediting) :

	Group <u>2004</u> \$'000
Auditors' remuneration	
- auditors of the Company	18
Depreciation of property, plant and equipment	736
Directors' fee:	
- directors of the Company	210
Directors' remuneration:	
- directors of the Company	179
- directors of subsidiaries	81
Loss on foreign exchange differences, net	64
Gain on disposal of plant and Equipment	(2)
Operating lease expense – rental	206
Provision for doubtful trade debts	27

7. FINANCE COSTS

	Group <u>2004</u> \$'000
Bank overdraft interest	9
Hire purchase interest	25
Bank loan interest	38
Other interest	1
Factoring interest & charge	28
	101

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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8. TAXATION

	Group 2004 \$'000
Current taxation	1,480
Deferred taxation	(13)
Under provision of deferred taxation in prior year	11
	<u>1,478</u>

The income tax expense varied from the amount of income tax expense by applying the Singapore income tax rate of 20% (2003: 22%) to profit before taxation as a result of the following differences:

	Group 2004 \$'000
Accounting profit	<u>7,074</u>
Income tax expense at statutory rate	1,414
Tax effects on non-allowable items	60
Tax effects on exemption scheme & rebate	(11)
Under provision for prior year's deferred taxation	11
Others	4
	<u>1,478</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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9. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>					
	Leasehold building \$'000	Transportation equipment \$'000	Tools and equipment \$'000	Furniture, fittings, and office equipment \$'000	Total \$'000
Cost					
As at 1 January 2004	1,513	1,663	1,188	135	4,499
Additions	53	844	844	16	1,757
Disposals	-	(46)	(72)	-	(118)
As at 31 December 2004	1,566	2,461	1,960	151	6,138
Accumulated depreciation					
As at 1 January 2004	60	931	731	121	1,843
Charge	89	324	309	14	736
Disposals	-	(28)	(36)	-	(64)
Translation differences	-	(1)	(2)	(1)	(4)
As at 31 December 2004	149	1,226	1,002	134	2,511
Net book value					
As at 31 December 2004	1,417	1,235	958	17	3,627
<u>Company</u>					
	Leasehold building \$'000	Transportation equipment \$'000	Tools and equipment \$'000	Furniture, fittings, and office equipment \$'000	Total \$'000
Cost					
As at 1 January 2004	1,513	1,663	1,188	135	4,499
Additions	-	281	135	2	418
Disposals	-	(46)	(72)	-	(118)
As at 31 December 2004	1,513	1,898	1,251	137	4,799
Accumulated depreciation					
As at 1 January 2004	60	931	731	121	1,843
Charge	72	272	198	8	550
Disposals	-	(28)	(36)	-	(64)
As at 31 December 2004	132	1,175	893	129	2,329
Net book value					
As at 31 December 2004	1,381	723	358	8	2,470
As at 31 December 2003	1,453	732	458	14	2,656

- (i) The net book value of plant and equipment of the Group and of the Company purchased under hire purchase is approximately \$96,000 (2003: Nil).
- (ii) The net book value of motor vehicles of the Group and of the Company purchased under hire purchase is approximately \$606,000 (2003: \$557,000).
- (iii) The leasehold buildings of the Company are mortgaged to a bank for certain credit facilities granted including a bank loan (See note 15).

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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10. INVESTMENTS IN SUBSIDIARIES

	Group 2004 \$'000	Company 2004 \$'000	2003 \$'000
Unquoted equity share in Singapore, at cost	-	- (iii)	-

Details of the subsidiaries are as follows:

Name of company (Country of incorporation / place of business)	Principal activities	<u>Cost of investments</u>		<u>Percentage of equity held</u>	
		<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
		\$'000	\$'000	%	%
<u>Held by the Company</u>					
Chasen Logistics & Engineering Services Pte Ltd ^{(i) (a)} (Singapore)	Investment holding	-	- ⁽ⁱⁱⁱ⁾	-	100
<u>Held by a subsidiary</u>					
Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd ^{(ii) (b)} (People's Republic of China "PRC")	General activities relating to high value machinery and equipment	-	1,717	-	100

(i) Audited by LTC & Associates.

(ii) Audited by Cheng Hui Certified Public Accountants, PRC

(iii) Denotes less than \$1,000.

Incorporation of subsidiaries in the year ended 31 December 2004

- (a) On 31 January 2004, the Company incorporated Chasen Logistics & Engineering Services Pte Ltd in Singapore as a 100% owned subsidiary. The paid-up capital of the subsidiary was \$100.
- (b) On 10 March 2004, Chasen Logistics & Engineering Services Pte Ltd incorporated Chasen (Shanghai) Hi Tech Machinery Services Pte Ltd in PRC as a 100% owned subsidiary. The initial investment was US\$140,000 (equivalent to approximately \$240,000) and was subsequently increased to US\$1,000,000 (equivalent to approximately \$1,717,000) during the year ended 31 December 2004.

11. DEFERRED TAXATION

	Group 2004 \$'000	Company 2004 \$'000	2003 \$'000
Tax effect of:			
Deferred tax assets:			
Provision for doubtful trade debts	10	10	5
Deferred tax liabilities:			
Excess of capital allowances over depreciation	(6)	(6)	(3)
Net deferred tax assets	4	4	2

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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12. TRADE DEBTORS

	Group <u>2004</u>	Company <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Outside parties	3,641	3,641	1,530
Less: Provision for doubtful trade debts	<u>(48)</u>	<u>(48)</u>	<u>(21)</u>
	<u>3,593</u>	<u>3,593</u>	<u>1,509</u>

The movement in the provision for doubtful trade debts account is as follows:

	Group <u>2004</u>	Company <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Balance at beginning of year	21	21	21
Current year provision	<u>27</u>	<u>27</u>	<u>-</u>
Balance at end of year	<u>48</u>	<u>48</u>	<u>21</u>

13. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group <u>2004</u>	Company <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Other deposit paid	20	10	-
Staff loans	-	-	139
Other debtors & prepayment	40	40	242
Expenses incurred for the proposed initial public offering of the Company	178	178	-
Advance to a company in which a Director of the Company has a substantial interest	-	-	227
Amount due from a direct subsidiary	-	1,847	-
	<u>238</u>	<u>2,075</u>	<u>608</u>

Staff loans are unsecured, interest-free and have no fixed term for repayment.

The amount due from a subsidiary is unsecured, interest-free and has no fixed term of repayment.

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14. **FIXED DEPOSITS**

	<u>Group</u> <u>2004</u>	<u>Company</u> <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Fixed deposits placed with banks	<u>649</u>	<u>649</u>	<u>646</u>

Included in fixed deposits of the Group and the Company is an amount of approximately \$649,000 (2003: \$646,000) pledged to banks as securities for the bank overdraft facilities.

Fixed deposits of the Group and the Company borne interest rate between 1.0000% per annum and 1.0300% per annum (2003: between 0.3125% per annum and 0.4375% per annum) with maturity dates within one month subsequent to year end.

15. **BANK LOAN AND OVERDRAFT (SECURED)**

	<u>Group</u> <u>2004</u>	<u>Company</u> <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Bank overdraft	-	-	40
Bank loan	<u>1,036</u>	<u>1,036</u>	<u>1,140</u>
	1,036	1,036	1,180
Current portion of bank loan and Overdraft	<u>(107)</u>	<u>(107)</u>	<u>(144)</u>
Non-current portion of bank loan	<u>929</u>	<u>929</u>	<u>1,036</u>

The bank loan and bank overdrafts are secured by the following:

- (a) a pledge on fixed deposits of \$649,000 (2003: \$646,000); and
- (b) first legal mortgage of the Company's leasehold building.

In addition, directors of the Company provide joint and several guarantees to the banks for facilities granted.

The bank loan is repayable over a period of 10 years. Interest is charged at range from 3.23% to 4.6% per annum (2003: 3.23% to 4.6% per annum).

The effective interest rate for bank overdraft was 4.4% per annum (2003: 5.4% per annum).

	<u>Group</u> <u>2004</u>	<u>Company</u> <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Bank loan repayable:			
Within 1 year	107	107	104
Within 2 to 5 years	462	462	446
More than 5 years	<u>467</u>	<u>467</u>	<u>590</u>
	<u>1,036</u>	<u>1,036</u>	<u>1,140</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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16. TRADE CREDITORS

	Group <u>2004</u>	Company <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Amount due to a subsidiary	-	288	-
Outside parties	<u>210</u>	<u>210</u>	<u>328</u>
	<u>210</u>	<u>498</u>	<u>328</u>

The amount due to a subsidiary is unsecured, interest-free and has no fixed term of repayment.

17. OTHER CREDITORS AND PROVISIONS

	Group <u>2004</u>	Company <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Accrual	590	582	368
Other creditors ⁽ⁱ⁾	-	-	125
Amount due to directors ⁽ⁱⁱ⁾	46	46	678
Deposit received	4	4	3
Others	72	72	-
Amount due to a director of a subsidiary ⁽ⁱⁱ⁾	<u>147</u>	<u>-</u>	<u>-</u>
	<u>859</u>	<u>704</u>	<u>1,174</u>

(i) These represent amounts owing to individuals which are unsecured, interest-free and have no fixed term of payment.

(ii) These represent amounts owing to directors of the Company and a director of a subsidiary which are unsecured, interest-free and have no fixed term of payment.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	<u>Group</u> <u>2004</u>	<u>Company</u> <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Minimum lease payments payable:			
Within one year	203	203	168
Within two to five years	546	546	383
More than five years	<u>27</u>	<u>27</u>	<u>42</u>
	776	776	593
Finance charges allocated to future periods	<u>(100)</u>	<u>(100)</u>	<u>(79)</u>
Present value of minimum lease Payments	<u>676</u>	<u>676</u>	<u>514</u>
Present value of minimum lease payable:			
Within one year	179	179	147
Within two to five years	474	474	331
More than five years	<u>23</u>	<u>23</u>	<u>36</u>
	676	676	514

The effective interest rate of the Group and the Company was 4.26% per annum (2003: 7.07% per annum).

19. SHARE CAPITAL

	<u>Group</u> <u>2004</u>	<u>Company</u> <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Authorised:			
1,000,000 ordinary shares of \$1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Issued and fully paid:			
900,000 ordinary shares of \$1 each	<u>900</u>	<u>900</u>	<u>900</u>

20. CONTINGENT LIABILITIES

	<u>Group</u> <u>2004</u>	<u>Company</u> <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Banker's guarantee	<u>11</u>	<u>11</u>	<u>-</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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21. OPERATING LEASE COMMITMENT

At the balance sheet date, the Group had outstanding commitments for non-cancelable operating lease payments in respect of the leased land and building. The non-cancelable leases have remaining lease term from 4 to 20 years. Future minimum lease payments payable under non-cancelable lease as at 31 December are as follows:

	Group <u>2004</u>	Company <u>2004</u>	<u>2003</u>
	\$'000	\$'000	\$'000
Within one year	246	190	190
Within two to five years	928	762	762
More than five years	<u>2,698</u>	<u>2,698</u>	<u>2,889</u>
	<u>3,872</u>	<u>3,650</u>	<u>3,841</u>

22. SUBSEQUENT EVENT

Subsequent to 31 December 2004, on 12 April 2005, the authorised share capital of the Company was increased from \$1,000,000 divided into 1,000,000 ordinary shares of \$1 each to \$30,000,000 divided into 30,000,000 ordinary shares of \$1 each by the creation of an additional 29,000,000 ordinary shares of \$1 each.

23. COMPARATIVE FIGURES

This being the first set of consolidated financial statements, there are no comparative figures for the Group.

The financial statements for last year were reported on by auditor other than LTC & Associates whose report dated 14 June 2004 expressed an unqualified opinion on those financial statements.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD
(Company Registration No. 199901643 D)

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

KANG & KHOO

CERTIFIED PUBLIC ACCOUNTANTS

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD

(Company Registration No. 199901643 D)

(Incorporated in the Republic of Singapore)

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CORPORATE INFORMATION

REGISTRATION NO.	1999-01643-D
BOARD OF DIRECTOR	YAP KOON BEE @ LOUIS YAP LOW WENG FATT
REGISTERED OFFICE	18 JALAN BESUT JURONG (OFF JALAN TERUSAN) SINGAPORE 619571
PRINCIPAL PLACE OF BUSINESS	18 JALAN BESUT JURONG (OFF JALAN TERUSAN) SINGAPORE 619571
AUDITORS	KANG & KHOO CERTIFIED PUBLIC ACCOUNTANTS 371 BEACH ROAD #14-08 KEYPOINT SINGAPORE 199597
COMPANY SECRETARY	FOO MEN FONG
PRINCIPAL BANKER	DEVELOPMENT BANK OF SINGAPORE LIMITED

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD

(Company Registration No. 199901643 D)

(Incorporated in the Republic of Singapore)

REPORT OF THE DIRECTORS

The directors present their report to the members together with the audited financial statements of the company for the year ended *31 December, 2003*.

1. **Directors**

The directors in office at the date of this report are :

YAP KOON BEE @ LOUIS YAP
LOW WENG FATT

2. **Arrangements to enable directors to acquire shares or debentures**

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisitions of shares or debentures of the company or any other body corporate.

3. **Directors' interests in shares or debentures**

The following directors who held office at the end of the financial year had according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, an interest in shares of the company as stated below :-

Number of Ordinary Shares of S\$1 each

<u>Name of Directors</u>	<u>At Beginning of year</u>	<u>At end of year</u>
YAP KOON BEE @ LOUIS YAP	299,970	299,970
LOW WENG FATT	600,030	600,030

Except as disclosed in this report, no director who held office at the end of the financial year had interest in the share capital and debentures of the company either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

4. **Directors' contractual benefits**

Except as disclosed in the financial statements, since the end of previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

5. **Options to take up unissued share**

During the financial year, no option to take up unissued shares of the company was granted.

6. **Options exercised**

During the financial year, there were no share by virtue of the exercise of an option to take up unissued shares.

7. **Unissued share under Option**

At the end of the financial year, there were no unissued shares of the company under option.

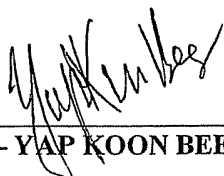
8. **Auditors**

The auditors, **Messrs. Kang & Khoo**, Certified Public Accountants, have expressed their willingness to accept re-appointment as Auditors.

ON BEHALF OF THE BOARD :



DIRECTOR - LOW WENG FATT



DIRECTOR - YAP KOON BEE @ LOUIS YAP

SINGAPORE : 14 JUN 2004

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD

(Company Registration No. 199901643 D)

(Incorporated in the Republic of Singapore)

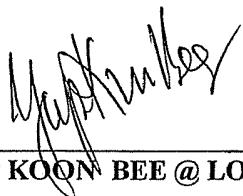
STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 5 to 22, are drawn up so as to give a true and fair view of the state of affairs of the company at *31 December, 2003*, and of the results of the business, the changes in equity and the cash flows of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD :



DIRECTOR - LOW WENG FATT



DIRECTOR - YAP KOON BEE @ LOUIS YAP

SINGAPORE : 14 JUN 2004

APPENDIX A: AUDITED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS OF

CHASEN LOGISTICS SERVICES PTE LTD

(Company Registration No. 199901643 D)

(Incorporated in the Republic of Singapore)

We have audited the financial statements of the company for the financial year ended 31 December 2003 set out on pages 5 to 22. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at **31 December, 2003** and the results, changes in equity and cash flows of the company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.



