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Application Proof of



EKH LIMITED 永康控股有限公司*

(Incorporated in the Republic of Singapore with limited liability)

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EKH LIMITED 永康控股有限公司*

(Incorporated in the Republic of Singapore with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to reallocation)
Number of [REDACTED] : [REDACTED] Shares (subject to reallocation and the [REDACTED])
[REDACTED] : Not more than HK\$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Stock code : [REDACTED]

Sole Sponsor and [REDACTED]



Alliance Capital Partners Limited
同人融資有限公司

[REDACTED], [REDACTED] and [REDACTED]

[Logos]

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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED]. The [REDACTED] will be no more than HK\$[REDACTED] per [REDACTED] and is currently expected to be no less than HK\$[REDACTED] per [REDACTED] unless otherwise announced. If, for any reason, the [REDACTED] is not agreed by [REDACTED] between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, the [REDACTED] will not proceed and will lapse.

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our Company's consent, reduce the number of [REDACTED] under the [REDACTED] and/or the [REDACTED] stated in this document at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, a notice of reduction in the number of [REDACTED] and/or the [REDACTED] will be published on the website of the Stock Exchange at www.hkexnews.hk and website of our Company at www.engkong.com as soon as is practicable but in any event not later than the [REDACTED]. Details of the arrangement will then be announced by our Company as soon as practicable. Further details are set out in the sections "Structure and Conditions of the [REDACTED]" and "How to Apply for the [REDACTED]" in this document.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred, except pursuant to the exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable United States securities laws. The [REDACTED] are being offered and sold only to Qualified Institutional Buyers pursuant to an exemption from registration under [REDACTED] of the U.S. Securities Act and outside the United States in offshore transactions in reliance on [REDACTED].

Prior to making an [REDACTED] decision, prospective [REDACTED] should consider carefully all the information set out in this document, including risk factors set out in the section headed "Risk factors" in this document. The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in the paragraph headed "[REDACTED] – [REDACTED] Arrangements and Expenses – [REDACTED] – Grounds for Termination" in this document.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE ⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE ⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE ⁽¹⁾

[REDACTED]

CONTENTS

This document is issued by our Company solely in connection with the [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation to buy any security other than the [REDACTED] [REDACTED] by this document pursuant to the [REDACTED]. This document may not be used for the purpose of, and does not constitute, an [REDACTED] or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the [REDACTED] and sale of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document to make your [REDACTED] decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained or made in this document must not be relied on by you as having been authorised by our Company, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED], any of their respective directors, affiliates, employees or representatives or any other person or party involved in the [REDACTED].

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

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SUMMARY

This summary aims at giving you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [REDACTED] in our Shares.

There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in our Shares are set out in the section headed “Risk factors” in this document. You should read the entire document carefully before you decide to [REDACTED] in our Shares.

Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this document.

OVERVIEW

We are the leading container depot operator in Singapore serving mainly container shipping lines and container leasing companies operating in the ASEAN region and the PRC. Headquartered in Singapore with operations in the PRC, Hong Kong, Malaysia, Thailand and Vietnam, as at the Latest Practicable Date, we operate 20 container depots across 10 locations with the ability to offer a range of container and logistic related services (including storage and handling, repair and maintenance, new-build container inspection and transportation of containers). We also engage in sales and trading of containers and container parts, and provide logistic related supporting services (such as warehousing and CFS and freight forwarding).

Our Group generally operates under the brand name of “Eng Kong (永康)” in Singapore, Thailand, Malaysia and Vietnam, whilst we operate under the brand names of “PCL” and “Ming Fung (明豐)” in Hong Kong. For our business in the PRC, we operate under the brand names of “Keyun (克運)” and “Yifa (毅發)” in respect of which we have obtained licenses concerning the use of certain registered and unregistered trademarks and domain names from a connected person.

BUSINESS MODEL

Our business model principally involves providing storage and handling, repair and maintenance and transportation for empty containers. We operate and manage our business primarily under the following three main business segments, which are distinct from, but at the same time complementary to, each other:

- (i) *Container depot operations.* Our core business involves the offering of container depot services which include storage and handling, repair and maintenance and transportation of (a) empty containers throughout the ASEAN regions and the PRC; and (b) ISO tank containers in Singapore. Our container depot network is strategically located near major container port terminals in the countries we operate in, serving primarily container shipping lines and container leasing companies. As at the Latest Practicable Date, we managed a total depot storage area of approximately 630,300 sq.m with a total storage capacity of approximately 91,000 TEUs.
- (ii) *Warehousing and CFS.* Our Group provides warehousing and CFS services to cargo owners and other customers as part of our integrated logistic solutions which include consolidation and deconsolidation of outbound and inbound general cargo and cargo storage. During the Track Record Period, our warehouse and CFS operations were conducted primarily in Hong Kong and Shanghai, Tianjin and Qingdao in the PRC.

SUMMARY

- (iii) *Container sales and new-build container inspection.* Further to our core container depot business, we offer ancillary container related services including the trading of containers (used and new-build) and container parts as well as the inspection and surveying of new-build containers to assist customers in ensuring that the containers they purchased meet the specifications and conditions outlined in the respective purchase agreements. Our main customers for this business segment comprise container shipping lines and container leasing companies. We utilise our network of agents and suppliers to assist our container depot customers in selling their containers.

In addition, we provide freight forwarding services in Qingdao, PRC incidental to our container depot operations to remain competitive and support our container depot operations in this location. However, we no longer operate our own container depot operations in Qingdao as a result of the joint venture arrangement as set out in the paragraph headed “Recent developments of our group subsequent to the Track Record Period – Joint venture arrangement in Qingdao, PRC” in this section. Notwithstanding this, the Group will continue to provide freight forwarding services in Qingdao given such business operations are already established and to continue serving our existing customers. Please refer to the paragraph headed “Business – Our Business – Others (freight forwarding services in Qingdao)” in this document for further details.

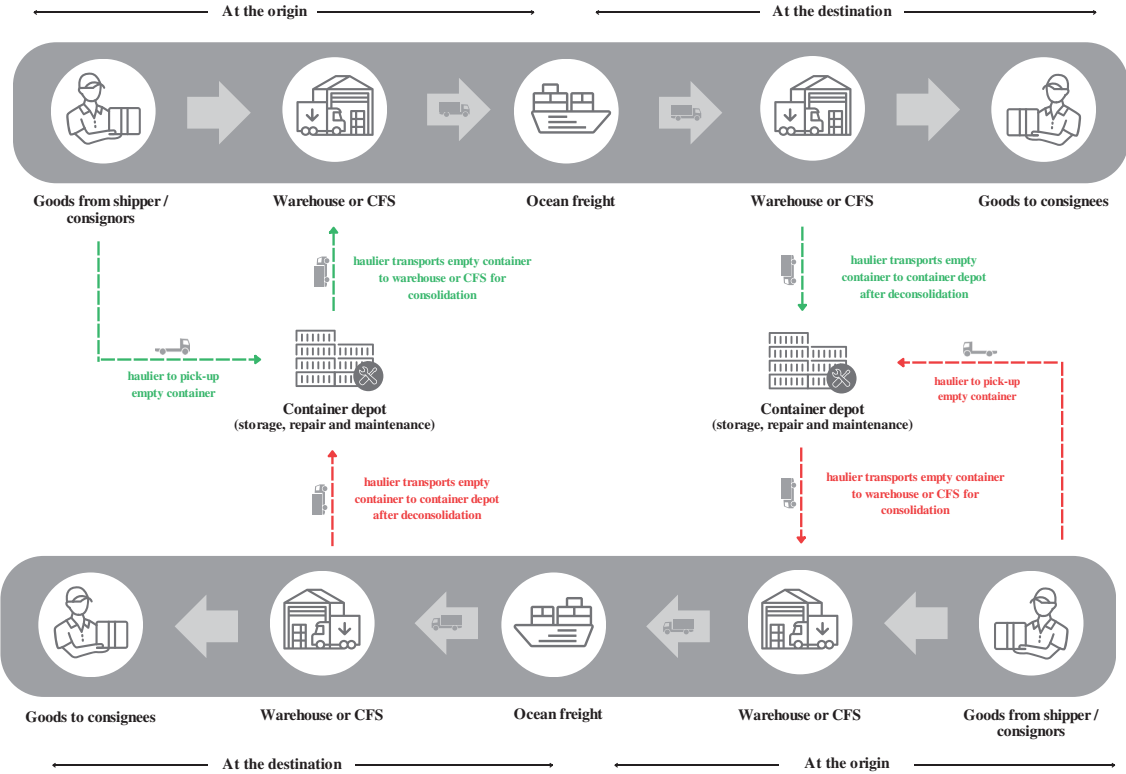
Container owners are either shipping companies or container leasing companies. Container depot operators primarily offer storage of empty containers while they are not in use for shipping companies and for container leasing companies, the role of which is to lease empty containers to container shipping lines and typically store their empty containers at container depots when they are off hire.

Containers often incur damage due to handling processes and regular wear and tear. Container owners generally rely on container depot operators for key services related to their containers, including repair and maintenance and transportation of empty containers between ports and depots for effective container management. Having repair and maintenance available at the location where the empty containers are stored enables container shipping lines and container leasing companies to streamline their operations and cut down on transportation costs between various service providers. Our Directors believe that container depot operators are a vital component of a country’s logistics infrastructure.

As part of our container depot business, we also provide container port terminal reefer services to container owners which include repair and maintenance, temperature monitoring and other ancillary reefer services. A ‘reefer’ refers to ‘reefer container’ which is a type of shipping container capable of refrigeration for the transportation of temperature-sensitive and typically perishable cargo. Our container port terminal reefer business operates in container port terminals directly where we are the authorised service centre for four major reefer manufacturers in Singapore, Malaysia and Hong Kong.

SUMMARY

The diagram below illustrates the general role of a container depot operator in the shipping supply chain:



A majority of our revenue is generated from our container depot operations where we charge our customers for handling, storage, repair and maintenance as well as transportation of their containers. For our warehousing and CFS services, we also charge our customers for storage of their cargo in relation to our warehousing services as well as other ancillary value-added CFS services such as consolidation and deconsolidation which include container stuffing and unstuffing operations.

As at the Latest Practicable Date, we manage a total depot storage area of approximately 630,300 sq.m with a total storage capacity of approximately 91,000 TEUs and we operate four container depots in Singapore, five container depots in the PRC, five container depots in Malaysia, three container depots in Thailand, two container depots in Hong Kong and one container depot in Vietnam. To accommodate our customers’ demands, we enter into short-term leases for additional land to be used as temporary container depots where our existing facilities are at capacity. The duration of our lease agreements typically ranges from (a) seven months to 15 years in the PRC; (b) two to three years in Hong Kong; (c) one to 15 years in Malaysia and Thailand; and (d) 10 to 30 years in Singapore. The diagrams below set out key information about our presence in the locations where we operate.

SUMMARY



The following table sets out revenue derived from our business segments during the Track Record Period:

	For the year ended 31 December					
	2021		2022		2023	
	S\$'000	%	S\$'000	%	S\$'000	%
Container depot operations						
– depot handling	42,531	24.2	42,091	26.2	47,807	30.7
– repair and maintenance	42,593	24.2	43,621	27.1	43,089	27.7
– storage fee	3,853	2.2	8,031	5.0	15,794	10.2
– transportation	7,781	4.4	7,421	4.6	7,080	4.6
– others ^(Note)	4,779	2.7	5,409	3.4	4,527	2.9
Sub-total	<u>101,537</u>	<u>57.7</u>	<u>106,573</u>	<u>66.3</u>	<u>118,297</u>	<u>76.1</u>
Warehousing and CFS	20,489	11.7	16,116	10.0	15,455	9.9
Container sales and new-build container inspection	9,418	5.4	4,070	2.6	1,501	1.0
Other (freight forwarding services in Qingdao)	44,294	25.2	33,971	21.1	20,270	13.0
Total	<u>175,738</u>	<u>100.0</u>	<u>160,730</u>	<u>100.0</u>	<u>155,523</u>	<u>100.0</u>

Note: Others include leasing of equipment and agency fee.

SUMMARY

Container depot operations are our core business and contribute a predominant portion of our total revenue. As a container depot operator, our services include storage and handling, repair and maintenance and transportation of empty containers. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to container depot operations was approximately S\$101.5 million, S\$106.6 million and S\$118.3 million, respectively, which accounted for approximately 57.7%, 66.3% and 76.1%, respectively, of our total revenue. Our revenue from this business was mainly comprised of fees from the provision of depot handling, repair and maintenance, storage and transportation services which may be charged on container leasing companies and container shipping lines as well as their customers (i.e. shippers and consignees).

Our warehousing and CFS business, which complements our core container depot business, includes traditional cargo storage as well as value-added services in relation to consolidation and deconsolidation to accommodate our customers’ needs. These value-added services include palletisation, barcode scanning, consolidation and deconsolidating, kitting, wrapping, packing, crating, stuffing and unstuffing. During the Track Record Period, we offered such warehousing and CFS services primarily in Hong Kong, Shanghai, Tianjin and Qingdao of the PRC as part of our approach to remain competitive and further our reputation as an integrated logistic solution provider. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to warehousing and CFS was approximately S\$20.5 million, S\$16.1 million and S\$15.5 million, respectively, which accounted for approximately 11.7%, 10.0% and 9.9%, respectively, of our total revenue.

Our container sales and new-build container inspection business is ancillary to our core container depot business and involves the trading of containers (used and new-build) and container parts as well as the inspection and surveying of new-build containers. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to container sales and new-build container inspection was approximately S\$9.4 million, S\$4.1 million and S\$1.5 million, respectively, which accounted for approximately 5.4%, 2.6% and 1.0%, respectively, of our total revenue.

Apart from the three main businesses set out above, we provide freight forwarding services in Qingdao, PRC incidental to our container depot operations to remain competitive and support our container depot operations in this location. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to freight forwarding services was approximately S\$44.3 million, S\$34.0 million and S\$20.3 million, respectively, which accounted for approximately 25.2%, 21.1% and 13.0%, respectively, of our total revenue.

Key operating data

The following table sets out a summary of the key operating data of our Group in terms of TEU as of the dates indicated:

	For the year ended 31 December		
	2021	2022	2023
Depot handling throughput (TEU’000)	2,873	2,241	2,340
Repair and maintenance (TEU’000)	567	503	550
Average daily storage (TEU)	55,767	72,118	97,504

For details, please refer to the section headed “Financial Information – (i) Revenue by business segment – Container depot operations” in this document.

SUMMARY

COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths which enable us to take advantage of current and future growth opportunities:

- We are the leading container depot operator in Singapore with presence in key container port terminals in Singapore, the PRC, Hong Kong, Malaysia, Thailand and Vietnam. Our coverage advantageously positions our Group in Asia to provide integrated logistic solutions to our customers on a multi-jurisdictional basis without the need for them to negotiate with individual container depot operators in each of the locations in which they operate.
- We have long established business relationships with major international container shipping lines and container leasing companies which have enabled our Group to establish a synergistic network with other key players in the industry.
- We are able to provide a broad range of services catering to various parties in the shipping supply chain which enables our Group to offer an integrated logistic solution to both container owners (through our container depot operations) and cargo owners (through such services as warehousing and CFS as well as freight forwarding).
- We are the authorised service centre for major reefer equipment manufacturers in Singapore, Malaysia and Hong Kong which enables our Group to sell genuine reefer parts and be a designated repair centre for reefer containers which are within warranty.
- Our operations are supported with up-to-date technological systems and IT systems including our container management system which enables customers to access real time location details and inventory information of their empty containers stored in our container depots through a web-based platform or electronic data interchange linked to their internal systems.

BUSINESS STRATEGIES

With the aim of further developing our business and continuing our growth, we will implement the following strategies:

- We intend to establish an integrated logistics hub in Singapore (the Megadepot) which will consolidate our current container depot operations and enhance our service offerings in Singapore. Our plans for the Megadepot will enable our Group to increase our container depot handling capacity, reduce turnaround times for processing containers, position ourselves competitively amongst other logistic service providers in Singapore and align our operations with the sustainability goals of the Singapore government.
- Similar to the Megadepot in Singapore and in line with our strategy to be an integrated logistic solution provider, we are also seeking to develop and establish logistics service centres by providing a range of logistic related services under one roof in other locations that we operate.
- We aim to reduce our greenhouse emissions and resources consumption through upgrading existing machineries with newer and/or alternative technologies such as electric vehicles.

SUMMARY

- We are seeking available opportunities to expand our container depot network in Asia to cater for expected growing trade flows within the region including upgrading of our facilities in the PRC and Thailand, development of a logistics service centre in Malaysia with a total approximate area of 36,400 sq.m and finding suitable land in the greater Ho Chi Minh City area to establish further container operations in Vietnam.

CUSTOMERS

Our customers mainly comprise container shipping lines, container leasing companies and freight forwarders. Over the years, we have established long-lasting relationships with our major customers. We have maintained good business relationships with our five largest customers and their predecessors for between 10 to 36 years. For the years ended 31 December 2021, 2022 and 2023, our five largest customers contributed to approximately 16.9%, 16.6% and 16.0% of our total revenue, respectively.

As part of our comprehensive container and logistic related service solutions, we provide services and products to both ends of the shipping supply chain including container shipping lines and direct customers (as well as those in the middle such as freight forwarders). As such, we play different roles in the various logistic services we provide resulting in the overlap of some of our customers and suppliers. For example, we provide container depot services to container shipping lines and container leasing companies (as our customer) and they may sell us used containers in respect of our container sales services (as our supplier). For further details on the different circumstances in which our customers and suppliers may overlap, please refer to the paragraph headed "Business – Suppliers – Overlapping of customers and suppliers" in this document for more information.

We consider a variety of factors when pricing for our services. For our core container depot operations, we generally charge our customers based on market rates which are generally determined by factors such as, among others, the type of container, location and depot capacity. We adopt a cost-plus approach for specific services such as repair and maintenance, container sales and freight forwarding services. For further details, please refer to the paragraph headed "Business – Customers – Pricing Policy" in this document.

SUPPLIERS

During the Track Record Period, suppliers of services to our Group mainly included (a) container shipping lines as they provided us with cargo space onboard their vessels in respect of our freight forwarding business and used containers in respect of our container sales business; (b) reefer equipment manufacturers as they provided us with reefer parts in respect of our repair and maintenance business; (c) freight forwarders as they acted as the overseas freight forwarder to organise and coordinate consignments in respect of our freight forwarding business; and (d) lessors as they leased premises to our Group. For the years ended 31 December 2021, 2022 and 2023, our five largest suppliers contributed approximately 18.4%, 21.7% and 24.3% to our total cost of revenue, respectively. Save for Tianjin Zhongke Group, our other five largest suppliers during the Track Record Period are Independent Third Parties. Our Group has maintained business relationships of approximately three to 35 years with our five largest suppliers during the Track Record Period. Our suppliers generally grant us credit terms of 21 to 60 days. The availability of credit and the credit terms extended to us by our suppliers vary from supplier to supplier.

SUMMARY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We acknowledge our environmental protection and social responsibilities and are aware of the climate-related issues that may impact our business operations. We are committed to promoting sustainable development and complying with ESG reporting requirements upon [REDACTED].

Our Board has overall responsibility for overseeing and determining our Group’s environmental, social, and climate-related risks and opportunities impacting our Group, establishing and adopting the ESG policy and targets of our Group, and reviewing our Group’s performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified. For further details, please refer to the paragraph headed “Business – Environmental, Social and Governance” in this document.

COMPETITION

According to the Euromonitor Report, the container depot industry in Singapore is fairly consolidated, with the top five players accounting for approximately 65% of Singapore’s total depot throughput in 2023. The top five players are also strategically located near the ports, which give them an advantage in proximity. We are the largest container depot operator in Singapore based on container throughput in 2023 with a market share of 17.9%.

In the PRC, the container depot industry is rather fragmented with the top five players accounting for approximately 21.7% of the country’s total TEU throughput in 2023. The primary reason is that most depot players operate in one or just a few ports, which limits their large-scale expansion. China has dozens of ports which are widely scattered geographically. The move towards consolidation and the increasing cost of land leasing and labour in recent years along with other factors have brought challenges to smaller container depot players. The top five players in the PRC accounted for 6.5%, 5.0%, 4.2%, 4.0% and 2.0% in terms of the container throughput in 2023. For further details, please see the section headed “Industry Overview” in this document.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We believe a few of the more significant risks relating to our business are as follows:

- As a majority of our business operations are carried out on leased properties, we are susceptible to risks associated with land availability, including rental increases, early termination of leases, difficulties in renewing existing leases and any unexpected land acquisitions, resumption or expropriation.
- The performance of our container depots are largely dependent on the number of containers we handle and such number may be affected by global trade patterns as trade imbalances may cause a decline in trade volume in the region in which we operate adversely affecting our business.
- We operate in a highly competitive industry and may be exposed to increased competition and potential loss of market share as container shipping lines continue to expand into the container depot business in the locations in which we operate.

SUMMARY

- Our plan for the Megadept in Singapore may not be fully implemented and effectively realised as there may be major revisions required to be made to the planned specifications during the process of construction.
- There is no assurance that the service contracts signed with our existing customers can be renewed or successfully re-tendered upon expiry or that service contracts with new customers will be awarded to us as each customer has their own internal policies and considerations when choosing a container depot operator.

These risks are not the only significant risks that may affect the value of our Shares. Please refer to the section headed "Risk Factors" in this document for further details.

INFORMATION ON THE CONTROLLING SHAREHOLDERS

Immediately upon completion of the [REDACTED], NEKCG will directly hold approximately [REDACTED]% of the issued Shares of our Company (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] and the Post-[REDACTED] Share Options). NEKCG is an investment holding company, which is owned as follows: (1) NEKCH as to approximately 79.4%; (2) NEKGH as to approximately 5.6%; (3) Mr. Li as to approximately 7.3%; (4) Mr. Ng as to approximately 6.4%; and (5) Mr. Leung as to approximately 1.3%. Therefore, NEKCG, NEKCH, NEKGH, Mr. Li, Mr. Ng and Mr. Leung will together form a group of controlling shareholders. For further details, please refer to the section headed "Relationship with our Controlling Shareholders" in this document.

CONNECTED TRANSACTIONS

The Group has entered into certain transactions with its connected persons which will continue after the [REDACTED], namely (i) a intellectual property licensing agreement; (ii) a shared administrative services framework agreement; (iii) a logistic-related supporting service framework agreement; and (iv) a subcontracting services framework agreement. Such transactions as listed in (i) to (ii) will constitute fully exempt continuing connected transactions and in (iii) to (iv) will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. For further details, please refer to the section headed "Connected Transactions" in this document.

SUMMARY

SUMMARY OF OUR HISTORICAL FINANCIAL INFORMATION

The following tables set out our summary historical financial information as at and for the years ended 31 December 2021, 2022 and 2023. We have derived this summary from our historical financial information set out in the Accountants’ Report, including the related notes, as well as the information set out in the section headed “Financial Information” in this document.

Summary of consolidated statements of profit or loss

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Revenue	175,738	160,730	155,523
Cost of revenue	<u>(139,923)</u>	<u>(122,173)</u>	<u>(108,577)</u>
Gross profit	35,815	38,557	46,946
Other income	2,917	2,736	1,326
Selling and distribution expenses	(1,865)	(2,203)	(2,370)
Administrative expenses	(22,136)	(21,235)	(25,458)
Other gains or losses	(2,269)	(1,855)	(480)
Impairment loss under expected credit loss model, net of reversal	(212)	13	(1,192) ^(note)
Share of results of associates	187	247	96
Finance costs	(2,571)	(2,576)	(2,245)
[REDACTED] expenses	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit before tax	9,866	13,684	12,908
Income tax expense	<u>(2,459)</u>	<u>(3,317)</u>	<u>(4,538)</u>
Profit for the year	<u>7,407</u>	<u>10,367</u>	<u>8,370</u>
Profit for the year attributable to:			
Owners of the company	6,392	9,483	7,697
Non-controlling interests	<u>1,015</u>	<u>884</u>	<u>673</u>
	<u><u>7,407</u></u>	<u><u>10,367</u></u>	<u><u>8,370</u></u>

Note: This includes a one-off incident of impairment loss on other receivables as a result of a suspected fraud incident by a customer of our freight forwarding business in Qingdao, PRC in the total sum of RMB6.4 million (equivalent to approximately S\$1.2 million). For further details, please refer to the paragraph headed “Financial Information – Description of selected items from consolidated statements of profit or loss – Impairment loss under expected credit losses model, net of reversal” in this document.

SUMMARY

Summary of consolidated statements of financial position

	As at 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Non-current assets	107,975	91,678	100,970
Current assets	<u>58,013</u>	<u>51,339</u>	<u>56,164</u>
Total assets	<u><u>165,988</u></u>	<u><u>143,017</u></u>	<u><u>157,134</u></u>
Current liabilities	73,036	42,280	39,981
Non-current liabilities	<u>27,137</u>	<u>30,681</u>	<u>39,759</u>
Total liabilities	<u><u>100,173</u></u>	<u><u>72,961</u></u>	<u><u>79,740</u></u>
Net current (liabilities) assets	<u>(15,023)</u>	<u>9,059</u>	<u>16,183</u>
Total assets less current liabilities	<u><u>92,952</u></u>	<u><u>100,737</u></u>	<u><u>117,153</u></u>
Total equity	<u><u>65,815</u></u>	<u><u>70,056</u></u>	<u><u>77,394</u></u>

Summary of consolidated statements of cash flows

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Net cash from operating activities	28,021	26,873	24,607
Net cash used in investing activities	(22,773)	(12,465)	(7,563)
Net cash used in financing activities	<u>(8,807)</u>	<u>(17,423)</u>	<u>(14,762)</u>
Net (decrease)/increase in cash and cash equivalents	(3,559)	(3,015)	2,282
Cash and cash equivalents at the beginning of the year	31,565	28,170	25,095
Effect of foreign exchange rates changes	<u>164</u>	<u>(60)</u>	<u>(68)</u>
Cash and cash equivalents at the end of the year	<u><u>28,170</u></u>	<u><u>25,095</u></u>	<u><u>27,309</u></u>

SUMMARY

NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also presented the adjusted net profit and adjusted net profit margin as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that the presentation of non-IFRS financial measures when shown in conjunction with the corresponding IFRS financial measures provides useful information to potential [REDACTED] and management in facilitating a comparison of our operating performance from period to period by eliminating the potential impact of any item(s) that do not affect our ongoing operating performance. Such non-IFRS financial measures allow [REDACTED] to consider matrices used by our management in evaluating our performance.

The use of non-IFRS financial measures has limitations as an analytical tool, and [REDACTED] should not consider these in isolation from, or as a substitute for, or superior, to analysis of our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies.

We adjusted for certain items as our non-IFRS financial measures, in order to provide potential [REDACTED] with an overall and fair understanding of our core operating results and financial performance, especially in making period-to-period comparisons of, and assessing the profile of, our operating and financial performance. Equity-settled share-based expenses mainly represent the estimated fair value of the MIP units granted by NEKCG to certain directors of our Company and certain employees of our Group. [REDACTED] expenses are mainly expenses related to the [REDACTED] and are added back because they were incurred for the purposes of [REDACTED].

Adjusted net profit

We defined adjusted net profit as net profit for the years adjusted by adding back [REDACTED] expenses and equity-settled share-based expenses.

The table below sets forth the adjusted net profit and the adjusted net profit margin in each respective year during the Track Record Period:

	For the year ended 31 December		
	2021 S\$'000	2022 S\$'000	2023 S\$'000
Profit for the year	7,407	10,367	8,370
<i>Add:</i>			
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Equity-settled share-based expenses ^(Note)	<u>–</u>	<u>–</u>	<u>3,535</u>
Adjusted profit for the year	<u>7,407</u>	<u>10,367</u>	<u>15,620</u>
Adjusted profit margin for the year	<u>4.2%</u>	<u>6.4%</u>	<u>10.0%</u>

Note: Our equity-settled share-based expenses refers to the estimated fair value of the MIP units granted NEKCG to certain Directors and certain employees of our Group. The MIP units are awarded when the Group achieves specific earnings before interest, taxation, depreciation and amortisation and return on capital employed targets from its consolidated results. For details of our MIP, please refer to Note 31 of the Accountants' Report as set out in Appendix I to this document.

SUMMARY

Our revenue decreased over the Track Record Period, which was mainly attributable to the decrease in revenue contributed from our ancillary value-added logistic freight forwarding services in Qingdao as a result of the gradual decrease of freight rates over the Track Record Period from the historic highs recorded in 2021 due to COVID-19. On the other hand, our revenue derived from container depot operations increased over the Track Record Period, which was mainly attributable to (i) the increase in depot handling revenue as a result of the increase in the gate-in charge we charged to our customers at our container depots; and (ii) the increase in storage fee revenue as a result of the increase of empty containers stored at our container depots. During the Track Record Period, we experienced an increase in our average daily storage at our container depots in terms of TEU, which was mainly attributable to the stabilisation of global trade flows due to COVID-19, where empty containers began returning to typical exporting countries in the East, leading to an increase in the number of empty containers stored at our container depots during the Track Record Period. For details of our average daily storage in terms of TEU, please refer to the paragraph headed “Financial Information – (i) Revenue by business segment – Container depot operations – Depot handling throughput in terms of TEU by geographic locations” in this document. Our net profit margin (excluding the non-recurring [REDACTED] expenses and equity-settled share-based expenses) increased over the Track Record Period, which was mainly attributable to the increase in our gross profit margin of our container depot services.

Key financial ratios

The following table sets out the key financial ratios of our Group as of the dates indicated:

	As at/for the year ended 31 December		
	2021	2022	2023
Return on total assets	4.5%	7.2%	5.3%
Return on equity	11.3%	14.8%	10.8%
Current ratio	0.8	1.2	1.4
Gearing ratio	94.8%	70.7%	71.4%
Interest coverage	4.8	6.3	6.8
Debt to equity ratio	Net cash	Net cash	Net cash

Please see the paragraph headed “Financial Information – Selected Key Financial Ratios” in this document for details of the equation.

PROPERTY VALUATION

The valuation report as at 31 March 2024 relating to our property interests held by us is set out in Appendix III to this document. The market value of our property interests as at 31 March 2024 totaled approximately RMB169.5 million (equivalent to approximately S\$31.6 million). Please refer to the property valuation report in Appendix III to this document for more details.

[REDACTED] STATISTICS

All statistics in the following table (i) are based on the assumption that the [REDACTED] has been completed and [REDACTED] are issued pursuant to the [REDACTED]; and (ii) does not take into account the Shares issued for the share swap as set out in the section headed “History, Reorganisation and Corporate Structure” in this document or any Share which may be allotted and issued (a) pursuant to the exercise of the [REDACTED]; (b) pursuant to the grant of awards under the Pre-[REDACTED] Share Award Scheme; (c) upon the exercise of options which may be granted under the Post-[REDACTED] Share Option Scheme; or (d) any Share which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors.

	Based on minimum [REDACTED] of HK\$[REDACTED]	Based on maximum [REDACTED] of HK\$[REDACTED]
Market capitalisation: ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share: ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of market capitalisation is based on [REDACTED] shares expected to be in issue immediately upon completion of the [REDACTED].
- (2) The unaudited [REDACTED] adjusted net tangible asset per Share calculated after making the adjustments referred to in Appendix II to this document and on the basis that [REDACTED] shares are expected to be in issue immediately upon completion of the [REDACTED].

SUMMARY

DIVIDENDS

For the years ended 31 December 2021, 2022 and 2023, dividends of approximately nil, S\$2.0 million and S\$3.0 million, respectively, were declared and paid to our then shareholders. In March 2024, dividend of approximately S\$6.0 million was declared and paid to our shareholders by our internal resources.

Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, business plans, and other factors the Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Our Company does not have any predetermined dividend payout ratio.

Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Singapore Companies Act, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. After the [REDACTED], declaration of dividends will be subject to recommendation of our Board after considering the factors described above. For further details, please refer to the paragraph headed "Financial Information – Dividend Policy" in this document.

RECENT DEVELOPMENTS OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

Joint venture arrangement in Qingdao, PRC

On 25 December 2023, through our subsidiary (PRC) QD Keyun, we formed the joint venture company (PRC) QD Port Lianyung to further explore and develop container depot and logistic business in Qingdao in the PRC. (PRC) QD Port Lianyung is owned as to 51% by a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao and one of our major suppliers during the Track Record Period), 25% by us and 24% by an Independent Third Party. We entered into this joint venture arrangement as our Directors believe that it is a good opportunity to partner with the primary operator of a port which is also a state-owned enterprise. We expect to expand the business prospects and competitiveness of our container depot operations in Qingdao through such cooperation as compared to the provision of container depot services on a stand-alone basis.

Since January 2024, (PRC) QD Keyun has commenced the process of transferring all its existing container depot and warehousing business in Qingdao to (PRC) QD Port Lianyung pursuant to the joint venture arrangement. Such process was substantially completed in or around March 2024.

Despite no longer carrying on its own container depot operations, as a result of the joint venture arrangement, the Group will continue to provide freight forwarding services in Qingdao given such business operations are already established and to continue serving our existing customers. We do not intend to expand our existing freight forwarding business as it is ancillary to our core container depot business and was originally developed with regard to local market practices and business landscape.

SUMMARY

Acquisition of one of our subcontractors in Singapore

On 4 June 2024, we (through our subsidiary, (SG) Reefertec) acquired a 60% interest in (SG) YF Container, one of our subcontractors that provided us with labour for repair and maintenance of containers in Singapore.

We have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of such acquisition. For further details, please refer to the paragraph headed "Waiver from strict compliance with the Listing Rules – Post-Track Record Period Acquisition" in this document.

Cessation of our Hong Kong warehouse operations

During the Track Record Period, our warehouse operations in Hong Kong were carried out through our subsidiary (HK) Grand Pacific. We ceased operations of our warehouse in Hong Kong on 31 May 2024 as a result of poor performance in respect of which we did not foresee improvements in the near future and the relevant lease agreement has not been renewed. During the Track Record Period, our revenue generated from (HK) Grand Pacific was approximately S\$4.5 million, S\$3.2 million and S\$3.0 million, respectively, and the loss for each year was approximately S\$0.2 million, S\$0.8 million and S\$82,000, respectively.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, during the Track Record Period and up to the date of this document, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2023 (being the date on which the latest audited consolidated financial information of our Group were prepared); and there has been no event since 31 December 2023 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include: (i) [REDACTED]-related expenses, such as [REDACTED] fees and commissions; (ii) professional fees paid to our legal advisers and reporting accountants in relation to the [REDACTED]; and (iii) other fees and expenses. Our Directors expect that our total [REDACTED] expenses, which are non-recurring in nature, will amount to S\$[REDACTED], representing [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range stated in this document). Out of the amount of S\$[REDACTED], (i) S\$[REDACTED] is directly attributable to the issue of the [REDACTED] which is to be accounted for as a deduction from equity; (ii) S\$3.7 million was recognised in our consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2023; and (iii) S\$[REDACTED] will be further recognised in our consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2024 upon the [REDACTED] of our Company.

SUMMARY

LEGAL PROCEEDINGS AND NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in certain non-compliance matters in respect of (1) the real estate certificate for our warehouse in Tianjin, PRC; (2) failure to adequately make social insurance and housing provident fund contributions; (3) breach of certain provisions of the Anti-Unfair Competition Law of the PRC; and (4) certain provisions of the Anti-Monopoly Law of the PRC; and (5) late filing of certain Hong Kong corporate forms in breach of requirements of the Companies Ordinance (or its predecessor). We were also subject to a legal proceeding concerning our delayed payment in respect of a parcel of land in Tianjin of the PRC in which there was a ruling against us, and the judgment amount has been settled in 2022. For further details, please refer to the paragraphs headed “Business – Legal proceedings and non-compliance” in this document.

Save as disclosed in the paragraphs headed “Business – Legal proceedings and non-compliance” in this document, during the Track Record Period and up to the Latest Practicable Date, (1) we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to us to be pending or threatened by or against us; and (2) our Directors are of the view that we have complied with all relevant laws and regulations in all material respects.

FUTURE PLANS AND USE OF [REDACTED]

We intend to use the net [REDACTED] of approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) from the [REDACTED] (based on the mid-point of the [REDACTED] range stated in this document) for the following purposes:

- approximately [REDACTED]%, or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for the construction and development of the Megadepot (an integrated logistics hub expected to comprise a warehouse and a container depot in Singapore);
- approximately [REDACTED]%, or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for the purchase of equipment and machinery (including computer systems) for the Megadepot;
- approximately [REDACTED]%, or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for the upgrade of equipment and machineries at our existing container depots, including the purchase of electric container lifters;
- approximately [REDACTED]%, or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for improvement works to our container depot and warehouse in Tianjin, PRC for the purpose of improving efficiency and minimising unexpected breakdown given the age of the building;
- approximately [REDACTED]%, or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for repayment of bank borrowings; and
- the remaining approximately [REDACTED]% of the net [REDACTED] or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]), is expected to be used for providing funding for working capital and other general corporate purposes.

The above allocation of [REDACTED] will be adjusted on a pro-rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the estimated [REDACTED] range. For further details, please refer to the section headed “Future Plans and Use of [REDACTED]” in this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings. Certain technical terms are explained in the section headed “Glossary of technical terms” in this document.

“Accountants’ Report”	the accountants’ report of the Company, the text of which is set out in Appendix I to this document
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“ASEAN”	the Association of Southeast Asian Nations, whose membership consists of Thailand, Malaysia, Indonesia, the Philippines, Singapore, Brunei, Vietnam, Lao People’s Democratic Republic, Myanmar and Cambodia
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Bangkok Metropolitan Region”	the government defined urban region surrounding the metropolis of Bangkok, and the five adjacent provinces of Nakhon Pathom, Pathum Thani, Nonthaburi, Samut Prakan and Samut Sakhon in Thailand
“Board” or “Board of Directors”	the board of directors of the Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“(BVI) Double Creation”	DOUBLE CREATION LIMITED, a limited liability company incorporated in BVI on 10 July 2013 and our wholly-owned subsidiary
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Co-Chairman”	co-chairman of the Board
“close associate”	has the meaning ascribed thereto under the Listing Rules
“China”, “Mainland China” or “the PRC”	the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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“Companies (Winding Up and Miscellaneous Provisions) Ordinance”, “Companies (WUMP) Ordinance” or “C(WUMP)O”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	EKH Limited (永康控股有限公司)*, a company incorporated in Singapore with limited liability on 14 October 1994 and the holding company of our Group and the proposed vehicle of the [REDACTED]
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Constitution”	the constitution of the Company (as amended from time to time), conditionally adopted on [•] and which became effective upon the conversion of the Company into a public company limited by shares on [•], a summary of which is set out in Appendix IV to this document
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to the group of controlling shareholders consisting of NEKCG, NEKCH, NEKGH, Navis Asia Fund V, Navis Asia Fund V (2), Navis Asia Fund V-E, Navis Asia Fund V-S, Navis GP (LP), Navis GP (Ltd), Mr. Li, Mr. Leung and Mr. Ng
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, as amended, supplemented and/or otherwise modified from time to time
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“ESG”	environmental, social and governance
“Euromonitor”	Euromonitor International Limited, an independent international market intelligence provider

DEFINITIONS

“Euromonitor Report”	the industry report commissioned by us and independently prepared by Euromonitor, a summary of which is set forth in the section headed “Industry Overview” in this document
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“Excellent Delight”	Excellent Delight Sdn Bhd, a company incorporated in Malaysia with limited liability and principally engaged in the provision of yard and warehouse rental and maintenance services in Malaysia, which is held as to 50% by Mr. Li and 50% by Mr. Ng. Therefore, Excellent Delight is an associate of each of Mr. Li and Mr. Ng and hence a connected person of our Company
“financial year”	financial year of our Company ended or ending 31 December
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Greater Bay Area”	means the integrated economic and business hub which comprises the Pearl River Delta, Hong Kong and Macau
“Group”, “our Group”, “we”, “us”, or “our”	our Company and our subsidiaries
“(HK) Best China”	Best China Development Limited (保昌發展有限公司), a limited liability company incorporated in Hong Kong on 26 October 2010 and our wholly-owned subsidiary
“(HK) Gold Prime”	Gold Prime Holdings Limited (金得集團有限公司), a limited liability company incorporated in Hong Kong on 26 May 1999 and our wholly-owned subsidiary
“(HK) Grand Pacific”	Grand Pacific Warehouse Limited (恆昌倉庫有限公司), a limited liability company incorporated in Hong Kong on 3 November 1997 and our wholly-owned subsidiary

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“(HK) MF Container”	Ming Fung Container Limited (明豐貨櫃有限公司), a limited liability company incorporated in Hong Kong on 28 February 1997 and our non wholly-owned subsidiary, being owned as to 80% by us and 20% by Central Holdings Limited (an Independent Third Party save for its investments in (HK) MF Container and (HK) MF Reefer)
“(HK) MF Reefer”	Ming Fung Reefer Container Service Company Limited (明豐冷凍貨櫃工程有限公司), a limited liability company incorporated in Hong Kong on 23 December 1998 and our non wholly-owned subsidiary, being owned as to 80% by us and 20% by Central Holdings Limited (an Independent Third Party save for its investments in (HK) MF Container and (HK) MF Reefer)
“(HK) PCL”	PCL Container Services Limited (寶洋貨櫃服務有限公司), a limited liability company incorporated in Hong Kong on 13 October 1992 and our wholly-owned subsidiary
“(HK) Techni-Con”	Techni-Con Container Survey Limited (迪勤貨櫃驗查有限公司), a limited liability company incorporated in Hong Kong on 23 March 2006 and our wholly-owned subsidiary
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Hong Kong Takeovers Code” or “Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC (as amended, supplemented or otherwise modified from time to time)
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party(ies)”	an entity which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“King Card”	King Card Limited, a limited liability company incorporated in the BVI on 21 July 2023, being one of our Shareholders immediately after our Reorganisation, and at all material times wholly-owned by Mr. Fan and therefore our connected person
“Latest Practicable Date”	7 June 2024, being the latest practicable date for ascertaining certain information in this document before its publication
“Leisure Harvest”	Leisure Harvest Sdn Bhd, a company incorporated in Malaysia with limited liability and principally engaged in the provision of yard and warehouse maintenance services in Malaysia, which is held as to 37.5% by Mr. Li, 37.5% by Mr. Ng and 25% by Golden Sino Corporation Pte Ltd. Therefore, Leisure Harvest is an associate of each of Mr. Li and Mr. Ng and hence a connected person of our Company
“[REDACTED]”	[REDACTED]
“Listing Committee”	the Listing Committee of the Stock Exchange
“[REDACTED]”	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the PRC

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange that is independent from and operates in parallel with the GEM of the Stock Exchange
“Megadepot”	the Group’s integrated logistics hub expected to comprise a warehouse and a container depot located at 30 Tuas South Avenue 10, Singapore
“MIP”	the management incentive plan approved and adopted by NEKCG (the holding company of the Company) which granted employee units to certain directors of the Company and certain employees of the Group as detailed in Note 31 of the Accountants’ Report as set out in Appendix I to this document
“MPA”	The Maritime and Port Authority of Singapore, a statutory board under the Ministry of Transport of the Government of Singapore which regulates and manages port and maritime services, facilities and activities within Singaporean waters
“Mr. Fan”	Mr. FAN Jinkui (范金魁先生), a director of (HK) Gold Prime and (PRC) QD Keyun (our wholly-owned subsidiaries), thus our connected person at the subsidiary level
“Mr. Leung”	Mr. Leung Wai Kuen Godfrey (梁偉權先生), our alternate Director to Mr. Ng, and one of our Controlling Shareholders
“Mr. Li”	Mr. Li Hung (李雄先生), our Co-Chairman, executive Director, and one of our Controlling Shareholders
“Mr. Ng”	Mr. Ng Kam Ming (伍錦明先生), our Co-Chairman, executive Director, and one of our Controlling Shareholders
“(MY) CK”	Chu Kong Logistics (Malaysia) Sdn. Bhd., a limited liability company incorporated in Malaysia on 3 July 2014 and our associate, being owned as to 70% by (SG) CK (our associate) and 30% by Golden Sino Corporation Pte Ltd
“(MY) EK Johor”	Eng Kong Container Services (Johor) Sdn. Bhd., a limited liability company incorporated in Malaysia on 19 July 1996 and our wholly-owned subsidiary
“(MY) EK Logistics”	New Eng Kong Container Logistic Services (M) Sdn. Bhd., a limited liability company incorporated in Malaysia on 9 July 1996 and our wholly-owned subsidiary

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“(MY) EK Penang”	Eng Kong Container Services (Penang) Sdn. Bhd., a limited liability company incorporated in Malaysia on 14 February 1998 and our wholly-owned subsidiary
“(MY) NEK”	NEK GPC Container Services (M) Sdn. Bhd., a limited liability company incorporated in Malaysia on 15 March 2013 and our wholly-owned subsidiary
“(MY) Reefertec”	Reefertec Services Sdn. Bhd., a limited liability company incorporated in Malaysia on 16 March 2022 and our non wholly-owned subsidiary, being owned as to 60% by (SG) Reefertec (our non wholly-owned subsidiary) and 40% by Mr. Lee Thian Hee (an Independent Third Party save for his investment in (MY) Reefertec)
“(MY) Tricool”	Tricool Reefer Sdn. Bhd., a limited liability company incorporated in Malaysia on 9 January 2007 and our non wholly-owned subsidiary, being owned as to 56% by us and 44% by (SG) Reefertec (our non wholly-owned subsidiary)
“Navis”	Navis Capital Partners Limited, a company incorporated in the Cayman Islands, and unless the context requires otherwise, includes all of its subsidiaries and limited partnerships managed by them
“Navis Asia Fund V”	Navis Asia Fund V, L.P., an exempted limited partnership registered in the Cayman Islands on 12 January 2007 (whose general partner is Navis GP (LP)) and one of our Controlling Shareholders
“Navis Asia Fund V (2)”	Navis Asia Fund V (2), L.P., an exempted limited partnership registered in the Cayman Islands on 25 January 2007 (whose general partner is Navis GP (LP)) and one of our Controlling Shareholders
“Navis Asia Fund V-E”	Navis Asia Fund V-E, L.P., an exempted limited partnership registered in the Cayman Islands on 20 March 2007 (whose general partner is Navis GP (LP)) and one of our Controlling Shareholders
“Navis Asia Fund V-S”	Navis Asia Fund V-S, L.P., an exempted limited partnership registered in the Cayman Islands on 15 March 2007 (whose general partner is Navis GP (LP)) and one of our Controlling Shareholders

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“Navis Asia V Funds”	collectively, Navis Asia Fund V, Navis Asia Fund V (2), Navis Asia Fund V-E and Navis Asia Fund V-S, each of which is a Controlling Shareholder
“Navis GP (LP)”	Navis Asia Fund V G.P., L.P., an exempted limited partnership registered in the Cayman Islands on 12 January 2007 (whose general partner is Navis GP (Ltd)), the general partner of each of the Navis Asia V Funds and one of our Controlling Shareholders
“Navis GP (Ltd)”	Navis Asia Fund V G.P., Ltd., a limited liability company incorporated in the Cayman Islands on 12 January 2007, the general partner of Navis GP (LP) and one of our Controlling Shareholders
“NEKCG”	NEK Container Group Pte. Ltd., a limited liability company incorporated in Singapore on 13 April 2010 and one of our Controlling Shareholders
“NEKCH”	NEK Container Holdings Ltd, a limited liability company incorporated in Mauritius on 9 April 2010 and one of our Controlling Shareholders
“NEKGH”	NEK Global Holdings Ltd, a limited liability company incorporated in the Republic of Mauritius on 17 January 2011 and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“OECD”	Organisation for Economic Cooperation and Development, an intergovernmental organisation with 38 member countries which aim to collaborate on key global issues, stimulate economic progress and world trade
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Party C”	one of our major suppliers during the Track Record Period and a statutory body in Singapore which is involved in the development and management of industrial estates and their related facilities in Singapore
“Pearl River Delta”	means the integrated economic and business hub which comprises the Pearl River Delta, Hong Kong and Macau
“Perfect Greenery”	Perfect Greenery Holdings Limited, a limited liability company incorporated in the BVI on 5 July 2013 and, prior to our Reorganisation, directly held 20% of the shares of (HK) Gold Prime, and at all material times wholly-owned by entities controlled by Mr. Fan and therefore our connected person
“Post-[REDACTED] Share Options”	options to be granted under the Post-[REDACTED] Share Option Scheme
“Post-[REDACTED] Share Option Scheme”	the share option scheme conditionally adopted by us on [•], the principal terms of which are set out in the paragraph headed “Appendix V – Statutory and General Information – E. Post-[REDACTED] Share Option Scheme” in this document
“PRC Legal Advisers”	JunHe LLP, our legal advisers as to PRC law
“PRC Legal Advisers (Grandall)”	Grandall Law Firm (Shanghai), our legal advisers as to PRC law in relation to social insurance and housing provident fund matters
“(PRC) MF”	Mingfeng Reefer Container Repair (Shanghai) Co., Ltd.* (明豐冷凍貨櫃維修(上海)有限公司), a limited liability company established in the PRC on 13 September 2010 and our non wholly-owned subsidiary, being wholly-owned by (HK) MF Reefer (our non wholly-owned subsidiary)
“(PRC) QD Keyun”	Qingdao Keyun Logistics Co., Ltd.* (青島克運物流有限公司), a limited liability company established in the PRC on 8 March 2010 and our wholly-owned subsidiary

DEFINITIONS

“(PRC) QD Port Lianyun”	Qingdao Port Lianyun International Logistics Co., Ltd.* 青島港連運國際物流有限公司, a limited liability company established in the PRC on 25 December 2023 pursuant to a joint venture arrangement in Qingdao of the PRC, being owned as to 51% by a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao and one of our major suppliers during the Track Record Period), 25% by us and 24% by an Independent Third Party
“(PRC) SH Anxin”	Shanghai Anxin Rong Cheng Container Logistics Co., Ltd.* (上海安信榮成集裝箱儲運有限公司), a limited liability company established in the PRC on 22 October 2004 and our wholly-owned subsidiary, being owned as to 100% by (HK) Best China (our wholly-owned subsidiary)
“(PRC) SH Keyun”	Shanghai Keyun Container Services Co., Ltd.* (上海克運集裝箱服務有限公司), a limited liability company established in the PRC on 6 May 2008 and our wholly-owned subsidiary
“(PRC) SH Yifa”	Shanghai Yifa Container Service Co., Ltd.* (上海毅發集裝箱服務有限公司), a limited liability company established in the PRC on 28 January 2003 and our wholly-owned subsidiary
“(PRC) TJ Keyun”	Tianjin Keyun International Logistics Group Co., Ltd.* (天津克運國際物流集團有限公司), a limited liability company established in the PRC on 1 March 2001 and our wholly-owned subsidiary
“Pre-[REDACTED] Share Awards”	shares to be granted under the Pre-[REDACTED] Share Award Scheme
“Pre-[REDACTED] Share Award Scheme”	the share award scheme conditionally adopted by us on [•], the principal terms of which are set out in the paragraph headed “Appendix V – Statutory and General Information – D. Pre-[REDACTED] Share Award Scheme” in this document
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“Qualified Institutional Buyers”	qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act
“[REDACTED]”	[REDACTED]
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the corporate reorganisation of our Group in preparation for the [REDACTED] as set out in the paragraph headed “History, Reorganisation and Corporate Structure – Reorganisation” in this document
“S\$”, “SGD” or “Singapore Dollars”	Singapore dollars, the lawful currency of Singapore
“SAFE”	the State Administration of Foreign Exchange of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“(SG) CK”	Chu Kong Logistics (Singapore) Pte. Ltd., a limited liability company incorporated in Singapore on 2 January 2004, and our associate, being owned as to 40% by us and 60% by Chu Kong Shipping Enterprises (Group) Company Limited (an Independent Third Party)
“(SG) EK Container”	Eng Kong Container Agencies Pte Ltd, a limited liability company incorporated in Singapore on 10 May 1984 and our wholly-owned subsidiary
“(SG) EK Logistics”	Eng Kong Logistics Hub Pte. Ltd., a limited liability company incorporated in Singapore on 7 March 2019 and our wholly-owned subsidiary
“(SG) EK Marketing”	Eng Kong Marketing Services Pte. Ltd., a limited liability company incorporated in Singapore on 8 March 2006 and our wholly-owned subsidiary
“(SG) NEK”	NEK Depot Network Asia Pte. Ltd., a limited liability company incorporated in Singapore on 19 October 2017 and our wholly-owned subsidiary

DEFINITIONS

“(SG) PCL”	PCL (Pte) Ltd, a limited liability company incorporated in Singapore on 15 May 1991 and our wholly-owned subsidiary
“(SG) Reefer”	Asia Reefer Pte. Ltd., a limited liability company incorporated in Singapore on 16 August 2018 and our wholly-owned subsidiary
“(SG) Reefertec”	Reefertec Pte Ltd, a limited liability company incorporated in Singapore on 8 March 1995 and our non wholly-owned subsidiary, being owned as to 90% by us and 10% by Mr. Ho Gien Hwa Michael (a director of various of our subsidiaries)
“(SG) Smartz”	Smarz Pte Ltd, a limited liability company incorporated in Singapore on 24 January 1997 and our wholly-owned subsidiary
“(SG) YF Container”	Yuan Fang Container Specialist Pte. Ltd, a limited liability company incorporated in Singapore on 17 December 2019 and our non wholly-owned subsidiary, being owned as to 60% by us and 40% by Ms. Xing Pingping (an Independent Third Party save for her investment in (SG) YF Container)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shareholder(s)”	holder(s) of our Share(s)
“Shares”	ordinary shares in the share capital of our Company
“Singapore”	the Republic of Singapore
“Singapore Companies Act”	the Companies Act 1967 of Singapore (as amended, supplemented or otherwise modified from time to time)
“Singapore Takeovers Code”	the Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore (as amended, supplemented or otherwise modified from time to time)
“Sole Sponsor” or “Alliance Capital”	Alliance Capital Partners Limited, the sole sponsor of our Company in connection with the [REDACTED], a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“(TH) CK”	Chu Kong Logistics (Thailand) Co., Ltd., a limited liability company incorporated in Thailand on 18 June 2018 and our associate, being owned as to 49.0000% by (SG) CK (our associate), 50.9992% by Piyawat Holding Co., Ltd. (an Independent Third Party) and 0.0008% by Mr. Tom Chalermkarnchana (an Independent Third Party)
“(TH) EK”	Thai Eng Kong Container Services Company Limited, a limited liability company incorporated in Thailand on 19 March 1996 and our non wholly-owned subsidiary, being controlled as to 90.568% by us, 0.002% by Mr. Li, 0.002% by Mr. Ng and 9.428% by various individuals (being Independent Third Parties)
“(TH) Reefertec”	Reefertec Services (Thailand) Limited, a limited liability company incorporated in Thailand on 11 March 2019 and our non wholly-owned subsidiary, being owned as to 59.997% by Thai Eng Kong (our non wholly-owned subsidiary), 0.003% by us and 40.0% by (SG) Reefertec (our non wholly-owned subsidiary)
“Tianjin Keyun Cargo”	Tianjin Keyun Cargo Forward Group Co., Ltd.* (天津克運集運集團股份有限公司), a company established in the PRC with limited liability and is principally engaged in the freight forwarding and warehousing businesses in the PRC, which is held as to (i) 82% by Tianjin Zhongke, and (ii) as to 18% by Tianjin Jixin Enterprise Management Consulting Center (Limited Partnership)* (天津集信企業管理諮詢中心(有限合夥)), which is wholly owned by Mr. Fan and his spouse. Therefore, Tianjin Keyun Cargo is an associate of Mr. Fan and hence our connected person at the subsidiary level
“Tianjin Keyun Logistics”	Tianjin Keyun Logistics Co., Ltd.* (天津克運物流有限公司), a company established in the PRC with limited liability and is principally engaged in the cargo transportation and warehousing businesses in the PRC, which is wholly-owned by Tianjin Keyun Cargo. Therefore, Tianjin Keyun Logistics is an associate of Mr. Fan and hence our connected person at the subsidiary level

DEFINITIONS

“Tianjin Zhongke”	Tianjin Zhongke Investment Co., Ltd.* (天津中恪投資有限公司), a limited liability company established in the PRC and is principally engaged in the investment holding business in the PRC, which is wholly-owned by Mr. Fan and his spouse. Therefore, it is an associate of Mr. Fan and hence our connected person at the subsidiary level
“Tianjin Zhongke Group”	Tianjin Zhongke together with its subsidiaries including Tianjin Keyun Cargo and Tianjin Keyun Logistics, which are principally engaged in the provision of logistics services in the PRC and are our connected persons at the subsidiary level
“Track Record Period”	the financial period comprising the three financial years of the Group ended 31 December 2021, 2022 and 2023
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Vietnam”	the Socialist Republic of Vietnam
“Vietnamese Dong” or “VND”	Vietnamese Dong, the lawful currency of Vietnam
“(VN) EK”	Eng Kong Vietnam Company Limited, a limited liability company incorporated in Vietnam on 8 August 2017 and our wholly-owned subsidiary
“%”	per cent

DEFINITIONS

Unless otherwise expressly stated or the context otherwise requires, in this document:

- *all times refer to Hong Kong time and references to years in this document are to calendar years;*
- *the terms "associate(s)", "close associate(s)", "connected person(s)", "core connected person(s)", "connected transaction(s)", "continuing connected transaction(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings ascribed to such terms in the Listing Rules;*
- *certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and*
- *unless otherwise specified, all references to any shareholding in the Company in this document assumes no allotment of issue of any Shares which may be issued or allotted pursuant to the exercise of any of the [REDACTED] or any exercise of options under the Post-[REDACTED] Share Option Scheme.*

The English names of the PRC laws, rules, regulations, nationals, entities, governmental authorities, institutions, facilities, certificates and titles etc. mentioned in this document, including those marked with "", are translations from their Chinese names and are for identification purpose only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this document as they relate to our Company and as they are used in this document in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions or usage of those terms.

“AI”	artificial intelligence, the science of researching and developing theories, methods, technologies and application system that simulate and extend human intelligence
“API”	application programming interface, a set of defined rules that enable different applications to communicate with each other
“bill of lading”	a document that applies to shipment by freight, serving as a contract between the shipper and the ocean freight carrier, a receipt by the carrier for cargo shipped, and a document of title to the cargo which evidences the contract between the shipper and the carrier for carriage of cargo over routes of the carrier
“consignee”	one to whom a consignment is made
“consignment”	cargo sent by the aid of a common carrier from one person in one place to another person in another place
“consignor” or “shipper”	person or firm (usually the sellers of cargo to be transported) named in the shipping documents as the party responsible for initiating a shipment to a consignee (usually the buyer of cargo to be transported) named in the shipping documents
“container freight station” or “CFS”	storage facilities located near container port terminals providing container stacking and cargo consolidation services
“consolidation”	grouping together of smaller consignment of cargo into a large consignment for carriage as larger unit
“container stacker”	vehicular machines capable of lifting containers for the purpose of stacking and unstacking containers
“deconsolidation”	separating of a larger consignment of cargo into a smaller consignment for final delivery
“EDI”	electronic data interchange, an electronic interchange of business information using a standardised format enabling one company to send information to another company electronically
“empty repositioning”	the movement of empty containers from an area with a surplus of empty containers to a location with an undersupply

GLOSSARY OF TECHNICAL TERMS

“freight forwarder”	one who assembles and consolidates shipment and performs or provides for break-bulk and distribution operations of shipments. A freight forwarder may act as a principal who assumes responsibility for the transportation from the place of receipt to the place of delivery by issuing his own house bill of lading to individual shippers whose cargo he is consolidating, or as an agent, who is entrusted by shippers and consignees to handle transportation of cargo or related business in the names of the shippers and consignees
“ISO”	the International Organization for Standardization, an international standard development organisation composed of representatives from the national standards organisations of member countries
“ISO tank container”	a type of shipping containers designed to transport and store liquids built to ISO standards
“IT”	information technology
“laden container”	container with filled cargo
“lift-off”	the action of lifting containers off storage stacks onto outgoing prime movers
“lift-on”	the action of lifting containers off incoming prime movers onto storage stacks
“new-build”	newly built containers
“prime mover”	trucks used for hauling trailers and can be attached and detached from the different hauling trailers
“TEU”	twenty-foot equivalent unit, a standard of measurement used in container transport for describing the volume of trade and the capacity of container ships, and for other statistical purposes, as well as for freight quotations
“reefer container”	a type of shipping container capable of refrigeration for the transportation of temperature-sensitive and typically perishable cargo
“sq.m”	square metres
“stuffing”	the process by which cargo is loaded and packed into a container

GLOSSARY OF TECHNICAL TERMS

“throughput”	a measure of container handling activity, expressed in TEU. Throughput includes the handling of imports, exports, domestic shipments, empty containers and transhipments
“unstuffing”	the process by which cargo is unloaded and removed from a container

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of [REDACTED]" in this document. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed "Risk Factors" in this document, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business prospects;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our business strategies and plans to achieve these strategies;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- general economic, political and business conditions in the industry and markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we conduct or may conduct our business;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

The words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "might", "plan", "project", "propose", "seek", "should", "target", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward looking statements as a result of a number of uncertainties and factors, including but not limited to:

FORWARD-LOOKING STATEMENTS

- any changes in the laws, rules and regulations relating to any aspect of our business or operations;
- general economic, market and business conditions, including the sustainability of the economic growth;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and expansion that we may pursue; and
- the risk factors discussed in this document as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section "Risk Factors" in this document.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], our Group has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Our headquarters and most of our management are located in Singapore. Our Company currently does not and in the foreseeable future will not, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules, as none of our executive Directors are ordinarily resident in Hong Kong. Our Directors believe it would be more effective and efficient for the executive Directors to be based in a location where our Group has significant operations and so that our Group's management is best able to attend to its functions.

Appointment of additional executive Directors who are ordinarily resident in Hong Kong, or relocation of our current executive Directors based in Singapore to Hong Kong, would not be beneficial to or appropriate for our Company as: (i) it would increase administrative expenses of our Group and may reduce the effectiveness and responsiveness of the Board in making decisions; and (ii) such new director may not be familiar with the operations of our Group nor have the in-depth knowledge expected of an executive Director. Therefore, we have applied for, and the Stock Exchange [has granted] us a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, Mr. LI Hung (our Co-Chairman and executive Director) and Ms. AU-YEUNG Nelly (our company secretary who is ordinarily resident in Hong Kong) who will act as our principal channel of communication with the Stock Exchange and ensure that we will comply with the Listing Rules at all times. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of our authorized representatives is authorized to communicate on our behalf with the Stock Exchange. Our Company has been registered as a non-Hong Kong company under part 16 of the Companies Ordinance and our authorized representatives have also been authorized to accept service of process and notices in Hong Kong on our behalf;
- (b) both our authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters;
- (c) our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time, when required;

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (d) each of our Directors and authorized representatives has provided or will provide his or her mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange; and
- (e) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Alliance Capital Partners Limited as our compliance adviser, which will act as an additional channel of communication with the Stock Exchange.

POST-TRACK RECORD PERIOD ACQUISITION

Rules 4.04(2) and 4.04(4) of the Listing Rules require that the new applicant include in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed or proposed to be acquired, since the date to which its latest audited accounts have been made up, in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to note (4) of Rule 4.04(4) of the Listing Rules, the Stock Exchange may consider an application for a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules taking into account the following factors:

- (i) that all the percentage ratios (as defined under Rule 14.07 of the Listing Rules) are less than 5% by reference to the most recent audited financial year of the new applicant's trading record period;
- (ii) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the SFC in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (iii) (a) where a new applicant's principal activities involve the acquisition of equity securities (the Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rules 4.04(2) and 4.04(4) of the Listing Rules relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, "control" means the ability to exercise or control the exercise of 30% (or any amount specified in the Hong Kong Code on Takeovers and Mergers as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (b) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules on each acquisition. In this regard, “unduly burdensome” will be assessed based on each new applicant’s specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target’s books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules).

On 30 May 2024, we (through our subsidiary, (SG) Reefertec) entered into a share purchase agreement with Xing Pingping (the “**Vendor**”), pursuant to which (SG) Reefertec agreed to acquire 60% of the shareholding interest in (SG) YF Container (the “**Target**”) held by the Vendor for a cash consideration of S\$58,891.00 (the “**Acquisition**”). The consideration was determined after arm’s length negotiation with reference to (among others) the unaudited financial statements of the Target based on 60% of its net asset value plus S\$20,000 goodwill. The Target is principally engaged in the manufacture and repair of containers and related products in Singapore. During the Track Record Period, the Target was one of our subcontractors that provided us with labour for repair and maintenance of containers in Singapore. As the Target has a younger labour force and is subject to a more favourable quota for foreign employees given its industry classification, our Directors believe that the Acquisition will allow our Group to maintain a steadfast team to support our Group’s container repair services. The Acquisition also gave us majority representation at the board of directors of the Target and we intend to continue operating the Target as a stand-alone entity. We believe that such acquisition represents a good opportunity for our Group to expand our container repair capabilities and further our position as the leading container depot operator in Singapore. This Acquisition was completed in 4 June 2024.

Based on the unaudited management accounts of the Target provided by the Vendor, the Target’s total assets was approximately S\$155,110 as at 31 December 2023 and revenue and net loss after tax was S\$924,570 and S\$54,460 for the year ended 31 December 2023.

To the best of our Company’s knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

Conditions for granting the waiver

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of the Acquisition on the following grounds:

- i. **Immateriality** – The scale of the business operated by the Target as compared to that of our Group is not material. Based on the financial information of the Target provided by the Vendor, the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Acquisition are all below 5%. Accordingly, we do not expect the Acquisition to result in any significant change to our financial position since 31 March 2023, and all information that is reasonably necessary for the potential [REDACTED] to make an informed assessment of the activities or our financial position has been included in this Document. As such, a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the [REDACTED] public.
- ii. **Impracticality** – Given the Acquisition had only completed on 4 June 2024, it would require considerable time and resources from our Company and our reporting accountants to fully familiarise themselves with the accounting system and accounting policies of the Target and to bring them in conformity with our Group's accounting policies and standards and to compile the necessary financial information for disclosure in this Document. Accordingly, having also considered the immateriality of the Target, it would be impractical and unduly burdensome for our Company to prepare and include the audited historical financial information of Target as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.
- iii. **Alternative disclosure** – With a view to allowing potential [REDACTED] to understand the Acquisition in greater detail, we have included in this Document the following information regarding the Acquisition, which is comparable to the information that is required to be included in the announcement of a discloseable transaction under Chapter 14 of the Listing Rules, including: (a) background information of Target and the Vendor; (b) confirmation that the Vendor and its ultimate beneficial owner are Independent Third Parties; (c) the basis of consideration of the Acquisition; (d) reasons for the Acquisition; and (e) the assets, revenue and profit of the Target for the financial year immediately prior to the Acquisition. Since the relevant percentage ratios of the Acquisition are less than 5% by reference to the most recent audited fiscal year of the Track Record Period, we believe the current disclosure is adequate for potential [REDACTED] to form an informed assessment of our Company.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for our Company under the Listing Rules after the [REDACTED]. We have applied for, and the Stock Exchange [has granted] us, waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions – (E) Partially Exempt Continuing Connected Transactions". Please see the section headed "Connected Transactions" of this document for further information.

RISK FACTORS

You should carefully consider all of the information in this document including the risks and uncertainties described below before making an [REDACTED] in the [REDACTED]. You should pay particular attention to the fact that the legal and regulatory environment in Hong Kong may differ in some respects from that which prevails in other countries. The business, financial condition or results of operations of our Group could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your [REDACTED].

Potential [REDACTED] should consider carefully all the information set out in this document and, in particular, should evaluate the following risks associated with the [REDACTED] in our Shares. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the [REDACTED] of our Shares, and could cause you to lose all or part of your [REDACTED].

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

We are susceptible to risks associated with land availability, including rental increases, early termination of leases, difficulties in renewing existing leases and any unexpected land acquisitions, resumption or expropriation

As a majority of our business operations are carried out on leased properties, we have significant exposure to the rental market in the locations in which we operate. Please refer to the paragraph headed "Business – Properties – Properties leased by our Group" in this document for further details of the terms of our leases. For the years ended 31 December 2021, 2022 and 2023, our land costs amounted to approximately S\$17.5 million, S\$14.6 million and S\$15.3 million, respectively, representing approximately 12.5%, 12.0% and 14.1%, respectively, of our total cost of revenue for the respective periods. Since our land costs represent certain portion of our total cost of revenue, any substantial or unexpected increase in the rental costs of our leased properties could have a material and adverse impact on our profitability.

In Singapore, save for the agreement for lease with Party C in respect of the Megadepot, which is subject to Party C's approval, the lease agreements for our existing container depot operations will expire in 2026. We intend to consolidate our operations in Singapore from our existing locations to the Megadepot, which has a relatively longer lease term of 30 years.

In the PRC, the lease agreements for our container depot and warehousing and CFS premises generally have a term ranging from approximately seven months to 15 years. However, a majority of lease agreements for our container depots in Shanghai are relatively shorter-term leases.

RISK FACTORS

In Hong Kong, we generally enter into the lease agreements for our container depots and warehouses and CFS premises for a period of approximately two to five years, with or without the option to renew. The lease agreement for our main container depot in Hong Kong is for a term of five years commencing on 15 June 2018 and thereafter on a quarterly basis until such time as the tenancy shall be determined. We have agreed with the lessor to continue the lease up until 30 June 2024. In view of the quarterly renewal being subject to the lessor's approval, there is an uncertainty regarding our ability to continue our main operations in the same location. If the lessor decides not to renew the lease agreement for our container depot, we may need to negotiate new terms or find alternative land to continue our operations in Hong Kong.

In Malaysia and Thailand, our container depot lease agreements generally have a term ranging from approximately two to three years and one to 15 years, respectively, with options to renew. Most of the lease agreements in Thailand are relatively shorter-term leases of approximately one to three years. In Vietnam, we are currently providing container depot services as a service provider to a local container depot operator under a service agreement for a term of three years whereby they provide us with the land for us to carry on our container depot operations in the Dong Nai province.

In the event we fail to renew our lease agreements or secure lease replacement properties at rates and terms acceptable to us, we may have to temporarily suspend our operation at the relevant container depots and relocate certain operations and assets to other premises. These premises may not be as desirable as the original locations having regard to the geographical suitability, and we may need to incur costs to reinstate the relevant properties prior to handing over, which could subject us to substantial costs and have a material and adverse effect on our business, financial condition, results of operations and prospects. In the event that we fail to find suitable replacement properties or facilities at all, it may lead to disruptions in our business operations and materially and adversely affect our business, financial condition, results of operations and prospects.

We generally seek to commence negotiations with lessors for lease renewal approximately two months prior to the expiration of the relevant lease agreements. During the renewal negotiation process, the lessors may modify the terms and conditions of the lease agreements, including the rental amount and term of renewal. There is no assurance that we will be able to renew the relevant lease agreements without substantial additional cost or increase in rent, or that the terms and conditions will be acceptable to us. If we renew a lease at a substantially higher rent or on less favorable terms compared to the existing lease agreements, it could have a material and adverse impact on our business, financial condition, results of operations and prospects.

The properties we lease may be subject to compulsory acquisition, land resumption, or land expropriation by government authorities in the jurisdictions in which we conduct our business, such as the PRC, Hong Kong and Thailand. For example, the Thai government may link transport infrastructure with urban areas due to increasing urbanisation challenges in Thailand. Although we may receive compensation or liquidated damages if our lease agreements are terminated prematurely, we may have to suspend operations of the relevant business operations and spend significant time, effort and resources to find new sites and relocate our operations. This may materially and adversely affect our business, results of operations and prospects.

RISK FACTORS

Our dependence on long-term leases, such as our 30-year lease with Party C in respect of the Megadepot may make us more susceptible to adverse economic conditions and reduce our cash availability, as being locked into such long-term leases may restrict our flexibility to respond to market fluctuations in a timely and effective manner. We may not be able to adjust our operational costs to changing demand or pricing pressures in a flexible way under the long-term leases, which could have an adverse impact on our business and results of operations.

Evolving trade volume and flow and increasing trade imbalances in regions in which we operate may adversely affect our business, financial condition and results of operation

During the Track Record Period, the majority of our revenues was derived from our container depot operations relating to our charges for depot handling, storage, repair and maintenance, transportation and/or other ancillary services. Increased trade activities tend to drive up demand for quality and cost-effective logistics services including repair and maintenance services for empty containers. Conversely economic downturns leading to decreased trade activities globally which may negatively affect the export and handling operations of many logistic service providers, may have an adverse impact on our revenue derived from our charges for depot handling. For instance, please refer to the below table setting out the merchandise exports and imports in Singapore for the years 2019 to 2023 and our revenue recorded in the corresponding years, which illustrates the positive correlation between our revenue and the trade volume and flow of Singapore.

	For the year ended 31 December				
	2019	2020	2021	2022	2023
Merchandise exports (USD billion)*	396.5	383.9	457.2	528.6	475.4
Merchandise imports (USD billion)*	364.6	337.7	406.5	488.0	422.4
Revenue of our Group (SGD million)	151.2	148.8	175.7	160.7	155.5

* Source: Euromonitor Report and Singstat (extracted as of January 2024)

The levels and patterns of global trade can be highly volatile and cyclical, and are generally affected by factors beyond our control. These factors may include, amongst others, (i) changes in global and regional economic and political conditions; (ii) development in global and regional trade including relocation of manufacturing; (iii) trade resections, sanctions, boycotts, and trade and labour disputes; (iv) seasonality; (v) environmental and other regulatory developments; and (vi) fluctuations in market prices of the locations we operate in. There may be downward pressure on the global trade volume and flow for the coming years as a result of the pandemic, which may in turn materially and adversely affect our business, results of operations and financial conditions. We cannot guarantee that the trade volume and flow in the regions in which we operate in the future will not decline or fail to grow as rapidly as we expect due to economic downturns, changes in political conditions, deteriorating economic relationships or other factors. Any adverse changes to the economic, financial, and political conditions, trade policies and treaties, and tariffs of any country or region in which we operate may negatively affect our business, results of operations and prospect.

RISK FACTORS

We operate in a highly competitive industry and may be exposed to increased competition and potential loss of market share as other market players such as container shipping lines and container port terminals operators continue to expand into the container depot business in the locations in which we operate

The industry in which we operate is highly competitive and fragmented. Please refer to the paragraph headed "Industry Overview – Competitive Environment" in this document for further details. We face competition from existing container depot operators, as well as new entrants into the market.

Some container shipping lines have expanded their operations into the container depot business. For example, (i) COSCO Shipping acquired Cogent Holdings Pte. Ltd. in 2018, which provides logistics services in the warehousing, container depot, automotive logistics, project cargo and property management sectors in Singapore; (ii) CMA CGM expanded their PRC inland services in 2020 by forming a joint venture with CIMC Neocontainer to expand their service offerings in the PRC; (iii) Hyundai Merchant Marine (HMM) formed a joint venture with the state-run Shandong Province Communication and Transport Group* (山東省交通運輸集團有限公司) in 2012 for operating their own container yard, container repair facility and logistics warehouse in Qingdao of the PRC; and (iv) Qingdao Port International Co., Ltd., a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange with stock codes of 06198 and 601298, respectively, expanded its service scope from the provision of basic container port terminal services to the provision of integrated terminal and logistics services such as container storage, transportation, agency and warehousing, expanding its role in the shipping supply chain to also cover certain inland transport infrastructures. In particular, we have entered into a joint venture arrangement with, amongst others, a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao, one of our major suppliers during the Track Record Period and owned by Qingdao Port International Co., Ltd.) to further explore and develop the freight forwarding services, transportation services and container depot business in Qingdao in the PRC. For further details, please refer to the paragraph headed "Business – Our business – Other (freight forwarding services in Qingdao) in this document.

If we are unable to secure additional demand from other customers in respect of our container depots, the loss of business from container shipping lines with their own container depots may lead to a negative impact on our business, results of operations and prospects. If container shipping lines invest in their own container depots, it may lead to an oversupply of container depot services in our locations and result in downward pricing pressure. This may decrease the demand for our services and have an adverse impact on our business. Container shipping lines that operate their own container depots have more control over pricing and operations. This gives them greater bargaining power with other supply-chain participants such as freight forwarders and transportation companies. This may also put us at a disadvantage when negotiating favourable terms with our customers and suppliers.

RISK FACTORS

Container port terminal operators may have access to advanced technology such as automation and robotics, which can improve handling efficiency and productivity while reducing labor costs. If they also enter the container depot business, their competitive edge in terms of operational efficiency and cost-effectiveness may enable them to capture a wider customer base or lead to a decrease in customer demand for our services. If we cannot improve our operational efficiency or respond to technological advancements, we may suffer from declining sales, pricing pressure, or increased marketing expenses. They may also have greater brand recognition, well-established customer networks and a wider range of extended logistic service options. Existing customers may prefer to use the integrated port and logistics services provided by container port terminal operators to streamline their operations and avoid dealing with multiple service providers. We cannot guarantee that we can offer services that are superior to those of container port terminal operators or adapt more quickly to changes in industry trends or customer preferences. We also cannot predict whether there will be consolidation or cooperative arrangements among our competitors that may negatively impact our competitive position. If we cannot compete effectively or respond promptly or adequately to competitive pressure, our sales may be impacted, resulting in lower profitability and potentially significant and adverse impacts on our business, financial condition, results of operations, and prospects.

Please refer to the paragraph headed "Business – Risk Management" in this document for details of our adopted measures for mitigating this risk.

Aside from the fact that other market players have expanded their operations into the container depot business, some of our other competitors may be more well capitalised and have greater financial, marketing and other resources than us, or have longer track records and more established relationships with the relevant ports, shipping lines, freight forwarders and port authorities. Such container depot operators may be able to respond to changes in market conditions more promptly and effectively than we can. If we are unable to maintain a competitive position, adapt to changing market conditions or otherwise compete successfully with our competitors, our prospects, business, financial condition and results of operations may be materially and adversely affected.

Our plan for the Megadepot may not be fully implemented and effectively realised which could adversely affect our operational and financial performance and prospects

We plan to develop an integrated logistics hub in Singapore (the Megadepot) to consolidate our existing container depot operations and expand our range of service offerings in Singapore. In this regard, we have entered into an agreement for lease with Party C in 2020 in respect of a plot of land of approximately 80,000 sq.m at 30 Tuas South Avenue 10, Singapore for a period of 30 years commencing from 16 December 2020 for the purpose of development of the Megadepot. We believe that the Megadepot will enable our Group in Singapore to, among others, increase our container depot handling capacity and position ourselves competitively amongst other logistic service providers in Singapore as an integrated logistic solution for container and logistic service needs through the expansion of our range of offerings to additionally provide warehousing and laden container storages services.

Under the agreement for lease, we have been offered to lease the land from Party C upon satisfaction of certain investment and building requirements. For further details relating to the Megadepot, please refer to the paragraph headed "Business – Business Strategies and Future Plans – Establish an integrated logistics hub in Singapore" in this document.

RISK FACTORS

The fulfilment of our obligations is subject to risks beyond our control such as subsequent amendments and major revisions made to the planned specifications. Any of these risks or uncertainties could significantly delay or restrict our ability to implement our plans for the Megadepot, which may adversely affect our ability to continue improving our business, results of operation and prospects.

As at the Latest Practicable Date, it is estimated that the total amount of capital expenditure required for the construction and development of the Megadepot is approximately S\$149.2 million (equivalent to approximately HK\$875.6 million). As we are expected to incur substantial capital expenditure to develop the Megadepot, we may not recoup our investment costs if we are unable to achieve our growth and expansion plans in a timely manner. In addition, a substantial portion of the funds required for the development of the Megadepot would rely on external financing, in particular, bank financing. However, our ability to obtain adequate financing for our expansions plans would depend on certain factors beyond our control, including the macro economic conditions and regulatory frameworks. In such an event, our business, financial condition, results of operations and prospects may be materially and adversely affected.

There is no assurance that our existing service contracts with customers could be renewed or successfully re-tendered upon expiry or that new service contracts will be awarded to us

Our service contracts with customers are typically for a duration of one to three years, with a majority of the contracts containing express clauses which permit automatic renewal of the contract for another term unless any contract party gives notice of its wish to terminate prior to the expiry of the initial term (“**automatic renewal clauses**”). During the Track Record Period and up to the Latest Practicable Date, we have not received any notice from our customers indicating their intention to terminate the service contracts prior to the expiry of the initial term. For other service contracts that do not contain automatic renewal clauses, we may either (i) rely on the long-standing customers’ customary business practice of renewing their contracts based on current contract terms or renegotiating and entering into new contracts, or (ii) be invited to quote or participate in a formal tendering process for the respective contracts.

We may be required to participate in tendering or quotation processes for existing customers and potential new customers in order to renew and/or secure new contracts. In particular, some of our container shipping line customers have formal tender processes in place which generally include issuing a request for quotation (RFQ) to us which typically sets out the specific assessment criteria for evaluating tendering bids. Our existing customers or potential new customers may assess their service providers’ performance by a number of factors, including geographical locations, handling capacity, pricing, experience, reputation, security, equipment and facilities, financial capability, certifications, compatibility of the container management systems and other IT systems and service history. If we receive a poor performance review from our existing customers, we may not be invited or awarded future quotation or tender opportunities and this may affect our business, reputation, financial condition and results of operation. There is no assurance that we can secure new service contracts from our customers after the expiry of the existing service contracts in the future.

RISK FACTORS

If we (i) fail to maintain our relationships with our existing customers; (ii) fail to remain on the approved list of service providers of our customers; or (iii) are unable to maintain our service quality, competitive pricing, location advantages, our ability to renew existing service contracts or secure new service contracts that could generate similar or greater revenues on a continuous basis may be hampered and thus our business, financial conditions, results of operations and prospects may be materially and adversely affected.

Our business operations depend on the expertise, connections and continuing performance of our key management personnel as well as our ability to attract and retain qualified and experienced employees

Our continued success is, to a significant extent, attributable to the leadership, contributions and continued efforts of our management team. Our co-founders, Mr. Li and Mr. Ng, each have over 45 years of experience in the shipping and container depot industry and have been in charge of managing our Group since our establishment. Mr. Li's deep industry expertise is crucial in driving our business's sustainable growth, including expanding our network effectively. Mr. Ng oversees the Group's operations with his thorough knowledge of the industry.

Our senior management team supports our co-founders. Our senior management team includes Mr. Tan Wee Hong, our regional general manager of Southeast Asia; Mr. Chan Tat-lee, Terry, our group general manager of marketing and commercial; Ms. Chua Lin Lin, Evelyn, our chief financial officer; Mr. Ooi Ying Kit, our group general manager of IT and Mr. Zhang Jianwei, our general manager of (PRC) SH Keyun and (PRC) SH Yifa. Each member of our senior management team has been with our Group for over 10 years and has an average of over 20 years of experience in the shipping and container depot industry. For more information on the backgrounds and experience of our Directors and senior management, please see the section headed "Directors and Senior Management" in this document. Our continued success is therefore dependent to a large extent on our ability to retain these key management personnel. There is no assurance that these key management personnel will not terminate their employment with our Group.

Furthermore, although we have a management succession plan in view of the age of our two executive Directors and one alternate Director, namely Mr. Li, Mr. Ng and Mr. Leung who are all over 70 years old, the transition of the role of our senior management may not run as smooth as we planned, and our business operations of the Group may be interrupted during the transitional period.

Our relationships with container shipping lines and other long-term customers are critical to our success. These relationships depend on the expertise of our key management personnel. If any of these personnel were to leave the Group, we may experience disruptions in these relationships. Loss of key personnel may result in the loss of valuable business contacts that may not be easily replaced by new hires. While we have succession plans in place, there is no guarantee that we can maintain the same level of relationships with the container shipping lines and long-term customers in the event of such departures. Any disruptions in these relationships may have material adverse effect on our business, financial conditions, results of operations and prospects.

RISK FACTORS

If any of our key executives or employees leave without a suitable replacement, it may have a material adverse effect on our business, results of operation and prospects. This may include our ability to secure new service contracts or renew existing ones and implement the expansion plans as detailed in this document.

Furthermore, our business performance and prospects depend on our ability to attract, employ, motivate, train and retain our key personnel. This includes container depot personnel, machine operators and drivers, mechanics and technicians, customer representatives and surveyors. Our customers will have increasing demand for employees who have industry-related experience and expertise as well as continuity in the day-to-day communication with them given their long-standing business relationship. The ability to attract qualified employees is dependent on the resources available in individual geographical locations that we operate in and the effect on the labour supply caused by general economic, social and political conditions. There is no assurance that we will be able to maintain an adequate skilled labour force necessary for us to operate efficiently and continuously to meet each customer's expectation. In the event that we need to increase employee compensation levels substantially to attract and/or retain any key management and/or other personnel, our expenses relating to employee benefits may increase in a manner that may materially and adversely affects our business, financial condition and results of operations. Failure to attract and retain personnel with operational, technical, marketing or financial expertise may result in our non-compliance with applicable regulations and our inability to maintain our customers' service contracts and service quality, thereby adversely affecting our business, results of operation and prospect.

Failure to maintain our authorised service centre status with major reefer equipment manufacturers may materially and adversely affect our competitiveness

We are the authorised service centre for four major reefer equipment manufacturers in Singapore, Malaysia and Hong Kong. Our authorised service centre status enables us to purchase reefer container parts directly from manufacturers at favourable pricing, be a designated agent to carry out any repairs and maintenance that are under manufacturer warranty as well as differentiate us from other logistic service providers.

To maintain our authorised service centre statuses, reefer manufacturers carry out routine inspections to ensure that we meet certain business and operational standards and require us to participate in renewal procedures. A portion of our container depot operations revenue is generated from repair and maintenance which accounted for approximately 24.2%, 27.1% and 27.7% of our total revenue for the years ended 31 December 2021, 2022 and 2023, respectively. Any failure to maintain our authorised service centre status may materially and adversely affect our competitiveness as well as our operational and financial performance for this business segment.

Major customers in financial distress or even insolvency may expose us to default risks and hamper our business, results of operation and prospects

Our container depot business depends on our major customers which mainly consist of container shipping lines and container leasing companies. These customers may face volatility and challenges due to various factors such as global trade flow, overcapacity and volatility in fuel prices.

RISK FACTORS

The shipping industry's inherent volatility and challenges could expose our container shipping line and container leasing company customers to default or even bankruptcy risks. For instance, the bankruptcy of Hanjin Shipping Co., Ltd. in 2017 led to significant losses for its trade creditors, including container depot operators. While we have adopted the simplified approach to measure our allowance of expected credit loss by considering the aging analysis of our debtors and other credit risk characteristics, there is no guarantee that we will be able to avoid losses resulting from the insolvency of our major customers. Any such loss could have a material adverse effect on our business, financial condition, and results of operations.

In addition, our business operations are dependent on the timely payments and creditworthiness of our customers. If customers fail to settle their bills on time or default on their payments, this could adversely affect our financial conditions and put our cash flow at risk. While we seek to manage our credit risks by currently extending credit terms from 30 days to 60 days for our customers for services rendered by us and by regularly monitoring outstanding receivables, there is no assurance that our customers will make timely payments within these terms or will not default on their obligations due to circumstances or events that may be difficult to foresee or anticipate, such as bankruptcy or otherwise lack of liquidity, operational failure or other reasons. In the event of delayed payment, non-payment or non-performance on the part of one or more of our customers, our business, cash flows, financial condition, results of operations and prospects may be materially and adversely affected.

We rely on various services provided by subcontractors and suppliers, and unsatisfactory performance of our subcontractors and suppliers may have a material adverse effect on our business

We engage subcontractors to provide certain transportation and repair maintenance works in connection with our container depot business. For example, Tianjin Zhongke Group is one of our subcontractors that provides transportation and trucking services for our container depot operations in Tianjin of the PRC. Please refer to the paragraph headed "Business – Suppliers – Subcontracting arrangements" in this document for further details.

We rely on our subcontractors and suppliers to meet our operational needs. There is no guarantee that their services will be satisfactory or meet the necessary quality standards required by our customers. Major subcontractors or suppliers may face issues such as financial distress, work stoppages or failure of information technology systems that could impact their ability to fulfill their contractual obligations to us on time or at all. Any delays or failures by our subcontractors or suppliers to perform their contractual obligations could materially and adversely impact our business, financial condition and results of operations.

Compliance with environmental requirements concerning processing of wastewater and environmental protection and management, may require considerable costs and capital commitment

Certain aspects of our container depot business are highly regulated and subject to local environmental laws and regulations which govern areas such as, among others, discharge of wastewater in Singapore. Please refer to the section headed "Regulatory Overview and Taxation" in this document for further details of the relevant laws and regulations relating to our operations.

RISK FACTORS

Particularly in respect of environmental protection and management, it has been observed that certain government authorities and regulatory bodies have been implementing more stringent local laws and regulations in conformity with international conventions and treaties to address climate change and transition to a low-carbon economy. For example, the 14th Five-Year Plan announced by the PRC government in 2021 (“**14FYP**”) emphasised on green modes of production and included energy and climate indicators under “new progress of ecological civilization” to map out a plan for establishing a modern energy system in the PRC. The plan placed importance to logistics development and supply-chain innovation in the PRC. As a result, we expect that considerable costs and capital commitment may be required to be invested in developing smart logistics such as digital upgrade of depot facilities and adoption of automation of logistics links including warehousing and transportation.

Compliance with relevant environmental protection and management laws and regulations, especially those related to climate change, could increase our operating costs. We may need to develop and administer operational plans to reduce greenhouse gas emissions, invest in new technologies and improve existing facilities to improve our performance efficiency to meet such environmental requirements. We may also need to integrate relevant sustainability risk factors, including climate change, health and safety and business ethics, into our management approach to mitigate associated impacts and identify the best practices in environmental risk management for the long-term growth and sustainability of our business. However, we cannot guarantee that we will be able to effectively implement all relevant environmental protocols to quickly adapt to the developing legal requirements relating to environmental protection and management in all locations that we operate. The cost of complying with current and future environmental protection and management laws and regulations, as well as the potential liabilities resulting from failure to meet increasingly stringent requirements, may significantly increase our costs and have a material and adverse impact on our business, financial condition and results of operations.

Our expansion plans in the PRC, Malaysia, Thailand and Vietnam may not yield the desired results

Our Group has expanded its presence in the ASEAN region and the PRC over the years. We started with one container depot in Singapore and now operate a total of 20 container depots across 10 locations in Asia. These container depots that we operate have a total storage area of approximately 630,300 sq.m and a total storage capacity of approximately 91,000 TEUs as at the Latest Practicable Date. Our reach currently covers certain terminals and container ports in Singapore, the PRC, Hong Kong, Malaysia, Thailand and Vietnam which include five of the top 10 busiest container port terminals in Asia.

According to the Euromonitor Report, Southeast Asia is becoming increasingly important in global trade as manufacturing is shifting to Southeast Asia which we believe will lead to increased container movement as a result of increased exports, leading to an increased demand for container depots in the area. Our Directors believe that expanding our container depot network within Southeast Asia will enable us to capitalise on these global trade trends as well as leverage our reputation in the ASEAN region and the PRC. As such, we intend to strengthen our presence in Southeast Asia as well as our foothold in the PRC, as and when suitable opportunities arise. Please refer to the paragraph headed “Business – Business Strategies and Future Plans – Expand our container depot network in Asia to cater for expected growing trade flows within the region” in this document for further details of our Groups expansion plans.

RISK FACTORS

Our expansion plans may be affected by factors beyond our control such as global economic and political conditions, land availability, local laws and regulations, supply-chain requirements, availability of suitable and proficient employees and subcontractors. There is no assurance that our expansion plans will be successful or completed within the expected timeframe and may not yield the desired results or recoup the investment costs which could adversely affect our business, results of operation and prospect.

We may be subject to litigation proceedings and regulatory actions, and may not always be successful in defending ourselves against such proceedings or actions

Our business operations entail litigation and regulatory risks, including the risk of lawsuits and other legal and/or regulatory actions relating to, among others, product liability, delivery, sales and customer services, leases and labour disputes. We may be subject to claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us that could harm our business, financial condition, results of operations and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. In such event, our business, financial position, results of operations, cash flow, and reputation may suffer considerably and negatively.

Our business depends substantially on the market recognition of our brand and any damage to our brand and reputation, or failure on our part to maintain and enhance brand recognition, may have a materially adverse impact on our operations, earnings and financial condition


We rely on our customers' confidence in our brand and reputation to attract and retain them, which are important to our continued growth. We believe that we have established a favourable reputation based on the quality of our services, our presence in multiple locations, and the enhancement of our business operations through deployment of advanced technological system and automation.

Our brands and reputations may be impaired by a number of factors. For instance, any failure to provide timely and reliable services to our customers, whether due to causes beyond our control or failures caused by our workers, may result in customer dissatisfaction, thereby leading to a loss of customers or damage to our reputation or relationships with our current or potential business partners. In such instances, it may be challenging for us to regain those customers or restore our reputation going forward. Any difficulty or failure to maintain and enhance our brand and reputation could have an adverse effect on our business, results of operations and financial condition.

RISK FACTORS

The Group may not be able to adequately protect our intellectual property rights (including but not limited to trademarks) which could adversely and materially affect the Group’s business

We regard our brands and trademarks as a key factor in our success. With our long operating history, our Group has expanded our service offerings across the ASEAN region and the PRC. Our Group generally operates under the brand name of “Eng Kong (永康)” in Singapore, Thailand, Malaysia and Vietnam, whilst we operate under the brand names of “PCL” and “Ming Fung (明豐)” in Hong Kong. For our business in the PRC, we operate under the brand names of “Keyun (克運)” and “Yifa (毅發)” in which we have obtained licenses concerning certain registered and unregistered trademarks and domain names from a connected person. Our continuing growth therefore depends on our ability to protect and promote the brands, trademarks and other intellectual property rights that we own.

As at the Latest Practicable Date, our Group had applied for (and in certain circumstances, obtained) registration of the trademarks of “Eng Kong”, “永康” and “” in the locations that we operate including Singapore, Hong Kong, Malaysia, the PRC, Vietnam and Thailand. We have also entered into an intellectual property licensing agreement with Tianjin Keyun Cargo (our connected person) for certain registered and unregistered trademarks for our PRC operations. For details of trademarks that are material to our business, please refer to the paragraph headed “Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property rights of our Group” in Appendix V to this document. For details of our intellectual property licensing agreement with our connected person, please refer to the paragraph headed “Connected Transactions – (D) Fully Exempt Continuing Connected Transactions – 1. Intellectual Property Licensing Agreement” in this document.

Unauthorised use of our intellectual property by third parties may adversely affect our business and reputation. For example, third parties may imitate our brands or infringe our trademarks by adopting brand names or inventing keywords that are confusingly similar to ours. Preventing such unauthorized use of intellectual property is inherently difficult. We cannot assure you that we can successfully register all trademarks associated to our Group to protect them from unauthorised use or that there will not be any unauthorised use of our registered trademarks. If we are unable to prevent such unauthorised use, competitors and other third parties may drive customers away from us, which could harm our reputation and materially and adversely affect our results of operations.

Competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names that are similar to ours, in order to divert our existing and potential customers and end-users from our products and solutions to theirs. It is difficult to prevent such unfair competition activities, and if we fail to do so, competitors and other third parties may drive existing and potential customers and end-users away from our products and solutions, which could harm our business and materially and adversely affect our results of operations.

We may be subject to third party claims for infringement of intellectual property or other allegations which may expose us to potential liability and other losses

Our Group generally operates under the brand name of “Eng Kong (永康)” in Singapore, Thailand, Malaysia and Vietnam, whilst we operate under the brand names of “PCL” and “Ming Fung (明豐)” in Hong Kong. For our business in the PRC, we operate under the brand names of “Keyun (克運)” and “Yifa (毅發)” in which we have obtained licenses concerning certain registered and unregistered trademarks and domain names from a connected person.

RISK FACTORS

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate any trademarks, copyrights or other intellectual property rights held by third parties. For example, as we do not operate under the brand name “Eng Kong (永康)” in Hong Kong, third parties may claim to have rights in this brand name based on their prior use; if a third party is able to establish such prior rights, we face the risk of claims that we have infringed that third party’s intellectual property rights. We may from time to time be subject to proceedings and claims relating to intellectual property rights in the future. We cannot assure that holders of the intellectual properties purportedly relating to certain aspect of our business, if any such holders exist, would not seek to enforce such intellectual properties against us in the locations which we operate. Our efforts to identify third parties’ intellectual property rights and avoid infringing them may not be exhaustive or successful.

If we are found to have violated the intellectual property rights of others, we may be subject to liability for such infringement activities and may be prohibited from using such intellectual property. We may also incur licensing fees or be forced to develop alternatives of our own. Defending against such intellectual property claims or other allegations could be costly and time consuming and may divert management’s time and other resources from our business and operations. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

The outbreak of an infectious disease, widespread communicable diseases or any other major public health concerns in Asia and elsewhere may materially and adversely impact our business, financial condition and results of operations and prospects

The outbreak of any communicable disease or adverse public health development that escalates into a regional or global pandemic may have a material and adverse effect on our business and financial conditions and results of operations. Although the exact nature and magnitude of the impact of such diseases cannot currently be predicted, previous occurrences of communicable diseases have had an adverse effect on the economies of those countries in which they were prevalent. For example, the COVID-19 pandemic had caused severe impact on global, regional and national economies and disruptions to international trade and business activity. The COVID-19 pandemic had resulted in, among others, ongoing travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries, disruptions to the global supply chains and increased volatility in capital and securities markets. The implementation of these COVID-19 social distancing measures had impacted the level of economic activities, as well as the disturbance of trade in major industries sectors such as manufacturing and retail, within the regions where we operate.

As a result, any regional or global pandemic and the associated measures implemented by governments may have a negative impact on the general business outlook and environment, which may result in a slowdown in global trade volume and overall economic growth. Depending on the nature and magnitude, we may not be able to avoid negative impacts on our business in respect of future regional or global pandemics.

There is no assurance that we will not in the future experience disruptions or adverse events in the event that other regional or global pandemic arises.

RISK FACTORS

The outbreak of infectious disease, widespread communicable diseases or any other serious public health concerns in Asia and elsewhere may have far-reaching impacts which affect our Group and our customers, suppliers and other business partners. In the event of the outbreak of such diseases or if such diseases cannot be contained in an effective and timely manner, our business, financial condition, results of operations, cash flow and prospects may be materially and adversely affected.

We are subject to labour and immigration laws and policies that govern the employment of foreign workers as approximately 36% of our Singapore workforce is made up of foreign labour, and we are susceptible to the shortage of labour supply at reasonable cost

Our business, particularly in Singapore, is dependent on semi-skilled and unskilled foreign workers as the local labour force is limited and more costly. Our Singapore operations employ a significant number of foreign workers, comprising approximately 36% of our workforce in Singapore as at the Latest Practicable Date. Any changes in applicable laws, regulations or policies of Singapore or those of the foreigners' countries of origin may result in labour shortages and/or increase our operating costs. For instance, the availability of foreign employees in Singapore is regulated by the Ministry of Manpower of Singapore ("MOM") through policy instruments such as the imposition of levies and quotas. Quotas are also known as dependency ratio ceilings ("DRC"), being the maximum ratio of foreign employees to the total workforce that a company is permitted to employ. Our quota of foreign employees is determined based on the number of local employees we hire and the ratio of foreign employees to the total workforce of the company permitted by the MOM.

We are susceptible to any increase in levies and any changes in the supply and/or quota of foreign employees that we are permitted to hire. We may be required to reduce the number of foreign workers and/or hire more local workers in order to align with policies implemented by the MOM, such as any downward adjustment of the DRC.

Further, once we exceed our quota of foreign employees, any new applications or renewal applications we make for work passes may be rejected. As a result of these measures, our costs of hiring foreign employees may increase. In addition, we are vulnerable to changes in the availability and costs of hiring foreign employees. If our labour costs increase substantially or if we are unable to retain our foreign employees or hire new employees on terms acceptable to us or at all, our business, financial condition, results of operations, cash flow and prospects may be materially and adversely affected.

We are also required in Singapore to comply with the conditions stipulated in work passes issued to our foreign employees, and may be liable if we contravene such conditions.

Contravention of the conditions of work passes may result in a statutory penalty and/or a curtailment or ban by the MOM on our applications and renewals of work passes for foreign workers. Such an event may result in the disruption of our operations and/or an increase in our labour costs, and our business, financial condition, results of operations and cash flow may be materially and adversely affected.