KANG & KHOO

CERTIFIED PUBLIC ACCOUNTANTS

SINGAPORE : **14 JUN 2004**

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD

(Company Registration No. 199901643 D)

(Incorporated in the Republic of Singapore)

BALANCE SHEET AS AT 31 DECEMBER 2003

	NOTE	2003 S\$	2002 S\$
ASSETS			
Non-Current Assets			
Deferred Taxation	15	1,783	-
Property, Plant & Equipment	5	2,656,408	1,102,062
		<u>2,658,191</u>	<u>1,102,062</u>
Current Assets			
Trade Debtors	14	1,509,769	1,549,446
Other Debtors	10	563,394	122,673
Deposits & Prepayment		44,885	65,034
Cash in Hand		4,942	1,490
Cash at Bank		3,693	661,164
Fixed Deposits	16	645,726	642,597
		<u>2,772,409</u>	<u>3,042,404</u>
Total Assets		<u>5,430,600</u>	<u>4,144,466</u>
EQUITY & LIABILITIES			
Capital and Reserves			
Share Capital	6	900,000	900,000
Accumulated Profit		1,037,115	1,020,182
		<u>1,937,115</u>	<u>1,920,182</u>
Non-Current Liabilities			
Term Loan	17	1,035,750	-
Hire Purchase Creditors	11	367,195	78,231
Deferred Taxation	15	-	11,597
		<u>1,402,945</u>	<u>89,828</u>
Current Liabilities			
Trade Creditors		327,811	232,712
Other Creditors	12	125,470	128,731
Directors' Accounts	9	678,345	657,025
Hire Purchase Creditors	11	147,175	138,306
Deposit Received		2,692	2,331
Accruals	19	367,006	754,303
Provision for Taxation	21	297,953	221,048
Term Loan	17	104,482	-
Bank Overdraft (Secured)	18	39,606	-
		<u>2,090,540</u>	<u>2,134,456</u>
Total Equity and Liabilities		<u>5,430,600</u>	<u>4,144,466</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD

(Company Registration No. 199901643 D)

(Incorporated in the Republic of Singapore)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2003

	NOTE	2003 S\$	2002 S\$
Revenue	3	5,476,248	5,329,101
Other Operating Income	24	<u>20,731</u> 5,496,979	<u>2,408</u> 5,331,509
Staff Costs	20	(2,850,795)	(2,688,333)
Depreciation		(583,096)	(309,626)
Other Operating Expenses		(1,924,922)	(1,646,512)
Profit from Operations		<u>138,166</u>	<u>687,038</u>
Finance Cost	22	(61,809)	(31,661)
Profit before tax	4	<u>76,357</u>	<u>655,377</u>
Income Tax Expense	7	(59,424)	(146,452)
Net Profit for the year/period		<u><u>16,933</u></u>	<u><u>508,925</u></u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD
(Company Registration No. 199901643 D)
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2003

	Share capital	Accumulated Profit	Total
	S\$	S\$	S\$
Balance at 30 April 2002	900,000	511,257	1,411,257
Net Profit for the period		508,925	508,925
Balance at 31 December 2002	900,000	1,020,182	1,920,182
Net Profit for the year		16,933	16,933
Balance at 31 December 2003	900,000	1,037,115	1,937,115

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD

(Company Registration No. 199901643 D)

(Incorporated in the Republic of Singapore)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 S\$	2002 S\$
Profit before taxation	76,357	655,377
Adjustments for:		
Depreciation	583,096	309,626
Fixed Assets Written Off	-	41,701
Loss on Disposal of Fixed Assets	7,064	-
Interest Paid	61,809	31,661
Operating profit before working capital changes	728,326	1,038,365
Decrease in Trade Debtors	39,677	1,029,531
Increase in Other Debtors	(440,721)	(86,948)
Decrease/(Increase) in Deposits & Prepayment	20,149	(21,015)
Increase/(Decrease) in Trade Creditors	95,099	(362,077)
Increase/(Decrease) in Directors' Account	21,320	(161,122)
Decrease in Other Creditors	(3,261)	(22,357)
Increase in Deposits Received	361	-
Decrease in Factoring Advances	-	(88,283)
Decrease in Bills Payable	-	(104,112)
Decrease/(Increase) in Accruals	(387,297)	288,918
Decrease in Short Term Loan	-	(164,866)
Cash Generated From Operations	<u>73,653</u>	<u>1,346,034</u>
Interest Paid	(61,809)	(31,661)
Refund from Income Tax Department	4,101	-
Income Taxes Paid	-	(39,714)
Net Cash (Used in)/Generated from Operating Activities	<u>15,945</u>	<u>1,274,659</u>
Cash Flows from Investing Activities		
Purchase of Plant & Equipment	(453,807)	(43,483)
Proceeds from Sale of Fixed Assets	2,801	-
Net Cash Used In Investing Activities	<u>(451,006)</u>	<u>(43,483)</u>
Cash flows from Financing Activities		
Hire Purchase Creditors Paid	(195,667)	(168,684)
Term Loan Paid	(59,768)	-
Net Cash used in financing activities	<u>(255,435)</u>	<u>(168,684)</u>
Cash Flows from Financing Activities		
Net (Decrease)/Increase in Cash and Cash Equivalents	(690,496)	1,062,492
Cash and Cash Equivalents at beginning of year	<u>1,305,251</u>	<u>242,759</u>
Cash and Cash Equivalents at end of year	<u><u>614,755</u></u>	<u><u>1,305,251</u></u>

Note: Property, plant and Equipment

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of S\$2,147,307 of which S\$1,693,500 were acquired by means of term loan and hire purchase arrangement. Cash payment of S\$453,807 were made to purchase property, plant and equipment.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

Cash and Cash Equivalents consist of cash on hand, balance with banks, fixed deposits and bank overdraft. Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts :

	2003	2002
	S\$	S\$
Cash on Hand and Balances with Banks	8,635	662,654
Fixed Deposit	645,726	642,597
Bank Overdraft	(39,606)	-
	<u>614,755</u>	<u>1,305,251</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD

(Company Registration No. 199901643 D)

(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2003

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standards (SAS). The transition from SAS to FRS did not result in any significant changes in accounting policies.

The financial statements are presented in Singapore Dollars and are prepared under a historical cost convention.

The accounting policies have been consistently applied by the company and are consistent with those used in the previous financial year.

(b) Depreciation

Property, plant and machinery are shown at cost less accumulated depreciation and any impairment loss where the recoverable amount of the assets is estimated to be lower than its carrying amount.

Depreciation is calculated on the straight line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives have been taken as follows :

Motor Vehicles	5 years
Computer	5 years
Office Equipment	5 years
Furniture & Fittings	5 years
Tools & Equipment	5 years
Computer Software	1 year
Office Container	5 years
Warehouse Container	5 years
Racking System	5 years
Alarm System	5 years
Forklift	5 years
Reach Truck	5 years
Crane	10 years
Generator	5 years
Trailer	5 years
Electrical installation	5 years
Renovation	5 years
Leasehold Property	21 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

(c) Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized.

(d) Hire Purchase Interest

Total hire purchase interest payable is spread over the total number of instalments and interest on each instalment is charged out as an expense as and when the instalment is due.

(e) Revenue Recognition

Revenue from service income is recognised when the services are rendered. Warehouse income is recognised on an accrual basis. Interest on fixed deposit is recognized on an accrual basis.

(f) Foreign Currencies

Transaction in foreign currencies during the year are recorded at rate ruling at the dates of transactions. Foreign currency monetary assets and liabilities at the balance sheet date are translated at the exchange rates approximating those ruling on that date. The resulting exchange gains and losses are dealt with in the profit & loss financial statements.

(g) Leased Assets

Where assets are financed by lease agreements that give rights approximating to ownership (finance leases), the assets are capitalized under fixed assets as if they had been purchased outright at the values equivalent to the present values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. Lease payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. Depreciation on the relevant assets is charged to profit and loss account on the basis outlined in paragraph (b) above.

Annual rental on operating leases are charged to profit and loss account on a straight-line basis over the periods of the respective leases.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

(h) Financial Assets

The Company's principal financial assets are cash in hand, bank balances, fixed deposit, trade debtors and other debtors.

Trade debtors are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off to the profit and loss account as incurred.

Other debtors are recognized and carried at cost less an allowance for any uncollectible amounts.

Cash and cash equivalents consist of cash in hand, fixed deposit and cash at bank and bank overdraft which are carried at cost.

(i) Financial Liabilities and Equity

Financial liabilities and equity instruments are classified accordingly to the substance of the contractual arrangements entered into.

Significant financial liabilities include director's account, hire purchase obligations, bank overdrafts, trade creditors, bill payable, term loans, other creditors and accrued expenses.

Director's account, factoring advances, hire purchase obligations, bank overdrafts, trade creditors, bill payable, term loans, other creditors and accrued expenses which are stated at cost.

Finance charges, including premium payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are settled in the period in which they arises.

Ordinary share capital is recorded at the proceeds received.

(j) Financial Risk Management Objectives And Policies

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign exchange risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarized below:

Interest Rate Risk

The company's exposure to interest rate risk arise relate primarily from its fixed deposits and debts obligation with financial institution. The company adopts a policy of constantly monitoring movements in interest rates to ensure that borrowings are maintained at favorable rate.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

Liquidity Risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by the Company to finance its operations and mitigate the effects of fluctuations in cash flows.

The company also finances its trading activities through the use of bills payable, term loans and factoring of trade debtors.

Foreign Exchange Risk

The Company's foreign exchange risk results mainly from transactions denominated in foreign currencies. It is the Company's policy not to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

Credit Risk

The Company's involves the risk that counter parties may be unable to meet the terms of their agreements. The Company has no significant concentration of credit risk. The company has policies in place to ensure that services are made to customers with appropriate credit history.

(k) Employee Benefits

Defined contribution plan

As required by Singapore law, the company make contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognized as compensation expense in the same period as the employment that gives rise to the contribution.

(l) Provisions

Provisions are recognized when the company has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

(m) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount and the impairment loss is recognized as an expense immediately.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal is recorded in the profit and loss account.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

2. GENERAL

The financial statements of the Company for the year ended 31 December 2003 were authorized for issue in accordance with a resolution of the directors on 14 June 2004.

The Company is an exempt private limited liability, domiciled and incorporated in the Republic of Singapore with its registered office at 18 Jalan Besut, Jurong (Off Jalan Terusan), Singapore 619571.

The principal activities of the company are to carry on the business of mover services, industrial packing, warehousing, transportation, freight forwarding and shipping.

There have been no significant changes in the nature of these activities during the financial year.

3. REVENUE

This represents service and warehouse income.

4. OPERATING PROFIT FOR THE YEAR/PERIOD

	2003 S\$	2002 S\$
<i>This is determined after charging the following :</i>		
Auditors' Remuneration	4,000	4,000
Directors' Remuneration	136,500	99,750
Directors' Fee	-	320,000
Loss on Disposal of Fixed Assets	<u>7,064</u>	<u>41,701</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

5. Property, Plant & Equipment

	MOTOR VEHICLES S\$	COMPUTER S\$	OFFICE EQUIPMENT S\$	FURNITURE & FITTINGS S\$	TOOLS & EQUIPMENT S\$	COMPUTER SOFTWARE S\$	OFFICE CONTAINER S\$	WAREHOUSE CONTAINER S\$	RACKING SYSTEM S\$
COST									
At 1.1.03	530,658	22,980	9,999	3,080	578,689	92,523	2,320	87,480	381,214
Addition	510,635	-	1,350	-	114,122	2,700	-	5,500	-
Written off	(21,641)	-	-	-	-	-	-	-	-
At 31.12.03	1,019,652	22,980	11,349	3,080	692,811	95,223	2,320	92,980	381,214
ACCUMULATED DEPRECIATION									
At 1.1.03	331,581	10,302	4,547	1,694	200,233	92,523	2,011	52,985	234,525
Depreciation for year	166,175	4,596	2,090	616	131,694	2,700	309	18,229	76,243
Written off	(11,776)	-	-	-	-	-	-	-	-
At 31.12.03	485,980	14,898	6,637	2,310	331,927	95,223	2,320	71,214	310,768
Depreciation for 2002	70,754	4,477	5,563	2,565	75,606	-	387	11,664	50,828
NET BOOK VALUE									
At 31.12.03	533,672	8,082	4,712	770	360,884	-	-	21,766	70,446
At 31.12.02	199,077	12,678	5,452	1,386	378,456	-	309	34,495	146,689

APPENDIX A: AUDITED FINANCIAL STATEMENTS

PROPERTY, PLANT & EQUIPMENT

	ALARM SYSTEM	FORKLIFT	REACH TRUCK	CRANE	GENERATOR	TRAILER	LEASEHOLD BUILDING	RENOVATION	TOTAL
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
COST									
At 1.1.03	3,294	420,960	-	124,200	17,730	97,940	-	-	2,373,067
Addition	-	-	-	-	-	-	1,513,000	-	2,147,307
Written Off	-	-	-	-	-	-	-	-	(21,641)
At 31.12.03	3,294	420,960	-	124,200	17,730	97,940	1,513,000	-	4,498,733
ACCUMULATED DEPRECIATION									
At 1.1.03	2,416	228,491	-	45,540	9,154	55,003	-	-	1,271,005
Depreciation for year	659	84,192	-	12,420	3,546	19,588	60,039	-	583,096
Written Off	-	-	-	-	-	-	-	-	(11,776)
At 31.12.03	3,075	312,683	-	57,960	12,700	74,591	60,039	-	1,842,325
Depreciation for 2003	439	56,128	6,133	8,280	2,154	13,059	1,184	405	309,626
NET BOOK VALUE									
At 31.12.03	219	108,277	-	66,240	5,030	23,349	1,452,961	-	2,656,408
At 31.12.03	878	192,469	-	78,660	8,576	42,937	-	-	1,102,062

The company had motor vehicles, forklift, trailer, warehouse container & tools/equipment under Hire Purchase contract with a net book value S\$476,192 (2002:S\$124,485), S\$81,017 (2003:S\$147,668), S\$NIL (2002:S\$17,642), S\$NIL(2002:S\$20,058) and S\$NIL (2002:S\$39,833) respectively.

Leasehold building is subject to encumbrances as stated in Note 17 to the financial statements.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

6. SHARE CAPITAL

	2003 S\$	2002 S\$
<i>Authorised :</i>		
1,000,000 Ordinary Shares of S\$1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Issued & Fully Paid :</i>		
900,000 Ordinary Shares of S\$1.00 each	<u>900,000</u>	<u>900,000</u>

7. TAXATION

	2003 S\$	2002 S\$
Current Taxation	70,944	225,924
Deferred Taxation	<u>(13,380)</u>	<u>(64,540)</u>
	57,564	161,384
Underprovision of taxation in prior years	1,860	-
Overprovision of taxation in prior year	-	(15,030)
Under provision of deferred taxation in prior year	-	98
	<u>59,424</u>	<u>146,452</u>

The income tax expense varied from the amount of income tax determined by applying the Singapore Income Tax rate of 22% (2002:22%) to profit before income tax as a result of the following differences:

	2003 S\$	2002 S\$
Profit before Tax	<u>76,357</u>	<u>655,377</u>
Income Tax Expense at statutory rate	16,798	144,183
Non-Allowable Items	52,316	17,201
Tax-exemption scheme & Rebate	(11,550)	-
Underprovision of taxation in prior year	1,860	-
Overprovision of taxation in prior year	-	(15,030)
Underprovision of deferred tax in prior year	-	98
	<u>59,424</u>	<u>146,452</u>

8. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair value due to their short term nature.

The carrying value of long term borrowings which bear floating interest rates are expected to approximate fair value and would not be significantly different from the values that would eventually be settled.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

9. DIRECTORS' ACCOUNT - NON-TRADE

These represent amount owing to directors are unsecured, interest free and with no fixed term of repayments.

10. OTHER DEBTORS

	2003	2002
	S\$	S\$
Staff Advances	138,432	121,496
Disbursement	2,550	1,177
Other Debtors	195,000	-
Advance to a company in which a director of the company has a substantial interest	227,412	-
	<u>563,394</u>	<u>122,673</u>

The above amounts are unsecured, interest free and have no fixed term for repayment.

11. HIRE PURCHASE CREDITORS

2003

	HP CREDITORS S\$	HP INTEREST SUSPENSE S\$	NET AMOUNT S\$
Amount payable within 1 year	167,996	20,821	147,175
Amount payable between 2-5 years	383,316	52,606	330,710
Amount payable between 6-7 years	42,363	5,878	36,485
	<u>425,679</u>	<u>58,484</u>	<u>367,195</u>
	<u>593,675</u>	<u>79,305</u>	<u>514,370</u>

2002

	HP CREDITORS S\$	HP INTEREST SUSPENSE S\$	NET AMOUNT S\$
Amount payable within 1 year	154,852	16,546	138,306
Amount payable between 2-5 years	86,790	8,559	78,231
	<u>241,642</u>	<u>25,105</u>	<u>216,537</u>

12. OTHER CREDITORS

These represent an amount owing to individuals which are unsecured, interest free and with no fixed term of payments.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

13. OPERATING LEASE COMMITMENT

Operating lease rental expenses for 2002 amounted to S\$10,120 (2002 :S\$344,824).

At the balance sheet date, the company was committed to making the following payments in respect of operating leases :-

	2003 S\$	2002 S\$
<i>Lease Rental Payable :</i>		
Within one year	-	87,509
	<u>-</u>	<u>87,509</u>

14. TRADE DEBTORS

	2003 S\$	2002 S\$
<i>These are stated after deducting provision for doubtful debts as follows:-</i>		
Trade Debtors	1,530,353	1,570,030
Less: Provision for Doubtful Debts	20,584	20,584
	<u>1,509,769</u>	<u>1,549,446</u>

Movement in provision for Doubtful Debts:-

Balance at Beginning of year/period	20,584	20,584
Current provision	-	-
Balance at end of year/period	<u>20,584</u>	<u>20,584</u>

15. DEFERRED TAXATION

	2003 S\$	2002 S\$
Balance at Beginning of year/period	11,597	76,039
(Credited)/charged to profit and loss account	<u>(13,380)</u>	<u>(64,442)</u>
Balance at end of year/period	<u>(1,783)</u>	<u>11,597</u>

The following are the major tax liabilities and assets recognised by the company and their movements during the year.

2003

	Accelerated tax depreciation S\$	Total S\$
Deferred tax liabilities		
At 1 January 2003	16,125	16,125
Credited to income statement	<u>(13,380)</u>	<u>(13,380)</u>
At 31 December 2003	<u>2,745</u>	<u>2,745</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

Deferred tax assets	Provision for doubtful debts S\$	Total S\$
At 1 January 2003	(4,528)	(4,528)
At 31 December 2003	(4,528)	(4,528)
Net deferred tax assets		(1,783)

2002

Deferred tax liabilities	Accelerated tax depreciation S\$	Total S\$
At 1 January 2002	80,665	80,665
Credited to income statements	(64,540)	(64,540)
At 31 December 2002	16,125	16,125

Deferred tax assets	Provision for doubtful debts S\$	Total S\$
At 1 January 2002	(4,528)	(4,528)
At 31 December 2002	(4,528)	(4,528)
Net deferred tax liabilities		11,597

16. FIXED DEPOSITS

Included in fixed deposit is an amount of S\$344,111(2002: S\$342,473) pledged to the bank as securities for the letter of guarantee.