RISK FACTORS

During the Track Record Period, our Directors confirm that our Group has responded in a timely manner to the adjustments in Singapore to the DRC without incurring substantial costs. However, there is no guarantee that such events will not have a material and adverse impact on our business, financial condition, results of operations, cash flow and prospects in the future. Similarly, we cannot assure that the supply of labour will continue to be available at a reasonable cost, particularly in Singapore and the PRC. Due to increasing demand for skilled workers in the labour market, we may need to provide a more competitive compensation package and welfare to our employees in order to retain and attract employees. We may not be able to implement our expansion plans if we fail to retain our existing labour and/or promptly recruit and train a sufficient number of workers. A significant increase in labour cost may raise our costs both directly and indirectly. If we fail to transfer these costs to our customers, our profitability might be negatively impacted.

Our business operations are subject to unforeseen, hostile or catastrophic events

Some of our container depots are located in areas that are at risk of unforeseen, hostile or catastrophic events. These events are often outside of our control and include acts of war, terrorist attacks, natural disasters and extreme weather events such as floods, heavy rains, winds and waves. Such events may materially and adversely affect the global financial markets and consumer confidence.

Similarly, severe weather conditions may force us to temporarily suspend operations based on warnings from national meteorological departments or cause prolonged disruption of our business operations. There can be no assurance that acts of wars, terrorist attacks, natural disasters and extreme weather will not occur and result in major damage to our container and tank depots or the supporting infrastructure facilities. If we fail to effectively manage these risks, our business, financial condition, results of operations, cash flow and prospects may be materially and adversely affected.

We are exposed to foreign exchange fluctuation

Our revenue is based on the currencies of the countries and/or jurisdictions in which we have presence and therefore we may be exposed to foreign exchange risk. Currently, our Group does not have a foreign currency hedging policy. However, exposures to currency risk are monitored on an ongoing basis and the Group aims to keep the net exposures at an acceptable level.

Please refer Note 35 of the Accountant's Report as set out in Appendix I to this document for an analysis of the potential impact of foreign exchange rate fluctuations on our profit or loss.

In addition, our consolidated financial statements are presented in S\$. As such, we are exposed to foreign exchange translation risks as the financial statements of our subsidiaries in the countries outside Singapore are denominated in their respective domestic currencies which are then translated at the foreign exchange rate applicable on the translation dates into Singapore dollars upon consolidation. Any unfavourable fluctuations of Singapore dollars against those currencies may materially and adversely affect the value of our net assets and income. Our Group cannot predict the impact of future exchange rate fluctuations on our results of operations.

RISK FACTORS

Our continued success and sustainability of growth will depend on our ability to expand our network in Asia and globally

As part of our long term objectives, we aim to pursue expansion opportunities by exploring joint ventures, strategic alliances, acquisitions, or investments in both existing and new markets, as and when suitable opportunities arise. Please refer to the paragraph headed "Business – Business Strategies and Future Plans" in this document for further details on our future plans. In the event that suitable acquisition targets or new opportunities are not identified, or acquisitions are not able to be made on terms acceptable to us, our ability to successfully execute our growth strategy may be limited.

Our expansion plans involve risks and uncertainties. If we are unsuccessful in implementing and executing our expansion plans, we may lose part or all of our investments. This may materially and adversely affect our business, financial condition, results of operations and prospects. Factors beyond our control, including due diligence issues or difficulty in integrating new businesses into our existing operations, may prevent us from achieving the level of success we had anticipated.

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

Our business primarily revolves around the storage of property for our customers (cargo and empty containers). As such, we are responsible for the safety of their property. In the event that there is any loss of or damage to such property, we may be liable for the loss or damage. 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, which may lead to our business, financial condition, results of operations and reputation to be materially and adversely affected. Please refer to the paragraph headed "Our insurance coverage may not be sufficient in covering the risks or losses that may result from our operations" in this section for more details.

Tax authorities could challenge the allocation of taxable income and expenses among our subsidiaries, which could increase our overall tax liability

Our Group is headquartered in Singapore with operations in the PRC, Hong Kong, Malaysia, Thailand and Vietnam. If two or more affiliated companies are located in different jurisdictions, the tax laws or regulations of each jurisdiction generally require transactions among those affiliated companies to be conducted on terms consistent with those between unrelated companies dealing at arms' length, and appropriate documentation is generally maintained to support the transfer prices.

In our ordinary course of business, related party transactions are conducted among affiliates of our Group. In particular, material related party arrangements are entered into by (SG) EK Marketing which acts as a marketer and promotor of our Group's depot services to our customers and procures affiliated operating entities of our Group to provide various depot services (including storage, handling, repair, and other related services) to customers in Singapore, the PRC, Malaysia, Thailand and Hong Kong, whereby part of the revenue received from customers are reimbursed as service fee payments to the related party depot service providers.

RISK FACTORS

In compliance with applicable transfer pricing laws and regulations, the pricing of our material related party transactions has been set with regards to transfer pricing principles as set out in guidelines published by the OECD and Singapore, and we have maintained appropriate transfer pricing documentation in this regard. Based on the assessment of our independent transfer pricing consultant from a Singapore transfer pricing perspective, we believe that the risk that our transfer pricing arrangement would result in the imposition of any additional Singapore tax liability to our Group to be remote. However, there is no assurance that the relevant tax authorities would not challenge the appropriateness of our transfer pricing arrangement, or that the relevant regulations or standards governing such arrangement will not be subject to future changes. In the event that a tax authority finds that our transfer pricing arrangements to be inappropriate or unreasonable, such authority could require the relevant entities to re-determine transfer prices and thereby reallocate the income, or adjust the taxable income, or deduct costs and expenses of the relevant subsidiary in order to accurately reflect such income. This may possibly lead to an increase in our overall tax liability, which could adversely affect our financial condition, results of operations and cash flows. Please refer to the paragraphs headed "Business – Transfer pricing arrangement – Transfer pricing assessment" and "Regulatory Overview and Taxation" in this document for further details.

In addition, the tax laws in the jurisdictions in which we operate are subject to differing interpretations. Tax authorities may disagree with and challenge our assessments of our transactions and/or tax positions (for example, in terms of whether transactions have been conducted at arms' length, or whether profit has been properly allocated between affiliates in different jurisdictions), and if successful, such challenges could increase our overall tax liability, such as additional taxes, interest, fines or penalties. Even if we, or our subsidiaries, are successful in responding to challenges by tax authorities, responding to such challenges may be expensive, time consuming and/or may divert resources and our management's time and focus away from our operations or businesses. Therefore, a challenge as to any of our or our subsidiaries' transactions and/or tax position or status, even if unsuccessful, may have a material adverse effect on our business, financial condition, results of operations and/or liquidity.

We face inherent risks related to our associates and joint ventures

We do not have majority control in our associates. As we do not have full control over our associates and our respective strategic partners in joint ventures, we have limited ability to dictate or substantially influence certain decisions and/or the general direction undertaken by our associates and joint venture entities. Our relevant strategic partners may have economic or business interests or goals that do not completely align or are inconsistent with ours, and may cause such entities to undertake certain transactions or corporate actions which are inconsistent or contrary to our Group's strategy, policies and objectives, and the business, financial condition, results of operations and/or prospects in such entities may be materially and adversely affected.

We may require additional funding for our future growth which may not be available on terms favourable to us or at all

Although we have identified our future growth plans as set out in the paragraph headed "Business – Business Strategies and Future Plans" in this document as viable avenues to pursue growth in our business, the net [REDACTED] from the [REDACTED] may not be sufficient to fully cover the estimated costs of implementing all these plans. In addition, there may also be opportunities to grow and expand from time to time which may require additional funding and which cannot be predicted at this juncture.

RISK FACTORS

Our ability to obtain additional funding depends on a number of factors, such as market conditions, our operating performance and the commercial viability of our services. There is no assurance that we will be able to obtain additional funding in a timely manner and on terms that are acceptable to us or at all. For the years ended 31 December 2021, 2022 and 2023, our weighted average effective interest rates were approximately 2.1%, 5.4% and 5.4%, respectively. If we require additional funds and cannot raise them on acceptable terms, we may not be able to (i) execute our growth plan for our services; or (ii) take advantage of future opportunities, including synergistic acquisitions.

If we are unable to procure the additional funding that may be required to fund the development and expansion of our business on favourable terms or at all, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our employees are exposed to occupational health and safety risks

Some of our employees work in an environment that may expose them to workplace accidents and incidents such as injuries resulting from accident fall or improper use of mechanical equipment. Notwithstanding the pre-job training we conduct for all depot workers, the establishment of our Workplace Safety and Health policy and Workplace Safety and Health Committee, workplace accidents remain a possibility at our operation sites. There is no assurance that our employees or our subcontractors will not violate our relevant policies, guidelines or other related company rules and regulations.

In the event that an employee is injured in the course of his or her employment, we may be liable for penalties, suspensions and/or fines imposed by regulatory authorities or damages arising from claims for compensation from the injured employee that may not be fully covered by our insurance policies. Please refer to the paragraph headed "Our insurance coverage may not be sufficient covering the risks or losses that may result from our operations" in this section for more details.

In addition, we may be exposed to criminal and/or civil action and be required to pay damages as a result. Such workplace accidents and incidents, or any penalties imposed by the relevant authorities for failure to implement safety measures, may have a material and adverse impact on our business, financial condition, results of operations and reputation.

Our insurance coverage may not be sufficient in covering the risks or losses that may result from our operations

Our business inherently carries a number of risks, including but not limited to vehicle collisions, cargo loss or damage, property loss, personal injuries, and business interruptions due to natural disasters, political unrest or other factors. We maintain a range of insurance policies at both global and local operational levels that are appropriate for our current businesses which provide coverage for third-party liability, transportation risks, property loss and damage, workers' compensation for injury and death, and other areas. Please refer to the paragraph headed "Business – Insurance" in this document for further details on the range of insurance policies we maintain.

RISK FACTORS

While we believe that we have adequately insured our business and operations, and in amounts that are commercially appropriate, we may become subject to liabilities for events against which we are not adequately insured or which we cannot insure on terms that are acceptable to us, such as losses suffered that are not easily quantifiable and which may damage our reputation, including natural disasters, riots, general strikes, and acts of terrorism. Recovering losses from insurers could be challenging and time-consuming, and we may not be able to recover the full amount of losses incurred. Additionally, there may be some risks that are uninsurable or not economically insurable, such as acts of war and terrorism. If losses arise from damage to our assets and properties that are not adequately covered by our insurance policies, or if such damage exceeds the insured amount, our results of operations and financial condition may be materially and adversely affected.

We are dependent on our electronic management systems and we may suffer from information and technological system failures which could have material and adverse impacts on our business

Our information technology systems are critical to the quality and competitiveness of our container and logistic related businesses and we rely on these technological systems for various operation and functional needs, including sharing of operational data and reports with our customers and providing our customers with payment options. Our current key IT systems include our container management system, depot appointment system, handheld survey systems and B.I. On The Go system. The efficient and uninterrupted operation of our IT systems is essential to delivering our services. Please refer to the paragraph headed "Business – Information Technology" in this document for further details.

Despite our continuous efforts to make investments in our information technology systems, these systems may be susceptible to technical breakdowns or failures, cybersecurity risks, fire, natural disasters, power loss, network disruptions telecommunications failure, industrial action, acts of war, terrorism or other factors beyond our control. Any failure or breakdown in these systems or processes could disrupt our business operations, and prolonged outages could impact our ability to provide timely services to our customers or at all. While we have implemented precautions and systems and to address such risks, we cannot guarantee that such measures will prevent disruptions to our business operations or that we will be able to resolve system failures or interruptions in a timely and cost-effective manner. Therefore, such incidents may have a material and adverse impact on our business, financial condition, results of operations and reputation. As at the Latest Practicable Date, we are not aware of any IT system failures by any entity within our Group that could have a material adverse impact on our business.

Failure to keep pace with technological advancements and design improvements may materially and adversely affect our competitiveness

We operate in a competitive environment where cost-effectiveness, efficiency and the range of services provided are important factors to our customers. Effective electronic management systems are crucial for streamlining our operations, managing our operating costs and maximising work efficiency. As customers become increasingly sophisticated, we must adjust our operating systems and processes accordingly, and our machinery and vehicles must become increasingly versatile in order for us to remain competitive. Failure to keep up with technological advancements in operating our management systems may result in reduced competitiveness. In the event that we lose our competitive edge, our business, results of operation and prospects may be materially and adversely affected.

RISK FACTORS

We are subject to risks relating to conducting business in foreign countries

Our business operates in several countries, including Singapore, the PRC (including Hong Kong, Thailand, Malaysia and Vietnam). The performance of the general global economy may affect our business, particularly the volume of containers that we handle and the use of other container and logistic related services by customers. Any economic slowdown, financial market turmoil, decrease in demand for shipped goods, trade sanctions or political uncertainties between countries may hinder our ability to operate in the relevant foreign countries on favourable or reasonable terms or prevent us from operating altogether. Any negative developments or severe or prolonged slowdown globally or in the ASEAN region and the PRC may have a material and adverse impact on our business, results of operations, financial condition and prospects.

Further, any intention to expanding operations into new geographic markets may increase the risks we face. We may not succeed in developing and implementing effective policies and strategies in each location where we conduct business. Any failure to do so may materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to compliance with and changes to laws and regulations, and any changes in the relevant laws and regulations may significantly increase our compliance burden

We are required to obtain various licences, permits and approvals to operate our business as stipulated by relevant laws and regulations, which may be subject to periodic renewal by the relevant governmental authorities, and each is subject to conditions specified therein. Please refer to the section headed "Licenses, Permits and Approvals of the Group" in Appendix VII to this document for more information.

Although we will continue to use our best efforts to obtain all necessary licences, permits, approvals and certificates and to complete renewals in a timely manner, there is no assurance that we will be able to do so. Failure to obtain or renew required licences, permits, approvals or certificates in a timely manner may result in penalties, and we may be exposed to the risk of having our licences, permits or approvals suspended or revoked by the relevant governmental authorities, materially and adversely affecting our business and results of operations.

We must continually monitor and ensure compliance with the conditions, laws and regulations associated with our licences, permits and approvals. Ongoing costs and obligations are associated with compliance, and failure to comply may result in additional costs for corrective measures, penalties, or restrictions on our business operations, causing disruption to our business operations. Any future changes to such laws, regulations, rules and guidance could require significant changes to our business operations, result in increased compliance costs or material liabilities, or affect our ability to renew our licences, permits and certificates and approvals or obtain timely renewals, which would have a material and adverse effect on our business, financial condition and results of operations.

RISK FACTORS

The legal systems of the countries in which we operate are complex and the interpretation, application and enforcement of laws and regulations may involve uncertainty

The legal systems of countries in which we operate are complex and there may be uncertainties in the interpretation, application and enforcement of laws and regulations. There may also be limited precedents on the interpretation, implementation or enforcement of local laws and regulations. The laws and regulations may be supplemented or modified by practices that may not have been ruled upon by the courts or enacted by legislative bodies and could change without notice or on short notice. Therefore, there may be some degree of uncertainty regarding the application of and compliance with laws and regulations that apply to our business.

Further, there is uncertainty as to whether the courts in these jurisdictions would recognise or enforce foreign judgments or foreign arbitral awards. The complexity and uncertainty in the legal systems of the countries in which we operate may negatively impact our operations in these countries and our business, financial condition, results of operations and prospects may be materially and adversely affected.

It may be difficult to enforce legal judgment against us, our members or our Directors and officers

We are a holding company incorporated in Singapore with all our business operations conducted through subsidiaries registered across the ASEAN regions and the PRC. Most of our Directors and officers are residents of jurisdictions outside of Hong Kong. A substantial portion of our assets and the assets of our Directors and officers, at any one time, are and may be located in jurisdictions outside of Hong Kong. It could be difficult for [REDACTED] to effect service of process within Hong Kong on our Directors and officers who reside outside of Hong Kong. The use of Hong Kong courts by aggrieved [REDACTED] may be subject to certain limitations concerning enforcement of a Hong Kong judgment against us, our members or our Directors and officers.

RISKS RELATING TO OUR OPERATIONS IN THE PRC

Our non-compliance with relevant social insurance and housing provident fund contribution laws and regulations in the PRC might lead to imposition of fines and penalties

According to the relevant PRC laws and regulations, we are required to make contributions to certain employee social welfare schemes. The relevant schemes include social insurance contributions (including basic endowment insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance) and housing provident fund contributions. During the Track Record Period and up to the Latest Practicable Date, (PRC) TJ Keyun failed to make full social insurance and housing provident fund contributions for its employees.

It is estimated that for the years ended 31 December 2021, 2022 and 2023, the estimated aggregate shortfall in social insurance contribution amounted to approximately RMB1.2 million, RMB1.3 million and RMB1.2 million, respectively, and the estimated aggregate shortfall in housing provident fund contribution amounted to approximately RMB0.6 million, RMB0.6 million and RMB0.5 million, respectively.

RISK FACTORS

In the event that the relevant authority later strengthens the enforcement of the relevant laws and regulations on social insurance and housing provident fund in respect of the enterprises within its jurisdiction and accordingly considers it necessary to make retrospective contribution to social insurance fund and housing provident fund contributions and impose penalties, the amount of which may be significant, our Group’s business, financial condition and operating results may be materially and adversely affected. Please see the paragraph headed “Business – Legal proceedings and non-compliance – Failure to make full contributions to the social insurance and housing provident fund” in this document for further details.

We may be required to complete the filing with the CSRC in connection with the proposed [REDACTED] under the New Measures

On February 17, 2023, the CSRC released a set of regulations including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**New Measures**”), and five supporting guidelines (5項配套指引), which came into effect on March 31, 2023. Under the New Measures, any overseas offering and listing by an issuer shall be determined as indirect overseas offering and listing by a domestic enterprise and shall undergo the relevant filing formalities with the CSRC if (i) among the operating revenue, total profits, total assets or net assets of the domestic enterprise in the most recent fiscal year, any index accounts for over 50% of the relevant data in the audited consolidated financial statements of the issuer for the same period; and (ii) the main parts of the business activities of the issuer are carried out in China or the main business places are located in China, or most of the senior executives in charge of business operation are Chinese citizens, or their habitual residences are located in China. The determination of indirect overseas offering and listing by domestic enterprises shall follow the principle of substance over form (the “**Principle**”). Further, pursuant to Article 4 of Guidelines for Application of Regulatory Rules – Overseas Offering and Listing No.1 (監管規則適用指引 – 境外發行上市類第1號), where an issuer does not fall within the circumstances stipulated in Article 15(i) and (ii) of the New Measures, but submits the application for offering and listing in an overseas market in accordance with the relevant provisions on non-PRC issuers, and the risk factors disclosed are primarily related to the PRC, the securities company and the issuer’s PRC legal adviser shall follow the Principle and conduct comprehensive demonstration and identification of whether the issuer falls within the scope of the filing requirements.

We believe that we do not fall within the circumstances stipulated in Article 15(i) and (ii) and the second paragraph of Article 15 of the New Measures. Therefore we are not subject to the filing requirements under the New Measures. However, uncertainties still exist as to how the New Measures and the supporting guidelines will be interpreted and implemented since they are newly published. Particularly, the Principle is subject to any new laws, rules and regulations or interpretations and implementations in any form relating to the filing requirements under the New Measures. If the CSRC considers that we fall within the circumstances stipulated in the second paragraph of Article 15 of the New Measures and therefore shall complete the filing procedure, but we failed having done so, the CSRC may order us to rectify, issue warnings and impose a fine up to RMB10 million. Plus, directly liable persons-in-charge and other directly liable persons may be warned and each be imposed a fine up to RMB5 million.

RISK FACTORS

We may face challenges by third parties with respect to property ownership, which may expose us to potential financial loss and negatively affect our ability to use the properties that we lease

As at the Latest Practicable Date, for six of our leased properties in the PRC, we have not been provided by the lessors with the relevant ownership certificates or any other documentation proving their right to lease and/or sublease those properties to us. As advised by our PRC legal adviser, in the event that our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or other relevant parties who have the right to lease the properties, and the terms of the new leases may be less favourable to us. Moreover, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties.

We are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

None of the leasing agreements of our leased properties has been registered as required by applicable PRC laws and regulations in which we may be subject to penalties should we fail to register these lease agreements upon request by the relevant authorities

As of the Latest Practicable Date, none of the leasing agreements of our leased properties has been registered with the competent PRC government authorities as required by applicable PRC laws and regulations. Our PRC Legal Adviser has advised us that failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of the lease agreements, but the relevant PRC government authorities may order us to, within a prescribed time limit, register the lease agreements. Failure to do so may subject us to a fine ranging from RMB1,000 to RMB10,000 for each lease agreement.

RISKS RELATING TO OUR OPERATIONS IN HONG KONG

Our operations may be materially and adversely affected by a decline in container throughput of Hong Kong port terminals

Hong Kong was consistently ranked near the top for the world's busiest container port terminals in past years but its positioning has been declining whilst neighbouring ports in the Greater Bay Area, such as those in Guangzhou and Shenzhen of the PRC, have increased their container throughput capacities and operating performance leading to increasingly competitive market environments. According to the data released by the Marine Department of the Government of Hong Kong, there has been a consistent downwards trend of container throughput of Hong Kong port terminals in the past decade where the total container throughput in 2013 was 22.4 million TEUs as compared to 14.3 million TEUs in 2023, representing a decrease of 36.2%.

RISK FACTORS

As our Hong Kong operations are interconnected with the trade flows and performance of the port terminals in Hong Kong, decreases in container throughput of Hong Kong port terminals may lead to a reduced demand for our container depot and logistic related services accordingly, which may materially and adversely affect our business, financial condition and results of operations in Hong Kong.

Land shortage has been plaguing Hong Kong in recent years and any potential rejuvenation or development of the sites, particularly the brownfield sites, which we operate may materially and adversely affect our business, financial condition and prospect

Based on our Director's knowledge, the Government of Hong Kong typically offers short term tenancy rentals or relatively small odd shaped container depot land areas in the vicinity of the terminal for container storage and other relevant uses including handling cargo, lorry parking and repairs which are not directly related to the operation of the port terminals. In view of the quarterly renewal being subject to the lessor's approval, there is an uncertainty regarding our ability to continue our operations in the same location. There is no assurance that we would be able to renew the lease agreements or secure lease replacement land near the port terminals at rates and terms acceptable to us. If we fail to renew the leases or the leases are terminated prematurely due to reasons beyond our control such as the implementation of redevelopment plans, we may have to relocate our operations and assets to other premises. The new locations may not be as desirable as the original locations in terms of geographical and operational suitability, and we may need to incur costs to reinstate the relevant land prior to handing over which could subject us to additional costs and have a material and adverse effect on our business, financial condition, results of operations and prospects. If we fail to find suitable replacement properties or facilities, it may lead to disruptions in our business operations and materially and adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR OPERATIONS IN MALAYSIA

Our operations may be materially and adversely affected by social, economic, legal and regulatory developments in Malaysia

Our business prospects, financial condition and prospects of the industry in which we operate in will depend, to some degree, on the developments of the social, economic, legal and regulatory fronts in Malaysia. As such, we may be affected by changes in government policies and/or relevant laws and regulations in Malaysia. Any political or regulatory changes, including the introduction of new laws and regulations or changes to relevant laws and regulations may have an impact upon, amongst others, the conduct of business, interest rates, the taxation of goods and services or regulations relating to mandatory Bumiputera equity requirements. An adverse development relating to any of the foregoing may have a material and adverse effect on our business operations, financial position, results of operations and prospects if we are unable to comply with the new laws, regulations or policies.

In addition, the economic conditions in Malaysia may have an effect on our business and operations, as well as our future prospects. Any future deterioration of the Malaysian economy may also affect the costs of our operations and in turn may materially and adversely affect our business and financial performance.

RISK FACTORS

We may be affected by changes to foreign exchange controls, fiscal and other regulatory policies in Malaysia

Since 21 July 2005, the RM peg to the US\$ has been removed and the RM has been allowed to operate on a managed float basis to ensure that the exchange rate remains close to its fair value. Currently, there are no restrictions for non-residents on the repatriation of proceeds from divestment of RM assets, profits, dividends or any income arising from investments in Malaysia, provided that the repatriation is made in a foreign currency and that the conversion of RM into the foreign currency is undertaken in accordance with the Malaysian Financial Services Act 2013 and Bank Negara Malaysia's Foreign Exchange Notices.

In the event the Malaysian government implements any change to the relevant regulations on foreign exchange controls, for example, any introduction of restrictive foreign exchange rules to a non-resident entity in Malaysia, such changes may affect repatriation from our Malaysian subsidiaries and, accordingly, may materially and adversely affect our financial position.

We may be subject to tax audit and investigations in Malaysia

The Malaysian tax regime is based on a self-assessment system. Our Group's Malaysian subsidiaries have legal obligations to make self-assessments of the tax payable, file necessary tax returns annually and remit the tax payable within the statutory deadlines. The Malaysian Inland Revenue Board ("MIRB") is empowered by the Malaysian Income Tax Act 1967 to carry out audit and investigation on companies chargeable to determine, amongst others, whether their tax returns filed have been computed accurately and completely. If the MIRB determines that a company is subject to more tax payable than was reported in the self-assessed tax returns, it can impose additional tax and/or penalties on such company under the Malaysian Income Tax Act 1967.

Our Malaysian subsidiaries will calculate the amount of taxes and make payment thereof in accordance with the applicable taxation laws. However, if MIRB has a different view from us with respect to our self-assessed tax payable in the tax returns filed by our Malaysian subsidiaries, there is a possibility that additional taxes or penalty may be imposed. As we may be subject to tax audit and investigation by MIRB, the imposition of additional tax or penalty on our Malaysian subsidiaries may decrease our Group's profit margin and accordingly, this may materially and adversely affect our financial position.

As at the Latest Practicable Date, our Malaysian subsidiaries have not been the subject of any ongoing or pending tax audit or investigation in Malaysia.

RISK FACTORS

RISKS RELATING TO OUR OPERATIONS IN THAILAND

Uncertainties in the economic, legal and regulatory environment in Thailand may adversely affect our business

Our operations in Thailand are subject to the economic, legal and regulatory conditions in Thailand that differ from those prevailing in other countries with more developed economies. Our results of operations are influenced in part by the general state of the Thai economy. Factors that may adversely affect the Thai economy, whether directly or indirectly, include global economic conditions, exchange rate fluctuations and the exchange control policy of the Bank of Thailand, a prolonged period of inflation, deflation, economic stagnation or an increase in regional interest rates, changes in taxation, natural disasters, including tsunamis, earthquakes, fires, drought and similar events in Thailand or the region and other regulatory or economic developments in or affecting Thailand. Any downturn in the Thai economy may have a material and adverse effect on our business, financial condition, results of operations and prospects.

The Thai government has frequently intervened in the domestic economy and has occasionally made significant changes in economic policy. The Thai government’s actions to control inflation and implement other policies have included, among other things, wage and price controls, capital controls and limits on imports, at times partially reversing such policies soon after the new policies were announced. Our business, financial condition and results of operations may be materially and adversely affected by changes in government policies involving exchange controls, tax policies and other matters.

Furthermore, although the political climate in Thailand has been relatively calm recently, there is no guarantee against future political incidents. Changes in government, protests, civil unrest, and other political factors may adversely affect our operations in Thailand, as well as our financial position, cash flow, and overall operational results.

Risks relating to our corporate structure in Thailand

The Foreign Business Act B.E. 2542 (1999), as amended (the “**FBA**”), restricts foreigners (including juristic persons registered in Thailand with 50% or more of their shares held by non-Thai individuals) from conducting service businesses in Thailand.

We hold approximately 49% of the shares in the share capital of (TH) EK via ordinary shares. The remaining 51% of the shares are held by Thai individuals via preference shares. (TH) EK, in turn, holds a controlling stake in (TH) Reefertec. The articles of association (by-laws) of (TH) EK prescribe that, preference shares are entitled a diluted voting rights. As such, all resolutions of the shareholders require an affirmative vote from us and we maintain control over (TH) EK and (TH) Reefertec. Please refer to the paragraph headed “History, Reorganisation, and Corporate Structure – Corporate Structure” in this section.

Presently, the Foreign Business Administration Division of the Department of Business Development interprets the FBA in a manner that focuses solely on ownership, specifically the proportion of shares rather than company control. Therefore, based on genuine business decisions made by the shareholders of (TH) EK in relation to the control the above shareholding and control structure is in compliance with the FBA.

RISK FACTORS

However, there is no assurance that government authorities will not later deem our corporate structure non-compliant with relevant Thai laws and regulations. Furthermore, laws and regulations in Thailand may change, potentially rendering our corporate structure non-compliant. In such an event, we may need to alter our business model, adjust corresponding business strategies, and restructure our shareholding in Thailand, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

RISKS RELATING TO OUR OPERATIONS IN VIETNAM

The property in which we carry out our container depot operations in Vietnam lacks relevant land use certificates, which may materially and adversely affect our container depot operations at this location

As of the Latest Practicable Date, we operate one container depot in Dong Nai province, Vietnam under a service agreement with a local container depot operator for a term of three years. The local depot operator provides the land for us to carry on our container depot operations in the Dong Nai province. However, the local container depot operator has yet to obtain approval for the appropriate land use right certificate for us to carry out container depot operations. As a result, our right to carry out container depot operations on this land may possibly be limited or challenged by government authorities.

As advised by our Vietnam legal adviser, the risk in connection with this regulatory issue is that the relevant government authorities may (i) impose the local depot operator a fine of VND20 million (equivalent to approximately S\$1,000); and (ii) require the local depot operator to return the misused land for which they have not obtained the relevant land use right certificates, resulting in the cessation of our container depot operations in this location. Any requirement by relevant government authorities for recovery of the land must follow statutorily prescribed procedures whereby the relevant government authority must first notify the land owner of the contemplated recovery together with instructions on the handling of the remaining property or land-attached assets (if any).

As of the Latest Practicable Date, we were not aware of any actual or contemplated actions, claims or investigations by any government authorities in respect of this land. However, we are actively looking for other suitable land in the greater Ho Chi Minh City area to move out and carry out our own container depot operations. We cannot assure you that the relevant government authorities will not take any actions in the interim and we cannot assure you that we will be able to find suitable land free from regulatory issues to carry out container depot operations at the same scale. If this risk materialises, our business, financial condition and results of operations may be materially and adversely affected.

Introduction of new laws or changes to existing laws in Vietnam may materially and adversely affect our business

Vietnam's legal system may not offer the same degree of stability and predictability as many developed markets, which could impact the protection of private businesses. The legal framework and regulatory apparatus are still in the early stages of development and not as well-established as those in more developed markets. As a matter of practice, it is often not the courts but the Vietnamese's government ministry, department or agency responsible for administering the relevant law or regulation that is the arbiter of legality and enforceability. It is difficult to predict when Vietnam's legal system will attain a similar level of certainty and predictability of jurisdictions as more developed legal systems.

RISK FACTORS

Anti-bribery and corruption laws and regulations in Vietnam may not be as stringent as in other jurisdictions with more developed legal systems, and instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect. Potential corruption by third parties and a lack of transparency in judicial processes may interfere with our ability to protect our legal rights in Vietnam, which in turn may materially and adversely affect our operations, financial condition, results of operations, cash flow and prospects.

Tax laws in Vietnam are subject to change

All major tax laws and regulations in Vietnam (including value added tax, corporate income tax, personal income tax and royalty fees) have undergone significant changes since January 1, 2015 and continue to be supplemented and clarified as issues arise over interpretation or implementation. A number of amendments and reforms were also conducted with respect to the tax laws in Vietnam where our Group operates. Any changes in our Group's tax status or the taxation legislation or different interpretations of tax laws and policies in Vietnam may materially and generally affect our performance and results of operations and increase the tax obligations imposed on our Group.

RISKS RELATING TO THE [REDACTED]

Control by our Controlling Shareholders may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Immediately after the completion of the [REDACTED] NEKCG will directly hold approximately [REDACTED]% of the issued Shares of our Company (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] and the Post-[REDACTED] Share Options). NEKCG is an investment holding company, which is owned as follows: (1) NEKCH as to approximately 79.4%; (2) NEKGH as to approximately 5.6%; (3) Mr. Li as to approximately 7.3%; (4) Mr. Ng as to approximately 6.4%; and (5) Mr. Leung as to approximately 1.3%. Therefore, NEKCG, NEKCH, NEKGH, Mr. Li, Mr. Ng and Mr. Leung will together form a group of controlling shareholders. Please refer to the section headed "Substantial Shareholders" in this document for further information. As a result, our Controlling Shareholders will be able to exercise significant influence over matters requiring Shareholder's approval, including the election of Directors, corporate actions such as mergers or take-over attempts, acquisition or disposition of assets, issuance of any additional Shares or other equity securities, timing and amount of dividend payment and management of the Group.

Our Controlling Shareholders may be able to block most, if not all, corporate matters requiring an ordinary resolution under the Companies Act and the Listing Rules, except for certain matters in which they are interested parties and must therefore abstain from voting as required by the Listing Rules. Such concentration of ownership may also delay, prevent or deter a change in control of our Group which may not be in the best interests of our Shareholders. The interests of our Controlling Shareholders may conflict with, those of our public shareholders, and they may take actions or exercise influence that favour their interests over the interests of the Group or our public shareholders. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that may conflict with the best interests of our other Shareholders.

RISK FACTORS

There was no public market for our Shares prior to the [REDACTED] and an active or liquid trading market for our Shares may not develop

Prior to the [REDACTED], there has been no public market for our Shares. Although we have applied for our Shares to be [REDACTED] on the Main Board of the Stock Exchange, we cannot predict whether an active or liquid trading market on the Stock Exchange will develop, nor can we guarantee that the market price of our Shares will not decline below the [REDACTED]. The [REDACTED] of our Shares may not be indicative of the prevailing prices in the trading market. The development of an active trading market and the level of liquidity depends on a variety of factors, such as our results of operations, business performance, changes in competitive conditions, general economic conditions, political and social factors, volatility in Hong Kong and global securities markets and the performance of the Hong Kong economy. If an active and liquid trading market does not develop, you may have difficulty selling any of our Shares that you purchase and the market price and the liquidity of our Shares could be materially and adversely affected.

Any disposal of a substantial number of Shares by our Controlling Shareholders in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiry of their respective lock-up periods after the [REDACTED]. While we currently are not aware of any intention of such persons to dispose of significant amount of our Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Our Group is unable to predict the impact, if any, of any future sales of the Shares by any of our Controlling Shareholders, on the market price of the Shares. Sales of a substantial number of Share by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

[REDACTED] from the [REDACTED] may be subject to foreign exchange risk

We are exposed to certain foreign exchange risks in respect of depreciation or appreciation of the currencies used in our business operations. Our revenue is denominated in SGD and the primary functional currencies used in our business operations include USD and RMB, while the [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. As such, any unfavorable fluctuations in exchange rates against our Group may adversely affect the underlying value of our [REDACTED] from the [REDACTED].

The price of our Shares may be volatile and you may lose all or part of your [REDACTED]

The market price of our Shares may be volatile and could fluctuate significantly in response to various factors, some of which may be beyond our control, including changes in conditions affecting our industry, general economic and stock market conditions.

RISK FACTORS

The market price of our Shares may decline below the [REDACTED] and you may not be able to sell your Shares at or above the price you paid in the [REDACTED], or at all. The Hong Kong stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations have, in some cases, been unrelated or disproportionate to the operating performance of the publicly-traded company. These broad market and industry fluctuations may adversely affect the market price of our Shares, regardless of our actual operating performance.

Overseas Shareholders may not be able to participate in future rights [REDACTED] or certain other equity issues by us

We may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business. As a result, we may require additional equity funding after the [REDACTED]. If we choose to issue new Shares in order to finance future expansion, acquisition, joint ventures and strategic partnerships, our Shareholders will face a dilution of their shareholdings.

If we [REDACTED], or cause to be [REDACTED], to our Shareholders any rights to subscribe for additional Shares or any rights of any other nature, we will have the discretion as to the procedure to be followed in making such rights available to our Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders. Our ability to [REDACTED] these rights outside Singapore may be subject to foreign laws and regulations and we may not be able to [REDACTED] these rights to the holders of our Shares having an address in a jurisdiction outside Singapore. Accordingly, Shareholders who are outside or have a registered address outside Singapore may be unable to participate in rights [REDACTED] and may experience a dilution in their holdings as a result.

The actual performance of our Company may differ materially from the forward-looking statements in this Document

This document contains forward-looking statements and uses forward-looking terminology such as “anticipate”, “could”, “believe”, “intend”, “plan”, “seek”, “may”, “expect”, “would”, “will”, “going forward” and similar expressions, which are based on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside of our control. Caution should be exercised that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions prove to be inaccurate, which in turn means that the forward-looking statements based on those assumptions may also be incorrect. Furthermore, our revenue and financial performance are dependent on a number of external factors, including demand for our products that may decrease for various reasons, such as increased competition within the industry or changes in applicable laws and regulations. There is no assurance that these assumptions will be realised and our actual performance will be as expected. [REDACTED] should not place undue reliance on any such forward-looking statements. The inclusion of these forward-looking statements in this document shall not be regarded as a representation or warranty by our Company or any of its professional advisers that the plans and objectives of our Company can or will be achieved. All forward-looking statements in this document are qualified by reference to this cautionary statement.

RISK FACTORS

We are not able to guarantee the accuracy of third-party information

Market data and certain information and statistics relating to us and general market or industry data are derived from both public and private sources, including market research, publicly available information and industry publications. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, and therefore, we make no representation as to the accuracy of such facts and statistics. Due to the possibility of flawed or ineffective calculation and collection methods and other issues, the data and statistics presented herein may be inaccurate or incomparable to those produced for other economies and should not be unduly relied upon. We cannot guarantee that the data and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

Shareholders and [REDACTED] could face difficulties in protecting their interests because our Company was incorporated under the laws of the Singapore and these laws could provide different protections to minority Shareholders than the laws of Hong Kong

Our corporate affairs are governed by our Constitution, the Singapore Companies Act and common law of Singapore. The laws of Singapore relating to the protection of the interests of minority shareholders could differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong. Such differences could mean that the minority Shareholders could have different protections than they would have under the laws of Hong Kong.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
LI Hung (李雄)	67D Namly Drive Singapore 267477	Singaporean
NG Kam Ming (伍錦明)	98B, Coronation Road West Singapore 269319	Singaporean
Alternate Director		
LEUNG Wai Kuen, Godfrey (梁偉權) (acting as the alternate Director to Mr. Ng)	Flat C, 27/F, Block 15 Laguna Verde Costa Del Sol Hung Hom, Kowloon Hong Kong	Chinese
Non-executive Director		
Jean-Christophe Michel MARTI	17 Cove Way #08-10 Singapore 098205	French
FOO Lih Huoy (符琍蕙)	8 Makeway Avenue #21-17 Kopar At Newton Singapore 228607	Malaysian
Independent non-executive Directors		
LAM Shiao Ning	159 Thomson Ridge Singapore 574735	Singaporean
FONG Heng Boo (龐廷武)	156, Lorong Kismis Singapore 598079	Singaporean
YANG Victor (楊岳明)	15B Kennedy Heights 10-18 Kennedy Road Hong Kong	Chinese

For more information on our Directors and members of senior management, please see "Directors and Senior Management" in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Alliance Capital Partners Limited

Room 03, 7/F, Worldwide House
19 Des Voeux Road Central
Hong Kong

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Legal advisers to our Company

As to Hong Kong law:

Hogan Lovells

11th Floor, One Pacific Place
88 Queensway
Hong Kong

As to Hong Kong law (in relation to our Hong Kong subsidiaries):

ONC Lawyers

19th Floor, Three Exchange Square
8 Connaught Place
Central
Hong Kong

As to Singapore law:

WongPartnership LLP

12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
018982 Singapore

As to PRC law:

JunHe LLP

26/F HKRI Centre One, HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai 200041
P.R.China

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC law (in relation to social insurance and housing provident fund matters):

Grandall Law Firm (Shanghai)

27/F, Garden Square
968 West Beijing Road
Shanghai, China

As to Malaysia law:

Cheang & Ariff

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Malaysia

As to Thailand law:

Weerawong, Chinnavat & Partners

540 Mercury Tower
22nd Floor
Ploenchit Road
Lumpini, Pathumwan
Bangkok 10330
Thailand

As to Vietnam law:

LNT & Partners

Unit 03, Level 21, Bitexco Financial Tower
No.02 Hai Trieu Street, District 1
Ho Chi Minh City
Vietnam

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

As to Hong Kong law:
[REDACTED]

Reporting Accountants

Deloitte Touche Tohmatsu

Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Auditors

Deloitte & Touche LLP

Public Accountants and Chartered Accountants

6 Shenton Way, OUE Downtown 2

#33-00

Singapore 068809

Industry consultant

Euromonitor International Limited

60-61 Britton Street

London

EC1M 5UX

United Kingdom

Property valuer

Kroll (HK) Limited

Level 3, Three Pacific Place

1 Queen's Road East

Hong Kong

Compliance adviser

Alliance Capital Partners Limited

Room 03, 7/F, Worldwide House

19 Des Voeux Road Central

Hong Kong

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered office in Singapore	13 Tuas Avenue 11 Singapore 639079
Principal place of business and headquarters in Singapore	13 Tuas Avenue 11 Singapore 639079
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Company's website	www.engkong.com <i>(The contents of this website do not form part of this Document)</i>
Singapore company secretary	TAN Siew Hua (MAICSA, CSIS) Tricor Singapore Pte Ltd 9 Raffles Place #26-01 Republic Plaza Singapore 048619
Hong Kong company secretary	AU-YEUNG Nelly 5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
Audit committee	FONG Heng Boo (龐廷武) (<i>Chairman</i>) LAM Shiao Ning YANG Victor (楊岳明)
Remuneration committee	YANG Victor (楊岳明) (<i>Chairman</i>) NG Kam Ming (伍錦明) MARTI Jean-Christophe, Michel LAM Shiao Ning FONG Heng Boo (龐廷武)
Nomination committee	LI Hung (李雄) (<i>Chairman</i>) MARTI Jean-Christophe, Michel LAM Shiao Ning FONG Heng Boo (龐廷武) YANG Victor (楊岳明)

CORPORATE INFORMATION

Authorised representatives (under the Listing Rules)

LI Hung (李雄)
67D Namly Drive
Singapore 267477

AU-YEUNG Nelly
5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Principal banks

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
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United Overseas Bank
80 Raffles Place
#05-00, UOB Plaza 2,
Singapore 048624

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
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Singapore 049514

INDUSTRY OVERVIEW

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SOURCE OF INFORMATION

We commissioned a report from Euromonitor, an Independent Third Party, to conduct an analysis of, and to report on, the container shipping and container depot industry in Singapore and China. A total fee of US\$49,500 was paid to Euromonitor for the preparation of the report. Established in 1972, Euromonitor International is the world leader in strategy research for both consumer and industrial markets. Comprehensive international coverage and leading-edge innovation make our products essential resources for companies large and small, national and global.

1.1 FORECASTING BASES AND ASSUMPTIONS

Forecast data in the Euromonitor Report is arrived at based on the following assumptions: (i) the Singapore & China economy is expected to recover from Covid-19 gradually and maintain steady growth over the forecast period; (ii) the Singapore & China social, economic, and political environments are expected to remain stable during the forecast period; (iii) key market drivers such as the operation of new Tuas port are expected to boost Singapore's container depot landscape; (iv) key drivers including growth of imports and exports are likely to drive the future growth of China's container depot landscape.

The research results may be influenced by the accuracy of these assumptions and the choice of these parameters. The market research was completed in March 2024, and all statistics in the Euromonitor report are based on information available at the time of reporting. Euromonitor's forecast data is derived from an analysis of the historical development of the market, the economic environment, and underlying market drivers, and it is cross-checked against established industry data and trade interviews with industry experts.

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2. MACROECONOMIC OVERVIEW OF SINGAPORE

Singapore's economy records overall positive growth between 2019 and 2023

Singapore's economy registered a CAGR of 6.3% between 2019 and 2023 to reach SGD656.5 billion (USD488.8 billion) in 2023. According to the World Trade Organization, Singapore remains one of the most market-orientated and open economies in the world, and its economy has been closely linked to developments in the global economy and international trade. Approximately 72.7% of Singapore's GDP is generated by services industries, while about 23.6% is generated by goods-producing industries, with another 3.6% from the ownership of dwellings. After recovering well from the pandemic, Singapore's real GDP growth slowed to 0.9% in 2023 amidst the global economic slowdown and inflationary pressures. Over the forecast period, the economy is expected to grow from SGD671.6 billion (USD500.0 billion) in 2024 to SGD740.6 billion (USD551.4 billion) in 2028, sustained by services-producing industries such as wholesale trade, and finance and insurance.

**Table 1 GDP, Real GDP Growth and GDP per Capita in Singapore
(Historic: 2019–2023; Forecast: 2024–2028)**

	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
GDP (SGD billion)	514.1	480.7	569.4	643.5	656.5	671.6	689.0	706.9	724.6	740.6
GDP (USD billion)	382.7	357.9	423.9	479.2	488.8	500.0	513.0	526.4	539.5	551.4
Real GDP Growth (%)	1.3	-3.9	8.9	3.6	0.9	2.3	2.6	2.6	2.5	2.2
GDP per Capita (SGD)	90,130.6	84,542.3	104,402.2	114,164.1	115,169.3	117,112.7	119,462.4	121,888.3	124,268.8	126,358.4
GDP per Capita (USD)	67,106.9	62,946.1	77,732.9	85,001.1	85,749.5	87,196.5	88,946.0	90,752.2	92,524.6	94,080.4

Source: Euromonitor Passport Economies and Consumers (2024 Edition), Fixed 2023 Exchange Rate USD/SGD = 1.343.

Disposable income resumed growth following the contraction in 2020 with the recovery of the economy but expected to slow down in 2024

Disposable income per capita registered an overall increase from SGD46,205.4 (USD34,402.4) in 2019 to SGD53,626.5 (USD39,927.7) in 2023. Following the COVID-19 pandemic in 2020, as Singapore's economy recovered, the GDP of Singapore expanded, and disposable income per capita rose sharply by 14.0% and 11.0%, respectively, in 2021 and 2022. The government's initiatives to boost labour force skills, raise the employment rate of older workers and improve job opportunities for Singaporean nationals have helped in increasing disposable income per capita. In 2023, income growth slowed to 6.2%. According to Department of Statistics Singapore, this is mainly attributed to the weaker growth of compensation for employees and this will likely continue in 2024. As such, it is estimated that disposable income per capita will decline marginally by 0.1% in 2024. Over the forecast period 2024–2028, it is projected to grow steadily by a CAGR of 2.0% to reach SGD57,951.3 (USD43,147.7) in 2028. The country is expected to continue leading the ASEAN region in terms of disposable income per capita, which is a key driver of growing private consumption and demand for imported goods.

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**Table 2 Disposable Income per Capita in Singapore
(Historic: 2019–2023; Forecast: 2024–2028)**

	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Disposable Income per Capita (SGD)	46,205.4	39,899.5	45,467.8	50,480.0	53,626.5	53,600.2	54,831.3	55,917.1	56,867.4	57,951.3
Disposable Income per Capita (USD)	34,402.4	29,707.3	33,853.1	37,585.0	39,927.7	39,908.1	40,824.8	41,633.2	42,340.8	43,147.7
Growth Rate (%)	-	-13.6%	14.0%	11.0%	6.2%	0.0%	2.3%	2.0%	1.7%	1.9%

Source: Euromonitor Passport Economies and Consumers (2024 Edition), Fixed 2023 Exchange Rate USD/SGD = 1.343

As one of Asia’s largest trading hubs, Singapore experienced strong growth in international trade during the historical period with a CAGR of 4.6%

As one of the world’s most open economies, Singapore is one of Asia’s largest trading hubs. Most merchandise that enters Singapore is re-transported to another destination. This allows companies to take advantage of Singapore’s many bilateral and regional trade agreements that either reduce or eliminate customs duties, making their exports more competitively priced. Countries in Southeast Asia, such as Malaysia, Vietnam and Thailand, often route their imports through Singapore as a result of the Free Trade Zones (FTZs) established in Singapore’s ports. According to Singapore Customs, all goods imported by sea must first be deposited in an FTZ where duty and GST are suspended for goods stored within the FTZ. This has facilitated transshipment activities in Singapore. According to Department of Statistics Singapore, over 99% of Singapore’s cargo being handled is through sea cargo. Singapore’s strategic location, long trading history and strong connections to Asia and Asian markets make it the preferred location for maritime companies to expand and grow, thus it is the world’s busiest transshipment port. 2023 also saw a record throughput of 39.0 million TEUs, which is up 4.6% from 2022.

International trade with Singapore has been strong for most of the historic period. Between 2019 and 2023, the value export of goods from Singapore grew at a CAGR of 4.6% from SGD532.5 billion (USD396.5 billion) in 2019 to SGD638.4 billion (USD475.4 billion) in 2023. Similarly, the value of import of goods by Singapore grew at a CAGR of 3.7% from SGD489.7 billion (USD364.6 billion) in 2019 to SGD567.3 billion (USD422.4 billion) in 2023. International trade was significantly affected by the COVID-19 pandemic in 2020 but recovered in 2021 and 2022. In 2023, trade in both non-oil and oil products slumped which was primarily due to weaker global demand for electronics and petrochemicals amid high interest rates and instability of China’s economy. Going forward in 2024, it is expected that demand for electronics and semi-conductors will rebound which will improve international trade for Singapore. The recent Red Sea crisis was also reported to have a relatively small impact on Singapore’s trade as the volume of goods shipped from Europe by sea constitutes a relatively smaller proportion of Singapore’s total imports.

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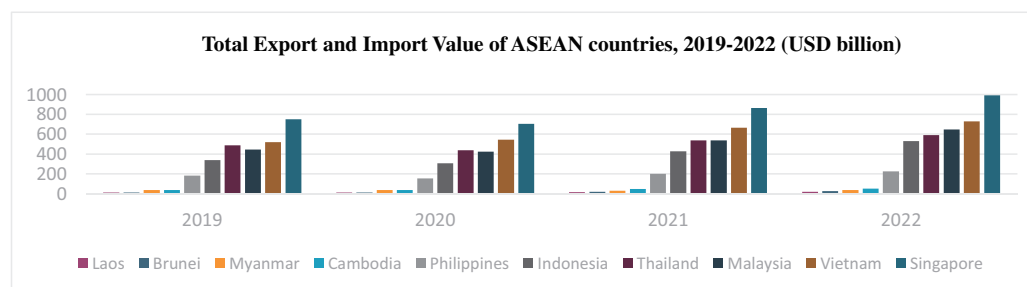
**Table 3 Merchandise Exports and Imports in Singapore
(2019–2023)**

	2019	2020	2021	2022	2023
Merchandise Exports (USD billion)*	396.5	383.9	457.2	528.6	475.4
Merchandise Imports (USD billion)*	364.6	337.7	406.5	488.0	422.4

*Source: Euromonitor Report and Singstat (extracted as of January 2024)

ASEAN acts as the mediator between the East and West, and benefits from the supply chain diversification

**Chart 1 Total Export and Import Value of ASEAN Countries, USD billion
(Historic: 2019–2022)**



Source: Trade Map (extracted as of February 2024)

**Table 4 Total Export and Import Value of ASEAN Countries, USD billion
(Historic: 2019–2022)**

	2019	2020	2021	2022
Total Export and Import Value of ASEAN Countries	2,814.1	2,661.1	3,338.3	3,840.0

Source: Trade Map (extracted as of February 2024)

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The total export and import value of goods of ASEAN countries showed strong growth with a 2019–2022 CAGR of 10.9%. The growth in ASEAN trade is driven by increasing investment from outside the region, increasing significance in global supply chains, improved domestic physical as well as digital infrastructure in the countries. With the uncertain geopolitical tension between China and the US, ASEAN plays a vital role in maintaining and supporting global stability. There is a growing trend for MNEs to expand their existing manufacturing capacity as well as attracting new investors to shift their supply chain from China to countries in Southeast Asia such as Vietnam. ASEAN has also evolved as a critical trade transit corridor between China and Western countries. As such, most ASEAN countries have focused on being export-orientated to drive economic growth. With more manufacturing plants located in Southeast Asia, it is expected to place a positive impact on trade in Singapore.

3. MARKET OVERVIEW OF CONTAINER SHIPPING AND CONTAINER DEPOT INDUSTRY IN SINGAPORE

3.1 MARKET OVERVIEW

Singapore has established itself as a global logistics hub

Singapore is one of the world's most open economies. According to the World Bank, Singapore has one of the world's highest trade-to-GDP ratio in 2022, with the value of its trade in goods and services equating to more than three times its overall economic output. Supported by its excellent geographical connectivity and world-class logistics infrastructure, the country has established its status as a global logistics hub. Singapore's strategic geographical location positions it as a gateway to Southeast Asian countries and the rest of the world. According to the Ministry of Transport, Singapore has connections to more than 600 ports in over 120 countries. In terms of transport infrastructure, Singapore has seamless transport connectivity among its ports, road network and airports which allow for multimodal transshipment. Singapore is also strategically located on the southeast end of the Straits of Malacca where it provides the shortest shipping channel between the Indian Ocean and the Pacific Ocean. As such, it connects major economies such as the Middle East to China, East and Southeast Asia.

Singapore plans to consolidate port terminals to Tuas Mega Port

In the last five years, PSA has made plans to close its city terminals (Tanjong Pagar, Keppel and Brani) by 2027 and close the Pasir Panjang terminal by the 2040s, consolidating all its operations at the new Tuas Mega Port. This consolidation comes at the time as the port leases at Tanjong Pagar, Keppel and Brani will expire in 2027, and it is expected to help achieve greater economies of scale and reduce inter-terminal haulage of containers.

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According to the MPA, the Tuas Mega Port is being built in four phases, with an investment cost of over SGD20 billion. The progress on the development of the Tuas Mega Port remains steady with eight operational berths opened under Phase 1 in 2023. For Phase 2, reclamation works are 70% complete. Upon completion of the fourth and final project phase, scheduled after 2040, Tuas Terminal is expected to be the largest container terminal in the world, with a total capacity of up to 65 million TEUs, compared with the combined 50 million TEUs capacity of the five current port terminals. The mega port is also expected to be the world's largest fully automated terminal, equipped with sustainable technologies such as unmanned vehicles, data analytics, driverless trucks for port transport and digital platforms designed to reduce port congestion and improve efficiency.

Post-COVID return of freight rates undone by the Red Sea crisis

The pandemic-induced increase in the demand for goods, rather than services coupled with the significant disruption in the supply chain saw global freight rates increase to historic highs in 2021. In the period 2022–2023, a slowdown in global demand relative to COVID-times, coupled with a persistently high but gradually decreasing inflation rate in Western countries, led to a gradual decrease in global freight rates. However, freight rates have seen a spike in early 2024 caused by the Red Sea crisis. The impact on canal capacities in key shipping routes such as the Suez Canal has resulted in extended supply chains, delivery times, port congestions as well as higher freight rates, negatively impacting global trade in the short term. Global freight rates may decrease going forward due to the easing of the Red Sea crisis which is expected to bring about normalization of global container shipping.

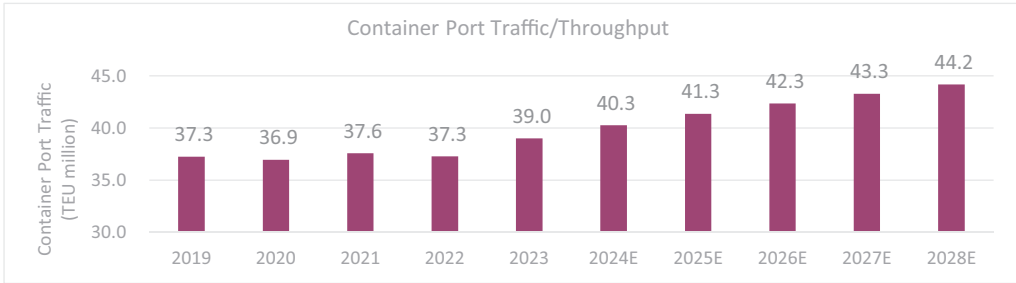
Container port traffic growth in 2023 due to Singapore's competitive positioning as the transshipment hub between China and the West

In 2023, Singapore handled total container port traffic of 39.0 million TEUs across all its ports⁹. Singapore's container throughput increased by 1.8 million TEUs between 2019 and 2023 which represents a CAGR of 1.2%. Following the slow port container traffic in Singapore in 2022 partially attributed to lockdowns in China; container throughput increased by 4.6% in 2023 compared to 2022. According to the MPA, this was mainly attributed to the rebound in regional trade and the tripartite co-operation among unions, industry players and the government. With the uncertain geopolitical situation between China and the US, Singapore is well positioned to act as a transshipment hub connecting the abovementioned countries. This is with China's increasing need for the importation of raw materials for the development of critical technologies and industrial upgrading. Countries in Southeast Asia such as Singapore, act as a critical transit corridor connecting China, Western countries in Europe and even the rest of East Asia. The government has supported trade by boosting efficiency in the Ports of Singapore and this is exemplified by its continual development of the Tuas Mega Port project as well as innovation of their logistical systems.

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In the medium to long term, container port throughput in Singapore is expected to grow steadily due to strong trade traffic with neighbouring Asian countries. In addition, the US-China trade war and the effects of COVID-19 have led companies to diversify their supply chain out of China. As such, companies have started shifting to Southeast Asian countries such as Malaysia, Vietnam and Thailand. As a result, Intra-Asia trade or the activities of Southeast Asian ports will grow over the next five years, with ports in Singapore advantageously positioned to facilitate the movement of goods around the region as a transshipment hub. Furthermore, global container shipping companies have been looking to diversify their trade routes to reduce the dependence of trade operations on a lower number of ports. Southeast Asian countries such as Singapore are strong contenders for these shipping companies that are looking to diversify from other ports and minimise the impact of single port disruptions in the global supply chain. Singapore is poised to be a key beneficiary with their efficient port turnaround of less than 12 hours.

**Table 5 Container Port Traffic/Throughput in Singapore
(Historic: 2019–2023; Forecast: 2024–2028)**



Source: Maritime Port Authority of Singapore, and Euromonitor estimates from desk research and trade interviews

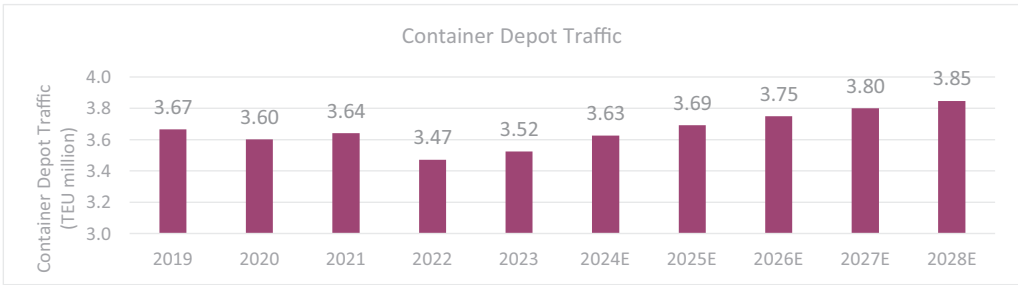
Singapore’s container depot traffic has increased in 2023, which is in line with resumption of container traffic in the US, Europe and China post-COVID

Singapore’s container depot traffic decreased slightly from 3.67 million TEUs in 2019 to 3.47 million TEUs in 2022, representing a CAGR of -1.8%. In 2022, the dip in Singapore’s container depot throughput was due to the shortage of containers in Asia as many empty containers were left stockpiled in China, the US or even Europe due to port blockages and movement restrictions. Nevertheless, global economic activities picked up towards the end of 2022 as empty containers started to return to the ports of Singapore. Container depot traffic has increased to 3.52 million in 2023, which constitutes growth of 1.6% from 2022. This is with a return of containers to the ports of Singapore. Furthermore, the growth of depot throughput in 2023 is also supported by empty container repositioning strategies of larger shipping lines.

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The short-term growth is expected to be driven by the expected global recovery of demand for electronics. As such, the expected increase in trade is likely to drive growth in the short term, at least in 2024. The recent signing of the China-Singapore Free Trade Agreement (CSFTA) Further Upgrade Protocol signifies an increased cooperation between Singapore and their main trading partner, China. This is also expected to drive trade, and thus, container depot throughput going forward. Furthermore, with the China Plus One movement, more manufacturing activities are expected to take place in Southeast Asian countries, and container demand is expected to grow within key countries such as Singapore and Vietnam.

**Table 6 Container Depot Traffic/Throughput in Singapore
(Historic: 2019–2023; Forecast: 2024–2028)**



Source: Euromonitor estimates from desk research and trade interviews with leading players in shipping and container depot industry in Singapore

The global container ship fleet is expected to grow with many major shipping liners building on capacity in anticipation of increase in global trade

Lynertyca, an independent container shipping research firm, expects the global containership fleet to grow significantly at a year-on-year growth rate of 9.1% in 2024. Growth is expected to continue at 3.0%-4.5% year-on-year from 2025 to 2027. Post-COVID-19, shipping companies have been expanding their fleet and containership capacity in anticipation of the growth in trade. The top 100 container liner operators hold a large majority of the global existing fleet and their TEU capacity. Currently, the orderbook (as of 20 March 2024) for these companies stands at 646 ships with a total of 6.3 million TEU capacity. This represents a global increase of 22.4% TEU capacity when the ships are built and delivered.

Major shipping liner, Maersk expects container volume growth to grow between 2.5% to 4.5% in 2024, which is in line with global trade forecasts. The expected growth of the global containership fleet is poised to support the prospective growth in global trade. As global container volume and trade expands, container depots around the world, including in Singapore, is likely to experience higher demand for storage, repair, and maintenance services. This may even further necessitate container depots to expand their depot space to accommodate the expected growth in container volumes.

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3.2 MARKET DRIVERS AND OPPORTUNITIES FOR CONTAINER DEPOT INDUSTRY

Growing domestic consumption aided by favourable government trade policies

The strong growth in Singapore's container traffic, driven by a rise in domestic demand for imported consumer goods and potential improvement in trade, is expected to be a key driver of the container depot industry. During the historic period, Singapore experienced an increase in private consumption demand due to rising incomes. The rise in retail e-commerce also contributed to the increase in private consumption. In addition, Singapore enjoyed a growing reputation as a global shipping hub, thanks to its supportive government policies, macroeconomic stability, and successful digitisation efforts. Singapore has Asia's most extensive network of Free Trade Areas (FTAs), covering 60% of the world's GDP. This includes 15 bilateral and 12 regional FTAs which include key trade agreements such as the ASEAN-China and ASEAN-India FTAs. The FTAs provide Singapore-based exporters and investors with access to preferential markets, free or reduced import tariffs, and enhanced intellectual property regulations, and this has boosted Singapore's draw as a global logistics hub.

Digitisation increasing efficiency of port and container operations

As a key trading hub, Singapore's ports benefited from massive trade volumes. To cater for rising trade volumes, the Container Depot and Logistics Association Singapore has introduced digital solutions to help reduce the turnaround time of ships at the port in order to efficiently transport and handle containers. In March 2023, the Singapore Land Authority (SLA) signed a memorandum of understanding with the Container Depot and Logistics Association to use geospatial data to route heavy vehicles such as container trucks moving in and out of ports, more efficiently and safely. PSA has also supported digitisation by innovating with OptETruck, a digital solution for haulier sectors in Singapore to achieve fleet optimisation as well as a greener footprint.

Tuas Mega Port expected to boost Singapore's port capacity and utilise state-of-the-art technology

The Tuas Mega Port is expected to be a key growth driver for the container depot industry over the forecast period. The multi-billion-dollar project is expected to increase the port's capacity to 65 million TEUs of cargo, approximately 1.7 times larger than Singapore's total container throughput traffic in 2023. The Tuas Mega Port is envisaged to provide the additional capacity to help Singapore cope with the anticipated growth in container volume and enhance its position as the leading container transshipment hub in Southeast Asia.

Besides improving capacity to meet longer-term demand, having all container activities in a single location is expected to reduce the distance and complexity of transporting containers between terminals. As part of this strategy, the government plans to consolidate container depots, warehouses and other port facilities at the Tuas Mega Port. Furthermore, the Tuas Mega Port is set to be a showcase for the latest port technologies and systems. Key innovations include unmanned vehicles such as automated yard cranes, drones, data analytics, driverless trucks for port transport and next-generation vessel traffic management systems. The consolidation of port activities and adoption of technologies are expected to boost productivity and efficiency in container depot operations as well as reduce reliance on manual labour.

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The China Plus One movement and CSFTA Further Upgrade Protocol are expected to increase port activity in Southeast Asia and countries such as Singapore are set to be strong trade beneficiaries

China Plus One refers to a strategy by which companies avoid investing only in China but diversify their businesses to alternative destinations. For most industries and manufacturers around the world, China has always been an important market and supplier, before the COVID-19 pandemic and trade war with the US. However, over the last few years, the pandemic and trade war have resulted in many global companies looking for alternatives, hoping they will not be sanctioned by the US or experience supply chain disruptions due to potential lockdowns in China. Therefore, to capitalise on this opportunity, the China Plus One strategy is being implemented by companies in SEA countries. With the signing of the China-Singapore Free Trade Agreement (CSFTA) Further Upgrade Protocol (FUP), which will have more transparent rules that will allow more trade and investment between China and Singapore. Singapore plays a key role in facilitating the movement of cargo or containers in the region. Container depot throughput is also expected to increase within key countries such as Singapore where trade is well supported by strong Free Trade Agreements.

3.3 MARKET CONSTRAINTS AND CHALLENGES FOR CONTAINER DEPOT INDUSTRY

Shortage of manpower

The maritime sector in Singapore, including the container depot industry, has grappled with shortage of manpower in recent years. The container depot industry requires a wide range of skilled workers, such as forklift operators, engineers and welders, as well as unskilled workers such as general maintenance staff. Maritime jobs are often shunned by locals for better-paying jobs and office-based work. As a result, foreign manpower has become an important source of manpower for the container depot industry, as with the wider maritime sector. The government has tightened Singapore's foreign manpower policies in recent years, such as lowering the percentage of foreign workers a company can hire, raising minimum salary requirements for foreign mid-level and highly skilled labour and reducing skilled worker quotas, in order to develop a strong local core of skilled workers. For example, under the quota restrictions for S pass holders, the quota of foreign workers has been reduced from 18% to 15% for the marine shipyard sector from 1 January 2023.

According to the latest Singapore Budget 2024, the marine and offshore engineering sector's dependency ratio ceiling (DRC) will be lowered to 75% from 77.8% from 2026. The levies for work permit holders will also increase. This comes as the government aims to transform the sector with higher skilled and valued activities to position the marine sector to be more competitive and productive. In order to support this, the sector will receive a support package of SGD100 million over the next five years. A new Marine Digitalisation Champion Program is also expected to be launched this year to train manpower on digital transformation.

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Increasing operation costs

According to industry players, the cost of operating a container depot in Singapore has been increasing over the years. Investment in new technology and systems to improve efficiency as well as providing a wider range of services to better serve clients – from container storage and handling to repair and maintenance – require heavy investments from the depot operators. For inland container depots, even for lease renewals, land intensification is a factor that the government is considering when approving land leases for container depots. Businesses looking to lease land from the government are also required to indicate their existing and new investments on their Plant and Machinery (P&M). This includes container trailers, cargo lifts or even computer systems and equipment. As the government is pushing the key depot operators to use advanced technology and automation, the players are expected to have to spend more budget on their IT tools and infrastructure.

3.4 COMPETITIVE ENVIRONMENT

Consolidated container depot market, with top five players accounting for 66% of Singapore's depot throughput

Revenue of container depot operators in Singapore and other countries in Asia (including China) are mainly from containers handling, storage as well as repair and maintenance of containers. In accordance with industry practice, part of the container handling charges are borne by shippers or consignees (or their appointed hauliers) who are users of containers owned or leased by the container shipping companies.

Apart from providing the above-mentioned services, some container depot operators in China and other Asian countries also provide logistics support services within their depots to container users for cargo consolidation before laden containers are transported to container port and for cargo deconsolidation after laden containers arrived at the port.

The container depot industry in Singapore is fairly consolidated, with the top five players accounting for approximately 65% of Singapore's total depot throughput in 2023. The top five players are also strategically located near the ports, which gives them an advantage in proximity. The depot throughput for each player is directly related to their total capacity.

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Table 7 Top Five Container Depot Operators Based on Container Throughput in 2023

Ranking	Leading Companies	Market Share	Status*	Company Profile
1	EKH Pte. Ltd.	17.9%	Private	Founded in 1978, Eng Kong is an integrated logistics operator and a key provider of container related services to global firms operating in the Asia-Pacific region. In 1981, Eng Kong broadened its business portfolio by entering into the container depot business.
2	Company A	15.9%	Private	The company provides integrated logistics solutions spanning across services such as warehousing and inventory management. They also provide strategic consulting with their clients to improve their supply chain.
3	Company B	14.9%	Private	The company’s primary business is their container haulier business. They also offer services such as storage, inspection, washing and repair of containers. They also handle all types of land transportation within Singapore.
4	Company C	10.8%	Private	The company offers various logistics services such as transportation, warehousing, container and tank depots and freight forwarding services. They place some focus in providing automotive logistic solutions company in Singapore.
5	Company D	6.0%	Private	The company provides end-to-end logistics services locally and across multiple countries. They are equipped with in-depth expertise and experience in a wide range of industries such as the chemical, food, and oil & gas amongst others.

* Private companies owned by listed parent companies are classified as private.

Source: Euromonitor estimates from desk research and trade interviews with leading players in the container depot industry in Singapore

Note: Audited data, if available, is usually not market specific and includes other products/services. Market ranking will therefore be estimated on publicly available data and trade opinion surveys (not just the companies themselves)

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3.5 BARRIERS TO ENTRY INTO THE CONTAINER DEPOT INDUSTRY

High barriers to entry due to strong competition, large investments required, and constraints on container depot space

The barriers to entry to the container depot industry is high as it is highly competitive and capital intensive and constrained by the lack of land space in Singapore. The container depot industry is capital intensive due to the high level of investments and operating expenses required to operate as a container depot operator, such as capital for the acquisition of machinery and equipment, investments in technologies, and the cost of leasing container depot facilities. The barrier of entry is expected to heighten in light of the government’s plan to consolidate depot operations to Tuas Mega Port. New entrants may not be granted new land for container depots and will have to share a depot with other smaller players. This may limit the expansion of new entrants due to limited container depot space. Furthermore, the recent high interest rates also place pressure on the high costs.

New entrants also face strong competition from well-established incumbents who have established strong partnerships with customers and other players in the logistics supply chain, such as some level of exclusivity in terms of contracts with key shipping lines.

4. MACROECONOMIC OVERVIEW OF CHINA

China focuses on driving and supporting domestic consumption and consumption upgrade in order to stimulate economic growth

China’s economy grew at the steady pace of a 6.3% CAGR in the review period 2019–2023, partially driven by economic transformation efforts towards high-quality development goals and robust domestic demand. Despite the COVID-19 pandemic measures in place, coupled with the deceleration of the property sector, China’s GDP increased by 5.3% in real terms to reach CNY 126.1 trillion (USD17.8 trillion) in 2023. It is expected that China will continue to promote domestic consumption and enhance the business environment to attract more foreign investment and trade. China’s GDP is projected to see 4.5% real terms growth in 2024, and a CAGR of 3.9% between 2024 and 2028.

In line with steady economic growth, per capita GDP in China increased at a 6.2% CAGR from CNY70,192.5 (USD9,908.6) in 2019 to CNY89,288.8 (USD12,604.3) in 2023. As the Chinese government has made efforts to place greater reliance on consumption and services, rather than on construction and heavy industry, consumer spending on non-essential services has risen rapidly. China also aims at expanding the middle-income population. More recently, China announced its plan to introduce various measures, including encouraging the purchase of new energy vehicles, the renovation of old houses, the replacement of home appliances and expansion of cross-border e-commerce.

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**Table 8 GDP, Real GDP Growth and GDP per Capita in China
(Historic: 2019–2023; Forecast: 2024–2028)**

	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
GDP (CNY trillion)	98.7	101.4	114.9	120.5	126.1	131.7	137.4	143.2	148.5	153.5
GDP (USD trillion)	13.9	14.3	16.2	17.0	17.8	18.6	19.4	20.2	21.0	21.7
Real GDP Growth (%)	6.0	2.2	8.4	3.0	5.3	4.5	4.3	4.2	3.7	3.4
GDP per capita (CNY)	70,192.5	71,878.2	81,381.4	85,281.3	89,288.8	93,380.2	97,490.3	101,706.9	105,619.9	109,389.5
GDP per capita (USD)	9,908.6	10,146.6	11,488.1	12,038.6	12,604.3	13,181.9	13,762.0	14,357.3	14,909.6	15,441.8

Source: Euromonitor Passport Economies and Consumers (2024 Edition) and National Bureau of Statistics of China, Fixed 2023 Exchange Rate USD/CNY = 7.084

The rise in domestic consumption and e-commerce could fuel growth in imports

Consumer expenditure in China has been rising steadily, in line with overall economic growth. Consumer expenditure increased from CNY38.2 trillion (USD5.4 trillion) in 2019 to CNY48.0 trillion (USD6.8 trillion) in 2023, at a 5.9% CAGR. Consumption in China has been underpinned by government efforts to transition to a growth model more reliant on domestic consumption and services, rather than the previous model that relied on construction, real estate and exports. Especially after COVID-19, consumer expenditure surged in 2023. The government has introduced various policies to protect consumer rights and increase consumer confidence to cultivate a favourable consumption environment and drive domestic consumption. As such, it is expected that, between 2024 and 2028, consumer expenditure will grow at a CAGR of 4.4%, reaching USD8.4 trillion by 2028.

**Table 9 Expenditure of Residents in China
(Historic: 2019–2023; Forecast: 2024–2028)**

	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Consumer Expenditure (CNY trillion)	38.2	38.6	43.8	44.4	48.0	50.0	52.3	54.8	57.2	59.4
Consumer Expenditure (USD trillion)	5.4	5.5	6.2	6.3	6.8	7.1	7.4	7.7	8.1	8.4
Growth rate (%)	-	1.1%	13.5%	1.4%	8.0%	4.2%	4.7%	4.7%	4.3%	3.9%

Source: Euromonitor Passport Economies and Consumers (2024 Edition), Fixed 2023 Exchange Rate USD/CNY = 7.084

INDUSTRY OVERVIEW

China’s trade saw muted growth in 2023 amid global economy uncertainty

Exports have been a key driver of China’s economic growth in the past few decades. Over the years, China has become the world’s largest exporter, and ranks second among the world’s largest importers. Between 2019 and 2023, the value of exports of goods from China grew at a CAGR of 8.4%, from CNY17.2 trillion (USD2.4 trillion) in 2019 to CNY23.8 trillion (USD3.4 trillion) in 2023. Similarly, the value of imports of goods grew at a CAGR of 5.9% from CNY14.3 trillion (USD2.0 trillion) in 2019 to CNY18.0 trillion (USD2.5 trillion) in 2023. In 2023, China experienced a slowdown in trade, mainly attributable to rises in inflation and interest rates globally, as well as the geopolitical conflicts that created uncertainty across the global economy. With the US-China trade tensions, China has been seeking substitute trade partners such as South Korea and other emerging markets as part of the Belt and Road (BRI) Initiative. Even with the geopolitical tensions, companies are not shifting away from China completely but are diversifying their production across different countries, given China’s well-established supply chain and industrial systems, which are essential to manufacturers. China remains in a dominant position in the global supply chain, especially for higher value knowledge-intensive intermediate products such as electric vehicles and solar batteries.

The latest data show that exports of goods and imports of goods, in the fourth quarter of 2023, increased by 0.9% and 2.7%, respectively. This is compared to the fourth quarter of 2022. This suggests a reassuring sign that China’s exports and imports are still resilient and may improve in 2024. The stability and large size of exports and imports lay a solid foundation for China’s cargo shipment and transportation sector. Looking forward, China’s Ministry of Commerce intends to introduce new trade policies to help companies reduce costs and increase efficiency to enhance and stabilise the country’s foreign trade.

Table 10 Exports and Imports of Goods in China (2019–2023)

	2019	2020	2021	2022	2023
Export of goods (USD billion)	2,433.3	2,530.8	3,024.5	3,336.2	3,355.8
Import of goods (USD billion)	2,022.2	2,017.7	2,444.4	2,546.5	2,538.7

Source: General Administration of Customs of China

ASEAN-China trade is expected to grow with trade interdependence on both ends as well as a global trend of the shifting of manufacturing plants to countries in ASEAN

**Table 11 Total ASEAN-China Trade Values, USD Million
(Historic: 2019–2023)**

	2019	2020	2021	2022	2023
Total ASEAN-China Trade Value	640,098.0	684,026.0	877,147.8	975,341.1	915,168.8

Source: Trade Map (extracted as of March 2024)

INDUSTRY OVERVIEW

One of the many critical factors promoting China's trade is The BRI Initiative raised by President Xi in 2013, which intends to promote infrastructure, finance and trade exchanges among the connected countries and regions in the Eurasian continent. The future commercial benefits of The BRI Initiative are backed by the World Bank, stating that the initiative may increase global income by 0.7 percent. The largest percent of the gains is expected to be captured by countries in East Asia.

As China is facing trade sanctions and barriers especially with the United States and Europe, the Chinese government continued to strengthen their trade ties with other partners such as the ASEAN countries and Latin America to balance out the risk and sustain growth. The trade value of between China and ASEAN countries showed robust growth with a 2019–2023 CAGR of 9.3%. In 2023, China has seen significant growth in exporting lithium batteries and solar cells to ASEAN, while also witnessing a surge in imports of audiovisual equipment components from the region. ASEAN serves as a crucial market for China's agricultural and energy products. A slight decrease in trade in the ASEAN-China trade in 2023 is partially attributed to the reduction in the United States-China trade via ASEAN countries and the deceleration of economic growth in the US and China.

There is a global trend of shifting manufacturing plants to ASEAN; as a result, there is also a growing trend for China to export manufactured inputs which are then assembled in ASEAN. Going forward, in order to strengthen ties with ASEAN, China is looking to negotiate an ASEAN-China FTA Version 3.0 in 2024. It will focus on further trade and investment liberalisation and enhancing supply chain connectivity. In addition, in June 2023, the Regional Comprehensive Economic Partnership Agreement (RCEP) entered into full force for 15 member countries, which should boost trade activity in the region. The abovementioned factors as well as the development of the BRI Initiative, will have a positive impact on China-ASEAN trade.

In the first five months of 2024, China's exports to ASEAN grew significantly to reach CNY1,675.9 billion (USD236.6 billion) which constitutes a year-on-year growth of 13.5%. China's imports from ASEAN also grew to CNY1,096.7 billion (USD154.8 billion) which constitutes a year-on-year growth of 7.0%. This may suggest positive signs of growth going forward, given the strong trade growth in the first five months of 2024.

INDUSTRY OVERVIEW

5. MARKET OVERVIEW OF CONTAINER SHIPPING AND CONTAINER DEPOT INDUSTRY IN CHINA (MAINLAND)

5.1 MARKET OVERVIEW

China’s ports rank among the largest container ports in the world

China plays an important role in global trade. Over the years, China has become a major global player in trade as an export market and as an import market. China became the world’s largest exporter of goods in 2009 and the largest trading nation of goods in 2013. As a result, China has developed some of the world’s largest ports.

According to the Port Technology International, the top 10 ports in China are Shanghai Port, Ningbo-Zhoushan Port, Shenzhen Port, Qingdao Port, Guangzhou Port, Tianjin Port, Xiamen Port, Beibuwan Port, Rizhao Port and Lianyungang Port. Collectively, these ports handled around 61% of China’s total port traffic of 295.9 million TEUs in 2022.

China makes steady improvements in logistics performance

The country’s logistics services industry has developed rapidly, supported by development in e-commerce, investments in transport infrastructure to enhance express delivery services and emerging trends like digitisation of the logistics industry. This has led to an increase in the quality and competitiveness of the logistics industry.

According to the World Bank’s Logistics Performance Index (LPI), China improved from position 26 in 2018 to 19 in 2023 among the 139 countries analysed. Its performance in all six dimensions of the LPI has progressed during these years. In 2023, it scored 3.6 (on a scale of 1–5) in the Ease of Arranging International Shipments dimension, higher than its score of 3.5 in 2018, and the average score was 2.4 for East Asia & Pacific. China’s performance in this dimension indicates that it remains competitive against other East Asian countries in terms of the costs and convenience of arranging international shipment. In the Quality of Logistics Services dimension, China scored 3.8 in 2023, higher than its score of 3.6 in 2018. China’s performance in this dimension reflects the stable quality of logistics services China, sustained by investments in infrastructure, regulatory support, and the rise of e-commerce, which provides opportunities for industry development. According to UNCTAD’s LSCI for 2023, China retained its lead as the country best connected to others by sea. The country’s LSCI increased to 178.2 in 2023 from 156.0 in 2019. The highly efficient ports such as Shanghai Port and Ningbo Port, provide high-quality port services and comprehensive connectivity. Such ports serve as the backbone of China’s growing shipment volume.

INDUSTRY OVERVIEW

China's port development focuses on upgrading existing ports as well as constructing smart and green ports

Between 2020 and 2021, there was growth in road and water infrastructure development, driven by the surge in demand for goods from China during the pandemic. In 2023, China issued the action plan for Promoting the High-Quality Development of Rail-Water Combined Transport (2023–2025). In particular, one of the main focuses is to strengthen and develop a multimodal transport system by constructing ports and railway seamlessly. By 2025, container transportation should be better supported by railways and waterways. Furthermore, there have been major advancements in constructing smart ports, as well as increases in port capacity. According to the Ministry of Transport, China leads the world in the number of automated terminals, both built and under construction. There are currently 18 automated container terminals in operation and 27 terminals under construction. More recently, the automated container terminal began operations in Qingdao. Qingdao port has the first self-developed fully automated port system. According to Shandong Port Group, the system has transformed operations, giving the terminal operator the ability to reduce on-site staff by 80%, and helped it to achieve a 30% increase in overall operational efficiency.

Uncertainty of freight rates amid geopolitical tension and Red Sea attacks

Freight charges have increased significantly due to the pandemic, as it caused major supply chain disruptions. The China Container Freight Index (CCFI) grew around fourfold between early 2019 and early 2022. This was mostly due to the strict pandemic restrictions in China, which significantly impacted the capacity of container operators during the period. The lockdowns in place in Shanghai and Shenzhen, which are the largest manufacturing and commercial centres, caused disruption to logistics operations, with some carriers using alternate ports, such as Ningbo. However, the trend gradually reversed in the second half of 2022, due to factors such as weakening demand for Chinese manufactured goods by countries such as the US. Freight rates remained low in 2023. In early 2024, tensions in the Red Sea drove up freight rates for Asia-Europe routes. The lower water levels reported in the Panama Canal also caused freight rates for the China-North America routes to increase. This led to an increase in the CCFI in January 2024. However, the impact of the Red Sea crisis has shown signs of easing, leading to a slight decrease in the CCFI in March 2024.

INDUSTRY OVERVIEW

Container traffic registers positive growth in the review period but faces challenges from the global economic uncertainties

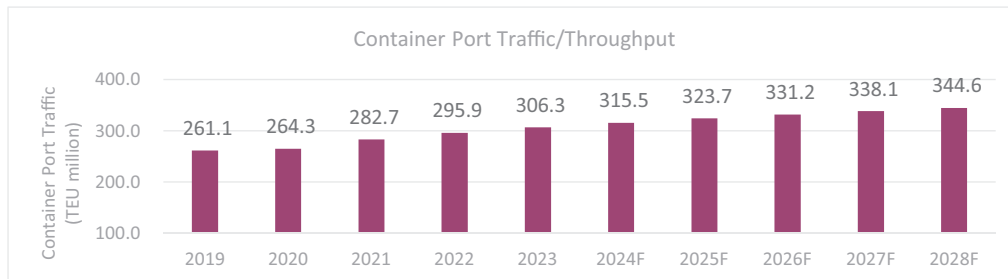
China's container throughput traffic grew steadily in the historical period, rising from 261.1 million TEUs in 2019 to 306.3 million TEUs in 2023, which represents a CAGR of 4.1%.

In 2023, China's total container throughput reached 306.3 million TEUs, up by 3.5% year-on-year, which was slower growth than in previous years, partly due to weaker trade during the year as a result of the global economic uncertainty, as well as an unfavourable geopolitical environment. Nevertheless, according to data released by the General Administration of Customs on 12 January 2024, the value of preferential imports under the Regional Comprehensive Economic Partnership Agreement (RCEP) with 14 regions was CNY12.6 trillion (USD1,778.7 billion) in 2023, representing an increase of 5.3% compared to the period before the agreement came into effect in 2021. This positive trade growth reflects the benefits that the trade agreement has brought for its member countries, in spite of high global inflation and the intense global geopolitical environment, which includes the China-US tensions. In particular, China's exports to RCEP member countries reached CNY6.4 trillion (USD903.4 billion), an increase of 1.1% when compared to 2021. Out of these exports, lithium batteries, auto parts, and flat panel display modules all maintained substantial growth. With the positive impact of the BRI initiative, there was an increase in container throughput in all of China's ports between January and November 2023 based on data recorded by the Ministry of Transport. With the US-China tension, China has been looking to build on other trade partners such as ASEAN and Latin America. The growth of trade with these other trade partners are set to continue driving the growth of container port traffic.

China's container traffic is expected to grow in 2024, reaching 315.5 million TEUs in 2024, a year-on-year increase of 3.0%. Based on customs data, the beginning of 2024 showed promising signs of recovery in China's trade, as total exports in the months of January and February rose by 7.1% compared to the previous year. Imports rose by 3.5% year-on-year over the same period. This was supported by policy measures to accelerate reform and innovation, unblock logistics channels, and continuously optimise the business environment, laying a solid foundation for stabilising the country's foreign trade. Forecasts for the entire year of 2024 indicate that growth is likely to be slower but should at least remain positive. Growth is likely to be hampered by slowing economic growth and the reorientation of international trade. Notably, some of the declines of trade with the USA and EU is set to be made up by the Belt and Road markets, including ASEAN and Latin American markets. In addition, the trend of shifting the production supply chain to markets such as the ASEAN region will stimulate exports, as components will be exported to these markets for further processing. It is expected that China will continue focusing on innovative industries such as electric vehicles, to create more industry demand for imports and manufactured goods for exports. For the forecast period 2024–2028, Euromonitor projects the container throughput in China to grow at a CAGR of 2.2% to reach 344.6 million TEUs by 2028, driven by growing exports and imports, as well as enhancement of container handling efficiency.

INDUSTRY OVERVIEW

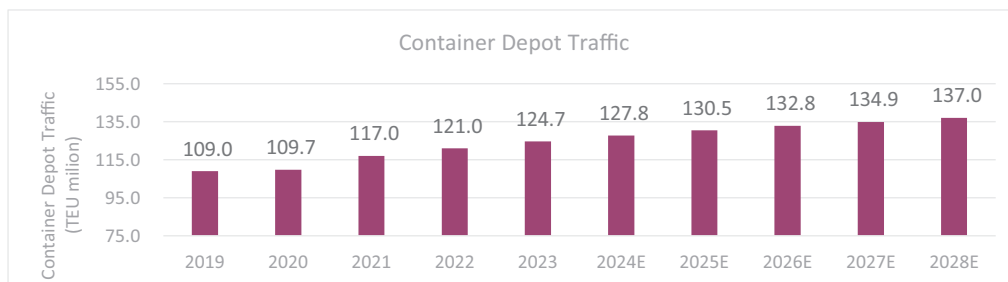
**Table 12 Container Port Traffic/Throughput in China
(Historic: 2019–2023, Forecast: 2024–2028F)**



Source: Ministry of Transport of PRC and Euromonitor estimates based on desk research and trade interviews

Container depot traffic in China witnesses stable growth and will continue with steady increase

**Table 13 Container Depot Traffic/Throughput in China
(Historic: 2019–2023; Forecast: 2024–2028E)**



Source: Euromonitor estimates from desk research and trade interviews with leading players in shipping and container depot industry in China

From 2019 to 2023, the growth of total port throughput was observed to be at a 4.1% CAGR. Along a similar trend of positive growth, container depot throughput grew at a CAGR of 3.4% in the same time period. In 2022, despite the tremendous challenges brought by the zero-COVID regime and the global economic slowdown, China still managed to achieve stable growth in imports and exports of goods and low single-digit growth in total container throughput. China’s depot container throughput grew by 3.0% in 2023. This is in line with the increase of China’s total container throughput at ports that grew by 3.5% in the same year. The container depot throughput was partially driven by steady growth in trade as well as the improvement in operational efficiency to allow for more transportation of containers to, and from inland container depots. The higher depot container throughput in China was also supported by empty containers being sent to China for inspection and repair because of the cost advantages associated with lower labour expenses. In addition, as China is the world’s largest exporter and second largest importer, there is still high demand for containers to be used for trade.

INDUSTRY OVERVIEW

Although challenges in the global economy remain, the beginning of 2024 showed encouraging signs. With the significant easing of pandemic control measures, China’s economy and foreign trade are gradually recovering. According to newly released national data, the import and export value of goods (in USD terms) in the first two months of 2024 increased by 3.5% and 7.1% year-on-year, respectively. With the government taking further actions to stabilise trade volume and optimise its structure, imports and exports are expected to continue growing steadily, thus driving growth for the container depot throughput in China to achieve an expected CAGR of 1.7% from 2024E to 2028E.

5.2 MARKET DRIVERS AND OPPORTUNITIES FOR CONTAINER DEPOT INDUSTRY

China’s stable position as the global leading exporter will be maintained amid global economic uncertainty

With exports of goods climbing at a CAGR of 8.4% between 2019 and 2023, China has grown into a major global trade partner over the years. However, in 2023, the global economy, reeling from the geopolitical conflicts and high interest rates set among the Federal Reserve and many European central banks, faced an increasingly uncertain outlook. In this context, with shrinking foreign demand, China is actively diversifying its foreign trade partners, strengthening its product competitiveness, and introducing a series of measures to stabilise its exports. This is especially the case after the US-China trade conflict unfolded in 2019.

Moreover, with its well-established supply chains, products made in China remain competitive in terms of cost and quality. Products made in China also see stable supply, despite the efforts of some companies to balance out their production sources. China’s lifting of its zero-COVID regime at the end of 2022 quickly turned manufacturers to production mode, proving once again the resiliency of its supply competence. In 2023, the Chinese government focused its efforts on growth in exports of higher value products, such as the “New Three” – solar cells, lithium batteries and automobiles – indicating China’s valued position in the global supply chain. The General Administration of Customs of China (GACC) has indicated that export value for such products exceeded CNY1.06 trillion (USD149.6 billion) in 2023, with year-on-year growth of 29.9%.

In 2023, China has established 22 free trade pilot zones in order to open up the economy and boost trade. This grew from 18 free trade pilot zones in 2019. The total trade value from within the free trade pilot zones reached CNY7.67 trillion (USD1,082.7 billion) in 2023, which is a year-on-year increase of 2.7%. This showcases the potential ability of free trade pilot zones to help boost trade going forward. Going forward, China will continue to introduce policies to increase financial support and improve trade security and convenience to further boost the confidence of domestic enterprises, as well as trade partners. China will also implement the “smart customs, strong nation” initiative.

INDUSTRY OVERVIEW

China's ambition to shift to a domestic consumption-driven economy persists and will contribute to growing imports

Alongside China's resilient exports, the domestic demand in China remains strong and stable thanks to growing domestic consumption power and the government's incentivising policies, contributing to rising import values. Disposable income per capita in China grew steadily at a CAGR of 7.6% between 2019 to 2023, to reach CNY56,696 (USD8,003) in 2023. China's imports saw a marginal decline in 2023 due to the lacklustre demand of imported goods from the domestic market, but the government has taken actions to boost domestic consumption which has proven to be effective. This is evident from the strong growth of consumer expenditure in China, growing by 8.0% in 2023 to reach USD7.1 trillion. Major measures include increasing financial support for enterprises, relaxing restrictions and cutting taxes on vehicle purchases, as well as investing in the e-commerce industry, particularly in rural areas. Furthermore, enhanced formats and models such as cross-border e-commerce lay a firm foundation for import growth.

China will continue digitising its port and depot operations to enhance efficiency

To combat increasing manpower costs, digitisation has been one of the priorities of China's water transport industry in the past decade. The 14th Five-Year Plan (2021–2025) for Digital Transport further highlighted the importance of digitisation of the port and shipping industry. The Plan proposes to develop smart and automated terminals, establish a centralized logistics data centre for supply-chain stakeholders, and build facilities and equipment to monitor the emission of pollutants by ships. Container depots, as a critical link in the port logistics chain, have also witnessed accelerated digitisation. In response to the government's calls, companies in the industry in China have embarked on digitisation moves to keep abreast of their international counterparts. For example, Sanlly, under COSCO Shipping Lines (COSCO), applies a real-time monitoring system to manage and locate containers. With enhanced digital infrastructure, the depot service providers will be able to improve the efficiency of handling containers and reduce labour costs, thus propelling growth in container depot throughput.

5.3 MARKET CONSTRAINTS AND CHALLENGES FOR CONTAINER DEPOT INDUSTRY

Shorter land leases and withdrawal of land leases add to operation uncertainty

The shortage of land has been a major constraint for container depot operators. Land leases are likely to get shorter as costs rise. Many ports in China are being redeveloped as part of urban development, which leads to the relocation of container depots and other port facilities. Given that land areas are assigned for different uses, container depot operators can no longer rent the land for a long period, such as five or 10 years. Instead, they have to sign for much shorter lease terms, such as 1-year contracts. Also, new ports tend to be built in inner-city areas and land costs are even higher in these areas. This is especially so in ports in top-tier cities. The combination of these factors result in rising operational costs, as well as uncertainty. Land is also especially difficult to maintain for container depot operators.

INDUSTRY OVERVIEW

Uncertainties in the global economy and international trade exist, which the container depot industry is highly dependent on

The slowdown of international trade in recent years, partly due to the trade tensions between the US and China, has impacted the international transportation industry. Although the global economy showed signs of recovery at the end of 2023, the downside risks of a global economic slowdown and a decline in international trade remain. This is compounded by the varied pace of recovery among nations, rising international conflicts, international trade protectionism and financial risks. The uncertainties in international relations such as the China-US relationship and the ongoing war in Ukraine, may pose a challenge to international trade recovery.

5.4 COMPETITIVE ENVIRONMENT

The container depot industry in China is highly fragmented as most players operate at a small number of ports

China's market currently features two types of depot operators. The first refers to those "independent" players, which are usually smaller in TEU handling capacity and more specialised in depot businesses, i.e. empty unit storage, cleansing and reparation. The other type is characterised by a more complicated ownership structure, usually featuring a large share owned by leading shipping companies or container manufacturers. Sometimes the port operator will play a role in the ownership as well. This type of depot player usually has a higher TEU handling capacity, supported by the belonged umbrella company, and offers various services in addition to depot operation. More depot companies have been expanding with more comprehensive logistic and supply chain functions, including customs brokerage, warehousing, and freight transports in multimodal ways, to improve competitiveness and profitability. This is to accommodate China's manufacturing industries which has seen some level of congregation into inland China and thus, may require more multimodal transport services such as railway transport.

The container depot industry in China is rather fragmented, with the top five companies accounting for approximately 21.7% of the national total TEU throughput in 2023. The primary reason is that most depot players operate in one or just a few ports, which limits their large-scale expansion. China has dozens of ports which are widely scattered geographically. Each has different operation rules, regulations and government departments in charge, which increases the difficulty for one depot player of operating depots across many ports. Meanwhile, as the government pushes forward with urbanisation and construction, the available land for depots is getting smaller. Therefore, land leases tend to get shorter, and the price of renting land is on the rise. Most container depot players are under financial strain to expand their geographical coverage significantly.

INDUSTRY OVERVIEW

The depot industry in China is expected to further consolidate

However, the industry is expected to move towards consolidation as profit margins of the depot business have been narrowing, and small enterprises with mediocre operations are expected to be forced out of the market gradually. The outbreak and re-occurrence of COVID-19 from 2020 and 2022, fluctuating global trade circumstances have brought challenges in revenue terms to many smaller depot players. Some of the larger depot companies are seeking to expand their operations across the country as well as vertically integrate along the supply chain, providing more supply chain services. This will make it increasingly difficult for smaller players to compete against larger players that have a stronger end-to-end product offering. As such, it is expected that there will be a reshuffling of the depot industry, and some poorly run enterprises are likely to continue to lose market share while large enterprises with stronger financial capability, resources and a diverse business portfolio will continue growing through mergers and acquisitions and joint ventures.

Table 14 Top Five Container Depot Operators Based on Container Throughput in 2023

Ranking	Leading Companies	Market Share	Status*	Company Profile
1	Company A	6.5%	Listed	The company provides comprehensive services including shipping, ship repair and maintenance, port terminals and logistics.
2	Company B	5.0%	Listed	The company is a multinational logistics supplier, covering containers and logistics services and energy equipment.
3	Company C	4.2%	Private	The company has been operating container stocking, lifting, transportation, freight forwarding, container repairing and maintenance.
4	Company D	4.0%	Private	The company has established branches in China, Southeast Asia and Europe. It focuses on providing logistics, depot and warehousing services.
5	Company E	2.0%	Listed	The company’s main business segments include shipping agency and terminal services and supply chain logistics.

* Private companies owned by listed parent companies are classified as private.

Source: Euromonitor estimates from desk research and trade interviews with leading players in the container depot industry in China

Note: Audited data, if available, is usually not market-specific and includes other products/services. Market ranking will therefore be estimated on publicly available data and trade opinion surveys (not just the companies themselves).

INDUSTRY OVERVIEW

5.5 BARRIERS TO ENTRY INTO THE CONTAINER DEPOT INDUSTRY

Barriers to entry are high due to shortage of land, strong competition and increasing technology barriers

The main entry barrier to the container depot industry is access to land. The land for container depots is usually owned by port authorities. New entrants may find it difficult to secure land or longer-term leasing agreements. Meanwhile, the rising costs of land, especially the costs of land areas in the vicinity of ports, mean substantial investment costs for companies, which many new entrants will find difficult to sustain.

Another barrier to entry is strong competition. Competition in the industry has been rising, with the entrance of new private sector companies, and major shipping and container companies looking to diversify their revenue streams and consolidate services. The industry is expected to consolidate further among the leading players which have stronger financial resources and closer relations with the ports, shipping lines and forwarders. In addition, with the growing involvement of port authorities in the container depot industry, new entrants may not have the strong relationships which incumbents have built up with the port authorities, which gives the incumbents an advantage in terms of getting access to resources and bargaining power with the shipping companies.

A further barrier to entry is the increasing technological sophistication required in a container depot business. With the trend towards smart ports and green ports, there is expected to be increasing requirements for container depot operators to digitise and automate their operations, and acquire modern technology and equipment to support the digital transformation of the business. Thus, new entrants face barriers in terms of knowledge of the rapidly evolving industry requirements, and in terms of the capital required to set up modern operations.

REGULATORY OVERVIEW AND TAXATION

The following is a brief summary of the key laws and regulations in Singapore, the PRC and Hong Kong that currently may materially affect the Group and its operations. The principal objective of this summary is to provide potential [REDACTED] with an overview of the key laws and regulations applicable to the Group. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential [REDACTED]. [REDACTED] should note that the following summary is based on the laws and regulations in force as at the date of this document, which may be subject to change.

A. SINGAPORE REGULATORY OVERVIEW

Overview of Laws and Regulations in Singapore

The section summarises the principal laws, rules and regulations in Singapore that are relevant to our business.

Laws and regulations relating to motor vehicles

Road Traffic Act and Parking Places Act

The Road Traffic Act 1961 of Singapore (“**RTA**”) sets out regulations relating to road traffic and other regulations concerning the use of vehicles and the user of roads. Section 10 of the RTA provides that, except as otherwise provided by the RTA and the rules made under the RTA, no person shall keep or use a vehicle unless it has been registered under the RTA and its registration under the RTA has not been cancelled.

Section 10B of the RTA provides that no heavy vehicle shall be registered under the RTA unless the person applying for the registration of the heavy vehicle satisfies the Registrar of Vehicles that a vehicle parking certificate or any other document in respect of the parking of the heavy vehicle for the period for which the heavy vehicle is to be licensed has been issued by the relevant authority to that person under the Parking Places Act 1974 of Singapore (“**Parking Places Act**”).

A “heavy vehicle” is defined under Section 2 of the Parking Places Act as:

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

REGULATORY OVERVIEW AND TAXATION

Regulation 4 of the Parking Places (Parking of Heavy Vehicles) Rules (“**PPR**”) of Singapore provides that every person who is the registered owner of, or who has purchased, a heavy vehicle shall:

- (a) procure a designated parking space for the parking of the heavy vehicle; or
- (b) if the registered owner owns or has purchased 2 or more trailers, may procure one designated parking space for the parking of not more than 3 such trailers; or
- (c) if the registered owner owns or has purchased 2 or more 20-foot trailers, may procure one designated space for the parking of not more than 6 such trailers.