17. TERM LOANS-SECURED

The term loan is secured against the company's leasehold property having a net book value of S\$1,452,961 (2002 : NA).

The term loan is repayable over a period of 10 years with monthly instalments of between S\$11,716 and S\$12,314. Interest is charged at 3.23% to 4.6% per annum.

	2003 S\$	2002 S\$
Payable within 1 year	104,482	-
Payable within 2-5 years	446,040	-
Payable within 5 years	589,710	-
	1035,750	-
	1,140,232	-

APPENDIX A: AUDITED FINANCIAL STATEMENTS

18. BANK OVERDRAFT-SECURED

The bank overdraft is secured against the company's leasehold property having a net book value of S\$1,452,961 (2002 :NA). The overdraft bears interest at 1% per annum above the bank prevailing prime rate.

19. ACCRUALS

Accruals include directors' fees amounting to S\$ NIL (2002: S\$320,000).

20. STAFF COSTS

	2003	2002
	S\$	S\$
Directors' Remuneration, Salaries & Wages	2,350,321	1,949,856
Employer's CPF Contribution	332,453	287,765
Staff Welfares	12,159	11,785
Directors' Fee	-	320,000
Transport Claim	132,035	87,535
Medical Fee	14,559	6,553
Insurance	9,268	24,839
	<u>2,850,795</u>	<u>2,688,233</u>
No. of persons employed at the end of the financial year/period	<u>94</u>	<u>85</u>

21. PROVISION FOR TAXATION

	2003	2002
	S\$	S\$
Balance at beginning of period/year	221,048	49,868
Income Tax Paid	-	(39,714)
Income Tax Refund	4,101	-
Current financial years' tax expense on profit (Note 7)	70,944	225,924
Overprovision for taxation in prior years	1,860	(15,030)
Balance at end of period/year	<u>297,953</u>	<u>221,048</u>

22. FINANCE COST

	2003	2002
	S\$	S\$
Hire Purchase Interest	25,840	22,396
Factoring Interest & Charges	7,400	8,688
Bank Overdraft Interest	4,706	577
Other Interest	557	-
Term Loan Interest	23,306	-
	<u>61,809</u>	<u>31,661</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS

Effective Interest rates

In respect of interest-earning financial assets and interest bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date:

	Note	Effective Interest Rate p.a.	Total S\$	Within 1 year S\$	2-5 years S\$	After 5 years S\$
2003						
Financial Assets						
Fixed Deposit	16	0.3125-0.6875%	645,726	645,726	-	-
Financial Liabilities						
Term Loan	17	3.23 – 4.65%	(1,140,232)	(104,482)	(446,040)	(589,710)
Hire Purchase Creditor	11	4.335-6.37%	(514,370)	(147,175)	(330,710)	(36,485)
Bank Overdraft	18	6.25%	(39,606)	(39,606)	-	-
			(1,694,208)	(291,263)	(776,750)	(626,195)
Net Balance			(1,048,482)	354,463	(776,750)	(626,195)
2002						
Financial Assets						
Fixed Deposit	16	0.500-0.5625	642,597	642,597	-	-
Financial Liabilities						
Hire Purchase Creditors	11	4.335-6.37	(216,537)	(138,306)	(78,231)	-
Net Balance			426,060	504,291	(78,231)	-

24. OTHER OPERATING INCOME

	2003 S\$	2002 S\$
Workmen Compensation Insurance Claims	17,193	-
Interest Income	3,511	1,427
Other Income	-	981
Foreign Exchange Difference	27	-
	<u>20,731</u>	<u>2,408</u>

25. COMPARATIVE FIGURES

The figures of 31 December 2002 cover a period from 1 May 2002 to 31st December 2002.

The figures of 31 December 2003 cover the year from 1 January 2003 to 31 December 2003.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD

REPORT & FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST DECEMBER 2002

KANG & KHOO

CERTIFIED PUBLIC ACCOUNTANTS

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD (Incorporated in the Republic of Singapore)

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C O R P O R A T E I N F O R M A T I O N

REGISTRATION NO.	1999-01643-D
BOARD OF DIRECTOR	YAP KOON BEE @ LOUIS YAP LOW WENG FATT
REGISTERED OFFICE	18 JALAN BESUT JURONG (OFF JALAN TERUSAN) SINGAPORE 619571
PRINCIPAL PLACE OF BUSINESS	18 JALAN BESUT JURONG (OFF JALAN TERUSAN) SINGAPORE 619571
AUDITORS	KANG & KHOO CERTIFIED PUBLIC ACCOUNTANTS 371 BEACH ROAD #14-08 KEYPOINT SINGAPORE 199597
COMPANY SECRETARY	FOO MEN FONG
PRINCIPAL BANKER	DEVELOPMENT BANK OF SINGAPORE LIMITED

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD (Incorporated in the Republic of Singapore)

REPORT OF THE DIRECTORS

The directors present their report to the members together with the audited financial statements of the company for the period ended *31st December, 2002*.

1. **Directors**

The directors in office at the date of this report are :

YAP KOON BEE @ LOUIS YAP
LOW WENG FATT

In accordance with the Articles of Association, **YAP KOON BEE @ LOUIS YAP** retires by rotation and being eligible, offer himself for re-election.

2. **Principal Activities**

The principal activities of the company are to carry on the business of mover services, industrial packing, warehousing, transportation, freight forwarding and shipping.

There have been no significant changes in the nature of these activities during the financial period.

3. **Acquisition & disposal of subsidiaries**

There were no acquisition or disposal of subsidiaries during the financial period.

4. **Results for the financial period**

	S\$
Revenue	5,329,101
Other Operating Income	2,408
	<u>5,331,509</u>
Staff Costs	(2,688,333)
Depreciation	(309,626)
Other Operating Expenses	<u>(1,646,512)</u>
Profit from Operations	687,038
Finance Cost	(31,661)
	<u>655,377</u>
Profit before Taxation	
	655,377
Income Tax Expense	(146,452)
Net Profit for the period	<u><u>508,925</u></u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

5. **Material transfers to or from reserves or provisions**

Other than disclosed in the financial statements, there were no material transfers to or from reserves or provisions.

6. **Issue of shares and debentures**

The company did not issue any shares or debentures during the financial period.

7. **Arrangements to enable directors to acquire shares or debentures**

Neither at the end of nor at any time during the financial period was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisitions of shares or debentures of the company or any other body corporate.

8. **Directors' interests in shares or debentures**

The directors holding office at the end of the financial period and their interests in the share capital and debentures of the company as recorded in the register of directors' shareholdings were as follows :-

<u>Name of Directors</u>	<u>Number of Ordinary Shares of S\$1 each</u>	
	<u>At Beginning of period</u>	<u>At end of period</u>
YAP KOON BEE @ LOUIS YAP	299,970	299,970
LOW WENG FATT	600,030	600,030

9. **Dividends**

No dividends have been paid or declared since end of the company's last financial year and no dividends are recommended for the financial period.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

10. **Bad and Doubtful Debts**

Before the profit and loss account and the balance sheet of the company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and making of provisions for doubtful debts and have satisfied themselves that all known bad debts, if any, have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off or provided for bad and doubtful debts inadequate to any substantial extent.

11. **Current Assets**

Before the profit and loss account and the balance sheet of the company were made out, the directors took reasonable steps to ascertain that current assets of the company which were unlikely to realise in the ordinary course of business their book values have been written down to their estimated realisable values or that adequate provisions have been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to current assets in the financial statements misleading.

12. **Charges and contingent liabilities**

Since the end of the financial period :

No charge on the assets of the company has arisen which secures the liability of any other person.

No contingent liability of the company has arisen.

13. **Ability to meet obligations**

No contingent or other liability of the company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

14. Other circumstances affecting financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the company misleading.

15. Unusual items

In the opinion of the directors, the results of the operations of the company have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial period.

16. Unusual items after period end date

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which would affect substantially the results of the operations of the company for the financial period in which this report is made.

17. Directors' contractual benefits

Since the end of previous year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

18. Options granted

No option has been granted during the period to take up unissued shares of the company.

19. Options exercised

No shares were issued during the period by virtue of the exercise of options to take up unissued shares of the company.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

20. **Option Outstanding**

No unissued shares of the company were under option at the end of the financial period.

21. **Auditors**

Messrs. Kang & Khoo, Certified Public Accountants, have expressed their willingness to accept re-appointment as Auditors.

ON BEHALF OF THE BOARD :



DIRECTOR - LOW WENG FATT



DIRECTOR - YAP KOON BEE @ LOUIS YAP

SINGAPORE : 13 MAY 2003

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD
(Incorporated in the Republic of Singapore)

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying balance sheet, profit and loss account and statement of changes in equity, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the company as at *31st December, 2002* and of the results and changes in equity of the company for the period then ended and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD :



DIRECTOR - LOW WENG FATT



DIRECTOR - YAP KOON BEE @ LOUIS YAP

SINGAPORE : 13 MAY 2003

APPENDIX A: AUDITED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS OF

CHASEN LOGISTICS SERVICES PTE LTD

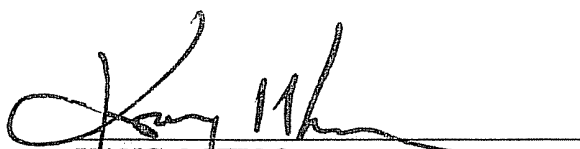
(Incorporated in the Republic of Singapore)

We have audited the accompanying balance sheet of the company as at **31st December, 2002** and the profit and loss account and statement of changes in equity for the period then ended set out on pages 8 to 22. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 and Singapore Statements Of Accounting Standard and so as to give a true and fair view of:
 - i. the state of affairs of the company as at **31st December 2002**, and of the results and changes in equity of the company for the period ended on that date; and
 - ii. the other matters required by Section 201 of the Act to be dealt with in the financial statements.
- (b) the accounting and other records, and the registers required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.



KANG & KHOO
CERTIFIED PUBLIC ACCOUNTANTS

SINGAPORE : 13 MAY 2003

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD (Incorporated in the Republic of Singapore)

BALANCE SHEET AS AT 31ST DECEMBER 2002

	NOTE	31.12.2002 S\$	30.04.2002 S\$
ASSETS			
Non-Current Assets			
Fixed assets	5	1,102,062	1,409,906
Current Assets			
Trade Debtors	13 & 15	1,549,446	2,578,977
Other Debtors	10	122,673	35,725
Deposits & Prepayment		65,034	44,019
Cash in Hand		1,490	1,000
Cash at Bank		661,164	-
Fixed Deposit	17	642,597	341,178
		<u>3,042,404</u>	<u>3,000,899</u>
Total Assets		<u>4,144,466</u>	<u>4,410,805</u>
EQUITY & LIABILITIES			
Capital and Reserves			
Share Capital	6	900,000	900,000
Accumulated Profit		1,020,182	511,257
		<u>1,920,182</u>	<u>1,411,257</u>
Non-Current Liabilities			
Hire Purchase Creditors	11	78,231	161,975
Deferred Taxation	16	11,597	76,039
		<u>89,828</u>	<u>238,014</u>
Current Liabilities			
Trade Creditors		232,712	594,789
Other Creditors	12	128,731	151,088
Factoring Advances	13	-	88,283
Bills Payable	23	-	104,112
Directors' Accounts	9	657,025	818,147
Hire Purchase Creditors	11	138,306	223,246
Deposit Received		2,331	2,331
Accruals	20	754,303	465,385
Provision for Taxation	22	221,048	49,868
Short Term Loan (Unsecured)	18	-	164,866
Bank Overdraft (Unsecured)	19	-	99,419
		<u>2,134,456</u>	<u>2,761,534</u>
Total Equity and Liabilities		<u>4,144,466</u>	<u>4,410,805</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD (Incorporated in the Republic of Singapore)

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2002

	NOTE	01.05.2002 TO 31.12.2002 S\$	01.05.2001 TO 30.04.2002 S\$
Revenue	3	5,329,101	7,214,860
Other Operating Income		2,408	38,509
		<u>5,331,509</u>	<u>7,253,369</u>
Staff Costs	21	(2,688,333)	(3,745,528)
Depreciation		(309,626)	(406,727)
Other Operating Expenses		(1,646,512)	(2,757,419)
Profit from Operations		<u>687,038</u>	<u>343,695</u>
Finance Cost		(31,661)	(94,610)
Profit before taxation	4	<u>655,377</u>	<u>249,085</u>
Income Tax Expense	7	(146,452)	(74,084)
Net Profit for the period/year		<u>508,925</u>	<u>175,001</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD (Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER, 2002

	Share capital	Accumulated Profit	Total
	S\$	S\$	S\$
Balance at 1 st May 2001	900,000	336,256	1,236,256
Net Profit for the year		175,001	175,001
Balance at 30 th April 2002	900,000	511,257	1,411,257
Net Profit for the period		508,925	508,925
Balance at 30 th December 2002	900,000	1,020,182	1,920,182

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

CHASEN LOGISTICS SERVICES PTE LTD (Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2002

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements expressed in Singapore Dollars have been prepared under the historical cost convention and presented in comply with Singapore Statement of Accounting Standard ("SAS").

(b) Fixed Assets and Depreciation

Fixed assets are shown at cost less accumulated depreciation and any impairment loss where the recoverable amount of the assets is estimated to be lower than its carrying amount.

Depreciation is calculated on the straight line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives have been taken as follows :

Motor Vehicles	5 years
Computer	5 years
Office Equipment	5 years
Furniture & Fittings	5 years
Tools & Equipment	5 years
Computer Software	1 year
Office Container	5 years
Warehouse Container	5 years
Racking System	5 years
Alarm System	5 years
Forklift	5 years
Reach Truck	5 years
Crané	10 years
Generator	5 years
Trailer	5 years
Electrical installation	5 years
Renovation	5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

(c) Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized.

(d) Hire Purchase Interest

Total hire purchase interest payable is spread over the total number of instalments and interest on each instalment is charged out as an expense as and when the instalment is due.

(e) Revenue Recognition

Revenue from service income is recognised upon the completion of services rendered. Warehouse income is recognised on an accrual basis. Interest on fixed deposit is recognized on an accrual basis.

(f) Foreign Currencies

Transaction in foreign currencies during the period are recorded at rate ruling at the dates of transactions. Foreign currency monetary assets and liabilities at the balance sheet date are translated at the exchange rates approximating those ruling on that date. The resulting exchange gains and losses are dealt with in the profit & loss financial statements.

(g) Leased Assets

Where assets are financed by lease agreements that give rights approximating to ownership (finance leases), the assets are capitalized under fixed assets as if they had been purchased outright at the values equivalent to the present values of total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. Lease payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. Depreciation on the relevant assets is charged to profit and loss account on the basis outlined in paragraph (b) above.

Annual rental on operating leases are charged to profit and loss account on a straight-line basis over the periods of the respective leases.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

(h) Financial Assets

The Company's principal financial assets are cash in hand, bank balances, fixed deposit, trade debtors and other debtors.

Trade debtors are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off to the profit and loss account as incurred.

Other debtors are recognized and carried at cost less an allowance for any uncollectible amounts.

Cash in hand, fixed deposit and cash at bank are carried at cost.

(i) Financial Liabilities and Equity

Financial liabilities and equity instruments are classified accordingly to the substance of the contractual arrangements entered into.

Significant financial liabilities include director's account, factoring advances, hire purchase obligations, bank overdrafts, trade creditors, bill payable, short term loans, other creditors and accrued expenses.

Director's account, factoring advances, hire purchase obligations, bank overdrafts, trade creditors, bill payable, short term loans, other creditors and accrued expenses which are stated at cost.

Finance charges, including premium payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are settled in the period in which they arises.

Ordinary share capital is recorded at the proceeds received.

(j) Financial Risk Management Objectives And Policies

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, foreign exchange risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarized below:

Interest Rate Risk

The company's exposure to interest rate risk arise relate primarily from its fixed deposits and debts obligation with financial institution. The company adopts a policy of constantly monitoring movements in interest rates to ensure that borrowings are maintained at favorable rate.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

Liquidity Risk

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by the Company to finance its operations and mitigate the effects of fluctuations in cash flows.

The company also finances its trading activities through the use of bills payable, short term loans and factoring of trade debtors.

Foreign Exchange Risk

The Company's foreign exchange risk results mainly from transactions denominated in foreign currencies. It is the Company's policy not to enter into derivative forward foreign exchange contracts for hedging and speculate purposes.

Credit Risk

The Company's involves the risk that counter parties may be unable to meet the terms of their agreements. The Company has no significant concentration of credit risk. The company has policies in place to ensure that services are made to customers with appropriate credit history.

(k) Employee Benefits

Defined contribution plan

As required by Singapore law, the company make contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognized as compensation expense in the same period as the employment that gives rise to the contribution.

(l) Provisions

Provisions are recognized when the company has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

(m) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount and the impairment loss is recognized as an expense immediately.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal is recorded in the profit and loss account.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

2. GENERAL

The financial statements of the Company for the period ended 31st December 2002 were authorized for issue in accordance with a resolution of the directors on 13th May 2003.

The Company is an exempt private limited liability, domiciled and incorporated in the Republic of Singapore with its registered office at 18 Jalan Besut, Jurong (Off Jalan Terusan), Singapore 619571.

The principal activities of the company are to carry on the business of mover services, industrial packing, warehousing, transportation, freight forwarding and shipping.

There have been no significant changes in the nature of these activities during the financial period.

3. REVENUE

This represents service and warehouse income.

4. OPERATING PROFIT FOR THE PERIOD/YEAR

	01.05.2002 to 31.12.2002 S\$	01.05.2001 to 30.04.2002 S\$
<i>This is determined after charging the following :</i>		
Auditors' Remuneration	4,000	4,000
Depreciation	309,626	406,727
Directors' Remuneration	99,750	131,654
Hire Purchase Interest	22,396	44,973
Factoring charges & Commission	8,688	37,971
Provision for Doubtful Debts – Trade	-	20,584
Bank Overdraft Interest	577	1,544
Short Term Loan Interest	-	5,335
Other Interest	1,241	4,232
LC Charges & TR Interest	-	555
Directors' Fee	320,000	120,000
Fixed Assets Written off	41,701	448
<i>And after Crediting:</i>		
Exchange Gain	-	45
Interest on Fixed Deposit	1,427	6,047
Bad Debt Recoverable - Trade	-	23

APPENDIX A: AUDITED FINANCIAL STATEMENTS

5. FIXED ASSETS

	MOTOR VEHICLES	COMPUTER EQUIPMENT	OFFICE EQUIPMENT	FURNITURE & FITTINGS	TOOLS & EQUIPMENT	COMPUTER SOFTWARE	OFFICE CONTAINER	WAREHOUSE CONTAINER	RACKING SYSTEM
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
At 1.5.02	530,658	33,574	41,728	19,238	538,936	92,523	2,320	87,480	381,214
Addition	-	-	-	-	39,753	-	-	-	-
Written off	-	(10,594)	(31,729)	(16,158)	-	-	-	-	-
At 31.12.02	530,658	22,980	9,999	3,080	578,689	92,523	2,320	87,480	381,214
ACCUMULATED DEPRECIATION									
At 1.5.02	260,827	12,900	19,171	8,870	124,627	92,523	1,624	41,321	183,697
Depreciation for year	70,754	4,477	5,563	2,565	75,606	-	387	11,664	50,828
Written off	-	(7,075)	(20,187)	(9,741)	-	-	-	-	-
At 31.12.02	331,581	10,302	4,547	1,694	200,233	92,523	2,011	52,985	234,525
Depreciation for 2002	105,033	6,628	8,130	3,827	59,082	-	580	17,496	76,244
NET BOOK VALUE									
At 31.12.02	199,077	12,678	5,452	1,386	378,456	-	309	34,495	146,689
At 30.04.02	269,831	20,674	22,557	10,368	414,309	-	696	46,159	197,517

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APPENDIX A: AUDITED FINANCIAL STATEMENTS

FIXED ASSETS

	ALARM SYSTEM	FORKLIFT	REACH TRUCK	CRANE	GENERATOR	TRAILER	ELECTRIC INSTALLATION	RENOVATION	TOTAL
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
COST									
At 1.5.02	3,294	420,960	46,000	124,200	14,000	97,940	8,880	3,039	2,445,984
Addition	-	-	-	-	3,730	-	-	-	43,483
Written Off	-	-	(46,000)	-	-	-	(8,880)	(3,039)	(116,400)
At 31.12.02	3,294	420,960	-	124,200	17,730	97,940	-	-	2,373,067
ACCUMULATED DEPRECIATION									
At 1.5.02	1,977	172,363	23,300	37,260	7,000	41,944	4,995	1,679	1,036,078
Depreciation for year	439	56,128	6,133	8,280	2,154	13,059	1,184	405	309,626
Written Off	-	-	(29,433)	-	-	-	(6,179)	(2,084)	(74,699)
At 31.12.02	2,416	228,491	-	45,540	9,154	55,003	-	-	1,271,005
Depreciation for 2002	659	84,192	9,200	12,420	2,800	18,052	1,776	608	406,727
NET BOOK VALUE									
At 31.12.02	878	192,469	-	78,660	8,576	42,937	-	-	1,102,062
At 30.04.02	1,317	248,597	22,700	86,940	7,000	55,996	3,885	1,360	1,409,906

The company had motor vehicles, forklift, crane, trailer, reach truck, racking system, warehouse, tools/equipment and container under Hire Purchase contract with a net book value S\$124,485 (2002:S\$240,984), S\$147,668 (2002:S\$230,693), S\$NIL (2002:S\$86,940), S\$17,642 (2002:S\$38,797), S\$NIL(2002:S\$21,500), S\$NIL (2001:S\$59,613), S\$20,058(2002:S\$25,592) and S\$39,833 (2002:S\$47,003) respectively.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

6. SHARE CAPITAL

	31.12.2002 S\$	30.04.2002 S\$
<i>Authorised :</i>		
1,000,000 Ordinary Shares of S\$1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Issued & Fully Paid :</i>		
900,000 Ordinary Shares of S\$1.00 each	<u>900,000</u>	<u>900,000</u>

7. TAXATION

	01.05.2002 to 31.12.2002 S\$	01.05.2001 to 30.04.2002 S\$
Current Taxation	225,924	38,266
Deferred Taxation	<u>(64,540)</u>	<u>28,329</u>
	161,384	66,595
Overprovision of taxation	(15,030)	(6,619)
Under provision of deferred taxation in prior year	98	17,517
Adjustment of deferred tax due to changes in tax rate	<u>-</u>	<u>(3,409)</u>
	<u>146,452</u>	<u>74,084</u>

The income tax expense varied from the amount of income tax determined by applying the Singapore Income Tax rate of 22% (2002:22%) to profit before income tax as a result of the following differences:

	01.05.2002 to 31.12.2002 S\$	01.05.2002 to 30.04.2002 S\$
Profit before Tax	<u>655,377</u>	<u>249,085</u>
Income Tax Expense at statutory rate	144,183	54,798
Non-Allowable Items	17,201	25,361
Tax-exemption scheme & Rebate	-	(13,564)
Overprovision of taxation in prior year	(15,030)	(6,619)
Underprovision of deferred tax in prior year	98	17,517
Adjustment of deferred tax due to charges in tax rate	<u>-</u>	<u>(3,409)</u>
	<u>146,452</u>	<u>74,084</u>

8. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair value due to their short term nature.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

9. DIRECTORS' ACCOUNT - NON-TRADE

These represent amount owing to directors are unsecured, interest free and with no fixed term of repayments.

10. OTHER DEBTORS

Other Debtors include staff advances amounting to S\$121,496 (2002: S\$35,725) which are interest free with no fixed term of repayment.

11. HIRE PURCHASE CREDITORS

31.12.2002

	HP CREDITORS S\$	HP INTEREST SUSPENSE S\$	NET AMOUNT S\$
Amount payable within 1 year	154,852	16,546	138,306
Amount payable between 2-5 years	86,790	8,559	78,231
	241,642	25,105	216,537

30.04.2002

	HP CREDITORS S\$	HP INTEREST SUSPENSE S\$	NET AMOUNT S\$
Amount payable within 1 year	252,939	29,693	223,246
Amount payable between 2-5 years	179,587	17,612	161,975
	432,526	47,305	385,221

12. OTHER CREDITORS

These represent an amount owing to individuals which are unsecured, interest free and with no fixed term of payments.

13. FACTORING ADVANCE

This represents factoring advance against trade debtors amounting to S\$NIL (2002 : S\$206,297) with interest charged at 5%(2002:5 %)p.a. The factoring advance is guaranteed jointly and severally by the directors of the company.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

14. OPERATING LEASE COMMITMENT

Operating lease rental expenses for 2002 amounted to S\$344,824 (2002 :S\$816,029).

At the balance sheet date, the company was committed to making the following payments in respect of operating leases :-

	31.12.2002 S\$	30.04.2002 S\$
<i>Lease Rental Payable :</i>		
Within one year	87,509	88,294
Within two – five years	-	-
	87,509	88,294

15. TRADE DEBTORS

	31.12.2002 S\$	30.04.2002 S\$
<i>These are stated after deducting provision for doubtful debts as follows:-</i>		
Trade Debtors	1,570,030	2,599,561
Less: Provision for Doubtful Debts	20,584	20,584
	1,549,446	2,578,977

Movement in provision for Doubtful Debts:-

Balance at Beginning of period/year	20,584	-
Current provision	-	20,584
Balance at end of period/year	20,584	20,584

16. DEFERRED TAXATION

	31.12.2002 S\$	30.04.2002 S\$
Balance at Beginning of period/year	76,039	33,602
(Credited)/charged to profit and loss account	(64,442)	42,437
Balance at end of period/year	11,597	76,039

The Balance comprises:

Deferred Tax Liabilities

Excess of Tax over Book Depreciation	16,125	80,567
--------------------------------------	--------	--------

Deferred Tax Assets

Provision for Doubtful Debts – Trade	(4,528)	(4,528)
Net deferred tax liabilities	11,597	76,039

17. FIXED DEPOSITS

Included in fixed deposit is an amount of S\$ 342,473 (2002: S\$341,178) pledged to the bank as securities for the letter of guarantee.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

18. SHORT TERM LOANS

This amount is secured by a joint and several personal guarantee by all the directors of the company. The short term loans are repayable within three months and interest are charged at 7.25%(2002: 7.25%) per annum.

The short term loan was fully repaid during the financial period.

19. BANK OVERDRAFT

The bank overdraft is secured by a joint and several personal guarantee by all the directors of the company. The overdraft bears interest at 3% per annum above the bank prevailing prime rate.

20. ACCRUALS

Accruals include directors' fees amounting to S\$ 320,000 (2002: S\$120,000).

21. STAFF COSTS

	01.05.2002 to 31.12.2002 S\$	01.05.2001 to 30.04.2002 S\$
Directors' Remuneration	99,750	131,654
Salaries & Wages	1,850,106	2,867,972
Employer's CPF Contribution	287,765	421,617
Staff Welfares	11,785	16,543
Directors' Fee	320,000	120,000
Transport Claim	87,535	121,054
Medical Fee	6,553	11,721
Insurance	24,839	54,967
	<u>2,688,333</u>	<u>3,745,528</u>
No. of persons employed at the end of the financial period/year	<u>85</u>	<u>119</u>

22. PROVISION FOR TAXATION

	31.12.2002 S\$	30.04.2002 S\$
Balance at beginning of period/year	49,868	176,616
Income Tax Paid	(39,714)	(158,395)
Current financial years' tax expense on profit (Note 7)	225,924	38,266
Overprovision for taxation in prior years	(15,030)	(6,619)
Balance at end of period/year	<u>221,048</u>	<u>49,868</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

23. **BILLS PAYABLE**

The banking facilities are personally guaranteed by all the directors of the company. The interest for the banking facilities are charged at 7.5% per annum above the prevailing prime rates.

24. **CHANGE OF FINANCIAL YEAR-END**

The company changed its financial year-end from 30th April to 31st December , 2002.

25. **COMPARATIVE FIGURES**

When necessary, comparative figures have been adjusted to conform with changes in the presentation in the current year. Where applicable, the comparative figures have been adjusted or extended to take into accounts the requirements of the revised or new Singapore Statement of Accounting Standard which the Company implemented in 2002.

The figures of 31st December 2002 cover a period from 1st May 2002 to 31st December 2002.

The figures of 30th April 2002 cover the year from 1st May 2001 to 30th April 2002.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

**CHASEN LOGISTICS SERVICES PTE LTD
(Company registration number: 199901643D)**

FINANCIAL STATEMENTS

**FINANCIAL PERIOD
FROM 1 JANUARY 2002 TO 30 APRIL 2002**

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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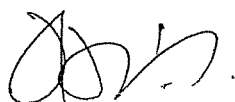
CHASEN LOGISTICS SERVICES PTE LTD AND SUBSIDIARIES

STATEMENT BY DIRECTORS

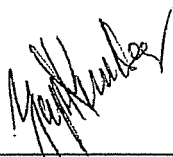
In the opinion of the directors:-

- (i) the accompanying financial statements are drawn up in accordance with Singapore Financial Reporting Standards and give a true and fair view of the state of affairs of the Company as at 30 April 2002 and the results of the business, changes in equity and cash flows of the Company for the financial period from 1 January 2002 to 30 April 2002; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:



Low Weng Fatt
Director



Yap Koon Bee @ Louis Yap
Director

Singapore, 24 May 2005

APPENDIX A: AUDITED FINANCIAL STATEMENTS

LTC
& Associates
Certified Public Accountants

1 Raffles Place
#20-02 OUB Centre
Singapore 048616
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Website : www.ltc-cpa.com

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF

CHASEN LOGISTICS SERVICES PTE LTD

We have audited the accompanying financial statements of Chasen Logistics Services Pte Ltd (the "Company") for the financial period from 1 January 2002 to 30 April 2002. These financial statements are the responsibility of the directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the abovementioned financial statements of the Company present fairly, in all material respects, the financial positions of the Company as at 30 April 2002 and of the results of operations, changes in shareholders' equity and cash flows of the Company for the financial period from 1 January 2002 to 30 April 2002 in accordance with Singapore Financial Reporting Standards.



LTC & Associates
Certified Public Accountants

Singapore, 24 May 2005

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD

INCOME STATEMENT FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2002 TO 30 APRIL 2002

	<u>Note</u>	<u>2002</u> \$'000
Revenue	3	3,614
Cost of sales		<u>(2,221)</u>
Gross profit		1,393
Other operating income	4	<u>20</u>
		1,413
Distribution and selling expenses		(346)
Administrative expenses		(363)
Other operating expenses		<u>(20)</u>
Profit from operations	6	684
Finance costs	7	<u>(33)</u>
Profit before taxation		651
Taxation	8	<u>(194)</u>
Net profit for the financial period		<u>457</u>

See accompanying notes to the financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD

BALANCE SHEET AS AT 30 APRIL 2002

	<u>Note</u>	<u>2002</u> \$'000
Non-current assets		
Plant and equipment	9	1,410
Current assets		
Trade debtors	11	2,579
Other debtors, deposits and prepayments	12	80
Fixed deposits	13	341
Cash and bank balances		1
		<u>3,001</u>
Current liabilities		
Bank overdraft (secured)	14	99
Trade creditors	15	595
Bills payable	16	269
Factoring advances	17	88
Other creditors and provisions	18	1,438
Current portion of obligations under hire purchase contracts	19	223
Provision for taxation		50
		<u>2,762</u>
Net current assets		<u>239</u>
Non-current liabilities		
Deferred taxation	10	76
Obligations under hire purchase contracts	19	162
		<u>238</u>
Net assets		<u>1,411</u>
Shareholders' equity		
Share capital	20	900
Retained profits		511
		<u>1,411</u>

See accompanying notes to the financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2002 TO 30 APRIL 2002

	<u>Share capital</u>	<u>Retained profits</u>	<u>Total</u>
	\$'000	\$'000	\$'000
Balance at 1 January 2002	900	54	954
Net profit for the financial period	<u>-</u>	<u>457</u>	<u>457</u>
Balance at 30 April 2002	<u>900</u>	<u>511</u>	<u>1,411</u>

See accompanying notes to the financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD

CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2002 TO 30 APRIL 2002

	<u>2002</u> \$'000
Cash flows from operating activities: -	
Profit before taxation	651
Adjustments for:	
Depreciation of plant and equipment	144
Provision for doubtful trade debts	21
Interest income	(20)
Interest expense	33
Operating profit before working capital changes	829
Increase in trade and other receivables	(1,050)
Increase in trade and other payables	369
Cash generated from operations	148
Tax paid	(9)
Net cash generated from operating activities	139
Cash flows from investing activities: -	
Purchase of plant and equipment (Note A below)	(259)
Net cash used in investing activities	(259)
Cash flows from financing activities: -	
Interest received	20
Interest paid	(33)
Repayments of hire purchase contracts	(101)
Pledged fixed deposits placed with bank	(341)
Net cash used in financing activities	(455)
Net increase in cash and cash equivalent	(575)
Cash and cash equivalents at beginning of period	477
Cash and cash equivalents at end of period	(98)
Cash and cash equivalents comprise:	
Cash on hand	1
Bank overdraft (Note 14)	(99)
Fixed deposits (Note 13)	341
	243
Less: Fixed deposits pledged (Note 13)	(341)
	(98)
Note:	
A. Purchase of plant and equipment	
Cash payments	259
Purchased by means of hire purchase	49
	308

See accompanying notes to the financial statements

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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CHASEN LOGISTICS SERVICES PTE LTD

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2002

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is incorporated and domiciled in the Republic of Singapore.

Its principal activities are to carry on the business of relocation services, industrial packing, warehousing, transportation, freight forwarding and shipping.

Its registered office is at 18 Jalan Besut, Jurong (Off Jalan Terusan) Singapore 619571.

The financial statements of the Company for the financial period from 1 January 2002 to 30 April 2002 were authorized for issue by the directors on 24 May 2005.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Basis of presentation

(a) Basis of preparation

These financial statements are prepared for the sole purpose of the proposed initial public offering of the Company.

(b) Basis of accounting

The financial statements are prepared under the historical cost convention and are expressed in Singapore dollars.