Regulation 4(4) of the PPR provides that, upon compliance with the foregoing (as the case may be), every person who is the registered owner of, or who has purchased, a heavy vehicle shall apply for a vehicle parking certificate in respect of the heavy vehicle.

Regulation 6 of the PPR provides that every vehicle parking certificate shall, subject to the cessation of the validity of the vehicle parking certificate under Regulation 8 of the PPR, be valid for the period for which the person to whom it is issued has procured a designated parking space for the parking of his heavy vehicle.

As at 30 April 2024 (being the latest practicable date for this information), our Group owns the following types of heavy vehicles in Singapore:

- (a) 23 units of prime movers; and
- (b) 28 units of 45’ trailers.

Environmental Protection and Management Act

The Environmental Protection and Management Act 1999 of Singapore (“**EPMA**”) sets out regulations relating to environmental pollution control to provide for the protection and management of the environment and resource conservation.

Regulation 4(2) of the Environmental Protection and Management (Vehicular Emissions) Regulations (“**EPMR**”) read with the Second Schedule of the EPMR provides that every diesel driven motor vehicle (other than a motor cycle or scooter) to be registered in Singapore on or after 1 January 2024 shall conform to any of the standards for exhaust emission specified in the Second Schedule for the class of motor vehicle to which that motor vehicle belongs.

Motor Vehicles (Third-Party Risks and Compensation) Act

The Motor Vehicles (Third-Party Risks and Compensation) Act 1960 of Singapore (“**MVA**”) regulates third-party risks arising out of the use of motor vehicles and for the payment of compensation in respect of death or bodily injuries arising out of the use of motor vehicles.

REGULATORY OVERVIEW AND TAXATION

Section 3 of the MVA provides that it shall be unlawful for a person to use or cause or permit any other person to use a motor vehicle in Singapore unless there is in force in relation to the use of the motor vehicle by that person or that other person (as the case may be) a policy of insurance or a security in respect of third-party risks that complies with the requirements of the MVA.

Section 4(1) of the MVA provides that in order to comply with the requirements of the MVA, a policy of insurance must, subject to Section 4(4) of the MVA, be issued by an insurer who at the time the policy is issued is lawfully carrying on motor insurance business in Singapore and the policy insures such person, persons or classes of persons that may be specified in the policy in respect of any liability which may be incurred by him, her or them in respect of the death of or bodily injury to any person caused by or arising out of the use of the motor vehicle in Singapore.

Laws and regulations relating to discharge of trade effluent

Sewerage and Drainage Act

We are required to comply with the provisions of the Sewerage and Drainage Act 1999 of Singapore (“**SDA**”), which provides that a person must not discharge, or cause or permit to be discharged, any trade effluent into any public sewerage system or any drain-line or sewer communicating with a public sewerage system except with the prior written approval of the Public Utilities Board of Singapore and in accordance with the conditions of that approval (if any) and any regulations under the SDA providing for the control of such discharge.

Laws and regulations relating to workplace safety and health

Workplace Safety and Health Act

The Workplace Safety and Health Act 2006 of Singapore (“**WSHA**”) provides that it shall be the duty of every employer to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of the employer’s employees at work. These measures include:

- (a) providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;
- (b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons;
- (c) ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things (i) in their workplace; or (ii) near their workplace and under the control of the employer;
- (d) developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and
- (e) ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

REGULATORY OVERVIEW AND TAXATION

More specific duties imposed by the relevant regulatory body, the Ministry of Manpower of Singapore (“**MOM**”), on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations of Singapore.

Any person who breaches the above duty under the WSHA shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S\$500,000, and if the contravention continues after the conviction, the body corporate shall (subject to Section 52 of the WSHA) be guilty of a further offence and shall be liable to a fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one (1) previous occasion been convicted of an offence under the WSHA (but not including the regulations) that causes the death of any person; and is subsequently convicted of the same offence that causes the death of another person, the court may, in addition to any imprisonment if prescribed, punish the person, in the case of a body corporate, with a fine not exceeding S\$1 million and, in the case of a continuing offence, with a further fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.

Compliance with the Code of Practice on Chief Executives’ and Board of Directors’ Workplace Safety and Health Duties may be used as a mitigating factor for the Court’s consideration in the event of the commission of an offence under the WSHA.

The WSHA provides that if the Commissioner for Workplace Safety and Health (“**CWSH**”) is satisfied that:

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

the CWSH may serve a remedial order or a stop-work order in respect of a workplace on:

- (a) any person who is in control of the workplace, or the work or process carried out in the workplace;
- (b) any person whose duty under the WSHA is to ensure the safety, health and welfare of any person at work in the workplace; or
- (c) any person who poses or is likely to pose a risk to the safety, health and welfare of any person at work in the workplace.

The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, among others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

REGULATORY OVERVIEW AND TAXATION

Laws and regulations relating to work injury compensation

Work Injury Compensation Act

The Work Injury Compensation Act 2019 of Singapore (“WICA”) applies to all employees engaged under a contract of service with an employer, save for the classes of individuals not covered under the Third Schedule of the WICA. The WICA provides for the payment of compensation to employees for injury suffered arising out of and in the course of their employment and sets out, among other things, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

Generally, the WICA provides that the employer shall be liable to pay compensation in accordance with the provisions of the WICA if personal injury by accident arising out of and in the course of employment is caused to an employee, as defined in the WICA.

Pursuant to Section 24(1) of WICA read with Regulation 3 of the Work Injury Compensation (Insurance) Regulations 2020 (“WIC(I)R”), employers are required to maintain work injury compensation insurance for all employees, excluding the classes of employees as prescribed in the Second Schedule of the WIC(I)R. Examples of such excluded employees include employees who are employed otherwise than by way of manual labour and employees whose salary within the meaning of the Employment Act 1968 of Singapore received from the employer exceeds S\$2,600 a month.

Laws and regulations relating to fire safety

Fire Safety Act

We must comply with the Fire Safety Act 1993 of Singapore which provides for regulations relating to fire safety and matters connected therewith, including the storage of flammable materials and substances. Our storage premises must be equipped with the necessary fire prevention measures, such as heat activated sprinklers, and have sufficient fire safety measures in place.

Laws and regulations relating to environmental protection and management

Environmental Protection and Management Act

The EPMA, as regulated by the National Environment Agency, sets out the regulations relating to environmental pollution control and the provision of protection and management of the environment and resource conservation. Section 24(1) of the EPMA provides that every person storing, using or otherwise dealing with any hazardous substance and every agent, servant or employee of such person must do so in such a manner as not to threaten the health or safety of any person, or to cause pollution of the environment. Any person who contravenes the above requirement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding two (2) years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$2,000 for every day or part thereof during which the offence continues after conviction.

REGULATORY OVERVIEW AND TAXATION

In addition, the Environmental Protection and Management (Hazardous Substances) Regulations (the "EPM(HS)R"), provides, *inter alia*, that a person shall not use, keep or have in his possession or under his control any hazardous substance specified in the Schedule of the EPM(HS)R unless he is authorised to store such hazardous substance. Any person who contravenes this provision shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$30,000 or to imprisonment for a term not exceeding two (2) years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$1,000 for every day or part thereof during which the offence continues after conviction. A person shall be authorised to store hazardous substances where, *inter alia*, he is issued with a permit to store and use such hazardous substances. It shall not be lawful for any person to store or use any hazardous substance specified in the Schedule of the EPM(HS)R unless the storage or use of the hazardous substance is effected in accordance with the provisions of the permit and with any condition specified therein.

Laws and regulations relating to employment

Employment Act

The Employment Act 1968 of Singapore ("EA") sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA.

Part 4 of the EA sets out the requirements for rest days, hours of work and other conditions of service for workmen who are in receipt of a salary not exceeding S\$4,500 a month and employees (other than a workman or a person employed in a managerial or an executive position) who receive salaries not exceeding S\$2,600 a month. Generally, pursuant to Section 38(1) of the EA, an employee must not be required to work more than 6 consecutive hours without a period of leisure; and more than 8 hours in one day or more than 44 hours in one week, subject to certain exceptions. Section 38(8) of the EA provides that an employee must not under any circumstances work for more than 12 hours in any one day except in specified circumstances, such as in the case of accident, actual or threatened; work, the performance of which is essential to the life of the community; work essential for defence or security; urgent work to be done to machinery or plant; or an interruption of work which it was impossible to foresee. Further, Section 38(5) of the EA provides that an employee must not be permitted to work overtime for more than 72 hours a month.

Section 41A of the EA provides that the Commissioner for Labour (the "Commissioner") may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by written order exempt an employee or any class of employees from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer must display the order or a copy thereof conspicuously in the place where the employee or class of employees are employed.

Employment of Foreign Manpower Act

The Employment of Foreign Manpower Act 1990 of Singapore ("EFMA") sets out the provisions relating to the employment of foreign manpower.

REGULATORY OVERVIEW AND TAXATION

Section 5(1) of the EFMA provides that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him in accordance with the conditions of the foreign employee’s work pass. According to the MOM, employers can apply for a “Work Permit” to employ semi-skilled or unskilled foreign workers. Employers can apply for a “S Pass” to employ foreign mid-level skilled workers, if the minimum qualifying salary is met. For new applications from 1 September 2023, the minimum qualifying salary for all sectors except financial services is S\$3,150 (increases progressively with age from age 23, up to S\$4,650 at age 45 and above) and for financial services, S\$3,650 (increases progressively with age from age 23, up to S\$5,650 at age 45 and above). For applications from 1 September 2025, the MOM has indicated that this is to be raised to at least S\$3,300 and S\$3,800 respectively, with the final values to be announced closer to the implementation date.

Employers can apply for an “Employment Pass” to employ foreign professionals if the minimum qualifying salary is met. The minimum qualifying salary for an Employment Pass is at least S\$5,000 for all sectors except financial services (increases progressively with age from age 23, up to S\$10,500 at age 45 and above) and at least S\$5,500 for the financial services sector (increases progressively with age from age 23, up to S\$11,500 at age 45 and above). From 1 January 2025, the minimum Employment Pass qualifying salary for new applications will be revised to at least S\$5,600, and at least S\$6,200 for the financial services sector.

The Fair Consideration Framework (“**FCF**”) sets out requirements for all employers in Singapore to consider the workforce in Singapore fairly for job opportunities. According to the MOM, save for employers that are exempted from the advertising requirement, employers submitting Employment Pass and S Pass applications must first advertise on MyCareersFuture, an online government-initiated job portal and consider all candidates fairly. The MOM sets out certain advertising requirements, which includes the duration and accuracy of the advertisement. Failure to comply with the MOM’s advertising requirements may lead to the MOM rejecting Employment Pass and S Pass applications and potential work pass application debarments.

Further, unless exempted, the Complementarity Assessment Framework (“**COMPASS**”) will apply to new Employment Pass applications from 1 September 2023, in addition to renewal Employment Pass applications from 1 September 2024 onwards. The COMPASS is a new points-based framework that considers both individual and firm-related attributes to holistically evaluate an Employment Pass applicant’s complementarity to Singapore’s workforce. The foundational criteria considered includes the candidate’s salary and qualifications, as well as the diversity and support for local employment in the candidate’s firm, while the bonus criteria considered includes skills bonus and strategic economic priorities bonus. Candidates will require a minimum of 40 points to pass the COMPASS.

In addition, the “Personalised Employment Pass” allows high-earning foreign professionals greater job flexibility to hold a job in any sector, to not re-apply for a new pass if the employee changes jobs, and to stay in Singapore for a continuous period of up to 6 months without a job to search for new employment. In general, applicable candidates include overseas foreign professionals with a last drawn (within 6 months prior to application) fixed monthly salary overseas of at least S\$25,000, or an existing Employment Pass holder earning a fixed salary of at least S\$270,000 per calendar year, regardless of the number of months you are in employment.

REGULATORY OVERVIEW AND TAXATION

It should be noted that the Overseas Networks & Expertise Pass was recently introduced in 2023 to target top talents and allow pass holders to concurrently start, operate and work for multiple companies in Singapore at any one time. In general, candidates must satisfy the minimum salary criteria of at least S\$30,000 in fixed monthly salary (or its equivalent in foreign currency) for 12 consecutive months, or that they will earn at least S\$30,000 in fixed monthly salary under their prospective employer based in Singapore. Individuals with outstanding achievements in certain sectors (e.g., academia and research, arts and culture and sports) can apply without meeting the salary criterion. The benefits of these personalised pass are that it provides the individual with greater employment flexibility as they would not need to reapply for a new pass upon changing jobs, and the Overseas Networks & Expertise Pass holder's spouse will be legally allowed to work in Singapore with a Letter of Consent. Such pass holders will not be subject to the COMPASS and employers who wish to hire them are not subject to the FCF job advertising requirement.

Pursuant to Section 11 of the EFMA read with paragraph 3(1) of the Employment of Foreign Manpower (Levy) Order 2011 ("**EFMO**"), a levy shall be imposed on every employer at the appropriate rate specified in the EFMO in respect of each of his foreign employees who are either S Pass holders or work permit holders.

Regulation 4(3) of the Employment of Foreign Manpower (Work Passes) Regulations 2012 ("**EFMR**") read with Part III and Part IV of the Fourth Schedule of the EFMR require employers of work permit holders who are not domestic workers to, among other things:

- (a) provide safe working conditions;
- (b) provide acceptable accommodation consistent with any written law, directive, guideline, circular or other similar instrument issued by any competent authority;
- (c) bear medical expenses incurred by the foreign employee for any medical examination required by the Controller of Work Passes ("**Controller**"); and
- (d) purchase and maintain medical insurance for the foreign employee's in-patient care and day surgery, with coverage of at least S\$60,000 per 12-month period (with effect from 1 July 2023) of the foreign employee's employment (or such shorter period where the foreign employee's period of employment is less than 12 months), except as the Controller may otherwise provide by notification in writing.

Regulation 5(3)(a) of the EFMR read with Part II of the Fifth Schedule of EFMR also requires employers of S Pass holders, among other things, to:

- (a) bear medical expenses incurred by the foreign employee for any medical examination required by the Controller; and
- (b) purchase and maintain medical insurance for the foreign employee's in-patient care and day surgery, with coverage of at least S\$60,000 per 12-month period (with effect from 1 July 2023) of the foreign employee's employment (or such shorter period where the foreign employee's period of employment is less than 12 months), except as the Controller may otherwise provide by notification in writing.

REGULATORY OVERVIEW AND TAXATION

Regulation 12(1)(b)(i) of the EFMR provides that the Controller may require such security as he thinks necessary to be furnished by or on behalf of an employer of the work pass holder or any group or class of work pass holders for the purpose of ensuring compliance with any undertaking given by or requirement imposed upon the employer or sponsor of the work pass holder or any group or class of work pass holders, as the case may be.

Regulation 12(3) of the EFMR provides that where a security is furnished, the work pass holder, the employer or sponsor of the work pass holder or any group or class of work pass holders, as the case may be, shall comply with the conditions specified in the security.

In addition to the EFMA, an employer of foreign workers is also required to comply with the provisions in the EA, the Immigration Act 1959 of Singapore ("**Immigration Act**") and the regulations issued pursuant to the Immigration Act.

MOM regulates the number of foreign workers a company may employ with a Work Permit or a S Pass in Singapore. To determine the company's Work Permit and S Pass quota entitlement, an employer must first declare its business activity to MOM. After evaluating the business activity declared by the employer, the MOM will categorise the business activity into the most relevant industry as stipulated in the sector-specific rules. The Local Qualifying Salary ("**LQS**") is used to determine the number of local employees who can be used to calculate the aforementioned quota entitlement. A Singaporean or Permanent Resident employee employed under a contract of service, including the company's director, is counted as 1 local worker if they earn the LQS of at least S\$1,400 per month, or 0.5 local worker if they earn half the LQS of at least S\$700 to below S\$1,400 per month. From 1 July 2024, the LQS will be raised to S\$1,600.

Further, the Central Provident Fund ("**CPF**") system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to Section 7 of the Central Provident Fund Act 1953 of Singapore ("**CPF Act**"), an employer is obliged to make CPF contributions for all employees (as defined under Section 2 of the CPF Act) who are Singapore citizens or permanent residents who are employed in Singapore by an employer. CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of employees at the applicable prescribed rates (as set out at the First Schedule of the CPF Act) which is dependent on, *inter alia*, the amount of monthly wages and the age of the employee. Where an employee earns more than S\$500 in Total Wages (the total amount of ordinary wages and any additional wages payable to him or her in a calendar month) per month, an employer must pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

REGULATORY OVERVIEW AND TAXATION

B. PRC LAWS AND REGULATIONS

Overview of Laws and Regulations in the PRC

The section summarises the principal PRC laws, rules and regulations that are relevant to our business.

Regulations Relating to International Freight Forwarding Business

According to the Regulations of the PRC on the Administration of the International Freight Forwarding Industry (中華人民共和國國際貨物運輸代理業管理規定) issued by the Ministry of Foreign Trade & Economic Cooperation (the "MOFTEC") on 29 June 1995 and effective therefrom, and the Implementation Rules of the Regulations of the PRC on the Administration of the International Freight Forwarding Industry (For Trial Implementation) (中華人民共和國國際貨物運輸代理業管理規定實施細則(試行)) issued by the MOFTEC on 26 January 1998 and effective therefrom, and amended by the Ministry of Commerce (the "MOFCOM") on 1 January 2004, international freight forwarders refer to those traders entrusted by consignors and consignees of exports and imports to conduct international freight forwarding and related businesses for their clients in their own names or in the name of the consignors and collect service remunerations. International freight forwarders must obtain the status of a legal body as an enterprise of the PRC and shall meet the following conditions: (i) having engaged professional personnel required for providing international freight forwarding services; (ii) having fixed site(s) for business and necessary facility(ies); (iii) having stable market of import and export resources.

The filing of international freight forwarders in the PRC is governed by the (Interim) Measures on Filings of International Freight Forwarders (國際貨運代理企業備案(暫行)辦法) issued by the MOFCOM on 7 March 2005 and effective from 1 April 2005, and amended on 18 August 2016, which provided that all the international freight forwarding agencies and their branches (the "**International Freight Forwarders**") duly registered with the state administration of industry and commerce shall file records with the MOFCOM or the authorities designated by the MOFCOM. The MOFCOM is the competent authority for the filing of International Freight Forwarders. Qualified local departments of commerce are designated by the MOFCOM to handle the filing of International Freight Forwarders within their respective jurisdictions; however, such designated local departments of commerce shall not further designate other institutions to handle the filings. Further, the International Freight Forwarders shall undergo the relevant formalities for international freight forwarding services with the competent authorities within 30 days upon receipt of and with the Filing Form of International Freight Forwarders affixed with a filing seal.

REGULATORY OVERVIEW AND TAXATION

Regulations Relating to Customs Declaration

Pursuant to the Customs Law of the PRC (中華人民共和國海關法) promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on 22 January 1987 and effective from 1 July 1987, and amended on 8 July 2000, 29 June 2013, 28 December 2013, 7 November 2016, 4 November 2017 and 29 April 2021, respectively, the customs of the PRC shall be responsible for the supervision and administration of entry into and exit from the customs territory. All the transports, goods and articles shall enter into or exit from the territory of the PRC at a place where a customs office is established. The customs declaration and duty payment formalities may be undergone by the consignees or consignors of imported and exported goods, or by the customs clearing enterprises entrusted by such consignees or consignors. The consignees or consignors of imported and exported goods and the customs clearing enterprises shall file records with the customs when undergoing customs declaration formalities, otherwise may be imposed fines by the customs.

According to the Administrative Provisions of the Customs of the PRC on Record-Filing of Customs Declaration Entities (中華人民共和國海關報關單位備案管理規定) issued by the General Administration of Customs of the PRC (the “GACC”) on 19 November 2021 and effective from 1 January 2022, the consignees or consignors of imported and exported goods and the customs clearing enterprise that apply for the filing of records with the customs shall obtain the status of a market entity; where the consignees or consignors of imported and exported goods apply for the filing of records with the customs, the filing of foreign trade dealers shall also be completed.

According to the Announcement on Fully Including the Filing of Customs Declaration Entities in the Reform of “Integrating Multiple Certificates into One” (關於報關單位備案全面納入「多證合一」改革的公告) jointly issued by the GACC and the State Administration for Market Regulation (the “SAMR”) on 20 December 2021 and effective from 1 January 2022, where an applicant intends to be filed as a customs declaration entity when undergoing the registration formalities as a market entity with the market regulation authorities, it shall tick the box of filing as a customs declaration entity as required and fill in the relevant information for filing. The market regulation authorities will then complete the registration pursuant to procedures of “Integrating Multiple Certificates into One” and share the relevant information with the GACC on the SAMR level. Such applicants are no longer required to submit applications for filing as a customs declaration entity to the customs.

In addition, the Decision of the SCNPC on revising the Foreign Trade Law of the PRC (全國人民代表大會常務委員會關於修改《中華人民共和國對外貿易法》的決定) issued by the SCNPC on 30 December 2022 deleted the requirements on the foreign trade dealers engaged in the import and export of goods or technologies to be registered with the competent administrative departments of foreign trade of the State Council or any institutions authorized thereby, namely the filing of foreign trade dealers.

REGULATORY OVERVIEW AND TAXATION

Regulations Relating to Containers

According to the Administrative Measures for Inspection and Quarantine of Inbound and Outbound Containers (進出境集裝箱檢驗檢疫管理辦法), issued by the GACC on 11 January 2000 and effective from 1 February 2000, and amended on 28 April 2018 and 9 March 2023, respectively, before or during the entry into or exit from the PRC of the containers (referring to those as specified by the International Organization for Standardization, including filled and empty entry containers, exit containers and transit containers, the same as below), or where the containers are in transit, the carrier, the owner or the agents of such containers shall submit application of inspection to the customs, and the customs shall conduct inspection and quarantine on the containers in accordance with the relevant regulations.

Regulations Relating to Road Freight Transport and Stations

Pursuant to the Regulations on Road Transport of the PRC (中華人民共和國道路運輸條例) issued by the State Council on 30 April 2004 and effective from 1 July 2004, and amended on 9 November 2012, 6 February 2016, 2 March 2019, 29 March 2022 and 20 July 2023, respectively, the competent departments of transport of the State Council are in charge of the administration of road transport nationwide; the competent departments of transport of local governments at the county level and above are responsible for the administration of road transport within their respective jurisdictions. Entities applying for the business of freight transport, upon completion of the relevant registration formalities with the market supervision and administration departments according to the laws, shall make application to the competent departments of transport, then the competent departments of transport will review such applications and issue the approval for road transport operations to the applicants, and the vehicle operating certificates to the vehicles of the applicants to be put into operation. Where the entities conduct normal freight transport business with normal freight vehicles of a total weight of 4,500 kg or less, the approval for road transport operations and vehicle operating certificates are not required.

According to the Administrative Provisions on Road Freight Transport and Stations (道路貨物運輸及站場管理規定) issued by the Ministry of Transport on 16 June 2005 and effective from 1 August 2005, and was amended on 23 July 2008, 20 April 2009, 14 March 2012, 11 April 2016, 20 June 2019, 26 September 2022 and 10 November 2023, respectively, a road freight transport business operator shall, within the approved scope as specified in the approval for road transport operations, conduct its freight transport business, and shall not transfer or rent such approval; a road freight transport operator shall require its engaged drivers to take the vehicle operating certificates along with the vehicles and such vehicle operating certificates shall not be transferred, rent, altered or forged.

Further, under the Administrative Provisions on Road Freight Transport and Stations, "road freight transport stations" refer to comprehensive freight transport stations, less-than-truck-load transport stations, container transit stations, logistics centers and other business sites that provide compensated services to the public relying on their sites and facilities and perform such functions as storage, preservation, cargo load arrangement, information service, loading and unloading. Entities applying for the business of freight transport stations, upon completion of the relevant registration formalities with the market supervision and administration departments according to the laws, shall, no later than 15 days after commencement of business operations of freight transport stations, file for records with the competent departments of transport.

REGULATORY OVERVIEW AND TAXATION

Regulations Relating to the Ports

Pursuant to the Law on Ports of the PRC (中華人民共和國港口法) promulgated by the SCNPC on 28 June 2003 and effective from 1 January 2004, and amended on 24 April 2015, 11 April 2017 and 29 December 2018, respectively and the Administrative Measures on Port Operations (港口經營管理規定) issued by the Ministry of Transport on 6 November 2009 and effective from 1 March 2010, and amended on 23 December 2014, 19 April 2016, 31 July 2018, 9 April 2019, 28 November 2019 and 20 December 2020, respectively, “port operations” include the operation of the wharfs and other port facilities, the operation of port passenger transport services, the loading, unloading, lightering and storage of goods within the port area and the operation of port tugs; entities applying for port operations shall apply to the administrative departments of the ports in writing for the permit for port operations. The administrative departments of the ports will review such applications and issue the port operations certificates. A port operations certificate shall be valid for three years. A port operator shall conduct its port operations within the scope as approved by the administrative departments of the ports.

Other Significant PRC Regulations Affecting Our Business in the PRC

Regulations Relating to the Company Law and Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by *the Company Law of the PRC* (中華人民共和國公司法) (the “**Company Law**”), which was promulgated by the SCNPC on 29 December 1993 and became effective on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018 respectively. Pursuant to the Company Law, companies are classified into 2 categories, namely limited liability companies and limited companies by shares. The Company Law also applies to foreign-invested limited liability companies and companies limited by shares. According to the Company Law, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

According to the Company Law, companies shall contribute 10% of the profits into their statutory capital reserve upon distribution of their post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory capital reserve is more than 50% of its registered capital. Where the balance of the statutory capital reserve of a company is insufficient to make up its losses in the previous year, the company shall make up such losses using its profits of the current year before making contribution to the statutory capital reserve. Upon contribution to the statutory capital reserve with its post-tax profits, a company may make further contribution to the capital reserve with its post-tax profits. After making up its losses and accrued reserves, a company may distribute post-tax profits to its shareholders.

On 29 December 2023, the SCNPC further amended the Company Law, and this amendment mainly included the improvement of a company’s establishment and exit system, the optimization of a company’s organization, the improvement of a company’s capital system, the reinforcement of the responsibilities of controlling shareholders and management personnel, and the enhancement of a company’s social responsibility, etc. This amendment will be effective from 1 July 2024 onwards.

REGULATORY OVERVIEW AND TAXATION

On 15 March 2019, the National People's Congress (the "NPC") promulgated the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "**Foreign Investment Law**"), which took effect on 1 January 2020 and repealed the Sino-foreign Equity Joint Ventures Law of the PRC (中華人民共和國中外合資經營企業法), the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) and the Sino-foreign Cooperative Joint Ventures Law of the PRC (中華人民共和國中外合作經營企業法). Since then, the Foreign Investment Law has become the fundamental law regulating foreign-invested enterprises wholly or partially invested by foreign investors. According to the Foreign Investment Law and the Implementation Regulations for the Foreign Investment Law of the PRC issued by the State Council on 26 December 2019 and effective from 1 January 2020, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organizations (the "**Foreign Investors**") within the territory of the PRC, including the following circumstances: (i) a foreign investor establishes a foreign-funded enterprise within the territory of the PRC, either alone or together with any other investor; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of a PRC enterprise; (iii) a foreign investor invests in any new project within the territory of the PRC, either alone or together with any other investor; or (iv) a foreign investor invests in any other way as stipulated under the laws or administrative regulations or provided by the State Council. The organization form and structure, and the operating rules of foreign-funded enterprises are subject to the provisions of the Company Law, the Partnership Enterprise Law of the PRC and other applicable laws.

The administrative system for foreign investment is pre-entry national treatment and negative list in the PRC. Pre-entry national treatment refers to the treatment accorded to the Foreign Investors and their investments at the stage of the entry of investments which shall be no less favorable than that accorded to domestic investors and their investments. Negative list refers to the special administrative measures taken for the entry of foreign investment in the specific sectors stipulated by the PRC government. National treatment will be accorded by the PRC government to the foreign investments not included in the negative list.

The National Development and Reform Commission (the "**NDRC**") and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for the Entry of Foreign Investment (2021 version) (外商投資准入特別管理措施(負面清單)(2021年版)) (the "**Negative List**") on 27 December 2021, which became effective on 1 January 2022 and the Catalogue of Encouraged Industries for Foreign Investment (2022 version) (鼓勵外商投資產業目錄(2022年版)) on 26 October 2022, which became effective from 1 January 2023, which together constitute the catalogue of encouraged industries for foreign investment and the special administrative measures for the entry of foreign investment in the restricted or prohibited industries for foreign investment. The Negative List provided the special administrative measures for the entry of foreign investment, such as the requirements on equity and senior management personnel. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. Domestic enterprises engaged in businesses in the prohibited industries for foreign investment as listed in the Negative List shall be subject to the review and approval by the relevant competent authorities for the issuance of shares and listing on the foreign stock markets. The Foreign Investors shall not participate in the operation and management of the enterprises, and their equity ratio shall be governed with reference to the relevant regulations on the management of overseas investors investing in domestic securities.

REGULATORY OVERVIEW AND TAXATION

The Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法) was jointly issued by the MOFCOM and the SAMR on 30 December 2019, which became effective on 1 January 2020. According to the Measures on Reporting of Foreign Investment Information, if a foreign investor carries out investment activities directly or indirectly within the territory of the PRC, the Foreign Investors or the foreign-invested enterprise shall report to the competent authorities of commerce the investment information pursuant to such measures. When a foreign-invested enterprise submits the annual report, it shall report the basic information of the enterprise, information of investors and the actual controller, and operation, assets and liabilities information of the enterprise, and where the special administrative measures for the entry of foreign investment are involved, it shall as well report the information of the relevant industry approvals obtained.

Regulations Relating to Intellectual Property Rights

(i) Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC on 23 August 1982 and amended on 22 February 1993, 27 October 2001 and 30 August 2013, and last amended on 23 April 2019 and effective from 1 November 2019 and the Implementation Regulations of the Trademark Law of the PRC (中華人民共和國商標法實施條例) issued by the State Council on 3 August 2002 which became effective on 15 September 2002, and revised on 29 April 2014 which became effective on 1 May 2014, the validity period of registered trademarks is 10 years, commencing from the date of approval of registration. A trademark registrant intending to continue to use the registered trademark upon expiry of its validity period shall go through the formalities of renewal within 12 months before the expiry according to the relevant provisions. If failing to do so, the trademark registrant may be granted a six-month grace period. The validity period of each renewal is 10 years, commencing from the day after the expiry date of the last validity period of the registered trademark. If the formalities of renewal are not undergone within the grace period, the registration of the trademark will be cancelled.

(ii) Domain Names

Domain names are protected by the Administrative Measures of Internet Domain Names (互聯網域名管理辦法) issued by the Ministry of Industry and Information Technology (the "MIIT") on 24 August 2017 and effective from 1 November 2017 and the Implementing Rules on Registration of China Country Code Top-level Domain Names (國家頂級域名註冊實施細則) issued by China Internet Network Information Center on 18 June 2019 and effective therefrom. The MIIT is the regulatory body responsible for the administration of PRC internet domain names. The China Internet Network Information Center is responsible for the administration of registration of China country code top-level domain names. Domain name registrations are processed by the domain name registration service agencies established pursuant to the relevant provisions. The applicants become domain name holders upon successful registration.

REGULATORY OVERVIEW AND TAXATION

Regulations Relating to Foreign Exchange

The principal law governing the foreign currency exchange in the PRC is the Foreign Exchange Administration Regulations of the PRC (中華人民共和國外匯管理條例) (the “**Foreign Exchange Administration Regulations**”), which was issued by the State Council on 29 January 1996 and became effective on 1 April 1996, and amended on 14 January 1997 and 5 August 2008 respectively. Pursuant to the Foreign Exchange Administration Regulations, international payments in foreign currencies and transfer of foreign currencies under the current account are not restricted by the government. However, foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the State Administration of Foreign Exchange of the PRC (the “SAFE”) or its local counterparts and other relevant PRC governmental authorities.

Pursuant to the Regulation of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) issued by the People’s Bank of China on 20 June 1996 which became effective on 1 July 1996, foreign-invested enterprises may only buy, sell or remit foreign currencies at banks authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of transactions under the capital account, obtaining approvals from the SAFE or its local counterpart.

On 30 March 2015, the SAFE issued the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “**SAFE Circular 19**”), which became effective on 1 June 2015. Pursuant to the SAFE Circular 19, the foreign exchange capital, for which the monetary contribution has been confirmed by the foreign exchange authorities (or for which the monetary contribution has been credited into account by banks) in the capital account of a foreign-invested enterprise may be settled at banks under the actual operation needs of enterprise. Meanwhile, the use of such Renminbi shall be subject to the restrictions as set out in the SAFE Circular 19, such that it cannot be directly or indirectly used for payment beyond the business scope of the enterprises or as prohibited by the laws and regulations, for securities investments unless otherwise provided by the laws and regulations, for offering Renminbi entrusted loans (unless permitted by the business scope), repaying inter-enterprise borrowings (including advances by a third party) or repaying the Renminbi bank loans that have been sub-lent to a third party, or paying the expenses related to the purchase of real estate not for self-use, except for the foreign-invested real estate enterprises.

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On 9 June 2016, the SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the “SAFE Circular 16”) which became effective therefrom, and was amended on 4 December 2023. Where the previous provisions, such as the SAFE Circular 19, are not consistent with the SAFE Circular 16, the SAFE Circular 16 shall prevail. The SAFE Circular 16 unified the discretionary foreign exchange settlement for all the domestic institutions. Furthermore, the foreign exchange proceeds under the capital account of a domestic institution shall be used within the business scope of the domestic institution and under the principles of authenticity and self-use. The SAFE Circular 16 reaffirmed that the foreign exchange proceeds under the capital account of and the Renminbi funds obtained from foreign exchange settlement by a domestic institution may be used for expenditures under the current account within its business scope or the expenditures under the capital account permitted by the laws and regulations. The foreign exchange proceeds under the capital account of and the Renminbi funds obtained from foreign exchange settlement by a domestic institution (i) shall not be used directly or indirectly for expenditures beyond the business scope of the domestic institution or as prohibited by the laws and regulations, (ii) unless otherwise provided, shall not be used directly or indirectly for securities investments or other investments and wealth management (except for wealth management products and structured deposits with risk rating results of not higher than Grade II), (iii) shall not be used for offering loans to non-affiliated enterprises, unless expressly permitted by the business scope or (iv) shall not be used for the purchase of non-self-use real estate (except for the enterprises engaging in real estate development and leasing).

According to the Circular on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE on 10 April 2020 which took effect therefrom, the reform to facilitate the payments of proceeds under the capital accounts shall be promoted nationwide by the SAFE. Provided that the use of funds is true and compliant, and in compliance with the current administrative provisions on the use of the proceeds under the capital accounts, enterprises satisfying the requirements are not required to provide the banks with supporting documents to prove authenticity for each transaction beforehand when making domestic payments with the proceeds under the capital accounts, such as the capital funds and the proceeds of foreign debt or overseas listing.

Distribution of Dividends

On 26 January 2017, the SAFE issued the Notice on Promoting the Reform of Foreign Exchange Administration and Improving the Review of Authenticity and Compliance (關於進一步推進外匯管理改革完善真實合規性審核的通知) which provided that when processing the outward remittance of profits of a domestic institution equivalent to more than 50,000 US dollars, the bank shall, in light of the principle of genuine transaction, review the profit distribution resolution made by the board of directors (or by the partners), original tax filing form and audited financial statements relating to the outward remittance of profits, and chop on the original tax filing form to endorse the amount and date of the outward remittance. The domestic institution shall make up for its losses in the previous years according to the laws before remitting the profits.

REGULATORY OVERVIEW AND TAXATION

Regulations Relating to Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “**EIT Law**”) promulgated by the SCNPC on 16 March 2007, which became effective from 1 January 2008, and last amended on 29 December 2018, enterprises shall be classified into resident enterprises and non-resident enterprises. The income tax rate of resident enterprises is 25%, while the income tax rate of non-resident enterprises is 20%. According to the EIT Law and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (the “**Implementation Regulations for EIT Law**”) issued by the State Council on 6 December 2007, which became effective from 1 January 2008, and last amended on 23 April 2019, enterprise income tax shall be payable by a resident enterprise for the income derived from or accruing in or outside the PRC. Enterprise income tax shall be payable by a non-resident enterprise with office or premises within the territory of the PRC for the income derived from or accruing in the PRC by its office or premises, and the income derived from or accruing outside the PRC for which its office or premises has a de facto relationship. Where the non-resident enterprise has no office or premises within the territory of the PRC or the income derived or accrued has no de facto relationship with its office or premises, enterprise income tax shall be payable by the non-resident enterprise for the income derived from or accruing in the PRC at a reduced rate of 10%.

Regulations Relating to Value-Added Tax

According to the Interim Regulation of the PRC on Value-Added Tax (中華人民共和國增值稅暫行條例) issued by the State Council on 13 December 1993 and effective from 1 January 1994, and last amended on 19 November 2017, and the Implementation Rules for the Interim Regulation of the PRC on Value-Added Tax (中華人民共和國增值稅暫行條例實施細則) issued by the Ministry of Finance on 25 December 1993 and effective therefrom, and last amended on 28 October 2011, and the Decision of the State Council to Repeal the Interim Regulation of the PRC on Business Tax and Amend the Interim Regulation of the PRC on Value-Added Tax (國務院關於廢止《中華人民共和國營業稅暫行條例》和修改《中華人民共和國增值稅暫行條例》的決定), issued by the State Council on 19 November 2017 and effective therefrom, and the Announcement on Policies for Deepening the Value-Added Tax Reform (關於深化增值稅改革有關政策的公告) jointly issued by the Ministry of Finance, SAT and GACC on 20 March 2019 and effective from 1 April 2019, all enterprises and individuals that sell goods, provide processing, repair and replacement services, or sell services, intangible assets, real estates and imported goods in the PRC are taxpayers of value-added tax (the “**Taxpayers**”).

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (關於全面推開營業稅改征增值稅試點的通知) jointly issued by the Ministry of Finance and SAT on 23 March 2016 and effective from 1 May 2016, direct or indirect international freight forwarding business services provided by the Taxpayers are exempt from value-added tax.

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Labour and Social Insurance

The Labour Law of the PRC (中華人民共和國勞動法) promulgated on 5 July 1994 and last amended on 29 December 2018 and the Labour Contract Law of the PRC (中華人民共和國勞動合同法) promulgated on 29 June 2007, effective from 1 January 2008, and amended on 28 December 2012 and effective from 1 July 2013, by the SCNPC, together provided the relationship between the employers and the employees as well as specific provisions on the terms and conditions of the labour contracts.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated by the SCNPC on 28 October 2010, effective from 1 July 2011, and amended on 29 December 2018 and effective therefrom, the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) issued by the State Council on 22 January 1999 and last amended on 24 March 2019, and the Regulations on the Administration of Housing Accumulation Fund (住房公積金管理條例) issued by the State Council on 3 April 1994, and amended on 24 March 2002 and 24 March 2019, respectively, employers and/or employees are required to contribute to social insurance premiums, including basic endowment insurance, unemployment insurance, basic medical insurance, employment injury insurance and maternity insurance, and to housing accumulation funds.

Regulations Relating to Property Leasing

Pursuant to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) issued by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and effective from 1 February 2011, within 30 days after execution of the house leasing agreement, the parties to the house leasing shall perform the house leasing registration with the competent departments of construction (real estate) where the leased house is located.

Regulations Relating to Overseas Listing

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) issued by the CSRC on 17 February 2023 and effective from 31 March 2023, in the case of direct overseas offering and listing by domestic enterprises, the issuer shall file for records with the CSRC; in the case of indirect overseas offering and listing by domestic enterprises, the issuer shall designate a main domestic operating entity as the domestic responsible person and file for records with the CSRC. An overseas offering and listing conducted by an issuer that satisfies the following conditions shall be determined an indirect overseas offering and listing by a domestic enterprise: (i) any indicator of the domestic enterprise's operating revenue, total profits, total assets or net assets in the most recent fiscal year accounts for over 50% of the relevant data in the audited consolidated financial statements of the issuer for the same period; and (ii) the main stages of business activities of the issuer are carried out in the PRC, or the main premises of business are located in the PRC, or the majority of the senior management personnel in charge of business management are Chinese citizens or have a habitual residence in the PRC. The determination of indirect overseas offering and listing by domestic enterprises shall follow the principle of substance over form.

REGULATORY OVERVIEW AND TAXATION

C. HONG KONG LAWS AND REGULATIONS

Overview of Laws and Regulations in Hong Kong

The section summarises the principal Hong Kong laws, rules and regulations that are relevant to our business.

Laws and regulations relating to operations

Factories and Industrial Undertakings Ordinance

The Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong) (the “FIUO”) governs all factories and industrial undertakings operating in Hong Kong. The FIUO imposes duties on proprietors of and persons employed at industrial undertakings, including and without limitation cargo and container handling undertakings, factories and other industrial workplaces, to ensure health and safety at work in such undertakings. A proprietor in relation to any industrial undertaking is defined to include the person having the management or control of the business carried on in such industrial undertaking and includes a body corporate and a firm, as well as the occupier of any industrial undertaking and the agent of such occupier.

The FIUO requires every proprietor of an industrial undertaking to ensure the health and safety at work of all persons employed by the proprietor at the industrial undertaking so far as is reasonably practicable. Contravention of such duty willfully and without reasonable excuse is an offence and is liable, on summary conviction, to a fine of HK\$3,000,000 and to imprisonment for 6 months, or, on conviction on indictment, to a fine of HK\$10,000,000 and to imprisonment for 2 years.

Factories and Industrial Undertakings (Cargo and Container Handling) Regulations

The Factories and Industrial Undertakings (Cargo and Container Handling) Regulations (Cap. 59K of the Laws of Hong Kong), subsidiary legislation under FIUO, lay down certain safety requirements regarding cargo and container handling, including loading, unloading or handling of cargo or goods at a dock, quay or wharf. These regulations set out various safety regulations including providing electrical equipment, maintenance of fork-lift trucks, provision of first-aid facilities and precautions for every person working on top of a container. Contravention would lead to fines varied from level 4 to level 6, which is from HK\$25,000 to HK\$100,000.

Factories and Industrial Undertakings (Loadshifting Machinery) Regulations

The Factories and Industrial Undertakings (Loadshifting Machinery) Regulations (Cap. 59AG of the Laws of Hong Kong) is another subsidiary legislation under the FIUO and regulates the use and operation of loadshifting machines. A loadshifting machine is defined to include fork-lift trucks used in industrial undertakings. Under these regulations, a responsible person has to ensure that the loadshifting machine must be operated by a person aged 18 or above and holds a valid certificate applicable to the type of loadshifting machine. Furthermore, the responsible person has to provide each employee instructed to operate the loadshifting machine a training course or if an employee fails to obtain a certificate, additional training courses. Contravention to these Regulations without reasonable excuse is an offence and is liable to a fine at level 6, which is HK\$100,000.

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Laws and regulations relating to environmental protection

Air Pollution Control (Non-Road Mobile Machinery) (Emission) Regulation

The Air Pollution Control (Non-Road Mobile Machinery) (Emission) Regulation (Cap. 311Z of the Laws of Hong Kong) (the “**NRMM Regulation**”) regulates and controls emissions of non-road mobile machinery (“**NRMM**”). Under the NRMM Regulation, all NRMMs, defined to include non-road vehicles and regulated machines, except those which are exempted, are required to comply with the prescribed emission standards and from 1 September 2015 onwards, all regulated machines sold or leased for use in Hong Kong must be approved or exempted with a proper label in a prescribed format issued by the Environmental Protection Department (the “**EPD**”), only approved or exempted NRMMs with a proper label are allowed to be used in specified activities and locations including container terminals. A regulated machine under the NRMM Regulation includes, amongst others, gantry cranes, lifting platforms, container loaders and reach stackers.

Under the NRMM Regulation, any person who uses or causes to be used a regulated machine without approval from the EPD is liable to a fine of up to HK\$200,000 and imprisonment for up to 6 months and a person who uses or causes to be used a regulated machine without a label is liable to a fine of up to HK\$50,000 and imprisonment for up to 3 months.

Water Pollution Control Ordinance

The Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong) controls the effluent discharged from all types of industrial, manufacturing, commercial, institutional and construction activities into public sewers, rainwater drains, river courses or water bodies. For any industry/trade generating wastewater discharge (except domestic sewage that is discharged into communal foul sewers or unpolluted water to storm drains), it is subject to licensing controls by the Director of Environmental Protection.

All discharges, other than domestic sewage to a communal sewer or unpolluted water to a communal drain, must be covered by an effluent discharge licence. The licence specifies the permitted physical, chemical and microbial quality of the effluent, and the general guidelines are that the effluent does not damage sewers or pollute inland or inshore marine waters.

Pursuant to this ordinance, unless licensed under this ordinance, a person who discharges any waste or polluting matter into the waters or discharges any matter other than domestic sewage and unpolluted water, into a communal sewer or communal drain in a water control zone commits an offence and is liable to imprisonment or 6 months and (i) for a first offence, a fine of HK\$200,000; (ii) for a second or subsequent offence, a fine of HK\$400,000, and in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

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Environmental Impact Assessment Ordinance

The Environment Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong) was introduced to avoid, minimise and control the adverse environmental impacts from designated projects as specified in Schedule 2 to the Environmental Impact Assessment Ordinance (for example, public utility facilities, certain large-scale industrial activities, community facilities, etc.) through the application of the environmental impact assessment process and the environmental permit system prior to their construction and operation (and decommissioning, if applicable), unless exempted otherwise.

Pursuant to the Environmental Impact Assessment Ordinance, a person commits an offence if he constructs or operates a designated project listed in Part I of Schedule 2 this ordinance (which includes roads, railways and depots, container terminal, public cargo working area, container backup area, container storage, container handling or container packing area etc.) or decommissions a designated project listed in Part II of Schedule 2 to this ordinance without an environmental permit for the project; or contrary to the conditions, if any, set out in the permit. The offender is liable (i) on a first conviction on indictment to a fine of HK\$2,000,000 and to imprisonment for 6 months; (ii) on a second or subsequent conviction on indictment to a fine of HK\$5,000,000 and to imprisonment for 2 years; (iii) on a first summary conviction to a fine of HK\$100,000 and to imprisonment for 6 months; and (iv) on a second or subsequent summary conviction to a fine of HK\$1,000,000 and to imprisonment for one year, and in any case where the offence is of a continuing nature, the court or magistrate may impose a fine of HK\$10,000 for each day on which he is satisfied the offence continued.

Laws and regulations relating to employment

Employment Ordinance

The Employment Ordinance (Cap. 57 of the Laws of Hong Kong) governs employment conditions and regulations in Hong Kong. It provides employment protections for employees and regulates their benefits. Employers must comply with the statutory requirements regarding, among others, wage, holidays, sickness allowances, maternity protection, paternity leave and termination requirements.

Occupational Safety and Health Ordinance

The Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) imposes general health and safety requirements to ensure that employees are working at a safe and healthy environment. Under this ordinance, each of the employers, employees and occupiers has his/her respective responsibilities in creating a health and safe workplace. Employers' responsibilities include, without limitation to, the following:

- (a) providing and maintaining plant and work systems that do not endanger safety or health;
- (b) making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;
- (c) providing all necessary information, instruction, training, and supervision for ensuring safety and health;

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- (d) providing and maintain safe access to and egress from the workplace, and
- (e) providing and maintaining a safe and healthy work environment.

Occupiers should also be responsible to ensure the premises; means of access to and egress from the premises; and any plant or substance kept at the premises are safe and without risks to health to any person working on the premises. An employee on the other hand should make sure that he/she contributes to the safety and health of the workplace by taking care for the safety and health of other persons at the workplace and using any equipment or following any system or work practices provided by their employers.

Employees' Compensation Ordinance

The Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) (the "ECO") provides payment of compensation to employees who are injured during the course of their employment and establishes a no-fault, non-contributory employee compensation system for work injuries. According to the ECO, an employer is liable to pay compensation in respect of injuries sustained by the employees as a result of an accident arising out of and in the course of employment; or in respect of occupational diseases specified in the ECO suffered by the employees. An employer must also take out insurance policies for all employees to cover liabilities both under the ECO and at common law for work injuries.

The ECO also covers situations where subcontractor's employees are injured during the course of performing work which the subcontractor was contracted for. A principal contractor has to compensate the subcontractor's employees for the injuries sustained during work but such compensation is subject to indemnification from the subcontractor if he is liable.

Non-compliance with the insurance provisions of the ECO is an offence and could lead to a fine of HK\$100,000 and imprisonment of 2 years if convicted upon indictment or to a fine of HK\$100,000 and imprisonment of 1 year on summary conviction.

Mandatory Provident Fund (MPF) Schemes Ordinance

The Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) (the "MPFO") regulates the MPF schemes, defined contribution retirement schemes for employees which are managed by authorised trustees. The MPFO requires an employer to participate in an MPF scheme and make contributions for it employees that are aged between 18 and 64 years old who have been employed for at least 60 days. An employer and the employee are both under mandatory requirements to contribute 5% of the employee's relevant income into the employee's MPF account, subject to the minimum and maximum relevant income levels. Our Group shall observe and comply with the requirements imposed by the MPFO when employing any staff in Hong Kong.

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Minimum Wage Ordinance

The Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) (the "MWO") provides the prescribed minimum hourly wage rate for every employee employed under the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). As gazetted in January 2023, the statutory minimum wage rate has increased to HK\$40.0 per hour with effect from 1 May 2023. Our Group will ensure that our employees in Hong Kong shall meet the minimum hourly wage rate threshold and abide to all statutory requirements under the MWO.

D. TAXATION

The following summary of certain Hong Kong and Singapore tax consequences of the purchase, ownership and disposition of the Shares is based upon the laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares and does not purport to apply to all categories of prospective [REDACTED], some of whom may be subject to special rules, and is not intended to be and should not be taken to constitute legal or tax advice. Prospective [REDACTED] should consult their own tax advisers concerning the application of tax laws of Hong Kong to their particular situation as well as any consequences of the purchase, ownership and disposition of the Shares arising under the laws of any other taxing jurisdiction. Neither the Company nor any of the Relevant Persons assumes any responsibility for any tax consequences or liabilities that may arise from the subscription for, holding or disposal of the Shares.