(c) Statement of compliance

The financial statements are prepared in accordance with and comply with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

(II) Summary of significant accounting policies

(a) Plant and equipment and depreciation

All plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Depreciation is calculated to write off the cost of plant and equipment over their estimated useful lives by the straight-line method. The estimated useful lives of the assets are as follows:-

	<u>Year</u>
Transportation equipment	5-10
Tools and equipment	5
Furniture and fittings, and office equipment	1-5

Fully depreciated assets still in use are retained in the financial statements.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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2 BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Foreign currencies

Transactions arising in foreign currencies are converted into Singapore dollars at rates of exchange approximating to those ruling at transaction dates and recorded monetary balances at the balance sheet date are converted at rates of exchange approximating to those ruling at that date. Exchange differences are taken up in the income statement.

(c) Taxation

Taxation on the profit or loss for the year comprise current and deferred taxation. Taxation is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(d) Assets under hire purchase contracts

Where assets are under hire purchase agreements, the assets are capitalised in the financial statements and the corresponding obligation treated as a liability. The assets so capitalised are depreciated in accordance with the Company's accounting policy on depreciation of plant and equipment. The total interest, being the difference between the total instalments payable and the capitalised amount is charged to the income statement to give a constant rate of charge on the remaining balance of the obligation.

(e) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental costs under operating leases are charged to the income statement over the period of the leases.

(f) Revenue recognition

Revenue from the services income is recognised when services are rendered to customers.

Interest income is recognised on a time-proportion basis.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Employee benefits

Defined contribution plan

As required by the law, the Company makes contributions to the state managed pension scheme, the Central Provident Fund ("CPF") and superannuation. CPF and superannuation contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(h) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(i) Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(j) Fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities included in the net current assets approximate their value due to their short-term nature.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial risk management policies

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates, along with credit, liquidity and cash flow risks. The Company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the Company to financial risk consist principally of cash and bank balances, trade debtors and other debtors. Financial liabilities that expose the Company to financial risk consist principally of bank loans, trade creditors and other creditors etc.

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States Dollars. The Company currently does not hedge its foreign currency risk. However, this risk is mitigated to certain extent by the natural hedge between sales receipts and purchases, and operating expenses disbursement. The Company also maintains foreign currency bank accounts for operating purposes.

The Company's exposure to changes in market interest rates relates primarily to bank loans. The Company's policy is to manage its interest cost using a combination of fixed and variable interest rate borrowings, where applicable.

The Company has no significant concentrations of credit risk. The Company performs on going credit evaluation of its customer's financial condition. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Company places its cash and cash equivalents with creditworthy institutions.

The Company maintains sufficient cash and open committed credit lines from banks for its funding requirements. And the Company also has adequate credit facilities to ensure necessary liquidity as provided from the balance sheet.

The fair values of financial assets and financial liabilities approximate their carrying amount as reflected in the balance sheet.

3. REVENUE

Revenue represented invoiced value of services rendered less returns and discounts.

	<u>2002</u> <u>\$'000</u>
Relocation services	3,360
Warehousing and related services	<u>254</u>
	<u>3,614</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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4.	OTHER OPERATING INCOME	
		<u>2002</u>
		\$'000
	Bank interest income	<u>20</u>
5.	STAFF COST	
		<u>2002</u>
		\$'000
	Wages and salaries and other staff related expenses	1,134
	Employers' contribution to defined contribution plan	187
	Directors' remuneration	49
	Directors fee	40
	Staff welfares	<u>144</u>
		<u>1,554</u>
	Number of employees at end of period	<u>119</u>
6.	PROFIT FROM OPERATIONS	
	This was determined after charging/(crediting) :	
		<u>2002</u>
		\$'000
	Auditors' remuneration - auditors of the Company	2
	Depreciation of plant and equipment	144
	Directors' fee	40
	Directors' remuneration	49
	Operating lease expense – rental	87
	Provision for doubtful trade debts	<u>21</u>
7.	FINANCE COSTS	
		<u>2002</u>
		\$'000
	Bank overdraft interest	-
	Hire purchase interest	15
	Bank loan interest	4
	Factoring interest & charge	<u>14</u>
		<u>33</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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8. TAXATION

	<u>2002</u> \$'000
Current taxation	137
Deferred taxation	4
Under provision of deferred taxation in prior year	<u>53</u>
	<u>194</u>

The income tax expense varied from the amount of income tax expense by applying the Singapore income tax rate of 22% to profit before taxation as a result of the following differences:

	<u>2002</u> \$'000
Accounting profit	<u>651</u>
Income tax expense at statutory rate	143
Tax effects on non-allowable items	9
Tax effects on exemption scheme & rebate	(11)
Under provision for prior year's deferred taxation	<u>53</u>
	<u>194</u>

9. PLANT AND EQUIPMENT

	<u>Transportation equipment</u> \$'000	<u>Tools and equipment</u> \$'000	<u>Furniture, fittings, and office equipment</u> \$'000	<u>Total</u> \$'000
Cost				
As at 1 January 2002	1,220	718	200	2,138
Additions	<u>-</u>	<u>307</u>	<u>1</u>	<u>308</u>
As at 30 April 2002	<u>1,220</u>	<u>1,025</u>	<u>201</u>	<u>2,446</u>
Accumulated depreciation				
As at 1 January 2002	458	299	135	892
Charge	<u>78</u>	<u>60</u>	<u>6</u>	<u>144</u>
As at 30 April 2002	<u>536</u>	<u>359</u>	<u>141</u>	<u>1,036</u>
Net book value				
As at 30 April 2002	<u>684</u>	<u>666</u>	<u>60</u>	<u>1,410</u>

- (i) The net book value of plant and equipment of the Company purchased under hire purchase was approximately \$85,000.
- (ii) The net book value of motor vehicles of the Company purchased under hire purchase was approximately \$619,000.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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10. DEFERRRED TAXATION

	<u>2002</u>
	\$'000
Tax effect of:	
Deferred tax assets:	
Provision for doubtful trade debts	(5)
Deferred tax liabilities:	
Excess of capital allowances over depreciation	<u>81</u>
Net deferred tax liabilities	<u><u>76</u></u>

11. TRADE DEBTORS

	<u>2002</u>
	\$'000
Outside parties	2,600
Less: Provision for doubtful trade debts	<u>(21)</u>
	<u><u>2,579</u></u>

The movement in the provision for doubtful trade debts account was as follows:

	<u>2002</u>
	\$'000
Balance at beginning of period	-
Current period provision	<u>21</u>
Balance at end of period	<u><u>21</u></u>

12. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	<u>2002</u>
	\$'000
Staff loans	36
Other debtors & prepayment	<u>44</u>
	<u><u>80</u></u>

Staff loans were unsecured, interest-free and had no fixed term of repayment.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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13. FIXED DEPOSITS

2002

\$'000

Fixed deposits placed with bank

341

Fixed deposits of the Company were pledged to bank as securities for the bank facilities.

Fixed deposits of the Company borne interest rate at 0.4375% per annum with maturity dates within one month subsequent to period end.

14. BANK OVERDRAFT (SECURED)

The bank overdraft was secured by joint and several guarantees provided by certain directors of the Company to the bank for facilities granted.

The effective interest rate for bank overdraft was 5.5% per annum.

15. TRADE CREDITORS

2002

\$'000

Outside parties

595

16. BILLS PAYABLE

2002

\$'000

Bills payable

104

Trade finance loan

165

269

The trade finance loan was repayable within three months and interest was charged at 7.25% per annum. The facilities were secured by joint and several guarantee by certain directors of the Company.

17. FACTORING ADVANCES

These represented factoring advances against trade debtors with interest charged at 5% per annum. The factoring advance was guaranteed jointly and severally by certain directors of the Company.

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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18. OTHER CREDITORS AND PROVISIONS

	<u>2002</u>
	\$'000
Accrual ⁽ⁱ⁾	466
Other creditors ⁽ⁱⁱ⁾	152
Amount due to directors ⁽ⁱⁱⁱ⁾	818
Deposit received	<u>2</u>
	<u>1,438</u>

- (i) Accruals included directors' fees amounted to \$120,000.
- (ii) These represented amounts owing to individuals which were unsecured, interest-free and had no fixed term of payment.
- (iii) These represented amounts owing to certain directors of the Company were unsecured, interest-free and had no fixed term of payment.

19. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	<u>2002</u>
	\$'000
Minimum lease payments payable:	
Within one year	253
Within two to five years	<u>179</u>
	432
Finance charges allocated to future periods	<u>(47)</u>
Present value of minimum lease Payments	<u>385</u>
Present value of minimum lease payable:	
Within one year	223
Within two to five years	<u>162</u>
	<u>385</u>

The effective interest rate was 7.8% per annum.

20. SHARE CAPITAL

	<u>2002</u>
	\$'000
Authorised:	
1,000,000 ordinary shares of \$1 each	<u>1,000</u>
Issued and fully paid:	
900,000 ordinary shares of \$1 each	<u>900</u>

APPENDIX A: AUDITED FINANCIAL STATEMENTS

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21. OPERATING LEASE COMMITMENT

At the balance sheet date, the Group had outstanding commitments for non-cancelable operating lease payments in respect of the leased land and building. The non-cancelable leases had remaining lease term of 1 year. Future minimum lease payments payable under non-cancelable lease as at 30 April 2002 were as follows:

	<u>2002</u>
	\$'000
Within one year	<u>88</u>

APPENDIX B: DESCRIPTION OF OUR SHARES

The following statements provide information about our share capital, the main provisions of our Articles of Association (“Articles”) and the laws of Singapore relating to our Shares. These statements summarise the material provisions of our Articles and are qualified by reference to the laws of Singapore and our Articles.

Ordinary Shares

Our authorised capital is \$30,000,000, consisting of 500,000,000 ordinary shares of par value \$0.06 each. We have only one class of shares, namely, our ordinary shares, which have identical rights in all respects and rank equally with one another. Our Articles provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board of Directors may think fit and may issue preferential shares which are, or at our option are, redeemable, subject to certain limitations. Our Directors may issue shares at a premium. If shares are issued at a premium, a sum equal to the aggregate amount or value of the premium will, subject to certain exceptions, be transferred to a share premium account.

As at the date of this Prospectus, 125,000,000 ordinary shares have been issued and fully paid. All of the ordinary shares are in registered form. We may, subject to the provisions of the Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of our own Shares.

New Shares

New Shares and/or convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares and/or convertible securities to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by SGX-ST) of our issued share capital, of which the aggregate number of Shares and/or convertible securities to be issued other than on a *pro rata* basis to our Shareholders may not exceed 20% (or such other limit as may be prescribed by SGX-ST) of our issued share capital (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new Shares arising from the conversion of convertible securities or and employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of Shares). The approval, if granted, will lapse at the conclusion of our annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered on our Register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the depositors in the Depository Register maintained by the CDP for our Shares, are recognised as our Shareholders.

We will not, except as required by law, recognise any equitable, contingent, future or partial interests in any Share other than the absolute right thereto of the registered holder of the Share or of the person whose name is entered in the Depository Register for that Share. We may close the Register of Shareholders for time to time if we provide the Accounting and Corporate Regulatory Authority (formerly known as Registry of Companies and Businesses) with at least 14 days’ notice and the SGX-ST at least 10 clear market days’ notice. However, the Register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year.

APPENDIX B: DESCRIPTION OF OUR SHARES

Transfer of Shares

Saved as disclosed in this Prospectus, there is no restriction on the transfer of our fully paid Shares except where required by law. Our Board of Directors may only decline to accept to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by our Board of Directors and the SGX-ST. Our Board of Directors may also exercise their discretion to decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for our Shares if we are properly notified and the applicant pays a fee which will not exceed \$2 and furnishes any evidence and indemnity that our Board of Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if our Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more of our shareholders holding not less than 10% of our issued share capital may call for an extraordinary general meeting. Unless otherwise required by the Singapore law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at that meeting, is necessary for certain matters under Singapore law, including the voluntary winding up of our Company, amendments to our Memorandum of Association and our Articles, a change of our corporate name and a reduction in our share capital, share premium account or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the CDP book-entry clearance system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by the CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every shareholder present in person and each proxy shall have one vote, and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share held. A poll may be demanded in certain circumstances including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote.

Dividend

We may, by ordinary resolution, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. Any dividend we pay must be paid out of our profits or pursuant to Section 69 of the Act. Our Directors may also declare an interim dividend. All dividends are paid *pro rata* among our Shareholders in proportion to the amount paid upon each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each

APPENDIX B: DESCRIPTION OF OUR SHARES

Shareholder at his registered address. Notwithstanding the foregoing, our payment to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board of Directors may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve or to the share premium account) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their Shareholdings. Our Board of Directors may also issue rights to Shareholders to take up additional Shares in proportion to their shareholdings. Such rights are subject to any conditions which may be attached to such issue.

Takeovers

The SFA and the Singapore Code on Takeovers and Mergers ("Singapore Takeover Code") regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. Any person acquiring an interest, either acting singly or together with parties acting in concert with him, in 30% or more of our voting Shares must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Takeover Code. A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of our voting Shares acquires additional voting Shares representing more than 1% of our voting Shares in any 6 month period.

"Parties acting in concert" includes, unless the contrary is established, a company and its related and associated companies, a company and its directors (including their close relatives and related trusts), a company and any of its pension funds, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial adviser and its client in respect of shares held by the financial adviser, including a stockbroker and shares held by all the funds which the financial adviser manages on a discretionary basis, where the shareholdings of the financial adviser and any of those funds in the client total 10% or more of the client's equity share capital, a director of a company (together with their close relatives, related trust and companies controlled by any such directors, their close relatives and related trust) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent, partners and individuals, his close relatives, his related trust, any person who is accustomed to act in accordance with his instruction and companies controlled by him or his close relatives, his related trust or any person who is accustomed to act in accordance with his instruction.

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares then existing.

Indemnity

Our Articles provide that, subject to the Act, we will indemnify our Directors and officers against all losses or liabilities incurred in the execution or discharge of their duties or in relation thereto. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to our Company.

APPENDIX B: DESCRIPTION OF OUR SHARES

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote ordinary shares.

Minority Rights

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:–

- our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Act itself.

Without prejudice to the foregoing, Singapore courts may:–

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate our affairs in the future;
- authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;
- provide for the purchase of a minority Shareholder’s Shares by our other Shareholders or by our Company and, in the case of a purchase of Shares by our Company, a corresponding reduction of our share capital; or
- provide that our Company be wound up.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

The description below provides, among other things, information on the principal objects of our Company as set out in our Memorandum and Articles of Association and a summarised version of the main provisions in our Articles of Association which relate to the Directors' borrowing powers and remuneration, Directors' retirement and restrictions on voting powers of Directors in interested transactions. It also describes shareholders' voting rights, restrictions on the transferability of shareholdings and shareholders' rights to share in any surplus in the event of liquidation. Also included is a description of how we conduct our general meetings. This description is only a summary and is qualified by reference to Singapore law and our Memorandum and Articles of Association.

Place of incorporation

We are registered in Singapore with the Accounting and Corporate Regulatory Authority (formerly known as Registry of Companies and Businesses). Our company registration number is 199901643D.

MEMORANDUM OF ASSOCIATION

Our objects

The objects of our Company are set out in full in Clause 3 of the Memorandum of Association which is available for inspection at our registered office as stated in the section titled "Documents for Inspection".

ARTICLES OF ASSOCIATION

An extract of our Articles of Association on certain provision relating to Directors rights, preferences and restrictions attaching to shares; and rights of non-resident or; foreign Shareholders are set out below. The Articles of Association of our Company are available for inspection at our registered office as stated in the section "Documents for Inspection" on page 149 of this Prospectus.

(i) Provisions relating to Directors

The provisions in the Articles of Association of our Company relating to (a) a Director's power to vote on a proposal, arrangement or contract in which the Director is interested; (b) the Director's power to vote on remuneration (including pension or other benefits) for himself or for any other director, and whether the quorum at a meeting of the board of directors to vote on directors' remuneration may include the director whose remuneration is the subject of the vote; (c) borrowing powers exercisable by the Directors and how such borrowing powers can be varied; (d) retirement or non-retirement of Directors under an age limit requirement; and (e) number of shares, if any, required for Director's qualification, are as follows:–

Appointment, Retirement and Removal of Directors

Article 98

Until otherwise determined by a Special Resolution at a General Meeting, the number of Directors shall not be less than two or more than twenty. All the Directors of the Company shall be natural persons.

Article 100

A Director shall not be required to hold any share in the Company.

Article 101(1)

Any Director may at any time and from time to time appoint any other person approved by a majority of the Directors for the time being to be his alternate. An alternate Director shall be entitled (subject to his giving to the Company an address within the Republic of Singapore at

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

which notices may be served on him) to receive notice of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not present, and generally at such meeting to exercise all the powers, rights, duties and authorities of the Director appointing him. Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. All the appointments and removals of alternate Directors made by any Director in pursuance of this Article, shall be in writing under the hand of the Director making the same and shall be sent to or left at the Office. A Director may not act as an alternate for another Director. A person may not act as an alternate Director for more than one Director of the Company.

Article 101(2)

An alternate Director may be removed by his appointor and the appointor (subject to the approval of the Directors) may appoint another in his place. An alternate Director may be removed from office by a resolution of the Directors, but he shall be entitled to vote on such resolution and he shall, ipso facto, cease to be an alternate Director if his appointor ceases for any reason to be a Director. The appointment of an alternate Director shall also determine on the happening of any event which, if he were a Director, would cause him to vacate such office.