The taxation of the Company and that of the Shareholders is described below. Where tax laws are discussed, these are merely an outline of the implications of such laws. Such laws and regulations may be interpreted differently. It should not be assumed that the relevant tax authorities or the Hong Kong courts will accept or agree with the explanations or conclusions that are set out below.

[REDACTED] should note that the following statements are based on advice received by the Company regarding taxation laws, regulations and practice in force as at the date of this document, which may be subject to change.

Hong Kong Taxation of the Company

Profits Tax

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), Hong Kong profits tax will be chargeable in respect of profits of the Company arising in or derived from Hong Kong at a maximum tax rate of 16.5%. Subject to certain conditions, a two-tiered profits tax regime may apply under which the first HK\$2,000,000 of assessable profits of the Company will be taxed at half of the Hong Kong standard profits tax rate (i.e. 8.25%). Dividend income derived by the Company from subsidiaries which are subject to Hong Kong profits tax will be specifically tax-exempted. Dividend income derived by the Company from its overseas subsidiaries will generally be considered to be sourced outside of Hong Kong and will not be subject to Hong Kong profits tax.

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Hong Kong Taxation of Shareholders

Tax on Dividends

No tax will be payable in Hong Kong in respect of dividends paid by the Company to its Shareholders.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or transfer of the Shares. Trading gains derived from dealings in the Shares by persons carrying on a trade, profession or business in Hong Kong may be subject to Hong Kong profits tax at a maximum tax rate of 15% for unincorporated bodies and 16.5% for corporations if arising in or derived from Hong Kong in connection with such trade, profession or business. Trading gains derived from the sale of Shares effected on the Stock Exchange will be deemed by the Hong Kong Inland Revenue Department as derived from or arising in Hong Kong for profits tax purposes. Shareholders are advised to seek advice from their own professional advisers as to their particular tax position.

Stamp Duty

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if higher) the fair value of the Shares being sold or transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK\$5 is charged on each instrument of transfer (if required).

Estate Duty

Hong Kong estate duty was abolished on 11 February 2006. No Hong Kong estate duty will be payable by Shareholders in relation to the Shares owned in the Company.

Singapore Taxation

Individual Income Tax

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore. Singapore citizens are regarded as tax residents by virtue of their citizenship where they normally reside in Singapore except for temporary absences.

REGULATORY OVERVIEW AND TAXATION

Singapore adopts a territorial basis of taxation. Individual taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore, unless the income is specifically exempt by concession or domestic laws. All foreign-sourced income received in Singapore by a Singapore tax resident individual, except for income received through a partnership in Singapore, is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore (the “**Comptroller**”) is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates, ranging from 0% to 24% from the year of assessment 2024, with allowable deductions for applicable personal reliefs. Non-Singapore tax resident individuals are subject to tax on employment income at the higher of (i) a flat rate of 15% (with no deductions for allowable personal reliefs) or (ii) the progressive resident tax rates (with deductions for allowable personal reliefs). Taxation of other taxable Singapore sourced income will be subject to tax at the flat rate of 24% from the year of assessment 2024.

Corporate Income Tax

A corporate taxpayer is regarded as resident in Singapore for a particular year of assessment if the business is controlled and managed in Singapore in the preceding calendar year. The status of residency of a company may change from year to year. As a general rule, the control and management of a company’s business is vested in its board of directors and hence the place of residence of the company is usually where the board meetings are held. Conversely, a company is a non-resident when the control and management of the company is not exercised in Singapore. Where board meetings are held by teleconference or videoconference, it is possible that the place of de facto control and management will be considered to be where the majority of the board are located when they attend such conferences.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of foreign-sourced dividends, foreign branch profits and foreign-sourced service income received or deemed to be received in Singapore by Singapore tax resident companies are exempt from tax if certain prescribed conditions are met, including the following:

- (a) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever named called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and
- (c) the Comptroller is satisfied that the tax exemption would be beneficial to the Singapore tax resident company.

REGULATORY OVERVIEW AND TAXATION

In the case of dividends paid by a company resident in a territory from which the dividends are received, the “subject to tax condition” in (a) above is considered met where tax is paid in that territory by such company in respect of its income out of which such dividends are paid or tax is paid on such dividends in that territory from which such dividends are received. Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (“IRAS”) with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore. Foreign-sourced income derived by a non-resident corporate taxpayer that is not operating in or from Singapore can remit their foreign-sourced income to Singapore without being taxed on such income.

The corporate tax rate in Singapore is currently 17%. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$190,000, of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income, after the tax exemption, will be fully taxable at the prevailing corporate tax rate. New companies will also, subject to certain conditions and exceptions, be eligible for an exemption of three-quarters of up to the first S\$100,000, and one-half of up to the next S\$100,000, of their normal chargeable income for each of the company’s first three years of assessment. The aforementioned rates have applied with effect from the year of assessment 2020.

General Transfer Pricing Considerations

Under Singapore tax law, transactions between related parties have to comply with the arm’s length principle. “Related party”, in relation to a person (A), means any person:

- (a) who directly or indirectly controls A;
- (b) who is being controlled directly or indirectly by A; or
- (c) who, together with A, is directly or indirectly under the control of a common person.

The arm’s length principle requires a transaction with a related party to be made under comparable conditions and circumstances as a transaction with an independent party. The underlying premise is that where market forces drive the terms and conditions agreed in an independent party transaction, the pricing of the transaction would reflect the true economic value of the contributions made by each party in that transaction.

The arm’s length principle is provided for under Section 34D of the Income Tax Act 1947 of Singapore (“ITA”), in which the IRAS is empowered to make necessary adjustments to the taxable profits of the Singapore taxpayer to reflect the true price that would be derived on an arm’s length basis by:

- (a) increasing the amount of the income of the Singapore taxpayer for the year of assessment;
- (b) reducing the amount of deduction that may be allowed to the Singapore taxpayer for the year of assessment; and/or

REGULATORY OVERVIEW AND TAXATION

- (c) reducing the amount of loss of the Singapore taxpayer for the year of assessment.

In addition, under Section 34E of the ITA, with effect from the year of assessment 2019, where the IRAS exercises its power to make necessary adjustments to the taxable profits of a Singapore taxpayer under Section 34D of the ITA, a surcharge equal to 5% of the amount of the increase or reduction (as the case may be) will be imposed.

Transfer Pricing Documentation

With effect from the year of assessment 2019, Singapore taxpayers are required to prepare transfer pricing documentation ("**TP Documentation**") under Section 34F of the ITA for their related party transactions undertaken in a basis period where:

- (a) its gross revenue derived from their trade or business is more than S\$10 million for that basis period; or
- (b) it was required to prepare TP Documentation for the basis period immediately before the basis period concerned (i.e. taxpayers who were required to prepare TP Documentation for a previous basis period would continue to be required to do so for the subsequent basis period, and so on).

The purpose of TP Documentation is for Singapore taxpayers to show that the pricing of their transactions with related parties is arm's length.

However, it should be noted that there is an exemption to prepare TP Documentation where the related party transactions fall within the ambit of Rule 4 of the Income Tax (Transfer Pricing Documentation) Rules 2018, which provides for certain stipulated scenarios in which a taxpayer is exempt from having to prepare TP Documentation for its related party transactions.

Where a Singapore taxpayer (which is required to prepare TP Documentation) fails to satisfy its obligations under Section 34F of the ITA, it shall be liable on conviction to a fine not exceeding S\$10,000.

Dividend Distributions

The Company is a tax resident of Singapore. All Singapore-resident companies are currently under the one-tier corporate tax system ("**one-tier system**").

Dividends received in respect of the Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that the company distributing the dividends is a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a Shareholder, regardless of whether the Shareholder is a company or an individual and whether or not the Shareholder is a Singapore tax resident.

REGULATORY OVERVIEW AND TAXATION

Gains on Disposal of the Shares

Singapore does not currently impose taxes on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of the Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore. As the precise status of each [REDACTED] will vary from one another, each [REDACTED] should consult an independent tax adviser on the Singapore income tax and other tax consequences that will apply to their individual circumstances.

Subject to certain conditions being satisfied, Section 13W of the ITA provides for certainty on the non-taxability of gains derived by a company from the disposal of the Shares between the period of 1 June 2012 and 31 December 2027 (inclusive of both dates), if the divesting company holds a minimum shareholding of 20% of our Shares and these Shares have been held for a continuous minimum period of 24 months. This is provided that the company, if unlisted, is not in the business of trading or holding Singapore immovable properties (other than the business of property development).

The above-mentioned “safe harbor rule” is not applicable under the following scenarios:

- (a) The disposal of shares during the period from 1 June 2012 to 31 May 2022 of an unlisted investee company which is in the business of trading or holding Singapore immovable properties (other than the business of property development).
- (b) The disposals of shares from 1 June 2022 of an unlisted investee company which is in the business of trading, holding, or developing immovable properties in Singapore or abroad, subject to certain exceptions.
- (c) The disposal of shares by a divesting company in the insurance business industry (as referred to under Section 26 of the ITA).
- (d) The disposal of shares by a partnership, limited partnership or limited liability partnership, where one or more of the partners is a company or are companies.

Holders of the Shares who apply, or who are required to apply, the Singapore Financial Reporting Standard 109 – Financial Instruments (“**FRS 109**”) or Singapore Financial Reporting Standard (International) 9 – Financial Instruments (“**SFRS(I) 9**”), as the case may be, may be required to recognise gains or losses in accordance with the provisions of FRS 109 or SFRS(I) 9. Such gains may be construed to be of an income nature and subject to Singapore income tax even though no sale or disposal of the Shares is made.

Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued an e-tax guide entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

REGULATORY OVERVIEW AND TAXATION

Shareholders who may be subject to the above-mentioned tax treatment under Section 34AA of the ITA should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Shares.

Stamp Duty

There is no stamp duty payable on the subscription for and issuance of the Shares.

Where the Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for, or market value of, the Shares, whichever is higher.

Stamp duty is borne by the purchaser or transferee unless there is an agreement to the contrary. Where the acquisition of the Shares is effected by physical instruments of transfer executed wholly outside Singapore and the said instruments of transfer are not received in Singapore, no stamp duty is payable on the acquisition of the Shares. However, stamp duty must be paid within 30 days of receipt of the instrument of transfer in Singapore if the physical instrument of transfer is executed outside Singapore and is received in Singapore. Where the instrument of transfer is executed in Singapore, Singapore stamp duty must be paid within 14 days of the execution of the instrument of transfer. Note that where electronic instruments are executed, the electronic instruments are treated as received in Singapore under the following scenarios: (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

In the case of acquisition of the Shares on the Stock Exchange where there is only an acquisition of beneficial interest in the Shares as reflected through the designated [REDACTED] stock account, no stamp duty should be payable based on current legislation.

Estate Duty

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

Goods and Services Tax (“GST”)

GST in Singapore is a broad-based consumption tax that is levied on import of goods into Singapore, supplies of overseas remote services and low-value goods to customers in Singapore as well as nearly all supplies of goods and services in Singapore, at the prevailing standard rate. GST applies irrespective of the fact that the sale was concluded online or physically. The GST-registered entity is required to charge and account for GST at the prevailing standard rate on all sales of goods and services in Singapore unless the sale can be zero-rated or exempted under the applicable GST law. The standard rate was increased to 9% from 1 January 2024.

The sale of the Shares by a GST-registered [REDACTED] belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered [REDACTED] in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

REGULATORY OVERVIEW AND TAXATION

Where the Shares are sold by a GST-registered [REDACTED] in the course or furtherance of a business carried on by such [REDACTED] contractually to a person belonging outside Singapore and for the direct benefit of either a person belonging outside Singapore who is outside Singapore at the time of sale or a GST-registered person belonging in Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered [REDACTED] in making such a supply in the course or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

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

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an [REDACTED] belonging in Singapore for GST purposes in connection with the [REDACTED] purchase, sale or holding of the Shares will be subject to GST at the prevailing standard rate. Similar services rendered by a GST-registered person contractually to an [REDACTED] belonging outside Singapore and for the direct benefit of either an [REDACTED] belonging outside Singapore who is outside Singapore at the time of provision of the service or a GST-registered [REDACTED] belonging in Singapore, should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

With the implementation of reverse charge, the “**directly benefit**” condition for zero-rating (i.e. GST at 0%) has been amended to allow the zero-rating of a supply of services to the extent that the services directly benefit a person belonging outside Singapore who is outside Singapore at the time of provision of the service or a GST-registered person in Singapore. Under the reverse charge regime, a GST-registered business that is not entitled to full input tax claims will be required to account for GST on all services that it procures from overseas suppliers and low-value goods (“**imported services and LVG**”) except for certain services which are specifically exempt from reverse charge. A non GST-registered person whose total value of imported services and LVG which are within the scope of reverse charge for a 12-month period either exceeds S\$1 million at the end of a calendar year or is expected to exceed S\$1 million for the next 12 months, and is not entitled to full input tax claims if such person was GST-registered, may become liable for GST registration and be required to account for GST both on its taxable supplies and imported services and LVG subject to reverse charge.

Tax Treaties between Hong Kong and Singapore

There is no comprehensive double tax treaty entered into between Hong Kong and Singapore.

Relief from Taxation

Recipients of dividends or other Singapore income who are residents in other jurisdictions are advised to consult their own tax advisers on whether they may claim double taxation relief in accordance with any tax treaty (or under domestic legislation) if such income is taxed in their respective jurisdictions.

Effect of holding Shares through [REDACTED] or outside [REDACTED] on tax payable

The holding of the Shares through [REDACTED] or outside [REDACTED] should not give rise to any additional Singapore income tax implications.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

Our Group's business was founded by Mr. Li and Mr. Ng in 1978 when they incorporated our predecessor, Eng Kong Container & Warehousing Pte. Ltd. and commenced our warehousing and container depot businesses in Singapore. For information on Mr. Li and Mr. Ng, please refer to the section headed "Directors and Senior Management" in this document. In 1994, in order to simplify the corporate structure and optimise business activities, our Company was incorporated as the holding company of our business.

With over three decades of operating history, our Group has become the leading container depot operator in Singapore serving mainly container shipping lines and container leasing companies operating in the ASEAN region and the PRC. Headquartered in Singapore with operations in the PRC, Hong Kong, Malaysia, Thailand and Vietnam, as at the Latest Practicable Date, we operate 20 container depots across 10 locations with the ability to offer a range of container and logistic related services including storage and handling, repair and maintenance, new-build container inspection and transportation of containers as well as sales and trading of container parts and containers and other logistic related supporting services such as warehousing and CFS and freight forwarding only in the PRC.

We were also previously listed on the Stock Exchange of Singapore Dealing and Automated Quotation System (SESDAQ and now known as Catalist) of the SGX-ST from 1997 to 1999, as well as the Main Board of the SGX-ST from 1999 to 2010. In 2010, we were acquired by the Navis Asia V Funds (through NEKCG) and as a result privatised and delisted from the SGX-ST. For details, please see the paragraph headed "Privatisation and delisting from the SGX-ST" in this section below.

Key development milestones

Our key development milestones include:

Year	Event
1978	Our Group was founded and commenced operations of our first container depot and warehousing services in Singapore.
1984	Due to the steady expansion of our business, we commenced operations of our second container depot in Singapore and continually expanded the size of such depot over the years.
1994	We extended our regional presence to Hong Kong, and also commenced our ancillary container related services by trading container parts.
1996	We expanded our container depot operations to Malaysia and Thailand.
1997	Our Company was listed on the Stock Exchange of Singapore Dealing and Automated Quotation System (SESDAQ and now known as the Catalist) of the SGX-ST. We acquired (SG) Reefertec and started our reefer and parts trading business.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Event
1998	We acquired (HK) Grand Pacific and expanded our container freight station business to PRC and Hong Kong.
1999	Our Company transferred its listing from the SESDAQ to the Main Board of the SGX-ST.
2002	We acquired (HK) Techni-Con and commenced our new-build container inspection business.
2006	We acquired (HK) MF Container and (HK) MF Reefer, then a major reefer repair and maintenance services provider in Hong Kong.
2008	We acquired a 30% interest in (HK) Gold Prime, which operated multiple logistics services businesses across multiple regions in the PRC under the “Keyun (克運)” brand name, which allowed us to substantially expand our presence in the PRC.
2010	The Navis Asia V Funds (through NEKCG) acquired the entire shareholdings in our Company through a voluntary conditional cash offer made at a 20.9% premium (over the one-month volume weighted average price of our Shares), resulting in our privatisation and delisting from the SGX-ST.
2011	We commenced our ISO tank depot services.
2012	We acquired (PRC) SH Anxin and expanded our container depot business to Shanghai, the PRC.
2013	We increased our interest in (HK) Gold Prime to an aggregate of 80%, which further solidified our market presence and expansion in the PRC.
2015	We started our first on-dock depot in Malaysia.
2016	We were awarded the Human Capital Singapore 360 Breakthrough Award (Titanium) by Human Capital (Singapore).
2018	We expanded our depot network and refer business to Vietnam.
2020	We were awarded the master lease agreement by Party C, a statutory board in Singapore, for a plot of land of a land area of approximately 80,000 sq.m for the development of our Megadepot (i.e. integrated logistics hub) in Singapore.
2023	We obtained formal approval from the Party C, a statutory board in Singapore, for our plans to develop our Megadepot.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE DEVELOPMENT

Our Group comprises our Company and 32 subsidiaries (primarily due to our wide range of service offering, substantial geographical outreach and to reduce our operating risks). Our subsidiaries were incorporated or established in Singapore, Malaysia, Thailand, Vietnam, Hong Kong, the PRC or the BVI, and each of them commenced business after their respective incorporation or establishment.

Set out below is information and the corporate development history of our Company and our subsidiaries:

Our Company

Our Company was incorporated on 14 October 1994 in Singapore with limited liability and has since served as the holding company of our Group. As at the Latest Practicable Date, our Company's principal business was investment holding and we have issued 262,493,736 Shares to NEKCG.

On 19 March 1997, our Company was listed on the Stock Exchange of Singapore Dealing and Automated Quotation System (SESDAQ and now known as the Catalist) of the SGX-ST. Subsequently, on 4 November 1999, our listing was transferred to the Main Board of the SGX-ST.

The Company confirms that, and the Sole Sponsor concurs that, during the period in which our Shares were listed on the SGX-ST: (1) we had been operating in compliance in all material respects with all applicable rules of the SGX-ST; (2) we had not been imposed any material administrative penalty by any relevant law enforcement authority; and (3) there is no other matter relating to our prior listing on the SGX-ST that should be brought to the attention of the Stock Exchange and our Shareholders.

Privatisation and delisting from the SGX-ST

On 16 June 2010, PrimePartners Corporate Finance Pte. Ltd. (for and on behalf of NEKCG) made a voluntary conditional cash offer to acquire all of then issued Shares of our Company, with an intention to acquire and privatise our Company by way of voluntary delisting from the SGX-ST, at an offer price of S\$0.295 in cash for each Share (representing a premium of 20.9% over the one-month volume weighted average price of our Shares). Such cash offer was initially funded by the Navis Asia V Funds (including NEKCG, being one of our Controlling Shareholders).

The principal reasons for the voluntary conditional cash offer included (among others) that NEKCG believed that privatising our Company will give them and the then management (being Mr. Li, Mr. Ng and Mr. Leung) more flexibility to manage the business of our Group, optimise the use of our management and capital resources, and facilitate the implementation of any operational change.

The cash offer closed on 28 July 2010. Following the closing of the cash offer, sufficient valid acceptances had been received, after which the Offeror exercised its right of compulsory acquisition under section 215(1) of the Singapore Companies Act to acquire all remaining Shares of the then Shareholders who had not accepted the cash offer, at the same offer price. As a result, NEKCG acquired our entire issued share capital and we were delisted from the SGX-ST on 27 September 2010, being over a decade ago, and since which our Group has grown and expanded significantly. The Directors now believe our application for [REDACTED] is in the best interests of our Group and Shareholders as a whole, and will provide us with access to international [REDACTED] and global capital markets, as well as enhance our fund-raising capabilities and channels and broaden our Shareholder base.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our subsidiaries

Details of our subsidiaries are set out below:

	Name	Date of incorporation/ establishment	Issued shares/ Registered capital ^(Note)	Principal business activities
<i>Our Singapore subsidiaries</i>				
(1)	(SG) EK Container	10 May 1983	4,409,160 shares	Container depot
(2)	(SG) EK Logistics	7 March 2019	1 share	Managing Megadepot and warehousing
(3)	(SG) EK Marketing	8 March 2006	50,000 shares	Marketing and research
(4)	(SG) NEK	19 October 2017	2,000,000 shares	Investment holding
(5)	(SG) PCL	15 May 1991	40,000 shares	Investment holding and trading of containers
(6)	(SG) Reefer	16 August 2018	1 share	Investment holding
(7)	(SG) Reefertec	8 March 1995	180,000 shares	Reefer repair
(8)	(SG) Smartz	24 January 1997	100,000 shares	Sale container parts
(9)	(SG) YF Container	17 December 2019	100,000 shares	Reefer repair
<i>Our Malaysia subsidiaries</i>				
(10)	(MY) EK Johor	19 July 1996	700,000 shares	Container depot
(11)	(MY) EK Logistics	9 July 1996	500,000 shares	Storage and handling of containers
(12)	(MY) EK Penang	14 February 1998	100,000 shares	Container depot
(13)	(MY) NEK	15 March 2013	100,000 shares	On-dock depot container services
(14)	(MY) Reefertec	16 March 2022	300,000 shares	Reefer services
(15)	(MY) Tricool	9 January 2007	200,000 shares	Reefer maintenance and repair
<i>Our Thailand subsidiaries</i>				
(16)	(TH) EK	19 March 1996	80,000 shares	Container depot and container repair
(17)	(TH) Reefertec	11 March 2019	30,000 shares	Reefer repair
<i>Our Vietnam subsidiary</i>				
(18)	(VN) EK	8 August 2017	N/A pursuant to Vietnam law	Container depot

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name	Date of incorporation/ establishment	Issued shares/ Registered capital ^(Note)	Principal business activities
<i>Our Hong Kong subsidiaries</i>			
(19) (HK) Best China	26 October 2010	1,000,000 shares	Investment holding
(20) (HK) Gold Prime	26 May 1999	2,000,001 shares	Investment holding
(21) (HK) Grand Pacific	3 November 1997	2 shares	Warehousing & container freight station
(22) (HK) MF Container	28 February 1997	1,500,000 shares	Reefer repair and trading of container spare parts
(23) (HK) MF Reefer	23 December 1998	1,500,000 shares	Reefer repair and trading of container spare parts
(24) (HK) PCL	13 October 1992	1,500,000 shares	Container depot
(25) (HK) Techni-Con	23 March 2006	500,000 shares	Inspection of new containers
<i>Our PRC subsidiaries</i>			
(26) (PRC) MF	13 September 2010	USD140,000	Reefer repair and trading of container spare parts
(27) (PRC) QD Keyun	8 March 2010	USD1,464,700	Container depot
(28) (PRC) SH Anxin	22 October 2004	USD1,100,000	Container depot
(29) (PRC) SH Keyun	6 May 2008	RMB4 million	Logistics
(30) (PRC) SH Yifa	28 January 2003	RMB10 million	Container depot
(31) (PRC) TJ Keyun	1 March 2001	RMB50 million	Container depot
<i>Our BVI subsidiary</i>			
(32) (BVI) Double Creation	10 July 2013	100 shares	Investment holding

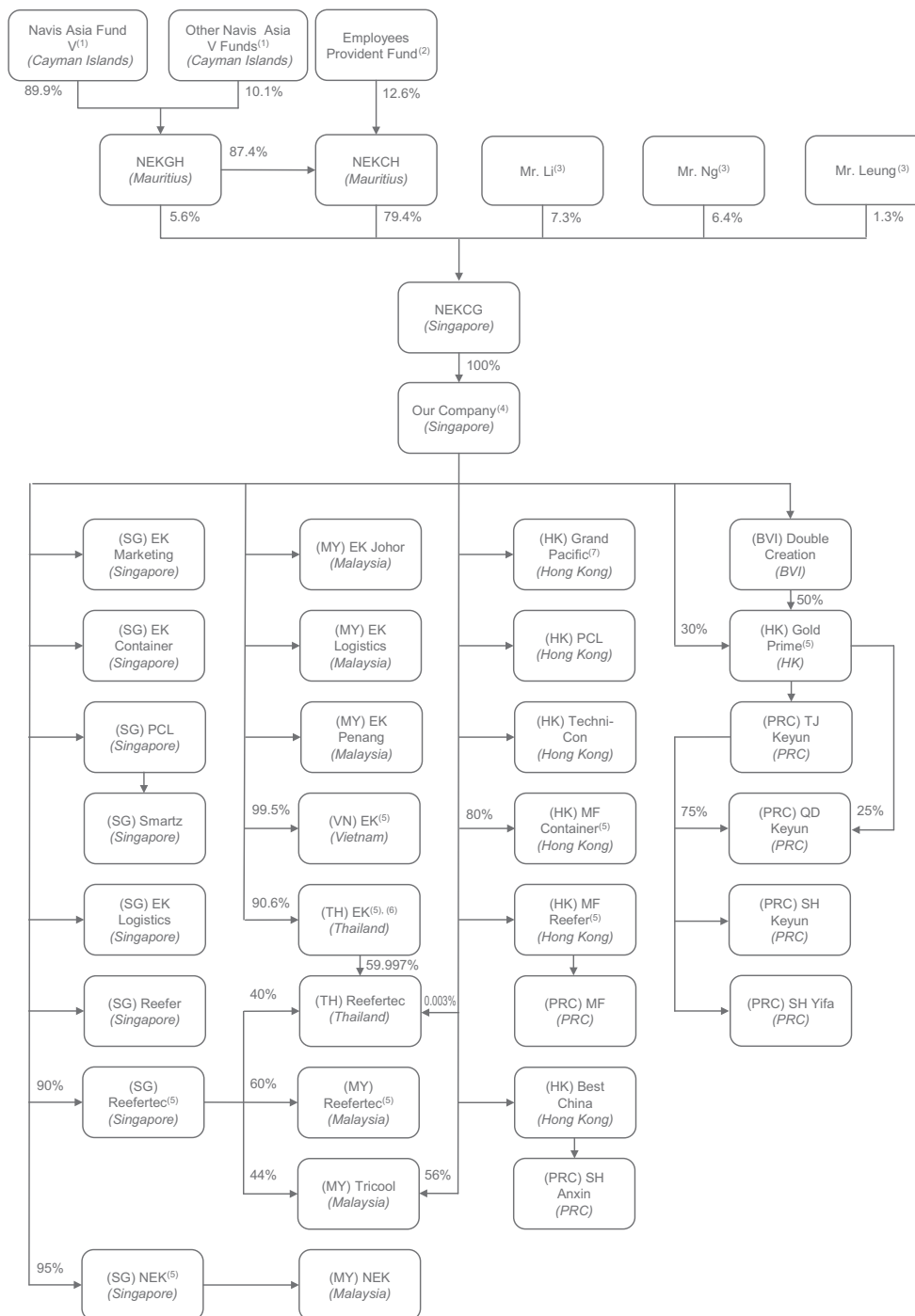
Note: For details of the interests attributable to our Group for each of our subsidiaries, please see the paragraph headed "– Corporate Structure" in this section below.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

Corporate structure before our Reorganisation

Our simplified shareholding structure immediately before our Reorganisation was as follows (with arrows representing 100% ownership, unless indicated otherwise):



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

- (1) Founded in 1998, Navis manages approximately US\$5 billion in private equity capital and focuses on investments primarily in and around Asia. See "Relationship with Our Controlling Shareholders – Background of Our Controlling Shareholders – Navis". Each of the Navis Asia V Funds is an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Navis GP (LP). Navis GP (LP) is also an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Navis GP (Ltd). Navis GP (Ltd) is wholly-owned by Navis GP Investment Holdco Ltd., which is in turn owned as to approximately 80% by Navis Capital Partners Ltd., which is in turn controlled as to approximately 42% by each of Mr. Rodney Chadwick Muse and Mr. Nicholas Rupert Heylett Bloy.
- (2) The Employees Provident Fund is a provident fund established in 1951 and is a federal statutory body under the purview of Malaysia's Ministry of Finance. It is a retirement savings fund which helps the Malaysian workforce save for their retirement in accordance with Malaysia's Employees Provident Fund Act 1991.
- (3) Mr. Li and Mr. Ng (our founders, Controlling Shareholders and executive Directors) are brothers-in-law. Mr. Leung is the alternate Director to Mr. Ng.
- (4) The shareholding structure of our Company has not taken into account the 1,300,000 outstanding treasury Shares, which do not carry any voting rights, and all of which were subsequently cancelled as explained in the sub-paragraph "Our Reorganisation - 1. Cancellation of all treasury Shares" below.
- (5) Immediately before our Reorganisation, a number of our subsidiaries were not wholly-owned by us. Details of the other interests directly held in such non wholly-owned subsidiaries are set out below:

Name of non wholly-owned subsidiary

Details of minority-interests

(HK) Gold Prime	20% by Perfect Greenery (an investment holding company wholly-owned by Mr. Fan, a director of various of our subsidiaries)
(HK) MF Container	20% by Central Holdings Limited (an Independent Third Party save for its investments in (HK) MF Container and (HK) MF Reefer)
(HK) MF Reefer	20% by Central Holdings Limited (an Independent Third Party save for its investments in (HK) MF Container and (HK) MF Reefer)
(MY) Reefertec	40% by Mr. Lee Thian Hee (an Independent Third Party save for his investment in (MY) Reefertec)
(MY) NEK	5% by Mitsui O.S.K. Lines, Ltd. (an Independent Third Party)
(SG) NEK	5% by Mitsui O.S.K. Lines, Ltd. (an Independent Third Party)
(SG) Reefertec	10% by Mr. Ho Gien Hwa Michael (a director of various of our subsidiaries)
(TH) EK	0.002% by each of Mr. Li and Mr. Ng (being our founders, Controlling Shareholders and executive Directors) and 9.428% by various individuals (being Independent Third Parties, save for Jiraphun Jareerart who is a director of (TH) EK) and (TH) Reefertec
(VN) EK	0.5% by Phu Thai Chemical Corporation (an Independent Third Party)

- (6) This 90.6% interest reflects our percentage of voting power at general meetings of (TH) EK pursuant to its constitution, which differs from the number of shares held (in light of there being multiple classes of shares with different voting rights).
- (7) Prior to the Track Record Period, (HK) Grand Pacific issued a total of 2 shares, with 1 share to the Company and 1 share to Mr. Ng (our Controlling Shareholder, Director and founder), who held such share on behalf of our Company. On 12 October 2023, Mr. Ng transferred such 1 share to the Company for nil consideration, effectively cancelling the previous arrangement. Therefore, (HK) Grand Pacific has been beneficially wholly-owned by our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our Reorganisation

1. Cancellation of all treasury Shares

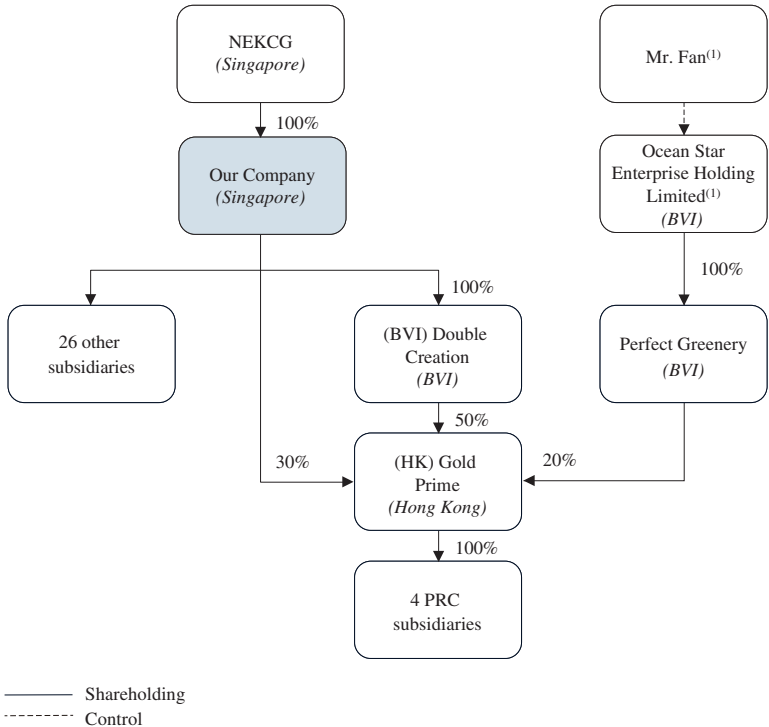
On 25 August 2023, our Company canceled 1,300,000 ordinary Shares that were held as treasury Shares, and as a result of which, there are no outstanding treasury Shares in our share capital.

2. Share swap involving 20% shares in (HK) Gold Prime for 8.2% Shares

Prior to our Reorganisation, (HK) Gold Prime was one of our non wholly-owned subsidiaries which in turn wholly-owned a few of our PRC subsidiaries. The ownership of (HK) Gold Prime was as follows: (1) 80% (being 1,600,000 shares) by us, with 30% (being 600,000 shares) held directly by our Company and 50% (being 1,000,000 shares) held directly by (BVI) Double Creation (our wholly-owned subsidiary)); and (2) 20% (being 400,000 shares) by Mr. Fan (through various investment holding entities controlled by him).

Throughout the Track Record Period and up to the Latest Practicable Date, Mr. Fan has been part of our PRC management team (in particular, for our container depots in Shanghai, Tianjin and Qingdao of the PRC) through his directorships in (HK) Gold Prime and certain of the relevant PRC subsidiaries wholly-owned by (HK) Gold Prime.

Our simplified shareholding structure relevant to this step of our Reorganisation and immediately before its implementation was as follows:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Note:

- (1) Ocean Star Enterprise Holding Limited is wholly-owned by a discretionary family trust established by Mr. Fan (as settlor) for family and estate planning purposes. Mr. Fan controls the voting rights in Perfect Greenery as the sole director of Perfect Greenery and via his spouse as the sole protector of such discretionary family trust (the beneficiaries of which are all family members of Mr. Fan).

With a view for us to wholly-own the relevant subsidiaries in preparation for the [REDACTED], on 12 June 2024, we entered into a share swap agreement, through which we acquired the remaining 20% shares in (HK) Gold Prime from Perfect Greenery, at a consideration of 23,447,153 Shares (representing approximately 8.2% of our total issued Shares immediately after completion of such share swap) allotted and issued to King Card (an investment holding company wholly-owned by Mr. Fan).

Principal terms of such share swap agreement are as follows:

Date	12 June 2024
Parties	(1) Our Company (2) NEKCG (3) Perfect Greenery (4) King Card (5) Mr. Fan
Share swap	Our Company will acquire the remaining 20% shares in (HK) Gold Prime from Perfect Greenery, at a consideration of 23,447,153 Shares (representing approximately 8.2% of our total issued Shares immediately after completion of such share swap) (the “ Consideration Shares ”) allotted and issued to King Card (an investment holding company wholly-owned by Mr. Fan)
Date of transfer of 20% shares in (HK) Gold Prime	[•] 2024
Date of issue of the Consideration Shares	[•] 2024
Basis of determination of the consideration	Consideration was determined after arm’s length negotiation between us and Mr. Fan, with reference to the net asset value of (HK) Gold Prime (including the PRC subsidiaries held by it) and the Group.
Lock-up	There is no lock-up arrangement after the [REDACTED] under this agreement. [REDACTED]

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

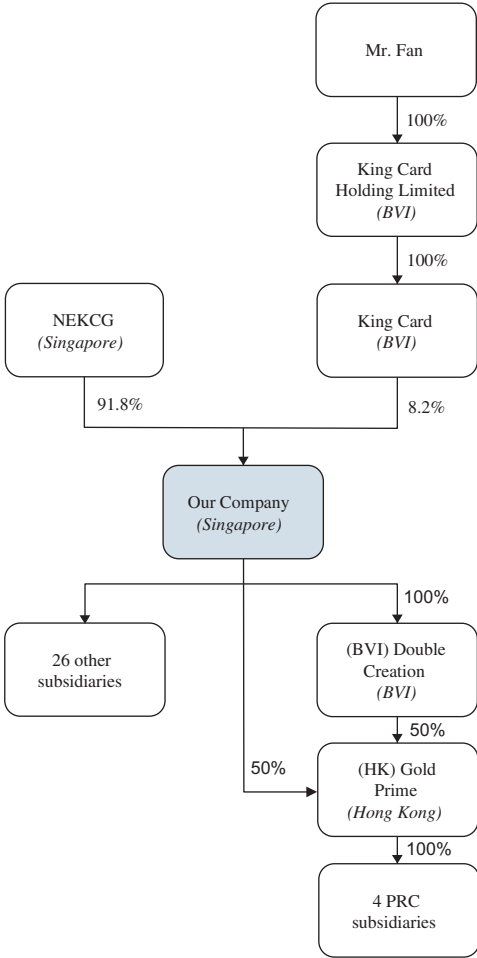
Special rights	Mr. Fan was granted a tag-along right. However, such right will be terminated upon the [REDACTED].
Public float	Given Mr. Fan is a director of various of our subsidiaries and therefore our core connected person, the Consideration Shares will not be considered part of our public float.
Reasons for the share swap	Such share swap allows us to consolidate our ownership of (HK) Gold Prime and the various PRC subsidiaries, and also further aligns the interests of Mr. Fan with our Group.
Share-based payments	Such share swap did not result in any share-based payment expense, as the consideration of the transfer was determined at arm's length basis with reference to the fair value of the relevant Shares at the time of such share swap.

As a result of such share swap, (HK) Gold Prime and the various PRC subsidiaries wholly-owned by it became our wholly-owned subsidiaries, while Mr. Fan became our Shareholder.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate structure after our Reorganisation

Our simplified shareholding structure relevant to our Reorganisation and immediately after its implementation was as follows:



PRC REGULATORY REQUIREMENTS

As advised by our PRC Legal Advisers, Mr. Fan (being a PRC resident), who has become an indirect shareholder of our Company upon completion of the above-mentioned share swap, is required to complete the registration under the Circular No. 37.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Circular No. 37

Pursuant to the Circular No. 37 promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "Overseas SPV") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to the Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular No. 13, promulgated by SAFE and which became effective on June 1, 2015, the power to accept the above-mentioned SAFE registration under the Circular No. 37 was delegated from local SAFE branch to local qualified banks.

As advised by our PRC Legal Advisers, as of the Latest Practicable Date, Mr. Fan (being a PRC resident) has completed the registration under the Circular No. 37.

POST-REORGANISATION MATTERS

Name changes and Conversion to Public Company

On 14 March 2024, our Company was renamed "EKH Pte. Ltd.". On [•], our Company was converted into a "public company limited by shares" under the Singapore Companies Act, and our Company was renamed "EKH Limited" with immediate effect.

Share Schemes

On [•], our Company adopted the Pre-[REDACTED] Share Award Scheme and the Post-[REDACTED] Share Option Scheme. Pursuant to the Pre-[REDACTED] Share Award Scheme, upon the [REDACTED], we will issue a total of [REDACTED] Shares to certain of our Directors (namely, Mr. Li, Mr. Ng and Mr. Leung), senior management and employees. See "Appendix V – Statutory and General Information – D. Pre-[REDACTED] Share Award Scheme".

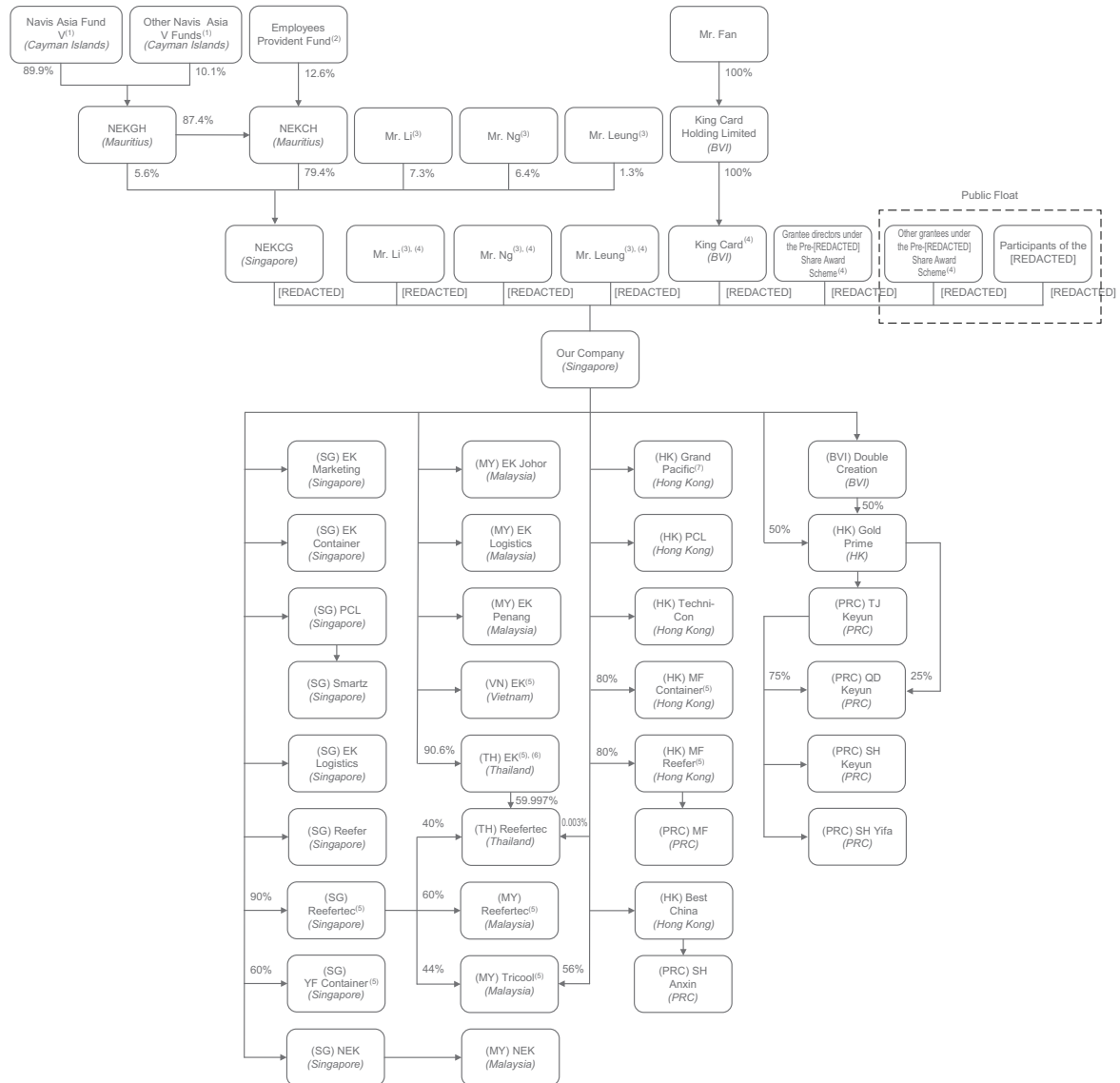
[REDACTED]

[REDACTED]

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Our simplified shareholding structure immediately after completion of the [REDACTED] (assuming the [REDACTED] and the Post-[REDACTED] Share Options have not been exercised) (with arrows representing 100% ownership unless indicated otherwise) will be as follows:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

- (1) Founded in 1998, Navis manages approximately US\$5 billion in private equity capital and focuses on investments primarily in and around Asia. See “Relationship with Our Controlling Shareholders - Background of Our Controlling Shareholders - Navis”. Each of the Navis Asia V Funds is an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Navis GP (LP). Navis GP (LP) is also an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Navis GP (Ltd). Navis GP (Ltd) is wholly-owned by Navis GP Investment Holdco Ltd., which is in turn owned as to approximately 80% by Navis Capital Partners Ltd., which is in turn controlled as to approximately 42% by each of Mr. Rodney Chadwick Muse and Mr. Nicholas Rupert Heylett Bloy.
- (2) The Employees Provident Fund is a provident fund established in 1951 and is a federal statutory body under the purview of Malaysia’s Ministry of Finance. It is a retirement savings fund which helps the Malaysian workforce save for their retirement in accordance with Malaysia’s Employees Provident Fund Act 1991.
- (3) Mr. Li and Mr. Ng (our founders, Controlling Shareholders and executive Directors) are brothers-in-law. Mr. Leung is the alternate Director to Mr. Ng.
- (4) Pursuant to the Pre-[REDACTED] Share Award Scheme, we awarded Shares to certain of our Directors (namely, Mr. Li, Mr. Ng and Mr. Leung), senior management and employees. Such Shares will be issued and immediately vest upon completion of the [REDACTED]. For more details, please see “Appendix V – Statutory and General Information – D. Pre-[REDACTED] Share Award Scheme”. “Grantee directors” refers to directors of our subsidiaries. Mr. Fan is a also director of certain of our subsidiaries. Therefore, such “grantee directors” and King Card (being Mr. Fan’s wholly-owned investment holding company) are our core connected persons and will not count towards our public float.
- (5) As at the Latest Practicable Date, a number of our subsidiaries were not wholly-owned by us. Details of the other interests directly held in such non wholly-owned subsidiaries are set out below:

Name of non wholly-owned subsidiary

Details of minority interests

(HK) MF Container	20% by Central Holdings Limited (an Independent Third Party save for its investments in (HK) MF Container and (HK) MF Reefer)
(HK) MF Reefer	20% by Central Holdings Limited (an Independent Third Party save for its investments in (HK) MF Container and (HK) MF Reefer)
(MY) Reefertec	40% by Mr. Lee Thian Hee (an Independent Third Party save for his investment in (MY) Reefertec)
(SG) Reefertec	10% by Mr. Ho Gien Hwa Michael (a director of various of our subsidiaries)
(SG) YF Container	40% by Ms. Xing Pingping (an Independent Third Party save for her investment in (SG) YF Container)
(TH) EK	0.002% by each of Mr. Li and Mr. Ng (being our founders, Controlling Shareholders and executive Directors) and 9.428% by various individuals (being Independent Third Parties, save for Jiraphun Jareerart who is a director of (TH) EK and (TH) Reefertec)

- (6) This 90.6% interest reflects our percentage of voting power at general meetings of (TH) EK pursuant to its constitution, which differs from the number of shares held (in light of there being multiple classes of shares with different voting rights).
- (7) Prior to the Track Record Period, (HK) Grand Pacific issued a total of 2 shares, with 1 share to the Company and 1 share to Mr. Ng (our Controlling Shareholder, Director and founder), who held such share on behalf of our Company. On 12 October 2023, Mr. Ng transferred such 1 share to the Company for nil consideration, effectively cancelling the previous arrangement. Therefore, (HK) Grand Pacific has been beneficially wholly-owned by our Company.

BUSINESS

OVERVIEW

Container depots are holding facilities where empty containers are temporarily stored after goods have been unloaded and are waiting to be used again for other shipments. We are the leading container depot operator in Singapore serving mainly container shipping lines and container leasing companies operating in the ASEAN region and the PRC. Headquartered in Singapore with operations in the PRC, Hong Kong, Malaysia, Thailand and Vietnam, as at the Latest Practicable Date, we operate 20 container depots across 10 locations with the ability to offer a range of container and logistic related services (including storage and handling, repair and maintenance, new-build container inspection and transportation of containers). We also engage in sales and trading of containers and container parts, and provide logistic related supporting services (such as warehousing and CFS and freight forwarding).

Our Group generally operates under the brand name of "Eng Kong (永康)" in Singapore, Thailand, Malaysia and Vietnam, whilst we operate under the brand names of "PCL" and "Ming Fung (明豐)" in Hong Kong. For our business in the PRC, we operate under the brand names of "Keyun (克運)" and "Yifa (毅發)" in respect of which we have obtained licenses concerning the use of certain registered and unregistered trademarks and domain names from a connected person.

We operate and manage our business primarily under the following three main business segments, which are distinct from, but at the same time complementary to, each other:

- (i) *Container depot operations.* The provision of container depot services is our core business. We provide storage and handling, repair and maintenance and transportation of (a) empty containers throughout the ASEAN regions and the PRC; and (b) ISO tank containers in Singapore, through our network of container depots situated near major container port terminals in the locations that we operate in. Our customers for this business segment are mainly container shipping lines and container leasing companies. As at the Latest Practicable Date, we managed a total depot storage area of approximately 630,300 sq.m with a total storage capacity of approximately 91,000 TEUs, in respect of which we employ our own container management systems to optimise space and allow for instant electronic data interchange with our customers through both EDI and API. In Singapore, we currently operate four container depots which are located in the Tuas and Pioneer areas as well as a temporary depot. We also operate five container depots in the PRC, five container depots in Malaysia, two container depots in Thailand, two container depots in Hong Kong and one container depot in Vietnam.
- (ii) *Warehousing and CFS.* We provide warehousing and CFS services to cargo owners and other customers as part of our integrated logistic solutions which include consolidation and deconsolidation of outbound and inbound general cargo and cargo storage. During the Track Record Period, our warehouse and CFS operations were conducted primarily in Hong Kong and Shanghai, Tianjin and Qingdao of the PRC.

BUSINESS

- (iii) *Container sales and new-build container inspection.* We also provide ancillary container related services to our customers which include the trading of containers (used and new-build) and the inspection and surveying of new-build containers. We sell and trade all types of container parts and container related products that are essential for repair and maintenance of containers. Our container trading business leverages our network of agents and suppliers to assist our customers in the sale of their containers. Our new-build container inspection business involves conducting inspection and surveying of new-build containers to assist customers in ensuring that the containers they purchased meet the specifications and conditions outlined in the respective purchase agreements. Our main customers for this business segment comprise container shipping lines and container leasing companies.

In addition, we provide freight forwarding services in Qingdao, PRC incidental to our container depot operations to remain competitive and support our container depot operations in this location. However, we no longer operate our own container depot operations in Qingdao as a result of the joint venture arrangement as set out in the paragraph headed "Recent developments of our group subsequent to the Track Record Period – Joint venture arrangement in Qingdao, PRC" in this section. Notwithstanding this, the Group will continue to provide freight forwarding services in Qingdao given such business operations are already established and to continue serving our existing customers. Please refer to the paragraph headed "Our Business – Other (freight forwarding services in Qingdao)" in this section for further details.