Article 104(1)

The office of a Director shall be vacant if the Director:–

- (a) ceases to be a Director by virtue of the Statutes; or
- (b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) is or becomes prohibited from being a Director by reason of any order made under the Statutes; or
- (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under any law relating to mental disorder; or
- (e) resigns his office by notice in writing to the Company; or
- (f) for more than six months is absent without permission of the Directors from meetings of the Directors held during that period and his alternate Director (if any) shall not during such period have attended in his stead; or
- (g) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in manner required by the Statutes; or
- (h) if he is removed from office pursuant to the Statutes.

Article 104(2)

The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Director shall automatically terminate if he ceases to be a Director but without prejudice to any claim for any damage or breach of any contract of service between him and the Company.

Article 104(3)

The appointment of any Director to any other executive office shall automatically terminate if he ceases from any cause to be a Director only if the contract or resolution under which he holds office expressly so provides, in which case such termination shall be without prejudice to any claim for damages or breach of any contract of service between him and the Company.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 107

At the Annual General Meeting in every year one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one-third, shall retire from office Provided Always that all Directors shall retire from office at least once every 3 years.

Article 108

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Article 109

Subject to the Statutes, a retiring Director shall be eligible for re-election at the meeting at which he retires.

Nomination of Directors

Article 110

A person who is not a retiring Director shall be eligible for election to office of Director at any General Meeting if some Member intending to propose him has, at least eleven clear days before the meeting, left at the Office of the company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him, Provided That in the case of a person recommended by the Directors for election, nine clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven days prior to the meeting at which the election is to take place.

Article 111

The Company by Special Resolution in General Meeting may, from time to time, increase or reduce the number of Directors, and may alter their qualification, if any.

Article 112

The Directors may from time to time appoint one or more of their body to the office of Managing Director for such period (not exceeding 5 years) and on such terms as they think fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Managing Director shall be subject to the control of the Directors and his appointment shall be automatically determined if he ceases from any cause to be a Director.

Article 117

The Directors shall have power at any time and from time to time to appoint any other qualified person as a Director either to fill a casual vacancy or as an addition to the Board. But any Director so appointed shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election.

Article 118

The Company may from time to time by Ordinary Resolution remove any Director before the expiration of his period of office, and may by an Ordinary Resolution appoint another person in his stead. The person so appointed shall continue to hold office until the next Annual General Meeting.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 125

The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to these Articles, the continuing Directors may, except in an emergency, act for the purpose of increasing the number of Directors to such minimum number, or of summoning a General Meeting of the Company, notwithstanding that there shall not be a quorum, but for no other purpose.

Directors' Remuneration

Article 101(3)

An alternate Director shall be entitled to contract and be interested in and benefit from contracts, arrangements or transactions to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any remuneration in respect of his appointment as alternate Director except only such part (if any) of the remuneration otherwise payable to his appointor in which event any fee paid by the Company to an alternate Director shall be deducted from the fees of the Director appointing the alternate.

Article 102(1)

The Directors shall be entitled to receive by way of fees for their services as Directors in each year such sum as shall from time to time, subject to Section 169 of the Act, be determined by the Company by resolution passed at a General Meeting, the notice of which shall specify the proposals concerning the same. Such remuneration shall be divided amongst the Directors as they shall determine or failing agreement equally.

Article 102(2)

The fees payable to the Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the Meeting.

Article 102(3)

The remuneration of a non-Executive Director shall be by a fixed sum and not by a commission on or percentage of profits or turnover. The remuneration of an Executive Director may not include a commission on or a percentage of turnover.

Article 102(4)

The provisions of this Article are without prejudice to the power of the Directors to appoint any of their number to be employee or agent of the Company at such remuneration and upon such terms as they think fit without the approval of the Members in General Meeting provided that such remuneration may include a commission on or percentage of profits but not a commission on or percentage of turnover.

Article 102(5)

Subject to the provisions of the Statutes, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme of fund to pay premiums.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 103

If any Director, being willing and having been called upon to do so, shall hold an executive office in the Company, shall render or perform extra or special services of any kind, including services on any committee established by the Directors, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses, and also such remuneration as the Directors may think fit, either as a fixed sum or as provided in Article 102(3) (but not by way of commission on or percentage of turnover) and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

Article 105(3)

A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. Subject to this Article 105, no such contract and no contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

Article 114

The Directors shall (subject to the provisions of any contract between the Managing Director and the Company) from time to time fix the remuneration of the Managing Director which may be by way of fixed salary, commission or participation in profits (but not turnover) of the Company or by any or all of these modes.

Restrictions on Voting Rights of Directors

Article 105(1)

A Director who is in any way whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 156 of the Act.

Article 105(2)

A Director shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has directly or indirectly a personal material interest and if he shall do so his vote shall not be counted nor save as provided by Article 106 shall he be counted in the quorum present at the meeting.

Article 105(3)

A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. Subject to this Article 105, no such contract and no contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 106

Subject to Article 105(2) above, a Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged.

Borrowing Powers of Directors

Article 62

The Directors may, from time to time, exercise all the powers of the Company to raise or borrow or secure the payment of any sum or sums of monies for the purposes of the Company.

Article 63

The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and, in particular, by the issue of debentures or debenture stock of the Company, perpetual or otherwise, charged upon or by mortgage charge or lien of and on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being, or by making, accepting, endorsing or executing any cheque, promissory note or bill of exchange.

Directors' power to vote for compensation to themselves or any members of their body in the absence of an independent quorum

Article 102(4)

The provisions of this Article are without prejudice to the power of the Directors to appoint any of their number to be employee or agent of the Company at such remuneration and upon such terms as they think fit without the approval of the Members in General Meeting provided that such remuneration may include a commission on or percentage of profits but not a commission on or percentage of turnover.

Article 102(5)

Subject to the provisions of the Statutes, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme of fund to pay premiums.

Provisions relating to rights, preferences and restrictions attaching to Shares

The provisions in the Articles of Association of our Company relating to (a) the rights, preferences and restrictions attaching to each class of shares; (b) any change in capital; (c) any change in the respective rights of the various classes of shares including the action necessary to change the rights; and (d) any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates, are as follows:–

Variation of Members' Rights

Article 9

Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by a

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of the Company shall mutatis mutandis apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

Article 61

Subject to the Statutes and save as provided by these Articles, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being issued may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting, but so that the quorum thereof shall be not less than two persons personally present and holding or representing by proxy one-third of issued shares of the class, and that any holder of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class held or represented by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of Companies.

Arrangement for transfer and any restrictions on the free transferability of the shares

Article 40

Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof.

Article 41

The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository.

Article 42

Shares of different classes shall not be comprised in the same instrument of transfer.

Article 43

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 44(1)

All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.

Article 44(2)

The Company shall be entitled to destroy:–

- (a) all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof;
- (b) all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof; and
- (c) all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof.

Article 44(3)

It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and that:–

- (a) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
- (b) every share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
- (c) every other document hereinbefore mentioned so destroyed was a valid and effective document;

in accordance with the recorded particulars thereof in the books or records of the Company.

Article 44(4)

Articles 44(2) and 44(3) shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant.

Article 44(5)

Nothing contained in this Article 44 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstance which would not attach to the Company in the absence of this Article 44, and references in this Article 44 to the destruction of any document include references to the disposal thereof in any manner.

Article 45

The Directors may decline to accept any instrument of transfer unless:–

- (a) all or any part of the stamp duty (if any) payable on each share transfer and such fee not exceeding two Singapore Dollars for each transfer or such other sum as may from time to time be prescribed by the Exchange is paid to the Company; and
- (b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 46

The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:–

- (a) which are not fully paid up; or
- (b) on which the Company has a lien.

Article 47

If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the reasons which are considered to justify the refusal.

Article 48

The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made.

Alteration of Capital

Article 57

The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct.

Article 58(1)

Unless otherwise determined by the Company in General Meeting or except as permitted under the Exchange's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled.

Article 58(2)

The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 59

Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

Article 60(1)

The Company may by Ordinary Resolution:–

- (a) consolidate and divide its capital into shares of larger amounts than its existing shares; or
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or
- (c) by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or
- (d) subject to the Statutes, convert any class of shares into any other class of shares.

Article 60(2)

The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any requirement authorised and consent required by law.

Voting Rights of Members and General Meetings

Article 10

Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

Article 13(3)

The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.

Article 66

In addition to any other meetings, a General Meeting shall be held once at least in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 71

Subject to the Statutes relating to the convening of meetings to pass Special Resolutions and agreements for shorter notice, at least fourteen clear days' notice in writing specifying the place, day and hour of the meeting, and in case of special business, a notice in writing setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members and the Exchange other than such as are not entitled under these Articles to receive such notices from the Company. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen clear days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days' notice in writing of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

Article 80

At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:—

- (a) the Chairman of the meeting; or
- (b) not less than two Members present in person or by proxy and entitled to vote; or
- (c) a Member or Members present in person or by proxy, holding or representing, as the case may be:—
 - (i) not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or
 - (ii) shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Article 81(1)

If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Article 81(2)

No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

Article 82

Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Article 83(1)

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 83(2)

If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

Article 84

In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.

Article 85(1)

Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company:—

- (a) every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman to decide which proxy shall be entitled to vote where a Member is represented by two proxies; and
- (b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.

Article 85(2)

For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.

Article 86

In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be.

Article 87

Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.

Article 88

A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 89

On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Article 90(1)

A proxy need not be a Member.

Article 90(2)

A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where the Member is a Depositor, the Company shall be entitled and bound:—

- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company;
- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
- (c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

Article 90(3)

In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

Article 91

Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.

Article 92

An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:—

- (1) in the case of an individual shall be signed by the appointor or his attorney;
- (2) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 93

Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

Article 94

The signature on an instrument of proxy need not be witnessed.

Article 95

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office one hour at least before the time fixed for holding the meeting.

Article 96

An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.

Article 97

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

Dividend Rights

Article 135

The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.

Article 136

The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.

Article 137

No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.

Article 138

The declaration of the Directors as to the net profits of the Company shall be conclusive.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 139

The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.

Article 140

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

Article 141

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be.

Article 142

Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where required, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.

Article 143

The Directors may retain the dividends payable on shares in respect of which any person under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.

Article 144

In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other monies paid or properties distributed and payment on account of dividends on or in respect of such shares.

Article 145

Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.

APPENDIX C: SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF THE COMPANY

Article 146

Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or persons(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository.

Article 147

The Depository will hold all dividend unclaimed for six years after having been declared and paid before release to the Company, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company.

(iii) Provisions relating to rights of non-resident or foreign Shareholders

The provisions of our Articles of Association relating to any limitation on the right to own Shares, including limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights on their Shares, are as follows:–

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of non-resident shareholders to hold or exercise voting rights on our ordinary shares.

(iv) Provisions relating to the delaying, deferring or preventing change in control of the Company

There is no provision in our Articles of Association which would have an effect of delaying, deferring or preventing a change in control of the Company and which would operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

RULES OF THE CHASEN PERFORMANCE SHARE PLAN

1. THE PLAN

The Plan shall be called the “Chasen Performance Share Plan”.

2. DEFINITIONS

2.1 Except where the context otherwise requires, the following words and expressions shall have the following meanings:—

“Acceptance Form”	The form to be signed by a Participant accepting the Grant of an Award substantially in the form set out in Annex B
“Act”	The Companies Act, Chapter 50 of Singapore as amended or modified from time to time
“Auditors”	The auditors for the time being of the Company
“Award”	The right conferred by the Company on a Participant to be issued or transferred Shares in the Company in accordance with the Rules
“Board”	The board of Directors for the time being of the Company
“CDP”	The Central Depository (Pte) Limited
“Committee”	A committee comprising directors of the Company, duly authorised and appointed by the Board to administer the Plan
“Company”	Chasen Logistics Services Limited, a company incorporated in Singapore
“Controlling Shareholder”	A Shareholder who:— (a) holds directly or indirectly fifteen (15) per cent. or more of the Shares; or (b) in fact exercises control over the Company
“Date of Grant”	The date on which a Grant of an Award is made to a Participant
“Directors”	The directors for the time being of the Company
“Effective Date”	The date on which the Plan comes into effect
“Employee”	An employee of the Company or its subsidiaries
“Grant”	The grant of an Award
“Group”	The Company and its subsidiaries
“Letter of Offer”	The letter of offer for the Grant of an Award substantially in the form set out in Annex A
“Market Day”	A day on which the SGX-ST is open for trading in securities

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

“Non-Executive Directors”	The non-Executive Directors (including the independent Directors) of the Company for the time being
“Participant”	The holder of an Award
“Performance-related Award”	An Award the quantum of which is dependent on the work performance of the Participant as assessed by the Company
“Performance Condition”	The condition or conditions imposed by the Company on a Participant’s employment with the Company which must be fulfilled or satisfied by the Participant prior to his eligibility for a Performance-related Award
“Performance Period”	The period of a Participant’s employment with the Group which is used to assess the Participant’s work performance for the purpose of determining the Grant of the Participant’s Performance-related Award
“Plan”	The Chasen Performance Share Plan, as varied from time to time
“Record Date”	The date as at the close of business on which the shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“Release”	The release of an Award for Vesting as may be approved by the Committee
“Rules”	The rules of the Plan, as the same may be amended from time to time
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholders”	The registered holders of the Shares or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
“Shares”	Fully-paid ordinary shares of \$0.06 each in the capital of the Company
“Vest”	Issue and/or transfer of Shares to a Participant (as the case may be)
“Vesting Period”	The period within which Shares granted under an Award are to be Vested to a Participant
“Vesting Date”	The date of Vesting of Shares to a Participant
“\$”	Singapore dollars
“per cent.” or “%”	Per centum

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

2.2 For the purposes of the Plan:–

- (a) the term “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to it by Section 130A of the Act and the term “associate” shall have the meanings ascribed to it by the SGX-ST Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-SESDAQ (as modified, supplemented or amended from time to time);
- (b) in relation to a company (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (c) unless rebutted, a person who holds directly or indirectly, a shareholding of 15 per cent. or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder; and
- (d) in relation to a Controlling Shareholder, his “associate” means his parent, sibling, spouse, or child (including adopted or step child).

2.3 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act and used in these Rules shall have the meaning assigned to it under the Act.

2.4 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.

2.5 Any reference to a time of day shall be a reference to Singapore time.

3 OBJECTIVES OF THE PLAN

The Plan is an integral part of employee incentive compensation in the Company’s variable wage system. The Plan will give Participants an opportunity to have a direct interest in the value of the Company’s Shares and help to achieve the following objectives:

- (a) foster an ownership culture within the Group which aligns the interests of Participants with the interests of Shareholders of the Company;
- (a) motivate Participants to optimize their performance, efficiency and productivity by relating their total remuneration to the performance of the Company ; and
- (b) make employee remuneration sufficiently competitive to recruit and retain key employees including our Executive Directors whose contributions are important to the long term growth and profitability of our Group.

4 LIMITATIONS ON THE SIZE OF THE PLAN

The aggregate number of Shares over which the Committee may grant Awards on any date, when added to the number of Shares issued and issuable in respect of all Shares granted under this Plan and any other share schemes or share option schemes implemented or to be implemented by the Company, shall not exceed 15 per cent. of the issued share capital of the Company on the day preceding that date.

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

5 ELIGIBILITY

- 5.1 The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:—
- (a) all Group Directors; and
 - (a) all confirmed full-time managers and those listed above them in the organisation charts of the Group, who are not less than 21 years old;
- who, in the opinion of the Committee, have contributed to the success and the development of the Group, provided that for any Participants who are Non-Executive Directors, written justification shall first have been provided to Shareholders for their participation at the introduction of the Plan or prior to the first Grant of Awards to them.
- 5.2 Persons who are Controlling Shareholders or their associates shall not participate in the Plan unless:—
- (a) written justification have been provided to Shareholders for their participation at the introduction of the Plan or prior to the first Grant of Awards to them;
 - (b) the actual number and terms of any Shares to be granted to them have been specifically approved by Shareholders of the Company who are not beneficiaries of the Grant in a general meeting in separate resolutions for each such Controlling Shareholder or his associates; and
 - (c) all conditions for their participation in the Plan as may be required by the regulation of the SGX-ST from time to time are satisfied.
- 5.3 The Committee shall have absolute discretion to decide whether a person who is participating in this Plan shall be eligible to participate in any other share option scheme implemented by the Company or any other company within the Group.

6 MAXIMUM LIMITS ON AWARDS

- 6.1 The eligibility of employees to participate in the Plan and the number of Shares which are the subject of each Award at each Date of Grant to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee which shall take into account the performance of the Participant and such other general criteria as the Committee may consider appropriate, subject to the following limits as well as other limitations set forth under the rules of the Listing Manual of the SGX-ST and these Rules (the “Plan Limit”):
- Managing Director — up to 200,000 Shares per year
Executive Directors (other than the Managing Director) — up to 150,000 Shares each per year
Non-Executive Directors — up to 50,000 Shares each per year
General Managers/Senior Managers — up to 100,000 Shares each per year
Managers — up to 50,000 Shares each per year
- 6.2 The total number of Shares to be offered to Controlling Shareholders and their associates shall not during the entire operation of the Plan exceed 25 per cent. of the Plan Limit and the total number of Shares to be offered to a Participant who is a Controlling Shareholder or his associate shall not during the entire operation of the Plan exceed 10 per cent. of the Plan Limit.
- 6.3 In determining the number of shares to be awarded each year the Committee shall have reference to the Company’s performance as reflected in the return on shareholders’ funds (“ROF”) and the audited profit before tax (“PBT”) of that financial year and be guided by the same benchmarks as that set for the Chasen Logistics Profit Sharing Scheme of the Company.

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

7 GRANT OF AWARDS

- 7.1 Awards represent the right conferred by the Company on a Participant to be issued or transferred Shares in the Company, free of charge, in accordance with the Rules.
- 7.2 The Committee may grant Awards at any time, provided that in the event that an announcement on any matter involving unpublished price sensitive information is made, Awards may only be granted after the second Market Day following the aforesaid announcement. Where the Grant of Awards to any Participant is subject to approval of specific resolution at a general meeting, the Committee shall grant such approved Awards within 30 days from the conclusion of the general meeting that approved the resolution.
- 7.3 The Committee shall decide, in relation to each Award:
- (i) the Participant
 - (ii) the Date of Grant
 - (iii) the number of Shares which are the subject of the Award
 - (iv) in the case of a Performance-related Award, the Performance Period and the Performance Condition

The Letter of Offer to Grant the Award shall be in or substantially in the form set out in Annex A. The offer of the Award shall be personal to the Participant to whom it is granted and any Award granted and accepted by a Participant under the Plan shall not be transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part unless approved by the Committee, but may be exercised by the Participant's duly appointed personal representative as provided in Rule 10.2(i) in the event of the death of the Participant.

- 7.4 The Committee may in the case of Performance-related Awards, amend or waive the Vesting Period(s), the Performance Period and/or the Performance Condition in respect of any Award:–
- (a) if anything happens which causes the Committee to conclude that:
 - (i) an amended Performance Condition would be a fairer measure of performance and would be no less difficult to satisfy; or
 - (ii) the Performance Condition should be waived; or
 - (b) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares of the Company, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the court under the Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company;

and the Committee shall notify the Participants of such amendment or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such amendment or waiver).

- 7.5 Participants are not required to pay for the grant of Awards.
- 7.6 An Award or Released Award shall be personal to the Participant to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award that Award or Released Award shall immediately lapse.

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

8 ACCEPTANCE OF AWARDS

- 8.1 The grant of an Award to a Participant shall be accepted by the Participant within 30 days from the Date of Grant by completing, signing and returning the Acceptance Form in or substantially in the form set out in Annex B. The Participant may accept or refuse the whole but not part of the offer.
- 8.2 The Committee shall within 15 Market Days of receipt of the Acceptance Form acknowledge receipt thereof.
- 8.3 If the grant of an Award is not accepted in the manner as provided in Rule 8.1, such offer shall upon the expiry of the 30 day period automatically lapse and shall be null and void.

9 RELEASE OF AWARDS

- 9.1 Subject as provided in this Rule, an Award shall be Released, in accordance with any conditions that the Committee may, in its absolute discretion specify in the Letter of Offer subject to the following proportions and Vesting Periods:

After the first anniversary of Date of Grant: maximum of 40% of Award granted

After the second anniversary of Date of Grant: maximum of 70% of Award granted

After the third anniversary of Date of Grant: 100% of Award granted

- 9.2 In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the report of the Managing Director on the job performance of the Participant concerned in respect of the Performance Condition specified in that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the Participant has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 9 (save for this Rule 9.2) shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:—

- (i) in relation to a Performance-related Award, the Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;
- (iii) the Committee being of the opinion that the job performance of the relevant Participant has been satisfactory as reported by the Managing Director;
- (iv) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the Plan and the Memorandum and Articles of Association of the Company;

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

- (vi) where Shares are to be allotted or transferred on the Release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where new Shares are to be allotted on the Release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST.

Upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- 9.3 (a) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the review by the Committee referred to in Rule 9.2 and on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- (b) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.
- 9.4 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 9.5 New Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:–
 - (i) be subject to all the provisions of the Memorandum and Articles of Association of the Company; and
 - (ii) rank for any dividend, right, allotment by other distribution the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

10 EVENTS PRIOR TO THE VESTING DATE

- 10.1 An Award to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees):–
 - (i) misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (ii) the Participant, for any reason whatsoever (whether by reason of wrongful dismissal or otherwise) ceases to be in the employment of the Company and/or any subsidiary or in the event the company by which the Employee is employed ceases to be a company in the Group; and/or
 - (iii) the Participant commits any breach of any of the terms of his Awards.
- 10.2 The Awards shall be deemed not to have become void nor cease to have effect in accordance with the provisions in Rule 10.1 if a Participant ceases to be employed before the Release by reason of:–
 - (i) death of the Participant;
 - (ii) ill-health, injury, disability or accident (in each case evidenced to the satisfaction of the Committee); or

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- (iii) any other ground where the Release of the Award has been approved by the Committee in writing.

The Committee may waive the Vesting Period for all or any of the Awards not yet Released to the Participant or his duly appointed representative(s) under any of the above stated circumstances.

- 10.3 In the event of a take-over offer (whether conditional or unconditional) being made for all or any part of the Shares of the Company, all Awards to the extent not yet Released shall be Released to all Participants and the Vesting Period waived so that they be entitled to exercise their rights under the take-over offer, on the date on which such take-over offer is made or, if such take-over offer is conditional, the date on which the take-over offer becomes or is declared unconditional, as the case may be.
- 10.4 Without prejudice to the provisions of Rules 7.3 and 9.2, if before the Vesting Date, any of the following occurs:–
 - (i) a Participant does or suffers any act or thing whereby he would or might be deprived of the legal or beneficial ownership of his Award;
 - (ii) a Participant commits an act of bankruptcy or is subject to a petition for bankruptcy;
 - (iii) a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the court under the Act;
 - (iv) an order for the compulsory winding up of the Company is made; or
 - (v) a resolution for a voluntary winding up (other than for amalgamation or reconstruction) of the Company being made,

the Committee may consider, at its discretion, whether or not to Release any Award. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 9.

11 ADJUSTMENT EVENTS

- 11.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution, or otherwise howsoever) shall take place, then:–
 - (i) the nominal value, class and/or the number of shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
 - (ii) the nominal value, class and/or the maximum number of shares over which Awards may be granted under the Plan,may at the option of the Committee be adjusted and in such manner as the Committee may determine to be appropriate.
- 11.2 Notwithstanding the provisions of Rule 11.1 no adjustment shall be made if, as a result the Participant receives a benefit that a Shareholder does not receive and any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 11.3 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for a private placement of shares or as consideration for or in connection with an acquisition of any assets or upon the exercise of any options or conversion of any loan stock or

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any other securities convertible into shares or subscription rights of any warrants or the cancellation of issued shares purchased or acquired by the Company by way of a market purchase of such shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment.

- 11.4 When any adjustment has to be made pursuant to this Rule 11, the Company shall notify the participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the nominal value, class and number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which any adjustment shall take effect.
- 11.5 Notwithstanding the provisions of Rule 11.1 or that no adjustment is required under the provisions of the Plan, the Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 11.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

12 OPERATION OF THE PLAN

Subject to the prevailing legislation and the rules of the SGX-ST Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

- (a) an issue of new Shares; or
- (b) the purchase of existing Shares

In determining whether to issue new Shares or to purchase existing Shares for delivery to Participants upon vesting of their Awards, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing new Shares or purchasing existing Shares.

13 ADMINISTRATION OF THE PLAN

- 13.1 This Plan shall be administered by the Remuneration Committee of the Board (the “Committee”) with such discretion, powers and duties as are conferred on it by the Board of Directors. A member of the Committee shall not be involved in the deliberations of the Committee in respect of the Grant of Awards to him. In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board of Directors. Shareholders who are eligible to participate in the Plan shall abstain from voting on any resolution relating to the Plan.
- 13.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.

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13.3 Any decision of the Committee, made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation, or procedure thereunder or as to any rights under the Plan).

13.4 The Company shall make the following disclosures in its annual report:–

- (i) The names of the members of the Committee;
- (ii) The information in the table below for the following Participants:–
 - (aa) Directors of the Company;
 - (bb) Participants who are Controlling Shareholders and their associates; and
 - (cc) Participants other than those in (aa) and (bb) above, who receive 5% or more of the total number of options available under the Plan

Name of Participant	Awards granted during the financial year under review (including terms)	Aggregate Awards granted since commencement of Plan to end of financial year under review	Aggregate Awards Released since commencement of the Plan to end of financial year under review	Aggregate Awards as not yet Released at end of financial year under review
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- (iii) (aa) the names of and number and terms of Awards granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of Awards available to all directors and employees of the parent company and its subsidiaries under the Plan, during the financial year under review;
- (bb) the aggregate number of Awards granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the Plan to the end of the financial year under review;
- (iv) No Awards were granted to directors or employees of any parent company or subsidiaries of any parent company; and
- (v) Participants were not required to pay for the Grant of any Awards to them.

13.5 The Company shall bear the costs of establishing and administering the Plan.

14 NOTICES

14.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to Shareholders.

14.2 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address as may be notified by the Company to him in writing.

14.3 Any notice or other communication sent by post:–

- (i) by the Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped; and
- (ii) by the Participant shall be deemed to have been received when the same is delivered to the Company at its registered office.

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

15 MODIFICATIONS TO THE PLAN

15.1 Any or all of the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Board on the recommendation of the Committee, save that:–

- (i) any modification or alteration which materially and adversely alters the rights attaching to any Award granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if the Awards were Released to them upon the expiry of all the Vesting Periods applicable to the Awards, would together hold not less than three-quarters (3/4) in aggregate nominal amount of the Shares which would fall to be Vested upon the Release of all outstanding Awards held by all participants who respond to the Company's request for such consent within 21 days of the Company's despatch of the request; and
- (ii) any modification or alteration which would be to the advantage of the Participants under the Plan shall be subject to the prior approval of the Company's Shareholders in general meeting.

For the purposes of Rule 15.1, the opinion of the Committee as to whether any modification or alteration would materially and adversely alter the rights attaching to any Award or be to the advantage of the Participants, shall be final and conclusive.

15.2 Notwithstanding anything to the contrary contained in rule 15.1, the Committee may at any time by resolution (and without other formality or approval of the Participants, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision of the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

16 TERMS OF EMPLOYMENT UNAFFECTED

16.1 The terms of employment of a Participant shall not be affected by his participation in this Plan and shall not entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

16.2 The Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any of its subsidiaries directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

17 DURATION OF THE PLAN

17.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Effective Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

17.2 The termination of the Plan shall not affect Awards which have been granted and accepted as provided in Rule 8.1 whether such Awards have been Released (whether fully or partially) or not.

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

18 TAXES, COSTS AND EXPENSES OF THE PLAN

- 18.1 All taxes (including income tax) arising from the Release of any Award under the Plan shall be borne by the Participants.
- 18.2 Each Participant shall be responsible for all fees of CDP relating to or in connection with the allotment and issue or transfer of any Shares in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.
- 18.3 Save for the taxes referred to in Rule 18.1 and the fees referred to in Rule 18.2 above, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment, transfer and issue of Shares of the Company pursuant to the Release of any Award shall be borne by the Company.

19 DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, in respect of any matter under or in connection with the Plan including but not limited to the Company's delay or failure to issue, allot or procure the transfer of, the Shares or to apply for or procuring the listing of the Shares on the SGX-ST and any other stock exchange on which the Company's Shares are quoted or listed.

20 DISPUTES

Any dispute or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any Rule, regulation, procedure thereunder or as to any rights under the Plan).

21 GOVERNING LAW

The Plan shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by being granted the Awards in accordance with the Plan, and the Company agree to submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

ANNEX A

CHASEN EMPLOYEE PERFORMANCE SHARE PLAN

LETTER OF OFFER

Serial No: _____

[Date]

To [Name]
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

We have the pleasure of informing you that you have been nominated by the Board of Directors of Chasen Logistics Services Limited (the "Company") to participate in the Chasen Employee Performance Share Plan (the "Plan"). Terms as defined in the Plan shall have the same meaning when used in this letter.

Accordingly, we hereby Grant to you an Award, to be allotted or allocated _____ Shares, [subject to your fulfillment of the following Performance Conditions]:-

Further conditions (if any) to be attached to the Vesting of the Awards may be determined by the Committee at its absolute discretion.

The Vesting Periods of the Award shall be as follows:

- | | | | |
|-----|---|---|--|
| (1) | After the first anniversary from the date of this letter | : | maximum of 40% of the Award |
| (2) | After the second anniversary from the date of this letter | : | maximum of 70% of the Award
(inclusive of the Shares Vested pursuant to (1) above) |
| (3) | After the third anniversary from the date of this letter | : | maximum of 100% of the Award
(inclusive of the Shares Vested pursuant to (1) and (2) above) |

The Award is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of or encumbered by you, in whole or in part, except with the prior approval of the Committee duly authorised and appointed to administer the Plan.

The Award shall be subject to the rules of the Plan, a copy of which is enclosed herewith.

If you wish to accept the Grant of the Award, please sign and return the enclosed Acceptance Form not later than 5.00 p.m. on _____, failing which this Grant will lapse.

Yours faithfully

Enc.

APPENDIX D: RULES OF THE CHASEN PERFORMANCE SHARE PLAN

ANNEX B

CHASEN EMPLOYEE PERFORMANCE SHARE PLAN

ACCEPTANCE FORM

Serial No: _____

To The Committee
Chasen Employee Performance Share Plan
Chasen Logistics Services Limited

Closing Date for Acceptance of Award :

Number of Shares Granted under the Award :

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and the Plan referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Grant of the Award to be allotted/allocated _____ Shares under the Plan.

I understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP, or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "CDP charges").

I further acknowledge that you have not made any representation to induce me to accept the Award and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

Please print in block letters

Name in full :

Designation :

Address :

Nationality :

*NRIC/Passport No. :

Signature :

Date :

* Delete accordingly

Notes:—

- 1 The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential"; and
- 2 The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the Vesting of the Award.

APPENDIX E: TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited for the subscription and/or purchase of 23,000,000 Invitation Shares at the Invitation Price, subject to the following terms and conditions:—

1. **Your application must be made in lots of 1,000 Invitation Shares or higher integral multiples thereof. Your application for any other number of shares will be rejected.**
2. Your application for Offer Shares may be made by way of Offer Shares Application Forms or by way of electronic applications through ATMs of the Participating Banks (“ATM Electronic Applications”) or through Internet Banking (“IB”) websites of the relevant Participating Banks (“Internet Electronic Applications” which, together with ATM Electronic Applications, shall be referred to as “Electronic Applications”).

Your application for Placement Shares (other than Reserved Shares) may only be made by way of Placement Shares Application Forms.

Your application for Reserved Shares may only be made by way of Reserved Shares Application Forms.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.

3. **You are allowed to submit only one application in your own name for either the Offer Shares or the Placement Shares (other than Reserved Shares). If you submit an application for Offer Shares by way of a printed Application Form, you MAY NOT submit another application for application for Offer Shares by way of an ATM Electronic Application and vice versa. If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and shall be rejected.**

If you (being other than an approved nominee company), have submitted an application for Offer Shares in your own name, you shall not submit any other applications for Offer Shares, whether by way of a printed Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and shall be rejected.

If you have made an application for Placement Shares (other than Reserved Shares), you shall not make any application for Offer Shares either by way of an Electronic Application or by way of a printed Application Form and vice versa. Such separate applications shall be deemed to be multiple applications and shall be rejected.

Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of a printed Application Form, you shall not make or procure to make another separate application for Placement Shares (other than Reserved Shares). Such separate applications shall be deemed to be multiple applications and shall be rejected.

If you have made an application for Reserved Shares, you may submit ONE separate application for Offer Shares in your own name either by way of a printed Application Form or by way of an Electronic Application or you may submit one separate application for Placement Shares (other than Reserved Shares), provided you adhere to the terms and conditions of this Prospectus. **SUCH SEPARATE APPLICATIONS SHALL NOT BE TREATED AS MULTIPLE APPLICATIONS.**

Joint applications shall be rejected. Multiple applications for Invitation Shares shall be rejected. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares), you may be deemed to have committed an offence under the Penal Code (Chapter 224) of Singapore

APPENDIX E: TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

and the Securities and Futures Act (Chapter 289) of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications are liable to be rejected at the discretion of our Company.