Our customers primarily comprise container shipping lines and container leasing companies, and also direct customers and freight forwarders. The role of container leasing companies is to lease empty containers to container shipping lines and their operations typically include trading of containers to provide a steady stock for leasing. Over the years, we have established long-lasting relationships with our major customers. We have maintained good business relationships with our five largest customers and their predecessors for between 10 to 36 years. For the years ended 31 December 2021, 2022 and 2023, our five largest customers contributed to approximately 16.9%, 16.6% and 16.0% of our total revenue, respectively.

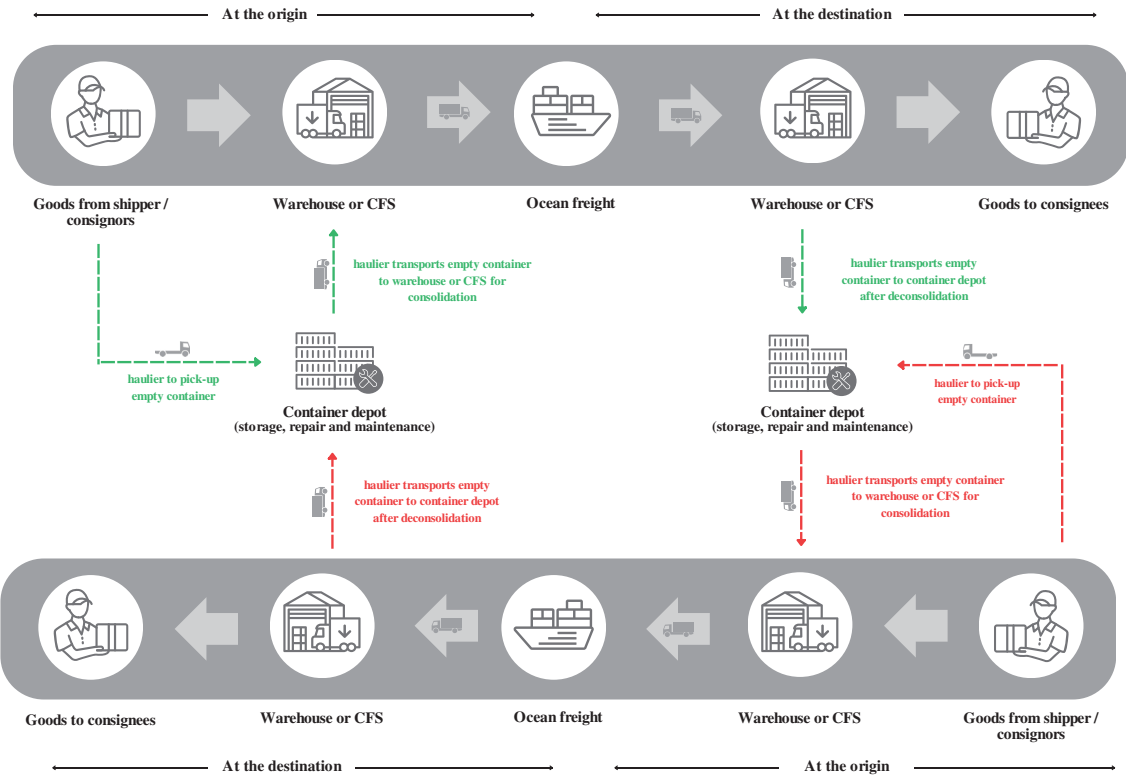
We are a container depot operator which operates in an industry where the market is driven by global trade flows. As a container depot operator, we play a key role in the shipping supply chain as we provide storage for empty containers when they are not in use. Container depots are the primary storage solution for container owners, which are typically either container shipping lines or container leasing lines, as such storage enables them to optimise container management and mitigate bottlenecks. Container shipping lines store their empty containers at container depots when they are not in use and container leasing companies store their empty containers at container depots when they are off-hire. As container depots are typically located near major container port terminals, they provide an efficient storage solution for container shipping lines and container leasing lines as part of the shipping supply chain.

BUSINESS

Containers frequently suffer damage through handling and normal wear and tear. Container shipping lines and container leasing companies rely on container depot operators to provide essential container related services such as repair and maintenance and transportation of empty containers between container port terminals and container depots for the purpose of container management. Having such services on-site where the empty containers are stored allows container shipping lines and container leasing lines to streamline their operations and reduce transportation costs between different service providers. Container depot operators are an essential part of a country’s logistics infrastructure. As part of our integrated logistic solution approach, we are able to carry out repair and maintenance services at our container depots for all common types of containers as well as specialised containers such as flat rack and open top. Reefer containers are refrigerated containers for transportation of temperature-sensitive and typically perishable cargo. ISO tank containers are designed to store liquids which are built to ISO standards. Flat rack containers are shipping containers which only have sides on the short side of the container which are typically use for transportation or storage of cargo with unique dimensions. Open top containers are shipping containers where the top side is covered by a tarpaulin which are typically used for oddly-shaped cargo which cannot be loaded from side doors or is necessary to be loaded from the top using a crane.

The Group also provides container port terminal reefer services to container port terminal operators and container shipping lines which include repair and maintenance, temperature monitoring and other ancillary reefer services. Our container port terminal reefer business operates in container port terminals directly. We are the authorised service centre for four major reefer manufacturers in Singapore, Malaysia and Hong Kong.

The diagram below illustrates the general role of a container depot operator in the shipping supply chain:



BUSINESS

Our Directors believe that our experience and expertise have allowed us to build a strong reputation as being a reliable and capable partner in our customers' shipping supply chains. We have developed up-to-date IT systems which enable electronic data interchange with our customers' systems through both EDI (which allows for batch data transfer) and API (which allows for instant data transfer), further integrating our workflow and system data with those of our customers.

A majority of our revenue is generated from our container depot operations where we charge our customers for handling, storage, repair and maintenance as well as transportation for their containers. For our warehousing and CFS services, we also charge our customers for storage of their cargo as well as other ancillary value-added CFS services such as consolidation and deconsolidation which include container stuffing and unstuffing operations.

For the years ended 31 December 2021, 2022 and 2023, our revenue amounted to approximately S\$175.7 million, S\$160.7 million and S\$155.5 million, respectively, whilst our profit for the year amounted to approximately S\$7.4 million, S\$10.4 million and S\$8.4 million, respectively.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors.

One of the most established container depot operator in Singapore with presences in the ASEAN region and the PRC

We are the leading container depot operator in Singapore in terms of depot throughput, handling approximately 17.9% of Singapore's total container depot throughput in 2023, according to the Euromonitor Report. The Group can trace its roots back to 1978 and we have operated in the container depot industry in Singapore for over 45 years. Over the years, we have expanded our footprint in the ASEAN region and the PRC from initially operating one container depot in Singapore to operating a total of 20 container depots across 10 locations in Asia comprising total depot storage area of approximately 630,300 sq.m with a total storage capacity of approximately 91,000 TEUs as at the Latest Practicable Date. Our reach covers key terminals and container port terminals in Singapore, the PRC, Hong Kong, Malaysia, Thailand and Vietnam which include five of the top 10 busiest container port terminals in Asia in the year 2023. Our ability to offer services in different locations with up-to-date IT systems, and more competitive pricing due to economies of scale are among one of our competitive advantages. By engaging our container depot services in multiple locations, we believe our customers can reduce the time and effort required to negotiate with different container depot operators at each location which will also save administrative costs in managing agreements and invoices.

We believe that we are one of the most experienced container depot operators in the ASEAN region and the PRC, and that we are a recognised brand with a strong reputation for providing reliable and efficient services, which has enabled us to maintain our competitive edge in the container depot industry. We believe that our successful expansion in the ASEAN region and the PRC, which include coverage of several of the busiest container port terminals in Asia, advantageously positions our Group to retain and attract customers that adopt a global presence strategy.

BUSINESS

Established business relationships with international container shipping lines and container leasing companies

Our Directors believe that the cross-region coverage of our operations, quality of our services as well as the experience of our management team, has enabled us to establish strong business relationships with our customers, which include eight of the top 10 largest container shipping lines in terms of TEU and six of the top 10 largest container leasing companies for the year of 2023. Our relationships with some of our key customers and their predecessors go back more than 36 years which include our established business relationships with Seaco, Evergreen, Yang Ming and Samudera Shipping. In addition, some of our customers use our container depots exclusively in certain locations where we operate and we believe that the fact that we have exclusive relationships with these customers indicates the level of confidence and trust that they have in our ability to manage their containers effectively, and that they are satisfied with our services offered. We believe our reliable services and expansive container depot network provides our customers with the confidence that their container depot needs in the locations in which we operate can be met by our Group in a timely and efficient manner.

We believe that our presence in various key container port terminals in the ASEAN region and the PRC has allowed us to establish a well-connected and synergistic network which has positioned us to better serve our customers and also build a significant advantage over our competitors. For instance, our customers are primarily container shipping lines and container leasing companies that require container depot services across Asia, as they cover a diverse range of major logistics companies and freight forwarders with global business operations. These customers can rely on our Group to service them in multiple locations at various key container port terminals due to the scale of our operations.

Our Company adopts a customer-centric culture, and we seek to strengthen our customer relationships by offering logistic solutions that are tailored to their unique circumstances. For instance, during the COVID-19 pandemic, we customised contingency empty container storage solutions including the moving of customers' containers into separate container depots within the same location for certain customers to mitigate the potential risk of business disruptions and closure of a particular container depot caused by pandemic containment measures (such as mandatory quarantine orders for foreign workers residing in dormitories) in Singapore. Our Directors are of the view that our ability to respond promptly and effectively to our customers' needs is particularly attractive to customers requiring greater flexibility in scheduling. We believe that our proactive approach in anticipating and managing potential challenges and adverse impact to our customers' businesses, in which we prioritise, strengthens our customer relationships as well as our Group's reputation. By thinking ahead and understanding the drivers of our customers' businesses, our Directors believe that we are able to offer flexible solutions that meet their particular needs and circumstances thereby enhancing customer loyalty.

As the leading container depot operator in Singapore according to the Euromonitor Report, we have a track record of maintaining the lead in the container depot industry in Singapore and delivering positive results for our customers over a long period at our operating locations in Asia. Our Directors believe that our long history and solid reputation in the container depot industry, together with our established customer and business relationships, makes us well positioned in the global shipping industry.

BUSINESS

Comprehensive container and logistic related service provider offering an integrated logistic solution in Singapore with full range services

We operate in the container shipping and container depot industry and provide a wide range of container and logistic related services ranging from storage and handling, repair and maintenance for empty containers to warehousing and CFS services as well as other ancillary services. Our Directors believe that our broad range of services catering to key parties in the shipping supply chain position us to widen our customer base as well as meet our customer needs and remain competitive in this highly fragmented industry. We provide a diverse range of container services across commonly used types of empty containers including dry containers, reefer containers and ISO tank containers as well as special containers including flat rack and open top. We are able to carry out repair and maintenance work on reefer containers directly at our container depots which we believe saves our customers' time. Customers can look to us to provide a full range of logistic solutions and our business model allows us to have better control over the entire process. Our customers are able to rely on our proficiency in surveying and repairing specialised containers and tanks. We believe that in Singapore, our main market, our comprehensive services coupled with the scale of our business provides us with economies of scale in our operations which generates value for our customers as we are able to offer competitive rates and efficient services.

A substantial proportion of the revenue generated from our container depot operations is through charges relating to depot handling which are dependent on container movements. However, as a result of the range of services offered, we have a relative advantage and have demonstrated our ability to adapt to cyclical changes in the economy as we are likely to be able to continue generating revenue notwithstanding fluctuations in the global economic market. During an economic uptrend, increased trade activities may drive demand for logistics services. This in turn may lead to a positive impact on our warehousing and new-build container inspection operations, as well as an uptick in the volume of empty containers transiting through our container depots which would generally increase our depot handling income. In an economic downturn leading to decreased trade activities globally may be negatively affected. However, demand for our container depot space may rise as container shipping lines and container leasing companies may require additional space to store their surplus empty containers, which may generate storage income and opportunities for repair and maintenance work. We believe that due to our wide-ranging logistics services structure, we are well positioned to navigate adverse impacts on our business and operations due to cyclical changes in the economy.

Authorised service centre of major global reefer equipment manufacturers in Singapore, Malaysia and Hong Kong with expertise in serving reefer containers

We are the authorised service centre for four major reefer equipment manufacturers in Singapore, Malaysia and Hong Kong. For reefer equipment manufactured by such reefer equipment manufacturers, they would also direct their customers to us to carry out any repairs required to service their equipment if such repair works fall within the warranties given by the reefer equipment manufacturers to their customers.

BUSINESS

As part of our strategy to be an integrated logistic solution provider, we offer repair and maintenance services for commonly-used types of empty containers including dry containers, reefer containers and ISO tank containers. Our Group has the specialised technological knowledge and expertise to carry out labour intensive repair and maintenance work on reefer containers in-house directly at our container depots, which saves our customers time from engaging different logistic service providers and eliminates the need for us to rely on third party subcontractors. The handling of reefer containers is labour-intensive as each container must be manually plugged, regularly monitored and unplugged to prevent malfunction and proper temperature control.

Our Group, through our subsidiaries (SG) Reefertec, (HK) MF Container, (HK) MF Reefer and (MY) Tricool, provides container port terminal reefer services including intricate structural and mechanical repair services for reefer containers. Our services include structural and mechanical repair, temperature monitoring services for active reefer containers, plug and unplug services, refurbishment and structural steel blasting coatings as well as washing of containers. We operate our container port terminal reefer business in several locations, including PSA Singapore Terminals in Singapore, Westport in Malaysia and Hongkong International Terminals and River Trade Terminal in Hong Kong. Our temperature monitoring services involve the regular physical monitoring of active reefer containers by our qualified staff to ensure that the specified temperatures are maintained. Additionally, our plug and unplug services at reefer points involve the presence of our qualified staff at designated reefer points at the container port terminal to connect and/or disconnect reefer containers after they are unloaded at the container port terminal and/or to be loaded onto shipping vessels.

We believe that our ability to provide repair and maintenance services for reefer containers in-house differentiates us from our competitors in the container depot industry in Singapore, Malaysia and Hong Kong. By having specialised technological knowledge and expertise to service reefer containers, our customers can rely on us to provide a comprehensive range of services for their entire container needs, which can help to build long-term relationships and increase customer loyalty as well as provide an attractive value proposition to our customers. Being the authorised service centre for all four major reefer equipment manufacturers helps to build trust with our customers and enhance the Group's reputation for quality and reliability.

Up-to-date technological systems and IT systems to support our operations

Our IT systems developed in collaboration with third party software developers have the ability to track and update container movements through a centralised container management system. Our customers can access location details and inventory information of their containers in our container depots in real time through a web-based platform and through a seamless electronic data interchange linked to our customer's internal systems either by EDI (which allows for batch data transfer) or API (which allows for instant data transfer). An electronic data interchange is important as it allows our customers to know where their assets are and keep track of their container inventory for the purpose of business and operational deployment. We value technology that optimises the efficiency and efficacy of our operations, and seek opportunities to provide quality services to customers by keeping abreast of technological advancements in the industry. We deploy software and technologies which have helped our Group to streamline and improve our operations. We actively work with our customers to set up such EDIs which can be tailored to provide specific information and parameters as required by our customers. We have our own web-based depot appointment system which can be accessed via the web, allowing our customers' hauliers to log their container pickup and return activities at our container depots in real time, and offering precise guidance to hauliers within our container depots to accurately locate the containers with quicker turnaround time. We are also actively updating our IT systems and in the process of developing an end-to-end integrated technology platform that will optimise front-line depot operations as well as back-end reporting systems which brings benefits to our management and our customers' operations, and align with systems used by our customers.

BUSINESS

We believe that our IT systems have positioned us to enhance operational efficiency, resource deployment and overall productivity as well as facilitate seamless integration with our customers, fostering trust and reliance. We plan to implement new technologies to further optimise our operations and manage costs in the development of our Megadepot. Please refer to the paragraph headed "Information Technology – Development of new IT systems" in this section for further details.

Dedicated and experienced management team with proven track record since 1978 and focus on talent development

We are led by our co-founders, Mr. Li and Mr. Ng, who each have more than 40 years of experience in the shipping and container depot industry and who are responsible for the overall management and operations of our Group. Mr. Li, our co-founder and co-chairman, brings deep industry expertise which plays a pivotal role in leading the sustainable growth of our business, including the implementation of effective network expansion strategies. Mr. Ng, our co-founder and co-chairman, oversees the Group's overall operations with his comprehensive understanding of the shipping and container depot industry.

Our co-founders are supported by our senior management team which comprises our regional general manager of Southeast Asia, Mr. Tan Wee Hong, our group general manager of marketing, Mr. Chan Terry Tat-lee, our chief financial officer, Ms. Chua Lin Lin, Evelyn, our group general manager of IT, Mr. Ooi Ying Kit, Nicholas. Each member of our senior management team has been with our Group for more than 10 years and the team has a strong track record in the shipping and container depot industry, with each member of the team having an average of over 20 years of industry experience. We are also supported by our senior manager Mr. Zhang Jianwei who is mainly responsible for the day-to-day operations of (PRC) SH Yifa and (PRC) SH Keyun. Please refer to the section headed "Directors and Senior Management" in this document for further details on the backgrounds and experience of our Directors and senior management.

Our management team collectively have substantial experience in the countries in which our Group operates and have also fostered strong relationships with our customers worldwide. With the combined knowledge and skill, our management team has been accredited with a number of awards and accolades, and has been the bedrock of our success to date. We believe that we are well-positioned to leverage on the experience and dedication of our team to expand our core capabilities, business and geographic reach and ensure the continuing success of our Group.

BUSINESS STRATEGIES AND FUTURE PLANS

Our Group aims to strengthen our position as a logistics operator in the ASEAN region and the PRC. To achieve this, our Group intends to focus on the following strategies and future plans.

BUSINESS

Establish an integrated logistics hub in Singapore

In recent years, the Singapore government has been promoting innovation and sustainable industrial development in favour of smart facilities and better land use. According to the Euromonitor Report, the MPA has highlighted digitisation and sustainability as their priorities. To further such objectives, the MPA has begun the construction of the next-generation Tuas Megaport which is expected to increase operating efficiency and reduce emissions. In particular, the Singapore government has planned to close the port terminals in the city (Tanjong Pagar, Keppel and Brani) by 2027 and close the Pasir Panjang terminal by the 2040s, consolidating all operations at the Tuas Megaport. The Tuas Megaport is expected to increase the container port terminal's capacity to 65 million TEUs of cargo, about 1.8 times Singapore's total container throughput traffic in 2020. The Tuas Megaport is expected to use driverless, battery-powered automated guided vehicles to transport containers and advanced container port management systems and technologies to reduce vessels' stays and therefore emissions. Singapore is committed to sustainable international shipping to reduce total annual greenhouse gas emissions from international shipping by at least 50% by 2050.

To align with the Singapore government's plan of consolidating port operations to the Tuas Megaport and to support our strategy to be an integrated logistic solution provider, we intend to establish an integrated logistics hub in Singapore (the Megadepot), which will consolidate our current container depot operations and enhance our service offerings in Singapore.

Since 2017, we have been in discussion with Party C, a statutory body in Singapore which is involved in the development and management of industrial estates and their related facilities in Singapore, for the development of the Megadepot. The Group had engaged professional consultants including an architect, quantity surveyor, traffic consultant and project management company, to assist with the development of the Megadepot, including providing technical knowledge and carrying out preliminary studies for discussion with Party C to, amongst others, determine the size of land required.

After years of discussion and based on our proposed designs, (SG) EK Logistics, a subsidiary of our Group, had entered into an agreement for lease with Party C in 2020 in respect of a plot of land with an area of approximately 80,000 sq.m for development of the Megadepot. Under the agreement for lease, we have been offered to lease relevant land from Party C upon satisfaction of certain investment and building requirements at which point a written lease agreement will be formally executed. A summary of the salient terms of the agreement for lease (and the lease of the land) is set out below:

Location:	30 Tuas South Avenue 10, Singapore
Usage:	Container depot, warehouse and ancillary office
Approximate area:	80,000 sq.m
Term of lease:	30 years from the commence date of 16 December 2020
Specific obligations:	Satisfaction of certain investment and building requirements by December 2026

BUSINESS

Upon entering into the agreement for lease in 2020, we carried out further planning of the Megadepot and submitted our development plans (the “**Plans**”) to be approved by Party C. According to the agreement for lease, the Plans must be submitted and approved before any building works can commence. Due to the COVID-19 pandemic which resulted in a substantial increase in construction costs, it was necessary to explore alternative design options to adapt to the higher-than-expected construction costs and it was ultimately decided that the construction of the Megadepot would be placed on hold until such costs stabilised. During this period, we undertook a comprehensive review of the project requirements to ensure that the Megadepot would be designed and built to meet industry standards of safety, efficiency, and sustainability. We also explored various options for container stacking structures and began development for updating our container depot management system and related IT systems to be used in the Megadepot. In May 2023, with research support from the National University of Singapore, we submitted revised versions of the Plans to Party C for approval which envisions the use of both automatic container stacking cranes and mobile container stackers, with a view to balancing our needs for additional handling capacity and operational efficiency in the Megadepot. In November 2023, we had been informed by Party C that our proposed use of mixed container stacking methods in the Plans was agreeable. Upon completion of certain administrative steps, we obtained formal approval of the Plans from Party C in November 2023.

We believe that the Megadepot will solidify our position as a leading container depot operator in Singapore in light of the fact that, according to the Euromonitor Report, one of the key barriers in Singapore’s container depot industry is land constraints; which has led to increasing challenges for smaller container depot operators to obtain long-term land leases for their operations. Our Directors believe that our latest development and technological designs are consistent with the Singapore government’s direction and goal to achieving land productivity in Singapore.

Based on the approved Plans, the Megadepot will include a warehouse with a net lettable area of approximately 36,000 sq.m and a container depot of a capacity of approximately 26,000 TEUs under one roof in the same location with extensive implementation of up-to-date technology systems and IT systems. Given the size and location of the Megadepot, we plan to expand our range of services in Singapore by offering laden container storage services (including laden reefer container storage) to consignees. Laden container storage refers to the provision of open or ground space to store laden containers, which are services typically requested by consignees for temporary storage of their laden containers before transporting to their designated warehouse or CFS for deconsolidation, or where laden containers are received (stuffed with goods) for export. Having laden container storage space inside the Megadepot serves to save time for shippers in hauling empty containers from the container depot to the warehouse (for loading) and then hauling the laden containers from the warehouse to the container port terminal. In addition, based on our Directors’ understanding, cost of laden container storage at a container depot is typically lower than demurrage charges levied by container port terminal operators when containers are not moved out of the container port terminal premises after unloading off the vessel as well as cargo storage costs at a warehouse. We believe that laden container storage will enable us to provide additional services to warehousing customers and our existing shipping line customers in Singapore.

BUSINESS

Our Megadepot will be situated approximately seven kilometres from the gate of Tuas Megaport and approximately eight kilometres from the Singapore-Malaysia border. With two storeys, the Megadepot will have four-high automated container stacking on the ground floor and nine-high stacking on the upper floor, allowing us to meet the objective of achieving 13-high stacking in total in accordance with our Plans. Our design is to have stacking cranes on the ground floor to achieve greater operational turnaround and to deploy container stackers on the upper floor for slower moving containers. Doing so allows us to balance our need for additional handling capacity while achieving operational efficiency. The reason for utilising a combination of automated and non-automated system is to allow operational flexibility and to maximise utilisation of space when demand surged. As such, we have decided to use a combination approach to achieve a balance of storage efficiency and handling efficiency. With a view to increase productivity and efficiency, the Megadepot will have a customised yard management software which will have functions including to planning of containers' movement using booking and appointment information, selecting the best container(s) for customers (based on customers' requirement for container pick-up) and monitoring containers' movement, to optimise the overall movements of containers at our facility.

We have commenced the tendering process for construction of the Megadepot in or around May 2024 which is expected to close in the third quarter of 2024. We anticipate construction to commence in early 2025 which is expected to be completed in 24 months.

Based on the approved Plans, the Megadepot will consist of two stories comprising (i) non-automated empty container storage area; (ii) elevated warehouse area (i.e. warehouse area on the ground floor); (iii) automated storage area for laden and empty container storage; and (iv) office space for our operations. With a view to increasing storage capacity, the Megadepot will implement progressive automation into key aspects of our container depot operations including, amongst others, gate entry and survey as well as container placing and yard management.

We believe that the Megadepot will enable our Group in Singapore to:

- (i) consolidate the services we provide in Singapore under one roof;
- (ii) increase our container depot handling capacity;
- (iii) reduce turnaround times for processing containers for our container depot operations through the use of automation and other technologies, thereby increasing our efficiency and reducing the possibility for human error;
- (iv) position ourselves competitively amongst other logistic service providers in Singapore as an integrated logistic solution for container and logistic service needs through the expansion of our range of offerings to additionally provide warehousing and laden container storages services;
- (v) capitalise on the growing demand for warehousing and laden container storage services in Singapore; and
- (vi) align our operations with the overarching sustainability and better use of land goals of the Singapore government.

BUSINESS

As at the Latest Practicable Date, it is estimated that the total amount of capital expenditure required to implement the construction plan for the Megadepot is approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]), of which approximately (i) [REDACTED] (being approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED])) will be financed by bank borrowings; and (ii) [REDACTED] (being approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED])) will be financed by the net [REDACTED] from the [REDACTED] and internal resources of the Group. Please refer to the section headed "Future Plan and Use of [REDACTED]" in this document for further details.

Develop logistics service centres by providing a range of services under one roof as part of our integrated logistic solution approach

We are focused on developing integrated logistic solutions by providing a range of logistic related services under one roof (such as container depot services and warehousing services) as part of our approach to remain competitive and further our reputation as a key player in the industry. We already provide both warehousing and container depot operations at one location in Tianjin, PRC. Following the blueprint set by our plans for the Megadepot in Singapore, we are adopting this approach in other locations that we operate such as Malaysia.

In Malaysia, we have entered into two sale and purchase agreements in December 2023 to purchase two pieces of leasehold lands of approximately 36,400 sq.m in total in Port Klang for approximately RM29 million (equivalent to approximately S\$8.5 million) of which we have made partial payment of a total amount of approximately RM5.8 million (equivalent to approximately S\$1.7 million) upon the acceptance of offer and upon execution of the sales and purchase agreements, and the balance purchase price will be paid in phases up to December 2026. We plan to finance 80% of the purchase price through bank loans and 20% through internal funding. Although the land is still in development and will not be completed until around end of 2026, we intend to build a logistics service centre which will include a warehouse with an approximate estimated area of 6,000 sq.m and a container depot which will increase our container storage capacity by around 3,500 to 4,000 TEUs. Our Directors believe that the provision of such integrated logistic solution will enable us to position ourselves competitively in the locations where we operate.

Utilisation of new technology to reduce our greenhouse emissions and resource consumption

To better manage our environmental, social and climate-related risks, we aim to reduce our greenhouse emissions and resources consumption in the foreseeable future with upgrading existing machineries into electric vehicles. In particular, we anticipate purchasing a range of 10 to 15 electric container stackers over the next three years to replace some of our existing diesel powered container stackers because (i) electric container stackers have lower resource consumption and require lower maintenance as compared with diesel powered container stackers; and (ii) the use of electric container stackers will reduce our Group's carbon emissions which is in line with the Group's overall strategy on ESG matters as well as the global shift towards sustainability and green technology.

We are also able to reduce our resource consumption and carbon footprint through the utilisation of our IT systems such as our cashless payment technologies and handheld survey systems. These IT systems allow us to reduce certain processes in our workflow and create more streamlined services to our customers.

BUSINESS

To show our Group's commitment to reducing our greenhouse emissions, we have established an ESG committee that comprises our management representatives who are responsible to contact with different operation locations. ESG committee serves as a supportive role to our Board in implementing the agreed ESG policy, targets and strategies; identifying and assessing ESG-related matters, including climate-related risks, by taking into consideration the metrics and targets stipulated in Appendix C2 to the Listing Rules and applicable laws, regulations and industry standards; managing how our Group adapts its business in light of climate change; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our Group's ESG-related risks. The ESG committee reports to the Board regularly on the ESG performance of our Group and the effectiveness of the ESG systems upon [REDACTED].

Expand our container depot network in Asia to cater for expected growing trade flows within the region

Depending on the available opportunities, feasibility and market conditions, we may explore vertical and horizontal expansion strategies through joint ventures, strategic alliances, acquisitions or investment opportunities in existing or new markets. When evaluating such opportunities, we will consider certain factors including the market size and growth potential, the competitive landscape, the regulatory environment and our existing network and resources.

PRC

Our Group is exploring opportunities to improve our container depot business in the PRC including upgrading our facilities in the locations we operate. In particular, we intend to carry out improvement works to our container depot and warehouse in Tianjin, PRC for the purpose of improving efficiency and minimise unexpected breakdowns given the age of the building.

We believe that it is important that we focus on the needs of the end-customers of our container depot customers (i.e. shippers and consignees) to remain competitive in the local market. We are looking to capitalise on the important role of the PRC in global trade and the rapid development of the PRC's logistics services industry supported by strong domestic demand, investments in transport infrastructure and emerging trends like digitisation of the logistics industry. As a result of the often fragmented reporting and IT systems used by different participants along the shipping supply chain in the PRC, key shipment information such as booking data is often not communicated to other parties in a timely manner. Our current existing IT systems in the PRC are not able to provide a unified platform to capture and integrate this up-stream and down-stream information from different participants to provide value-added information into the supply-chain cycle. As such, we are considering and evaluating to develop an e-platform as a long term objective to create centralised connectivity of up-stream and down-stream participants in the shipping supply chain, enabling participants to have access to the same key shipment information. This will improve transparency and efficiency for all participants and serves to enhance our reputation as a key player in the industry. Our Directors believe that we will be able to leverage our Group's reputation and established relationships with container shipping lines in the PRC to promote such an e-platform to major players in the shipping supply chain in an effort to drive innovation in the industry.

BUSINESS

Apart from Singapore, Southeast Asia has become increasingly important in global trade with a general trend of manufacturing shifting to Southeast Asia, according to the Euromonitor Report. We believe that this would lead to increased container movement as a result of increased exports which would generate demand for container depots in the area. We believe that expanding our existing container depot network within Southeast Asia will enable us to capitalise on these global trade trends as well as leverage our reputation in the ASEAN region and the PRC. As such, we intend to strengthen our presence in Southeast Asia as well as our foothold in the PRC, as and when suitable opportunities arise.

Malaysia

In Malaysia, we operate five container depots in three locations with a total land area of approximately 122,900 sq.m as at the Latest Practicable Date. We started operating a new container depot in Port Klang in February 2023. We are considering and evaluating further opportunities in the long term to expand our existing transportation services (which comprise empty container trucking) to include laden container trucking in the future to capture the large demand in Port Klang.

In December 2023, we entered into two sale and purchase agreements to purchase two pieces of leasehold lands in Malaysia of approximately 36,400 sq.m in total in Port Klang to develop a logistics service centre which will provide both warehousing and container depot operations. For further details, please refer to the paragraph headed “Develop logistics service centres as part of our integrated logistic solution” in this section.

Thailand

In Thailand, we operate two container depots in two locations with a total land area of approximately 60,400 sq.m as at the Latest Practicable Date. We had expanded our container depot space in the Bangkok Metropolitan Region in February 2023 under a nine year lease agreement. We have also entered into a 15 year lease agreement for approximately 42,300 sq.m of land in Laem Chabang in early 2023 which we have used to replace one of our existing container depots in the area as this land is larger and in closer proximity to the container port terminal. We have invested approximately S\$2 million into this land for laying the concrete necessary to conduct our container depot operations at this location which is not currently in operation as at the Latest Practicable Date. As a result of these leases for new lands in the Bangkok Metropolitan Region and Laem Chabang, our Directors are of the view that we are well positioned to increase our business in Thailand.

Vietnam

In Vietnam, we are currently in collaboration with a local container depot operator for the provision of container depot services to our customers in the Dong Nai province under a service agreement for a term of three years in respect of approximately 24,000 sq.m of land. Under the service agreement, the local container depot operator provides us with the land for us to carry out our container depot operations. This arrangement is a stopgap measure and we are actively looking for suitable land in the greater Ho Chi Minh City area to move out and carry out our own container depot operations. Please refer to the paragraph headed “Risk Factors – Risks relating to our operations in Vietnam - The property in which we carry out our container depot operations in Vietnam lacks relevant land use certificates, which may materially and adversely affect our container depot operations at this location” in this document for further details.

BUSINESS

Continue to develop and implement IT systems across all our operational locations to improve accuracy, efficiency and leverage automation

Our Group relies on key IT systems for our daily operations including our up-to-date container management systems which allow our staff to track and update container movements through a centralised system as well as our container depot appointment system which has been designed and developed to optimise our container depot operations. Together with our container management system, we are able to access real-time and accurate information on our container depot utilisation to ensure the optimal use of our storage space, thereby allowing us to manage customers' orders more efficiently. We understand the importance of IT systems to our operations and have invested approximately S\$1.3 million, S\$1.0 million and S\$0.9 million in IT costs for the years ended 31 December 2021, 2022 and 2023 respectively. Please refer to the paragraph headed "Information Technology" in this section for further details.

As part of our plan for the Megadepot, we have been developing and plan to implement various new IT systems in Singapore including our yard management, planning and optimisation system, licence plate recognition system, gate automation system, survey automation system and traffic control and management system. Please refer to the paragraph headed "Business Strategies and Future Plans – Establish an integrated logistics hub in Singapore" in this section for more information on these new IT systems.

Our Directors believe that our investment in IT systems and our commitment to adopt technology in our operations have positioned us competitively in the container depot industry. We will continue to invest in new technologies and IT systems to ensure that we remain at the forefront of the container depot industry and continue to provide our customers with the highest levels of service and efficiency.

Continue to improve the mechanism for recruiting, cultivating and motivating talent

Our success is in our ability to attract talents across borders, and to retain them through skilling and upskilling. Our Directors believe that diversity and inclusion are one of our key pillars of success in attracting skilled and talented employees from multi-dimensional backgrounds. We will offer competitive remuneration packages and career development opportunities to recruit and retain key talents. Over the years we have been successful in growing and retaining our pool of talent in sales and marketing, operations, IT and other key functions. As our business continues to grow in the region, we will continue to focus on manpower resources, and to give every opportunity for our talents to grow.

We have an established system for evaluating our talent which is continuously updated to meet our business development needs. Our employees are rewarded through various loyalty programs and this helps to motivate those employees who have performed well. Our Directors believe that this is how we have been able to build and retain our experienced senior management team who have been with the group for more than 20 years, each with a strong track record in the container depot business.

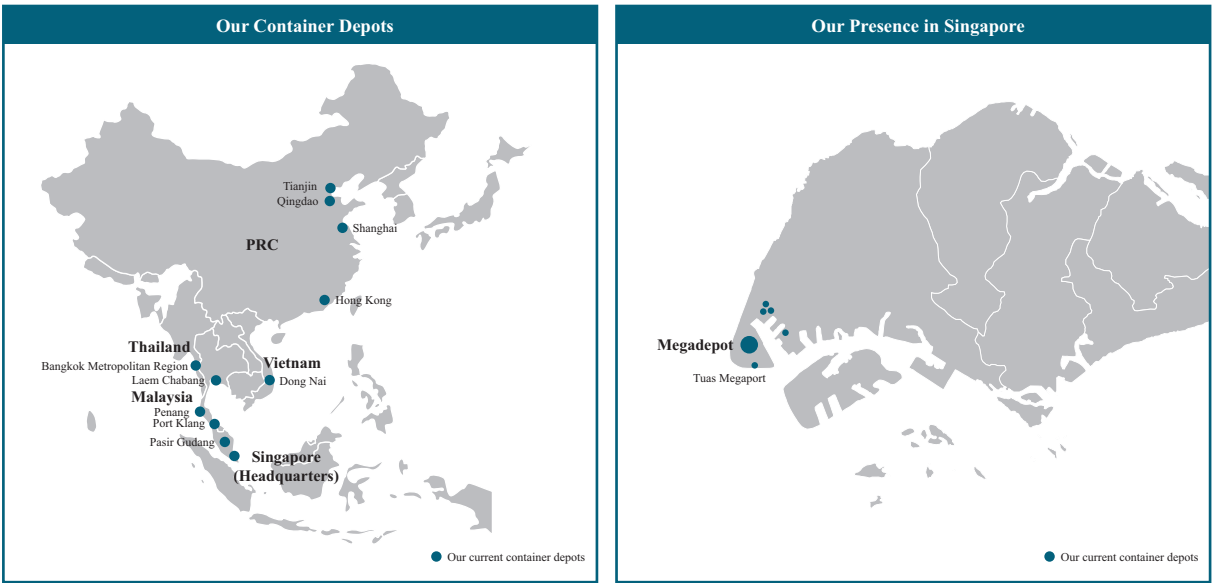
BUSINESS

OUR BUSINESS

We provide comprehensive container services to our customers across the ASEAN region and the PRC, including storage and handling of empty containers, repair and maintenance of reefer containers, transportation of containers and sales and trading of containers and container parts as well as survey and inspections services for new-build containers. We operate and manage our business primarily under the following three main business segments: (i) container depot operations; (ii) warehousing and CFS; and (iii) container sales and new-build container inspection. In addition, we provide freight forwarding services in Qingdao, PRC incidental to our container depot operations to remain competitive and support our container depot operations in this location.

Our Group generally operates under the brand name of “Eng Kong (永康)” in Singapore, Thailand, Malaysia and Vietnam, whilst we operate under the brand names of “PCL” and “Ming Fung (明豐)” in Hong Kong. For our business in the PRC, we operate under the brand names of “Keyun (克運)” and “Yifa (毅發)” in which we have obtained licenses concerning certain registered and unregistered trademarks and domain names from a connected person.

The diagram below illustrates the locations of our container depots which are strategically located across the ASEAN region and the PRC during the Track Record Period:



BUSINESS

The following table sets out revenue derived from for our business segments during the Track Record Period:

	For the year ended 31 December					
	2021		2022		2023	
	S\$'000	%	S\$'000	%	S\$'000	%
Container depot operations						
– depot handling	42,531	24.2	42,091	26.2	47,807	30.7
– repair and maintenance	42,593	24.2	43,621	27.1	43,089	27.7
– storage fee	3,853	2.2	8,031	5.0	15,794	10.2
– transportation services	7,781	4.4	7,421	4.6	7,080	4.6
– others ^(Note)	4,779	2.7	5,409	3.4	4,527	2.9
	<u>101,537</u>	<u>57.7</u>	<u>106,573</u>	<u>66.3</u>	<u>118,297</u>	<u>76.1</u>
Warehousing and CFS	20,489	11.7	16,116	10.0	15,455	9.9
Container sales and new-build						
– container inspection	9,418	5.4	4,070	2.6	1,501	1.0
Other (freight forwarding services in Qingdao)	<u>44,294</u>	<u>25.2</u>	<u>33,971</u>	<u>21.1</u>	<u>20,270</u>	<u>13.0</u>
Total	<u>175,738</u>	<u>100.0</u>	<u>160,730</u>	<u>100.0</u>	<u>155,523</u>	<u>100.0</u>

Note: Others include leasing of equipment and agency fee.

Container depot operations are our core business and contribute a predominant portion of our total revenue. As a container depot operator, our services include storage and handling, repair and maintenance and transportation of empty containers. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to container depot operations was approximately S\$101.5 million, S\$106.6 million and S\$118.3 million, respectively, which accounted for approximately 57.7%, 66.3% and 76.1%, respectively, of our total revenue. Our revenue from this business was mainly comprised of fees from the provision of depot handling, repair and maintenance, storage and transportation services which may be charged on container leasing companies and container shipping lines as well as their customers (i.e. shippers and consignees). In particular, our revenue generated from the provision of container depot operations services increased from approximately S\$101.5 million for the year ended 31 December 2021 to approximately S\$106.6 million for the year ended 31 December 2022, which was mainly attributable to the increase in revenue generated from storage fees primarily due to the beginning of return of normalcy of the global economy and trade flows post-COVID19.

BUSINESS

Our warehousing and CFS business, which complements our core container depot business, includes traditional cargo storage as well as value-added services in relation to consolidation and deconsolidation to accommodate our customers' needs. These value-added services include palletisation, barcode scanning, consolidation and deconsolidating, kitting, wrapping, packing and crating, stuffing and unstuffing. During the Track Record Period, we offered such warehousing and CFS services primarily in Hong Kong and Shanghai, Tianjin and Qingdao of the PRC as part of our approach to remain competitive and further our reputation as an integrated solution provider. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to warehousing and CFS was approximately S\$20.5 million, S\$16.1 million and S\$15.5 million, respectively, which accounted for approximately 11.7%, 10.0% and 9.9%, respectively, of our total revenue. In particular, our revenue generated from the provision of warehousing and CFS services decreased from approximately S\$20.5 million for the year ended 31 December 2021 to approximately S\$16.1 million for the year ended 31 December 2022, which was mainly attributable to the decrease in the overall storage tonnes handled in PRC and Hong Kong as a result of the social distancing measures implemented by the government in response to COVID-19 for the year ended 31 December 2022 as compared to the same period in 2021.

Our container sales and new-build container inspection business is ancillary to our core container depot business and involves the trading of containers (used and new-build) and container parts as well as the inspection and surveying of new-build containers. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to container sales and new-build container inspection were approximately S\$9.4 million, S\$4.1 million and S\$1.5 million, respectively, which accounted for approximately 5.4%, 2.6% and 1.0%, respectively, of our total revenue. In particular, our revenue generated from the provision of container sales and new-build container inspection decreased from approximately S\$9.4 million for the year ended 31 December 2021 to approximately S\$4.1 million for the year ended 31 December 2022 and further decreased to approximately S\$1.5 million for the year ended 31 December 2023. This decrease was mainly attributable to the reduced number of containers sold and inspected during the Track Record Period. The global shipping industry was disrupted due to COVID-19 in 2021, resulting in a shortage of empty containers in Asian countries. This shortage was caused by an imbalance of export and import between eastern and western countries, which consequently led to an increase in demand for empty containers in 2021.

Apart from the three main businesses set out above, we provide freight forwarding services in Qingdao, PRC incidental to our container depot operations to remain competitive and support our container depot operations in this location. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to freight forwarding services was approximately S\$44.3 million, S\$34.0 million and S\$20.3 million, respectively, which accounted for approximately 25.2%, 21.1% and 13.0%, respectively, of our total revenue. In particular, our revenue generated from the provision of freight forwarding services decreased from approximately S\$34.0 million for the year ended 31 December 2022 to approximately S\$20.3 million for the year ended 31 December 2023, which was mainly attributable to the decline in freight rates that began in the second half of 2022 and continued into the first quarter of 2023, compared to its historic highs in 2021 due to COVID-19.

BUSINESS

The range of services we offer enables us to adopt to cyclical changes in the economy and continue generating revenue notwithstanding fluctuations in the global economic market. For example, increased trade activities may drive demand for logistics services during an economic uptrend which may lead to a positive impact on our warehousing and new-build container inspection business, as well as an uptick in the container throughput at our container depots. On the other hand, decreased trade activities during an economic downturn may lead to a surplus of empty containers resulting in an increased demand for storage of such empty containers at our container depots.

Revenue by geographic location and business segment

The tables below set out the breakdown of our total revenue by (i) geographical location based on the location at which services were provided; and (ii) business segment, during the Track Record Period:

For the year ended 31 December 2021

	Container depot operations		Warehousing and CFS		Container sales and new-build container inspection		Other (freight forwarding services in Qingdao)		Total	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	40,676	40.1	-	-	3,357	35.6	-	-	44,033	25.1
PRC	32,914	32.4	16,057	78.4	19	0.2	44,294	100.0	93,284	53.1
Hong Kong	12,173	12.0	4,432	21.6	5,976	63.5	-	-	22,581	12.8
Malaysia	8,779	8.6	-	-	66	0.7	-	-	8,845	5.0
Thailand	6,327	6.2	-	-	-	-	-	-	6,327	3.6
Vietnam	668	0.7	-	-	-	-	-	-	668	0.4
Total	<u>101,537</u>	<u>100.0</u>	<u>20,489</u>	<u>100.0</u>	<u>9,418</u>	<u>100.0</u>	<u>44,294</u>	<u>100.0</u>	<u>175,738</u>	<u>100.0</u>

For the year ended 31 December 2022

	Container depot operations		Warehousing and CFS		Container sales and new-build container inspection		Other (freight forwarding services in Qingdao)		Total	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	47,637	44.7	-	-	3,091	75.9	-	-	50,728	31.6
PRC	25,136	23.6	12,923	80.2	-	-	33,971	100.0	72,030	44.8
Hong Kong	14,394	13.5	3,194	19.8	971	23.9	-	-	18,559	11.5
Malaysia	10,103	9.5	-	-	8	0.2	-	-	10,111	6.3
Thailand	8,147	7.6	-	-	-	-	-	-	8,147	5.1
Vietnam	1,155	1.1	-	-	-	-	-	-	1,155	0.7
Total	<u>106,572</u>	<u>100.0</u>	<u>16,117</u>	<u>100.0</u>	<u>4,070</u>	<u>100.0</u>	<u>33,971</u>	<u>100.0</u>	<u>160,730</u>	<u>100.0</u>

BUSINESS

For the year ended 31 December 2023

	Container depot operations		Warehousing and CFS		Container sales and new-build container inspection		Other (freight forwarding services in Qingdao)		Total	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	56,446	47.7	-	-	997	66.4	-	-	57,443	36.9
PRC	24,784	21.0	12,487	80.8	-	-	20,270	100.0	57,541	37.0
Hong Kong	14,111	11.9	2,968	19.2	504	33.6	-	-	17,583	11.3
Malaysia	11,310	9.6	-	-	-	-	-	-	11,310	7.3
Thailand	10,241	8.7	-	-	-	-	-	-	10,241	6.6
Vietnam	1,405	1.1	-	-	-	-	-	-	1,405	0.9
Total	118,297	100.0	15,455	100.0	1,501	100.0	20,270	100.0	155,523	100.0

For the years ended 31 December 2021, 2022 and 2023, our services provided in Singapore contributed to approximately S\$44.0 million, S\$50.7 million and S\$57.4 million, respectively, which accounted for approximately 25.1%, 31.6% and 36.9%, respectively, of our total revenue. In particular, our revenue generated from services provided in Singapore increased from approximately S\$44.0 million for the year ended 31 December 2021 to approximately S\$50.7 million for the year ended 31 December 2022 and further increase to approximately S\$57.4 million for the year ended 31 December 2023. Such increase over the Track Record Period was mainly attributable to (i) the increase in storage fee as a result of the increase in the average daily storage in terms of TEU over the Track Record Period; (ii) the increase in gate-in charge we charged at our Singapore depots; and (iii) we have been able to capture additional revenue from our existing customers to use our services in Singapore through our marketing efforts.

For the years ended 31 December 2021, 2022 and 2023, our services provided in the PRC contributed to approximately S\$93.3 million, S\$72.0 million and S\$57.5 million, representing approximately 53.1%, 44.8% and 37.0%, respectively, of our total revenue. In particular, our revenue generated from services provided in the PRC decreased from approximately S\$93.3 million for the year ended 31 December 2021 to approximately S\$72.0 million for the year ended 31 December 2022, which was mainly attributable to (i) the decrease in the revenue contributed from other (freight forwarding business in Qingdao) commensurate with the downwards trend of freight rates during 2022 as compared to the upwards trend during 2022; and (ii) the closure of our container depot in Ningbo in 2022.

BUSINESS

For the years ended 31 December 2021, 2022 and 2023, our services provided in Hong Kong contributed to approximately S\$22.6 million, S\$18.6 million and S\$17.6 million, representing approximately 12.8%, 11.5% and 11.3%, respectively, of our total revenue. In particular, our revenue generated from services provided in Hong Kong decreased from approximately S\$22.6 million for the year ended 31 December 2021 to approximately S\$18.6 million for the year ended 31 December 2022, which was mainly attributable to (i) the decrease of approximately S\$5.0 million in revenue generated from container sales and new-build container inspection which was resulted from the decrease in the number of containers we inspected and surveyed; and (ii) the decrease in demand of warehousing and CFS services during the year ended 31 December 2022. The decrease was partially offset by the increase in revenue generated from our container depot operations, which was a result from the higher TEU volume we handled during the year ended 31 December 2022 as compared to the same period in 2021.

For the years ended 31 December 2021, 2022 and 2023, our services provided in Malaysia contributed to approximately S\$8.8 million, S\$10.1 million and S\$11.3 million, representing approximately 5.0%, 6.3% and 7.3%, respectively, of our total revenue.

For the years ended 31 December 2021, 2022 and 2023, our services provided in Thailand contributed to approximately S\$6.3 million, S\$8.1 million and S\$10.2 million, representing approximately 3.6%, 5.1% and 6.6%, respectively, of our total revenue.

For the years ended 31 December 2021, 2022 and 2023, our services provided in Vietnam contributed to approximately S\$0.7 million, S\$1.2 million and S\$1.4 million, representing approximately 0.4%, 0.7% and 0.9%, respectively, of our total revenue.

Container Depot Operations

We provide storage and handling, repair and maintenance and transportation for (a) commonly-used types of containers including dry containers and reefer containers as well as special containers (such as flat rack and open top) in the ASEAN region and the PRC; and (b) ISO tank containers in Singapore, through our network of container depots situated near major container port terminals in the locations that we operate in. Container depot operations is our core business. Our main customers for this business segment are container owners, which are typically either container shipping lines or container leasing companies.

As at the Latest Practicable Date, we manage a total depot storage area of approximately 630,300 sq.m with a total storage capacity of approximately 91,000 TEUs and we operate four container depots in Singapore, five container depots in the PRC, five container depots in Malaysia, three container depots in Thailand, two container depots in Hong Kong and one container depot in Vietnam. To accommodate our customers' demands, we enter into short-term leases for additional land to be used as temporary container depots where our existing facilities are at capacity. The duration of our lease agreements typically ranges from (a) seven months to 15 years in the PRC; (b) two to three years in Hong Kong; (c) one to 15 years in Malaysia and Thailand; and (d) 10 to 30 years in Singapore. The diagrams below set out key information about our presence in the locations we operate.