4. We will not accept applications from any person under the age of 21, undischarged bankrupts, sole-proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP or applicants whose addresses (furnished in your printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the name of the deceased person at the time of application.
5. We will not recognise the existence of a trust. An application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of a printed Application Form, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT A NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (in the case of an application by way of a printed Application Form), or you will not be able to complete your Electronic Application (in the case of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the printed Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **IF YOUR ADDRESS AS STATED ON THE APPLICATION FORM OR, IN THE CASE OF AN ELECTRONIC APPLICATION, CONTAINED IN THE RECORDS OF THE RELEVANT PARTICIPATING BANK, AS THE CASE MAY BE, IS DIFFERENT FROM THE ADDRESS REGISTERED WITH CDP, YOU MUST INFORM CDP OF YOUR UPDATED ADDRESS PROMPTLY, FAILING WHICH THE NOTIFICATION LETTER ON SUCCESSFUL ALLOTMENT AND OTHER CORRESPONDENCE FROM CDP WILL BE SENT TO YOUR ADDRESS LAST REGISTERED WITH CDP.**
9. Our Company and the Vendor reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company and the Vendor will be entertained. This right applies to applications made by way of printed Application Forms and by way of Electronic Applications. In deciding the basis of allotment which shall be at the discretion of our Company and the Vendor, due consideration will be given to the desirability of allotting the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

APPENDIX E: TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

10. Our Company and the Vendor reserves the right to reject any application which does not conform strictly to the instructions set out in the printed Application Forms and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of a printed Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by improperly drawn up or improper form of remittance or remittances which are not honoured upon the first presentation. Our Company and the Vendor further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus, the instructions set out in the printed Application Forms and this Prospectus or instructions for Electronic Applications and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.
11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement showing that your Securities Account has been credited with the number of Invitation Shares allotted to you if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company and the Vendor.
12. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allotted to you. This authorisation applies to applications made by way of printed Application Forms and by way of Electronic Applications.

You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and share application amount from your account with the relevant Participating Bank to the Share Registrar, SCCS, SGX-ST, CDP, CPF, our Company, the Vendor and the Manager.

You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted to you pursuant to your application, to our Company, the Vendor, the Manager, the Underwriter, the Placement Agent and other parties so authorised by CDP, our Company, the Manager, the Underwriter and/or the Placement Agent.

CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to the electronic application.

13. In the event of an over-subscription for the Offer Shares as at the close of the Application List and the number of Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise determined by our Directors and approved by the SGX-ST, if required.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent there is an over-subscription for the Placement Share as at the close of the Application List.

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In the event of an under-subscription for the Placement Shares (including the Reserved Shares) as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for the Offer Shares to the extent there is an over-subscription for the Offer Shares as at the close of the Application List.

14. Any reference to “you” in this section shall include a person applying for the Offer Shares by way of an Electronic Application or by way of a printed Application Form and a person applying for the Placement Shares through any of the Placement Agents and a person applying for the Reserved Shares by way of printed Application Forms.
15. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen (as the case may be) in accordance with the provisions herein, you:–
 - (a) irrevocably offer to subscribe for the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price and agree that you will accept such Invitation Shares as may be allotted to you, in each case in accordance with, and subject to, the terms and conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company; and
 - (b) warrant the truth and accuracy of the information in your application.
16. Our acceptance of applications will be conditional upon, *inter alia*, our Company and the Vendor being satisfied that:–
 - (a) permission has been granted by the SGX-ST to deal in, and for quotation for, all our existing Shares and the Invitation Shares on the Official List of the SGX SESDAQ;
 - (b) no stop order has been issued by the Authority under the Securities and Futures Act of Singapore; and
 - (c) the Management and Underwriting Agreement and the Placement Agreement referred to on page 145 of this Prospectus have become unconditional and have not been terminated or cancelled prior to such date as our Company and the Vendor may determine.
17. We will not hold any applications in reserve.
18. We will not allot or allocate Shares on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus.
19. Additional terms and conditions for applications by way of printed Application Forms are set out beginning on page E-5 of this Prospectus.
20. Additional terms and conditions for applications by way of Electronic Applications are set out beginning on page E-8 of this Prospectus.

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ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING PRINTED APPLICATION FORMS

You shall make an application by way of printed Application Forms, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions appearing below as well as those set out under the section “Terms, Conditions and Procedures for Application and Acceptance” beginning on page E-1 of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. Your application must be made using the **WHITE** Application Forms and official envelopes “A” and “B” for Offer Shares, the **BLUE** Application Forms for Placement Shares (other than Reserved Shares) or the **PINK** Application Forms for Reserved Shares accompanying and forming part of this Prospectus.

We draw your attention to the detailed instructions set out in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **Our Company and the Vendor reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn up or improper form of remittances which are not honoured upon the first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using BLOCK LETTERS. All spaces in the Application Forms, except those under the heading “FOR OFFICIAL USE ONLY”, must be completed and the words “NOT APPLICABLE” or “N.A.” should be written in any space that is not applicable.
3. Individuals, corporations and approved nominee companies must give their names in full. You must make your application, in the case of individuals, in your full names appearing in your identity cards (if you have such identification documents) or in your passports and, in the case of corporations, in your full names as registered with a competent authority. An applicant, other than an individual, completing the Application Forms under the hand of an official, must state the name and capacity in which that official signs. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or the equivalent constitutive document(s) of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or the equivalent constitutive document(s) must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company and the Vendor reserves the right to require you to produce documentary proof of identification for verification purposes.
4.
 - (a) You must complete sections A and B and sign page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b) (as the case may be) on page 1 of the Application Form, your application is liable to be rejected.

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5. You may apply for the Invitation Shares using cash only. Each application for the Invitation Shares must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**CHASEN SHARE ISSUE ACCOUNT**" and crossed "**A/C PAYEE ONLY**", and with your name and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by **ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED**. We will reject remittances bearing "Not Transferable" or "Non Transferable" crossings.

No acknowledgement of receipts will be issued by our Company, the Vendor or the Manager for applications and application monies received.

6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporations.
7. Monies paid in respect of unsuccessful applications are expected to be returned to you (without interest or any share of revenue or other benefit arising therefrom) by ordinary post within 24 hours of the balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) by ordinary post within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.
8. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.
9. By completing and delivering the Application Form, you agree that:—
- (a) In consideration of our Company and the Vendor having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 13 December 2005 or such other time and date as our Company may, in consultation with the Manager, decide and by completing and delivering the Application Form, you agree that:—
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment and you will not be entitled to any interest or any share of other benefit arising therefrom;
 - (b) all applications, acceptances and contracts resulting therefrom pursuant to the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

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- (c) in respect of Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and the Vendor and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company and the Vendor;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and
- (e) reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Vendor, the Manager, the Underwriter, the Placement Agents or any other person involved in the Invitation shall have any liability for any information not so contained.

10. Application for Offer Shares

- (a) Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and the **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
- (b) You must:–
 - (i) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance (with your name and address clearly written on the reverse side) in accordance with the terms and conditions of this Prospectus, in the **WHITE** official envelope “A” which is provided;
 - (ii) in the appropriate spaces on the **WHITE** official envelope “A”:
 - (aa) write your name and address;
 - (bb) state the number of Offer Shares applied for;
 - (cc) tick the relevant box to indicate the form of payment; and
 - (dd) affix adequate Singapore postage;
 - (iii) **SEAL THE WHITE OFFICIAL ENVELOPE “A”**;
 - (iv) Write, in the special box provided on the larger official **WHITE** envelope “B” addressed to **Lim Associates (Pte) Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315**, the number of Offer Shares you have applied for; and
 - (v) Insert **WHITE** official envelope “A” into **WHITE** official envelope “B”. You must seal the **WHITE** official envelope “B”, affix adequate Singapore postage on envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** at your own risk to **Lim Associates (Pte) Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315**, so as to arrive by **12.00 NOON ON 13 DECEMBER 2005** or such other time or date as our Company and the Vendor may, in consultation with the Manager, decide. **Local Urgent Mail or Registered Post must NOT be used**. No receipt or acknowledgement will be issued for any application or remittance received.
- (c) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

11. Application for Placement Shares (other than Reserved Shares)

Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms.

The completed and signed **BLUE** Placement Shares Application Form, together with the correct remittance (with your name and address clearly written on the reverse side) in accordance with

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the terms and conditions of this Prospectus, must be enclosed and sealed in any envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to Phillip Securities Pte Ltd, 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, so as to arrive by **12.00 NOON ON 13 DECEMBER 2005** or such other time or date as our Company and the Vendor may, in consultation with the Manager, decide. **Local Urgent Mail or Registered Post MUST NOT be used.**

ONLY ONE APPLICATION should be enclosed in each envelope. No receipt or acknowledgement will be issued for any application or remittance received.

Alternatively, you may remit your application monies by electronic transfer to the account of **United Overseas Bank Limited**, main branch, account number 352-327-660-1, in favour of **“CHASEN SHARE ISSUE ACCOUNT”** for the number of Placement Shares applied for by 12.00 noon on 13 December 2005 or such other time or date as our Company and the Vendor may, in consultation with the Manager, decide. If you remit your application monies via electronic transfer, you should send and fax a copy of the remittance advice to Phillip Securities Pte Ltd, 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, at fax number 6535 7269, to arrive by 12.00 noon on 13 December 2005 or such other time or date as our Company and the Vendor may, in consultation with the Manager, decide. No receipt or acknowledgement will be issued for any application or remittance received.

12. Application for Reserved Shares

Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Forms.

The completed and signed **PINK** Reserved Shares Application Form, together with the correct remittance (with your name and address clearly written on the reverse side) in accordance with the terms and conditions of this Prospectus, must be enclosed and sealed in any envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to our Company's registered office presently at 18 Jalan Besut, Singapore 619571, so as to arrive by **12.00 NOON ON 13 DECEMBER 2005** or such other time or date as our Company and the Vendor may, in consultation with the Manager, decide. **Local Urgent Mail or Registered Post MUST NOT be used.**

ONLY ONE APPLICATION should be enclosed in each envelope. No receipt or acknowledgement will be issued for any application or remittance received.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications at ATMs are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, DBS Bank and the UOB group are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs of DBS Bank and the IB website of DBS Bank are set out respectively in the “Steps for Electronic Applications through ATMs of DBS Bank (including its POSBank Services Division)” and the “Steps for Internet Electronic Applications through the IB website of DBS Bank” (the “Steps”) beginning on pages E-13 and E-14 of this Prospectus respectively.

The Steps set out the actions that you must take at an ATM or IB website of DBS Bank to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any

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reference to “you” in the additional terms and conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification (“User ID”) and a Personal Identification Number/Password (“PIN”) given by a relevant Participating Bank. The Steps set out the actions that you must take at ATMs of DBS Bank or the IB website of DBS Bank to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your Electronic Application transaction, you will receive an ATM transaction slip (“Transaction Record”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, there will be an on-screen confirmation (“Confirmation Screen”) of the application which you can print out for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected. You shall make an Electronic Application on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under the section on “TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE” beginning on page E-1 of this Prospectus as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating the ATM for your Electronic Application:–
 - (a) **that you have received a copy of this Prospectus and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;**
 - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount (the “Relevant Particulars”) from your account with that Participating Bank to the Share Registrar, CDP, SCCS, our Company, the Vendor and the Manager (the “Relevant Parties”); and**
 - (c) **that this is your only application and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM unless you press the “Enter” or “OK” or “Confirm” or “Yes” key. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key, shall signify and shall be treated as your written permission, given in accordance with

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the relevant laws of Singapore including Section 47(4) of the Banking Act (Chapter 19) of Singapore to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES, WHETHER AT THE ATM OR THE IB WEBSITES OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed. **Any Electronic Application which does not conform strictly to the instructions set out on the screens of the ATM or IB website through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB websites of the relevant Participating Banks for Offer Shares, using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that we decide to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM or clicking "Confirm" or "OK" on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.
5. **We will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours after balloting.

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List.

Responsibility for timely refund of application monies arising from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on the SGX-SESDAQ. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, ourselves, the Vendor or the Manager assume any responsibility for any loss

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that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. **If your Internet Electronic Application made through the IB websites of DBS Bank or UOB Group is unsuccessful, no notification will be sent by such Participating Bank.**

If you make Electronic Applications through the following banks, you may check the provisional results of your Electronic Applications as follows:—

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking www.dbs.com ⁽¹⁾	24 hours a day	Evening of the balloting day
OCBC Group	1800 363 3333	ATM	ATM/Phone Banking — 24 hours a day	Evening of the balloting day
UOB Group	1800 222 2121	ATM (Other Transactions — “IPO Enquiry”) www.uobgroup.com ⁽¹⁾⁽²⁾	ATM/Phone Banking — 24 hours a day Internet Banking — 24 hours a day	Evening of the balloting day Evening of the balloting day

Notes:—

- (1) If you make your Internet Electronic Applications through the IB website of DBS Bank or UOB Group, you may check the result through the same channels listed in the table above in relation to ATM Electronic Applications made at ATMs of DBS Bank or UOB Group.
 - (2) If you make your Electronic Application through the ATMs or IB website of UOB Group, you may check the results of your application through UOB Personal UniBanking, UOB Group ATMs or UOB PhoneBanking Services.
7. **Electronic Applications shall close at 12.00 noon on 13 December 2005 or such other time as we may, in consultation with the Manager, decide. All Internet Electronic Applications must be received by 12:00 noon on 13 December 2005.** Subject to the paragraph 9 below, an Internet Electronic Application is deemed to be received when it enters the designated information system of the relevant Participating Bank.
8. You are deemed to have requested and authorised us to:—
- (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours after the balloting; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.
9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks and if, in any such event, we, the

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Manager and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against us, the Manager and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name and without qualification. We will reject any application by any person acting as nominee.
11. All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and or/allocation will be sent to your address last registered with CDP.
13. By making and completing an Electronic Application, you are deemed to have agreed that:–
 - (a) in consideration of us and the Vendor making available the Electronic Application facility, through the Participating Banks acting as our agents, at the ATMs and the IB websites (if any):–
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (b) none of us, the Vendor, the Manager or the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;
 - (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on our behalf and not otherwise, notwithstanding any payment received by or on our behalf;
 - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and
 - (e) reliance is placed solely on information contained in this Prospectus and that none of our Company, the Vendor, the Manager, the Underwriters, the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens. For illustration purposes, the steps for making an Electronic Application through an ATM belonging to DBS Bank or through the IB website of DBS Bank are shown below. Instructions for Electronic Applications on the ATM screens and the IB websites screens (if any) of the Participating Banks, other than DBS Bank, may differ from those represented below.

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Steps for Electronic Applications for Offer Shares through ATMs of DBS Bank (including its POSBank Services Division)

Instructions for ATM Electronic Applications will appear on the ATM screens of the Participating Banks. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSBank ATM are shown below. Certain words appearing on the screen are in abbreviated form (“A/c”, “amt”, “appln”, “&”, “I/C”, “SGX” and “No.” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “SGX-ST” and “Number” respectively. Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including its POSBank Services Division)), may differ slightly from those represented below.

- Step 1 : Insert your personal DBS or POSBank ATM Card
- 2 : Enter your Personal Identification Number
- 3 : Select “CASHCARD & MORE SERVICES”
- 4 : Select “ESA-IPO SHARE/BOND/RIGHTS”
- 5 : Select “ELECTRONIC SECURITY APPLICATION (IPO-SHARE/BOND)” to “CHASEN”
- 6 : Read and understand the following statements which will appear on the screen:
- THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS BANK/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.
 - ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.
 - Press the “ENTER” key to confirm that you have read and understood.

APPENDIX E: TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- 7 : Press the “ENTER” key to acknowledge:–
- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION & THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.
 - YOU CONSENT TO DISCLOSE YOUR NAME, I/C/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., AND SHARE APPLICATION AMOUNT FROM YOUR BANK ACCOUNT(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF BOARD AND THE ISSUER/VENDOR(S).
 - FOR FIXED AND MAX PRICE SECURITY APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - THE MAXIMUM PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
 - FOR TENDER SECURITY APPLICATIONS, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - YOU ARE NOT A US PERSON AS REFERRED TO IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT.
- 8 : Select your nationality
- 9 : Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSBank account (current/savings) from which to debit your application monies
- 10 : Enter the number of securities you wish to apply for using cash
- 11 : Enter your own 12-digit CDP Securities Account number. (Note: This step will be omitted automatically if your CDP Securities Account Number has already been stored in the Bank’s records)
- 12 : Check the details of your share application, your I/C/Passport number and CDP Securities Account number and number of securities on the screen and press the “ENTER” key to confirm application
- 13 : Remove the Transaction Record for your reference and retention only

Steps for an Internet Electronic Application through the IB website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website is shown below. Certain words appearing on the screen are in abbreviated form (“A/C”, “&”, “I/C”, “SGX” and “No.” refer to “Account”, “And”, “NRIC”, “SGX-ST” and “Number” respectively).

- Step 1 : Click on to DBS Bank website (www.dbs.com).
- Step 2 : Login to Internet Banking.
- Step 3 : Enter your User ID and PIN.

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- Step 4 : Select “Electronic Security Application(ESA)”.
- Step 5 : Click “Yes” to proceed and to warrant that you have observed and complied with all applicable laws and regulations.
- Step 6 : Select your country of residence.
- Step 7 : Click on “Chasen” and click the “Submit” button.
- Step 8 : Click “Confirm” to confirm
- (1) You have read, understood & agreed to all terms of application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
 - (2) You consent to disclose your name, I/C/passport No., address, nationality, CDP Securities A/C No., CPF Investment A/C No. (if applicable) and share application amount from your DBS/POSBank Accounts(s) to share registrars, SGX, SCCS, CDP, CPF Board and issuer/Vendor(s).
 - (3) This application is made in your name and at your own risk.
 - (4) For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
 - (5) You are not a US person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
- Step 9 : Fill in details for share application and click “Submit”.
- Step 10 : Check details of your share application, your IC/passport No. and no. of shares on the screen and click “OK” to confirm your application.
- Step 11 : Print Confirmation Screen (optional) for your reference & retention only.

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