BUSINESS



The table below sets out the details of the container depots in our Groups network as at the Latest Practicable Date:

Location	Number of container depot(s)	Number of temporary container depot(s)	Total gross area (approximately) <i>sq.m</i>	Total storage capacity (approximately) <i>TEU'000</i>
Singapore ⁽¹⁾	4	1	121,600	23
PRC ^{(2) (3)}	5	–	223,400	29
Malaysia	5	–	122,900	20
Hong Kong	2	–	35,700	3
Thailand ⁽³⁾	3	–	102,700	12
Vietnam	1	–	24,000	4
Total	20	1	630,300	91

Notes:

- (1) We have entered into the agreement for lease with Party C for a plot of land in Singapore with an area of approximately 80,000 sq.m at 30 Tuas South Avenue 10, Singapore which will be used for the Megadepot. Please see the paragraph headed “Business Strategies and Future Plans – Establish an integrated logistics hub in Singapore” in this section for further details.

BUSINESS

- (2) During the Track Record Period, we operated container depots in Shanghai, Qingdao, Ningbo and Tianjin of the PRC. We had (i) closed our container depot in Ningbo in 2022 as the lease had expired and the relevant lease agreement was not renewed; and (ii) transferred the premise used for our container depot operations in Qingdao to the new joint venture company (PRC) QD Port Lianyung in January 2024 pursuant to the joint venture arrangement as explained in the paragraph headed "Our Business - Others (freight forwarding services in Qingdao)" in this section. Please also refer to the paragraph headed "Properties - Properties leased by our Group" in this section for further details.
- (3) We have entered into a lease agreement in early 2023 for a plot of land in Thailand with an area of approximately 42,300 sq.m at Laem Chabang to replace one of our existing container depots in the area. This container depot is not currently in operation as at the Latest Practicable Date. Please see the paragraph headed "Business Strategies and Future Plans – Expand our container depot network in Asia to cater for expected growing trade flows within the region" in this section for further details.

For details of our operational data regarding container handling throughput, please refer to the paragraphs headed "Financial Information – Description of selected items from consolidated statements of profit or loss – Revenue – (i) Revenue by business segment" in this document.

Container depot operations is our major source of revenue during the Track Record Period. This business accounted for approximately 57.7%, 66.3% and 76.1% of our revenue for the years ended 31 December 2021, 2022 and 2023, respectively. Our container depot operations revenue is, amongst others, affected by the capacity and container throughput of our container depots. We generate a large portion of our revenue in this business from our charges for depot handling which comprises lift-on/lift-off fees and gate-in/gate-out fees.

In respect of our container depot operations, we charge our customers for depot handling, storage, repair and maintenance, transportation and/or other ancillary services provided by us. Our charges for depot handling includes (i) lift-on/lift-off fees which are charged for every lifting action of a container for the purpose of stacking or unstacking; and (ii) gate-in/gate-out fees which are flat rate charges that are charged when an empty container enters or exits the container depot. Our charges for storage are based on the number of days that the empty container is stored in our container depot. The storage fees charged to customers using our container depots in the PRC are nominal and are generally subject to a rent-free period of 21 days which is only payable where we have carried out repair or maintenance work. Our charges for repair and maintenance relate to the repair and maintenance work agreed and conducted for the customer after inspection and survey of the container. Our charges for transportation refer to costs related to hauling of empty containers between container port terminals and container depots. For further details of transportation services, see the paragraph headed "Our Business – Container Depot Operations – Transportation" in this section. The rates for our container depot charges are based on the pricing agreed with each customer set out in their respective container depot agreements. We issue invoices to our customers (namely container shipping lines and container leasing companies) primarily on a monthly basis. Based on our Directors' knowledge and understanding, the container shipping lines make decisions concerning the storage of containers with our Group's depots, and are therefore primarily responsible for the container depot charges; although part of such charges are borne by their end-customers, such as shippers/consignees (or their hauliers), who choose to use the said containers of the container shipping lines.

BUSINESS

Storage and handling

We offer storage and handling services for empty containers (dry and reefers) across the ASEAN region and the PRC and also ISO tank containers in Singapore. The empty containers are stored and serviced in our container depots where they can be stacked to a maximum height of nine-high in certain locations. Generally speaking, our customers store their empty containers at our container depots until they are required for other purposes including consolidation or deconsolidation for shipment or for empty repositioning where such container is needed for shipment. Our shipping customers that use our storage and handling services are both container shipping lines and container leasing companies.

In terms of incoming empty containers, our container shipping line customers store their empty container(s) at our container depot after their laden container(s) have been unloaded off the vessel and cargo deconsolidated and unstuffed at a warehouse or CFS. The empty container(s) are kept in storage at our container depot until required for another shipment at which point transportation would be arranged by the shipper to pick up the selected container(s) from our container depot and transported to a warehouse or CFS for consolidation and stuffing before being subsequently transported to a container port terminal for loading onto a vessel. Container leasing companies typically store their empty container(s) that are off-hired from container shipping lines at our container depot until they are leased out or on-hired to the container shipping line. Based on our Directors' knowledge and understanding, as part of a typical container leasing agreement between the container shipping line and the container leasing company, empty containers leased by a container shipping line are required to be returned to a container depot designated by the container leasing company and also required to be inspected and surveyed for assessing the condition of the container before repair and maintenance is carried out.

In terms of outgoing empty containers, the shipper would make arrangements with our container shipping line customers to obtain empty container(s) stored at our container depots to their warehouse or CFS for consolidation and stuffing. Upon confirmation of the shipper's order, the container shipping line would issue a confirmation note to both the shipper and our container depot setting out, amongst others, details of the type of container(s). The shipper will use the information in the confirmation note to arrange the haulier to pick up the empty container(s) at our container depot and subsequent transportation to their warehouse or CFS. After consolidation and stuffing at the warehouse or CFS, the laden container(s) would be subsequently transported to a container port terminal for loading onto a shipping vessel. Alternatively, our container shipping line customers may instruct us directly to haul their container(s) if our transportation services are required. For container leasing companies, their empty container(s) would typically be transported out of our container depots when they are leased out to container shipping lines or required in another location for the purpose of empty repositioning.

We have installed reefer points across our container depot network. Reefer points are electrical power points from which reefer containers obtain external power. Reefer points are necessary for conducting reefer services such as pre-trip cooling and pre-trip inspection.

Our container depots are equipped with our own fleet of container stackers to assist with the movement and stacking of containers and facilitate efficient and effective storage at our container depots. Container stackers are vehicular machines designed for stacking containers on top of each other in a secure and organised manner for the purpose of storage. Our container stackers are capable of lifting two containers at the same time and equipped for safety mechanisms such as high intensity lights to ensure precision and efficiency during stacking and unstacking operations.

BUSINESS

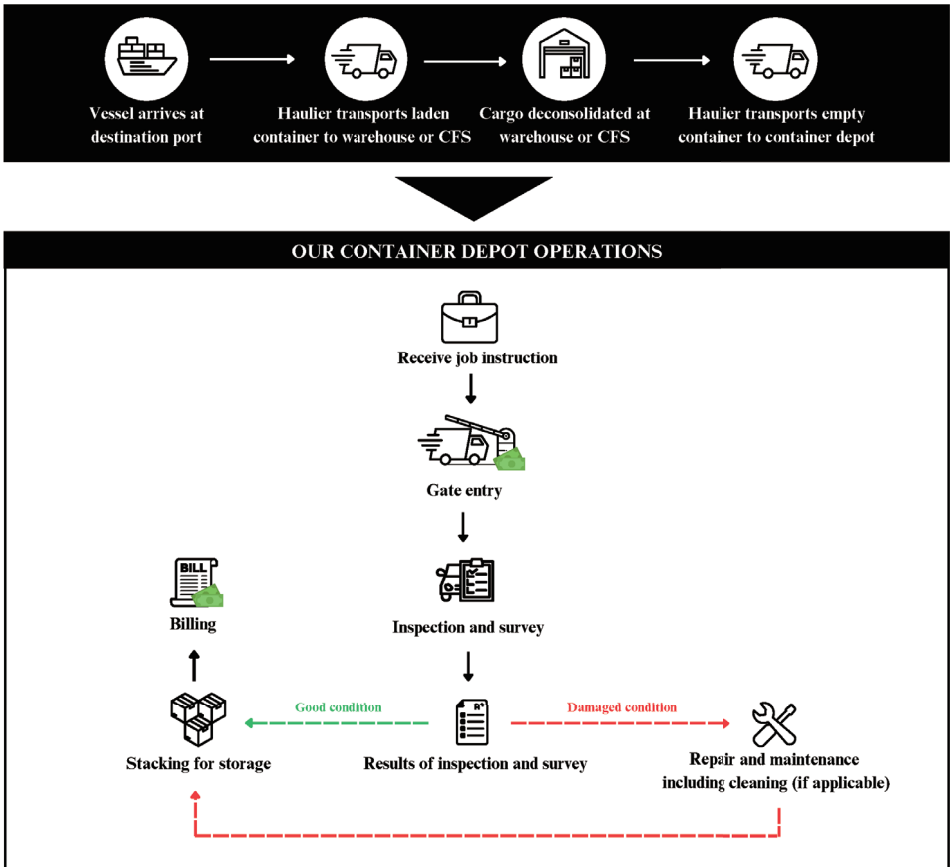


Container stacker

In order to optimise the storage and handling services at our container depots, we have implemented a web-based container management system. This system allows us to monitor depot space utilisation and track and update container movements as well as enable our customers to monitor their container status through an instant electronic data interchange which is linked to our customers' internal systems. Our customers' reliance and trust on this integration allows them to efficiently plan and manage the usage of their containers.

Incoming Empty Containers

The diagram below shows the general work flow of our storage and handling services for incoming empty containers:



BUSINESS

(i) *Receive job instruction*

Our operations department will receive a job instruction from the customer, which is generally a container shipping line or container leasing company, informing us of the incoming empty container. Hauliers will make a booking through our depot appointment system which will contain instructions setting out the details of the container and the prime mover that will be transporting the container to our container depot.

(ii) *Gate entry*

When the prime mover transporting the container arrives at our container depot, the driver will generally present the booking reference and pass through the entry gate of our container depot after payment of a gate-in charge.

(iii) *Inspection and survey*

After passing through the entry gate, our staff will inspect and survey the container according to (i) the type of container; and (ii) the specific criteria agreed with the customer to assess its condition. Photographs will be captured by our staff for record keeping and damage verification purposes.

After the container is lifted from the prime mover, the prime mover will proceed to leave the container depot through the exit gate.

(iv) *Results of inspection and survey*

Upon obtaining the results of the inspection and survey, the container will either proceed to stacking for storage (see step (vi) below) or be subject to repair and maintenance (see step (v) below).

(v) *Repair and maintenance including cleaning (if applicable)*

If any damage is identified or the condition of the container does not meet the specific criteria agreed, the container will be moved to a designated damaged container zone within the container depot and our staff will prepare an estimate of repair setting out the repair and/or maintenance items required together with the photographs captured for the customer's confirmation according to the agreed tariff and criteria. Once confirmation is received from the customer, our staff will proceed to carry out the agreed repair and/or maintenance items. Photographs will generally be captured by our staff after the repair and/or maintenance work is completed for reporting and record purposes.

(vi) *Stacking of empty container for storage*

After assessment of the condition of the container or completion of the repair or maintenance work (if applicable), our container stackers will proceed to stack the container to the space allocated in our container depot. Our operations staff will update the relevant information in our container management system and where the customer will be able to monitor the status of their containers.

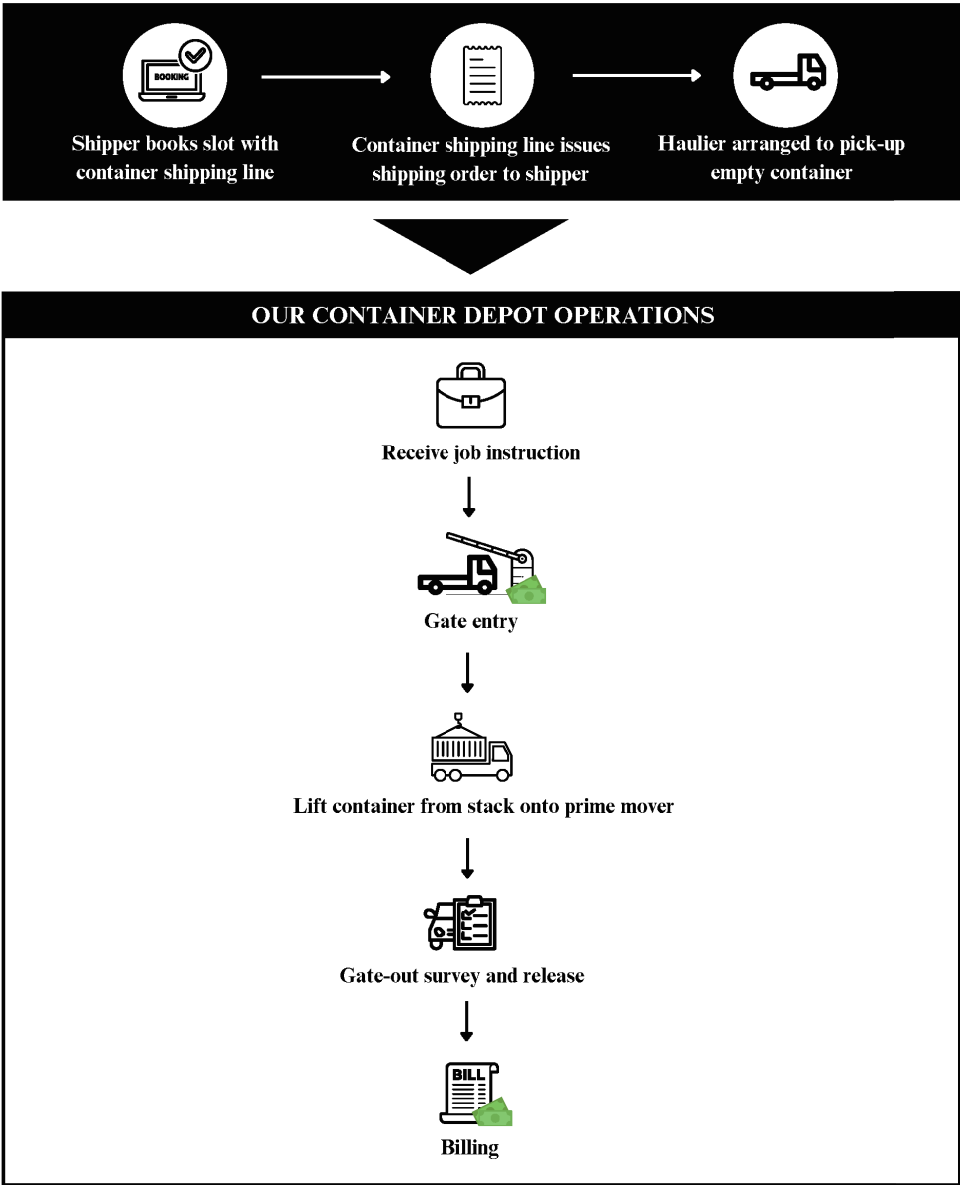
BUSINESS

(vii) Billing

Our accounts department will generally issue invoices to our customers on a regular basis for the services carried out during the relevant period, which would set out the relevant container depot charges and/or other ancillary charges accrued.

Outgoing Empty Containers

The diagram below shows the general work flow of our storage and handling services for outgoing empty containers.



BUSINESS

(i) Receive job instruction

Our operations department will receive a job instruction from the customer, which is generally a container shipping line or container leasing company, informing us of the outgoing empty container. Hauliers will make a booking through our depot appointment system which will contain instructions setting out the details of the container selected for pick-up and the prime mover that will be picking up the container from our container depot.

(ii) Gate entry

When the prime mover that will be picking up the container arrives at our container depot, the driver will generally present the booking reference and pass through the entry gate of our container depot after payment of a gate-out fee.

(iii) Lift container from stack onto prime mover

Our container stackers will lift the empty container from the container stack in our container depot onto the prime mover.

(iv) Gate-out survey and release

Our staff will carry out a gate-out survey to ensure the container is in suitable condition before release. This information is then reported to the customer.

(v) Billing

Our accounts department will generally issue invoices to our customers on a regular basis for the relevant services carried out during the period, detailing the relevant container depot charges and/or other ancillary charges accrued.

Repair and maintenance

We are the authorised service centre for four major reefer equipment manufacturers in Singapore, Malaysia and Hong Kong. For the reefer equipment manufactured by such reefer equipment manufacturers, they would also direct their customers to us to carry out any repairs required to service their equipment if such repair works fall within the warranties given by them to their customers.

BUSINESS

As the authorised service centre, we are given the right to purchase reefer container parts directly from manufacturers at favourable pricing, therefore creating synergy with our container parts trading business and providing reefer container parts replenishment to vessels. As an authorised service centre, we are required to keep certain key spare parts and components in stock which reefer manufacturers would direct their customers to us for repair and maintenance purposes. We are subject to routine inspections to ensure that we meet certain business and operational standards and are also required to participate in renewal procedures to maintain our authorised service centre statuses. Our Directors believe that being an authorised service centre for all four major reefer equipment manufacturers is a distinction that sets a company apart from other logistic service providers as it highlights our expertise and capabilities. Any failure of maintaining our authorised service centre status may adversely affect our repair and maintenance business. Please refer to the paragraph headed "Risk Factors – Failure to maintain our authorised service centre status with major reefer equipment manufacturers may materially and adversely affect our competitiveness" in the this document for further details.

Our repair and maintenance business can be broadly categorised into the following: (i) container depot repair and maintenance work on containers that we carry out after inspection and survey in our container depots across all the locations in which we operate; and (ii) container port terminal reefer services we carry out in respect of all types of commonly used containers including reefer containers as the authorised service centre for the four major reefer equipment manufacturers at the container port terminals in Singapore, Malaysia and Hong Kong.

As part of our repair and maintenance business, our Group engages in the sale and trading of container parts and container related products for use in the relevant repair and maintenance works. These include parts essential to the structure and integrity of the container as well as other container related products such as chemicals for cleaning container items. We do not provide any warranties on the container parts and container related products sold and therefore are not likely to be liable for any defects thereof. We have not initiated any product recalls or had any products returned or product liability claims during the Track Record Period.

Container repair and maintenance services

As part of our strategy to be an integrated logistic solution, we offer repair and maintenance services for commonly used types of empty containers including dry containers, reefer containers and ISO tank containers in our container depots on-site. These repair and maintenance works are carried out as part of our container depot operations after inspection and survey of the container. The repair and maintenance work as well as quotation for such work are agreed with the customer on an 'as-needed' basis and billed in the monthly invoice in respect of our entire container depot operations.

For dry containers, our repair and maintenance services generally includes exterior and interior structural repair, repair of damage resulting from handling damage and/or wear and tear as well as washing of containers.

BUSINESS

For reefer containers, our repair and maintenance services generally include structural and mechanical repair, washing of containers as well as other reefer container specific items including, amongst others, pre-trip cooling and pre-trip inspection. Pre-trip cooling refers to the cooling of an empty reefer container to the desired temperature before loading. Pre-trip inspection refers to the inspection conducted on empty reefer containers before release to ensure, amongst others, the correct function of the cooling unit, temperature control and recording devices. We have the specialised technological knowledge and expertise to carry out such labour intensive repair and maintenance work on reefer containers in-house directly at our container depot premises, which saves our customers' time from engaging different logistic service providers and eliminates the need for us to rely on subcontractors. Handling of reefer containers is labour-intensive as each container must be manually plugged, regularly monitored and unplugged to prevent malfunction and ensure proper temperature control.

Container port terminal reefer services

Our Group, through our subsidiaries (SG) Reefertec, (HK) MF Container, (HK) MF Reefer and (MY) Tricool, provides container port terminal reefer services. We operate our container port terminal reefer business in several locations, including PSA Singapore Terminals in Singapore, Westport in Malaysia and Hongkong International Terminals and River Trade Terminal in Hong Kong. Our container port terminal reefer services include the same range of services as our on-site container depot repair and maintenance services but at the container port terminal, with the addition of temperature monitoring services for active reefer containers, plug and unplug services and updating of container status into relevant computer databases. Upon completion of repair and maintenance work, our surveyors will typically perform a final quality check before updating the completion status into the container port terminal and customer systems prior to the container's release. Our temperature monitoring services involve the regular physical monitoring of active reefer containers by our qualified staff to ensure that the specified temperatures are maintained. Additionally, our plug and unplug services at reefer points involve the presence of our qualified staff at designated reefer points at the container port terminal to connect and/or disconnect reefer containers after they are unloaded at the container port terminal and/or to be loaded onto shipping vessels. We typically enter into reefer servicing agreements with our customers which set out rates and pricing.

Transportation

Our transportation services involves the haulage of empty containers from container port terminals and container depots (and vice versa) according to our customers' instructions. We offer transportation services in all the locations in which we operate. Our responsibilities include ensuring that the empty containers are delivered to our customers' designated locations in a punctual and cost-efficient manner. The designated location may be the container port terminal or another container depot. Our transportation services are synergistic with our container depot operations as the containers that require hauling would typically be at our container depot or be hauled to our container depot. This provides an alternative solution to our customers who would otherwise be required to liaise with another logistic service provider for haulage.

BUSINESS

As at 30 April 2024 (being the latest practicable date of this information), we have a total fleet of 34 prime movers. The table below shows details of our Group's primer movers in the locations in which we operate:

Location	Total
Singapore	23
PRC	
– Shanghai	4
– Tianjin	3
– Qingdao	–
	7
Hong Kong	–
Malaysia	4
Thailand	–
Vietnam	–
Total	34

In the locations where we do not have our own prime movers or where do not have sufficient prime movers to meet customer demand, we subcontract local transportation companies to carry out our transportation services.

Prime movers are trucks used for hauling trailers and can be attached to and detached from the different hauling trailers with the empty containers being loaded onto the hauling trailers. Our prime movers are equipped with global positioning systems and their movements and delivery routes are constantly monitored to optimise efficiency. As we are able to determine the location of our prime movers at a particular point in time, we have the ability to deploy the nearest vehicle to the required destination, and thus minimise the travelling time taken.



Prime mover



Prime mover with trailer

We typically charge for our transportation fees as part of the monthly bill issued to our customers in respect of our entire container depot operations. The rates for these fees are based on the pricing agreed with each customer set out in their respective depot agreements.

BUSINESS

Warehousing and CFS

To adapt to the varying business landscapes and customer demands across the regions where we operate as well as further our reputation as an integrated logistic solution provider, our Directors have recognised the importance of broadening the service offerings to drive business for our container depots. To this end, we have expanded our operations and introduced warehousing and CFS services primarily in the PRC and Hong Kong as part of our logistic related supporting services tailored to the preferences of local customers. During the Track Record Period, we operated our two warehouses through our subsidiaries (PRC) SH Yifa and (PRC) TJ Keyun, whilst we operate one warehouse in Hong Kong through our subsidiary (HK) Grand Pacific. We respect of ceased operations of our warehouse in Hong Kong on 31 May 2024 as a result of poor performance in which we did not foresee improvements in the near future and the relevant lease agreement has not been renewed. Our Directors believe that our warehousing and CFS business enables us to expand our customer base and leverage on the expertise that we have gained in the shipping industry. Our customers for this business are primarily freight forwarders and direct customers.

For the years ended 31 December 2021, 2022 and 2023, revenue attributed to warehousing and CFS were approximately S\$20.5 million, S\$16.1 million and S\$15.5 million, respectively, which accounted for approximately 11.7%, 10.0% and 9.9%, respectively, of our total revenue. During the Track Record Period, our Group provided warehousing and CFS services including storage of outbound and inbound general cargo primarily in Hong Kong and Shanghai and Tianjin of the PRC. We ceased operations of our warehouse in Hong Kong on 31 May 2024 as a result of poor performance in respect of which we did not foresee improvements in the near future and the relevant lease agreement has not been renewed. Our warehouses are strategically located in close proximity to port terminals and our container depots which enables us to minimise transportation time and optimise savings in transportation costs for our customers. As at the Latest Practicable Date, we operate two warehouses with a total warehouse space of approximately 20,100 sq.m. Our warehouses are equipped to provide quality storage space and related value-added services with our fleet of small forklifts, prime movers and round-the-clock security systems.

The table below set outs the details of the warehouses that we operate as at the Latest Practicable Date:

Location	Number of warehouses	Total gross area (approximately) <i>sq.m</i>
PRC		
– Shanghai	1	4,000
– Tianjin	1	16,100
Total	2	20,100

BUSINESS

In addition to traditional cargo storage, we also provide value-added warehousing and CFS services in relation to consolidation and deconsolidation to our customers to accommodate their needs. These value-added services include palletisation, barcode scanning, consolidation and deconsolidating, kitting, wrapping, packing and crating, stuffing and unstuffing. Consolidation and deconsolidation refer the grouping together of smaller consignment of goods into a large consignment for carriage as larger unit and vice versa. Stuffing and unstuffing refers to the process in which general cargo is loaded and packed into a container and vice versa. Our staff will carry out the requested value-added services at our warehouses and our accounts department will charge our customers on a monthly basis setting out the service fees based on the rate for each service specified in the agreement as well as the quantity of services renders in that particular month.

As at 30 April 2024 (being the latest practicable date for this information), our warehouses are equipped with our own fleet of 38 small forklifts to assist with the movement and stacking of pallets and facilitate efficient and effective storage at our warehouses. Forklifts refer to industrial lifting vehicles equipped with vertically elevating load carriage frames which are capable of moving pallets in warehouses.

Our customers are charged based on the size and weight of the cargo measured in cubic metre tonnes or deadweight tonnes (whichever is higher) as well as the duration of storage required. Value-added warehousing and CFS services are typically charged at an agreed rate. We typically bill our customers on a monthly basis for the warehousing and CFS charges accrued. We adopt similar charging arrangements in all the locations we operate in.

During the Track Record Period, we have been engaged by Tianjin Zhongke Group as their subcontractor for the provision of warehousing and CFS services in Qingdao of the PRC to a leading global sporting goods company based in Europe at a designated warehouse as Tianjin Zhongke Group does not have their own warehousing facilities in Qingdao. Tianjin Zhongke is a company established in the PRC with limited liability which is principally engaged in the investment holding business in the PRC and is wholly owned by Mr. Fan and his spouse. Therefore it is an associate of Mr. Fan and hence a connected person of our Company. Please refer to the paragraph headed "Connected Transactions – (E) Partially Exempt Continuing Connected Transactions – 2. Subcontracting Service Framework Agreement" in this document for further details including the reasoning for this connected transaction.

Container sales and new-build container inspection

Our container sales and new-build container inspection business is ancillary to our core business of container depot operations. We are able to utilise our deep industry knowledge and understanding of market trends to provide peripheral container related services which leverage on our established relationships with container shipping lines and container leasing companies. This business complements our core container depot operation business. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to container sales and new-build container inspection were approximately S\$9.4 million, S\$4.1 million and S\$1.5 million, respectively, which accounted for approximately 5.4%, 2.6% and 1.0%, respectively, of our total revenue.

BUSINESS

Container sales

Our Group, through our subsidiary (SG) PCL, engages in the sale and trading of used and new-build containers. The majority of our sales are to our customers in Singapore. We tap on our network of agents and suppliers to assist our customers, which are container shipping lines and container leasing companies, in the sale of their containers. We typically buy used containers which are checked and confirmed to be cargo-worthy. When selling used containers, we will inspect used containers to determine if they are in the condition agreed with the customer or compliant with the Institute of International Container Lessors (IICL) standards, to be long-term leased for cargo transportation. The purchase prices of these used containers are typically negotiated between us and the customer and concluded based on location, type of material, type of container, the condition of the container and the prevailing market prices for similar new containers.

For used containers, the most common type sold are dry containers (20', 40' and 40' Hi Cube) which typically have an average life cycle of around 12 to 15 years depending on how it has been maintained. Containers invariably suffer damage through handling and normal wear and tear. Our container sales business is a natural complement to the Group's core container depot business as, based on our Directors' understanding, the Group will often receive older containers which our container depot customers have decided to phase out or sell as part of their fleet renewal programs. This provides most of the supply for our container sales business. The typical price range for a dry container (20') varies depending on market supply and demand. That said, it is generally around US\$1,500 to US\$3,500 per unit, depending on global trade market conditions. We typically source the new-build containers from container leasing lines or communicate directly with container manufacturers to place small batch orders to meet our customers' orders.



Dry container (20')



Dry container (40')



Dry container (40' Hi Cube)

We do not provide any warranties and we generally sell containers on an 'as is' basis, that is, the containers are sold in whatever condition they are in at the time of purchase. We have not initiated any product recalls or had any product return or product liability claims during the Track Record Period.

New-build container inspection services

Our Group, through our subsidiary (HK) Techni-Con, provides container survey services in the PRC. Our container survey services involve inspecting and surveying newly manufactured containers to ensure they meet the specified criteria and conditions in purchase agreements between manufacturers and our customers, who are typically container shipping lines or container leasing companies. We generally offer inspection and survey of new-build containers and at the special request of our customer, other services include new factory assessments and other requests that are within the surveyor's expertise.

BUSINESS

The inspection and survey of a new-build container typically involves physical attendance by a surveyor at the container manufacturing facility carrying out testing and/or witnessing agreed testing procedures. Where testing is conducted, the surveyor will assess the materials, components and integrity of the new-build container against the agreed criteria and conditions between the container manufacturer and our customer. Upon completion of the inspection and survey, the surveyor will issue an inspection certificate to document the condition of the new-build container with particular focus on any pre-existing damage or defect and recommend acceptance of the new-build containers. We engage an employment agent for the provision of surveyors as outsourced workers for our container survey business. As at the Latest Practicable Date, we have approximately 23 surveyors. Please refer to the paragraph headed "Employees" in this section for further details.

Other (freight forwarding services in Qingdao)

Our Directors believe that it is important to understand and adapt to local market practices and business landscapes in the regions where we operate our container depots to remain competitive. In Qingdao of the PRC, our key container depot competitors (which are generally larger in scale and typically owned or partly controlled by container port terminal operators or container shipping lines) offer ancillary value-added logistic related supporting services such as freight forwarding services and warehousing and CFS services in addition to their container depot services. Furthermore, based on our Directors' understanding and experience, container shipping lines in Qingdao are more willing to select container depots which are also able to provide freight forwarding services as this will generate increased demand for bookings on their vessels in return. As a result, in order for our container depot operations in Qingdao to remain viable and competitive and to increase our bargaining power amongst the competition as well as to capture business from container shipping lines for our container depot operations, we were compelled to adopt a comparable strategy in our own container depot operations by engaging in freight forwarding business specifically in Qingdao. To strengthen the synergistic relationship between us and container shipping lines in those locations as well as ultimately drive more business to our container depot operations, we leveraged our Group's reputation and experience to obtain designation as the authorised agent for certain container shipping lines, allowing us to book cargo space on their vessels directly and therefore enable us to secure competitive freight rates in Qingdao.

For our freight forwarding services, we act as an agent to organise and coordinate consignments for customers to get their goods from the origin to the final point of distribution. Our customers are either other freight forwarders or direct customers which are typically in industries such as retail and manufacturing. The point of origin or destination of the customers' shipments are usually in a foreign country and we assist with coordinating the shipment process from Qingdao to the foreign country or from the foreign country to Qingdao. Based on the specific needs of the customers, this would involve assisting with the booking of cargo space on vessels for ocean transport for export consignments, arranging customs clearance and cargo handling. In coordinating the shipment process for our customers, we liaise with various logistic service providers including container shipping lines, transportation companies, warehouse and CFS providers and other freight forwarders in order to complete our customers' shipment orders. Overseas freight forwarders may also engage us to handle freight forwarding services in Qingdao.

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For the years ended 31 December 2021, 2022 and 2023, revenue attributed to approximately freight forwarding services were S\$44.3 million, S\$34.0 million and S\$20.3 million, respectively, which accounted for approximately 25.2%, 21.1% and 13.0%, respectively, of our total revenue. For further details, please refer to the section headed "Financial Information" in this document.

On 25 December 2023, through our subsidiary (PRC) QD Keyun, we formed the joint venture company (PRC) QD Port Lianyung to further explore and develop container depot and logistic business in Qingdao in the PRC. (PRC) QD Port Lianyung is owned as to 51% by a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao and one of our major suppliers during the Track Record Period), 25% by us and 24% by an Independent Third Party. We entered into this joint venture arrangement as our Directors believe that it is a good opportunity to partner with the primary operator of a port which is also a state-owned enterprise. We expect to expand the business prospects and competitiveness of our container depot operations in Qingdao through such cooperation as compared to the provision of container depot services on a standalone basis.

Since January 2024, (PRC) QD Keyun has commenced the process of transferring all its existing container depot and warehousing business in Qingdao to (PRC) QD Port Lianyung pursuant to the joint venture arrangement. Such process was substantially completed in or around March 2024.

Despite no longer carrying on its own container depot operations, as a result of the joint venture arrangement, the Group will continue to provide freight forwarding services in Qingdao given such business operations are already established and to continue serving our existing customers. We do not intend to expand our existing freight forwarding business as it is ancillary to our core container depot business and was originally developed with regard to local market practices and business landscape.

OUR INVESTMENTS

As part of our efforts to leverage our reputation and knowledge in the shipping industry, we have established joint ventures and made selective investments in companies within the logistics industry in the ASEAN region and the PRC. We primarily focus our investments in targets that fit into and support our existing value chain and complement other businesses of our Group.

Joint venture arrangement in Singapore

Established in 2004, (SG) CK is a joint venture in Singapore between Chu Kong Shipping Enterprises (Group) Company Limited ("CKS"), a company listed on the Hong Kong Stock Exchange (stock code: 560), and our Company whereby 60% is owned by CKS and 40% by us. (SG) CK is principally engaged in freight forwarding related businesses in Singapore. Apart from Singapore, (SG) CK has a 70% equity interest in (MY) CK and a 49% equity interest in (TH) CK. Under the joint venture agreement with (SG) CK, the board of CKL (Singapore) has five directors, of whom three, including its chief executive officer, are appointed by CKS and two are appointed by us. Over the years, we have been a passive investor.

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Based on the latest available information of (SG) CK for the year ended 31 December 2023, revenue and profit after tax were approximately S\$3.8 million and S\$0.2 million (for the year ended 31 December 2022: S\$4.9 million and S\$0.6 million) respectively. As at 31 December 2023, (SG) CK’s net assets were approximately S\$5.2 million.

Joint venture arrangement in Qingdao, PRC

Established on 25 December 2023, (PRC) QD Port Lianyun is a joint venture in Qingdao of the PRC owned as to 51% by a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao and one of our major suppliers during the Track Record Period), 25% by us and 24% by an Independent Third Party. (PRC) QD Port Lianyun was formed to further explore and develop container depot and logistic business in Qingdao of the PRC.

Since January 2024, (PRC) QD Keyun has commenced the process of transferring all its existing container depot and warehousing business in Qingdao to (PRC) QD Port Lianyun pursuant to the joint venture arrangement. Such process was substantially completed in or around March 2024. For further details, please refer to the paragraph headed “Other (freight forwarding services in Qingdao) in this section.

BRANDING AND MARKETING

We consider that our success depends to a significant extent on the goodwill of our brands and reputation in the shipping industry as a leading and trustworthy service provider. Successful branding through marketing strategies is vital for us to establish our brand recognition and awareness for attracting new customers and retaining existing ones.

Branding strategy

Our Group generally operates under the brand name of “Eng Kong (永康)” in Singapore, Thailand, Malaysia and Vietnam, whilst we operate under the brand names of “PCL” and “Ming Fung (明豐)” in Hong Kong. For our business in the PRC, we operate under the brand names of “Keyun (克運)” and “Yifa (毅發)” in which we have obtained licenses concerning certain registered and unregistered trademarks and domain names from a connected person.

For details of trademarks that are material to our business, please refer to the paragraph headed “Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property rights of our Group” in Appendix V to this document. For details of our intellectual property licensing agreement with our connected person, please refer to the paragraph headed “Connected Transactions – (D) Fully Exempt Continuing Connected Transactions – 1. Intellectual Property Licensing Agreement” in this document.

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Marketing strategy

Our sales, marketing and commercial team is headed by our group marketing general manager, Mr. CHAN Terry Tat-lee. Our marketing, commercial and business development strategy is primarily centered on maintaining our established key customer relationships as well as fostering long-term and strong relationships with prospective customers. As such, our sales, marketing and commercial team actively reaches out to potential new customers for new prospects while maintaining relationships with existing customers through regular service calls and customer meetings and engagements.

Our executive directors, sales, marketing and commercial team and operations staff have maintained strong relationships with our existing customers who are mainly container shipping lines and container leasing companies. Our staff are encouraged to put forward comprehensive solutions to our container depot customers by offering a full range of container and logistic solutions to cater to their logistics needs which include, amongst others, suggestions to utilise our value-added services such as container depot services, logistic related support services and container sales and new-build container inspection services where most suitable. In particular, our container sales business utilises our network of agents and suppliers to assist our customers, which are container shipping lines and container leasing companies, in the sale of their used containers.

Our sales, marketing and commercial team will coordinate with our existing and potential customers for our operations staff to provide training, demonstrations and information sessions. Most of our customers are long-term returning or referred customers, which helps us maintain close relationships and develop new business opportunities through the loyalty built by our Group's relationship. We believe our high-quality container depot and logistics services and good relationships are key to both retaining our existing loyal customers and attracting new ones.

Our customers are typically focused on the reliability and efficiency of our services, and in this regard, we believe that our experience, reputation and track record have enabled us to market ourselves successfully and effectively to our customers throughout the years.

CUSTOMERS

Our customers mainly comprise container shipping lines, container leasing companies and freight forwarders. Over the years, we have established long-lasting relationships with our major customers. We have maintained good business relationships with our five largest customers and their predecessors for between 10 to 36 years. We have a diverse customer base and we believe there is no individual customer concentration risk. For the years ended 31 December 2021, 2022 and 2023, our five largest customers contributed to approximately 16.9%, 16.6% and 16.0% of our total revenue, respectively.

As part of our comprehensive container and logistic related service solutions, we provide services and products to parties in the logistic supply chain including container shipping lines and direct customers as well as freight forwarders. Therefore, some of our customers and suppliers in this business may overlap. Please refer to the paragraph headed "Suppliers – Overlapping of customers and suppliers" in this section for more information.

To the best of their knowledge, our Directors are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major customers.

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Major Customers

The following tables set out the details of our five largest customers during the Track Record Period:

For the year ended 31 December 2021

Rank	Customer	Background and principal business	Type of customer	Type of services provided	Years of business relationship	Credit terms days	Typical payment method	Amount of revenue S\$'000	Approximate percentage of our total revenue %
1.	Tianjin Zhongke Group ⁽¹⁾	Tianjin Zhongke together with its subsidiaries including Tianjin Keyun Cargo and Tianjin Keyun Logistics, which are principally engaged in the provision of logistics services in the PRC and are our connected persons at the subsidiary level.	Freight forwarder	Warehousing and CFS services, freight forwarder and container depot services	10	30-60	Bank Transfer	8,627	4.9
2.	Customer A ⁽⁵⁾	A company established in Bermuda and listed on the New York Stock Exchange, the principal activities of which include intermodal container leasing services.	Container leasing company	Container depot services	28	30	Bank transfer	5,789	3.3
3.	Yang Ming	The subsidiaries of Yang Ming Marine Transport Corporation, a company incorporated in Taiwan and listed on the Taiwan Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	32	30	Bank transfer	5,789	3.3
4.	Samudera Shipping ⁽⁴⁾	The subsidiaries of Samudera Shipping Line Ltd, a company established in Singapore and listed on the Main Board of the Singapore Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	22	30	Bank transfer or cheque	4,930	2.8
5.	Customer B ⁽³⁾	The subsidiaries of a joint venture between three container shipping lines that are listed on, amongst others, the Tokyo Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	13	31	Bank transfer	4,618	2.6
Total:								<u>29,753</u>	<u>16.9</u>

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For the year ended 31 December 2022

Rank	Customer	Background and principal business	Type of customer	Type of services provided	Years of business relationship	Credit terms days	Typical payment method	Amount of revenue S\$'000	Approximate percentage of our total revenue %
1.	Tianjin Zhongke Group ⁽¹⁾	Tianjin Zhongke together with its subsidiaries including Tianjin Keyun Cargo and Tianjin Keyun Logistics, which are principally engaged in the provision of logistics services in the PRC and are our connected persons at the subsidiary level.	Freight forwarder	Warehousing and CFS services, freight forwarder and container depot services	10	30-60	Bank Transfer	8,078	5.0
2.	Yang Ming	The subsidiaries of Yang Ming Marine Transport Corporation, a company established in Taiwan and listed on the Taiwan Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	32	30	Bank transfer	5,358	3.3
3.	Samudera Shipping ⁽⁴⁾	The subsidiaries of Samudera Shipping Line Ltd, a company established in Singapore and listed on the Main Board of the Singapore Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	22	30	Bank transfer or cheque	4,972	3.1
4.	Customer B ⁽³⁾	The subsidiaries of a joint venture between three container shipping lines that are listed on, amongst others, the Tokyo Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	13	31	Bank transfer	4,284	2.7
5.	Evergreen	The subsidiaries of Evergreen Marine Corporation, a company established in Taiwan and listed on the Taiwan Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	36	60	Bank transfer	3,976	2.5
Total:								<u>26,668</u>	<u>16.6</u>

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For the year ended 31 December 2023

Rank	Customer	Background and principal business	Type of customer	Type of services provided	Years of business relationship	Credit terms days	Typical payment method	Amount of revenue S\$'000	Approximate percentage of our total revenue %
1.	Yang Ming	The subsidiaries of Yang Ming Marine Transport Corporation, a company established in Taiwan and listed on the Taiwan Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	32	30	Bank transfer	5,950	3.8
2.	Seaco ⁽²⁾	The subsidiaries of Seaco Srl, a wholly-owned subsidiary of a company listed on the Shenzhen Stock Exchange, the principal activities of which include leasing of containers.	Container leasing company	Container depot services	28	30	Bank transfer	5,489	3.5
3.	Tianjin Zhongke Group ⁽¹⁾	Tianjin Zhongke together with its subsidiaries including Tianjin Keyun Cargo and Tianjin Keyun Logistics, which are principally engaged in the provision of logistics services in the PRC and are our connected persons at the subsidiary level.	Freight forwarder	Warehousing and CFS services, freight forwarder and container depot services	10	30-60	Bank Transfer	5,322	3.4
4.	Samudera Shipping ⁽⁴⁾	The subsidiaries of Samudera Shipping Line Ltd, a company established in Singapore and listed on the Main Board of the Singapore Stock Exchange, the principal activities of which include shipping services.	Container shipping line	Container depot services	22	30	Bank transfer or cheque	4,505	2.9
5.	Customer C ⁽⁶⁾	A company established in Hong Kong, the principal activities of which include leases, manages and sells containers around the world.	Container leasing company	Container depot services	17	90	Bank transfer	3,730	2.4
Total:								<u>24,996</u>	<u>16.0</u>

Notes:

- (1) During the Track Record Period, we had business transactions with Tianjin Zhongke Group. Tianjin Zhongke Group was also our supplier during the Track Record Period and our connected person under the Listing Rules. Please refer to the section headed “Connected Transactions” in this document for further details.

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- (2) Seaco was also our supplier during the Track Record Period.
- (3) Customer B was also our supplier during the Track Record Period.
- (4) Samudera Shipping was also our supplier during the Track Record Period.
- (5) Customer A was also our supplier during the Track Record Period.
- (6) For each of the overlapping customer-suppliers, the key terms for our services from such overlapping customer-suppliers are generally similar to those of our other customers. In addition, the average prices of our services provided to such overlapping customer-suppliers are largely comparable to the average prices of our services provided to other independent customers during the Track Record Period. As such, the Group confirms that our sales to overlapping customer-suppliers were negotiated on an arm's length basis and under normal commercial terms.

To the best of our Directors' knowledge, as at the Latest Practicable Date, other than Tianjin Zhongke Group (i) all of our five largest customers during the Track Record Period were Independent Third Parties; and (ii) none of our Directors, their close associates or our Shareholders (whom to the knowledge of our Directors own more than 5% of the issued Shares) had any interest in any of our five largest customers during the Track Record Period.

We do not have any long-term contracts with our customers, or those which restrict the customers to use our services for specific durations or to fulfil a minimum commitment over any duration.

Our container depot agreements with customers generally include provisions on liability for damage of containers during transit and storage. Where we are liable for the damage or loss to our customers' containers, claims against us from our customers are covered by the insurance policies we maintain. Please refer to the paragraph headed "Insurance" in this section for more details. During the Track Record Period, we did not encounter any incidents relating to liability for damage of containers of a material nature.

Pricing Policy

In determining our Group's pricing policy, we consider a variety of factors which are set out below by types of services.

Container depot operations

Storage and handling services

The Group will charge its customers based on market rates which are generally determined by the following factors:

- type of container;
- depot capacity;
- market demand;
- location;
- number of containers stored monthly;
- labour cost; and
- prevailing market rates.

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Repair and maintenance services The Group will charge its customers for any container parts required for repair and maintenance based on costs of the container part plus a reasonable profit margin.

For repair and maintenance work, the Group will charge its customers based on market rates which are generally determined by the following factors:

- nature of work;
- cost of materials;
- labour cost;
- type of container;
- location; and
- prevailing market rates.

Transportation services The Group will charge its customers based on market rates which are generally determined by the following factors:

- fuel cost;
- labour cost;
- distance required for transportation; and
- prevailing market rates.

Warehousing and CFS

Warehousing and CFS The Group will charge its customers based on market rates which are generally determined by the following factors:

- nature of the goods;
- duration of cargo storage;
- weight;
- volume;
- location; and
- prevailing market rates.

Container sales and new-build container inspection

Container sales The Group will charge its customers based on costs of the containers sourced plus a reasonable profit margin which are generally determined by the following factors:

- supply and demand of containers;
- condition of the container at the point of sale;
- delivery charges (if any); and
- prevailing market rates.

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Container survey services	<p>The Group will charge its customers based on market rates which are generally determined by the following factors:</p> <ul style="list-style-type: none">• complexity of survey criteria;• type of container;• manpower required;• labour cost;• location; and• prevailing market rates.
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Other

Freight forwarding services	<p>The Group will charge its customers based on costs plus a reasonable profit margin which takes into account the following:</p> <ul style="list-style-type: none">• ocean freight charges which include costs of container space on vessels and varies depending on the shipment origin and destination, nature of cargo, weight of the cargo and volume of the cargo;• local charges, such as handling, transportation, documentation and customs clearance charges;• overseas logistics charges; and• prevailing market rates.
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Final prices will generally be formulated on a case-by-case basis in line with market prices and after a price negotiation process.

Credit Policy

We generally grant a credit period ranging from 30 to 60 days from the invoice date, but variations may occur on a case-by-case basis depending on the following and subject to the approval by our management:

- (i) customer's background, reputation and credibility;
- (ii) customer's payment history in the industry; and
- (iii) customer's business relationship with us.

Our Group reviews our customer payment records from time to time and, if necessary, will revise the credit terms accordingly. Our customers have been continuously settling their bills without default and our Directors consider that there was no collectability issue in relation to such outstanding trade receivables. During the Track Record Period and up to the Latest Practicable Date, we did not experience material default in payment from our customers. Our trade receivable turnover days during the Track Record Period are within the credit period.

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Customer Service

We understand that providing outstanding customer service is important to upholding our Group's market reputation and nurture customer loyalty. Our sales, marketing and commercial team contacts potential customers through phone or email to sell our products or services. A large number of our new customers are referred from existing customers or other logistic service providers that we work with. Our operations staff handle customer inquiries, service bookings, and feedback. We handle general enquiries and feedback on a location-by-location basis and also follow up closely with customers on their orders and level of satisfaction.

In case of complaints, our operations staff are required to report such complaints to the head of sales and marketing team immediately where they will follow up with the complaint directly. We also review the business workflow to improve our services from time to time.

Our Directors have confirmed that our Group had not experienced any material complaints from our customers and did not have any disputes with them during the Track Record Period.

SEASONALITY

Our business operations are generally not subject to seasonality changes. However, as a leading container depot operator with operations across the ASEAN region and the PRC, our business is intricately linked to global trade flows and the movement of containers across the world. Our business is directly tied to the volume of containers passing through our facilities. As such, we closely monitor and analyse the trends and patterns in the global shipping market to ensure we are well-positioned to capitalise on container movements such as the increasing trade flows between the PRC and South East Asia given the trend of manufacturers relocating their operations to South East Asia to take advantage of lower costs and in response to increasing geopolitical tensions.

SUPPLIERS

During the Track Record Period, suppliers to our Group mainly included container shipping lines, reefer equipment manufacturers, freight forwarders and lessors. We have a diverse supplier base and we believe there is no individual supplier concentration risk. For the years ended 31 December 2021, 2022 and 2023, our five largest suppliers contributed approximately 18.4%, 21.7% and 24.3% of our total cost of revenue, respectively. Save for Tianjin Zhongke Group, our other five largest suppliers during the Track Record Period are Independent Third Parties. Our Group has maintained business relationships of approximately three to 35 years with our five largest suppliers during the Track Record Period. Our suppliers, excluding our lessors, generally grant us credit terms of ranging from 21 to 60 days. The availability of credit and the credit terms extended to us by our suppliers vary from supplier to supplier. Under most of our leases, we are required to pay our lessor in advance of each month without a credit period.

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Major Suppliers

The following tables set out the details of our five largest suppliers during the Track Record Period:

For the year ended 31 December 2021

Rank	Supplier	Background and principal business	Type of supplier	Type of services provided	Years of business relationship	Credit terms days	Typical payment method	Amount of cost of revenue SS'000	Approximate percentage of our total cost of revenue %
1.	Supplier A ⁽²⁾	A company established in the PRC with limited liability, the principle activities of which include freight forwarding services and settlement services on behalf of container shipping lines.	Freight forwarder	Freight forwarding services	10	21	Bank transfer	10,073	7.2
2.	Tianjin Zhongke Group ⁽¹⁾	Tianjin Zhongke together with its subsidiaries including Tianjin Keyun Cargo and Tianjin Keyun Logistics, which are principally engaged in the provision of logistics services in the PRC and are our connected persons at the subsidiary level.	Transportation company and lessor	Transportation and trucking services, freight forwarding and agency services	10	30-60	Bank Transfer	5,596	4.0
3.	Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) ^{(2) (3)}	A wholly-owned subsidiary of Qingdao Port International Co., Ltd., a company established in the PRC and listed on the Main Board of the Hong Kong Stock Exchange as well as the Shanghai Stock Exchange, which is mainly engaged in the business of logistics and port value-added services, such as business of transportation, agency and warehousing services as well as port operator business.	Freight forwarder	Freight forwarding agencies services	8	21	Bank transfer or cheque	4,180	3.0
4.	Supplier B ⁽⁴⁾	The subsidiaries of a wholly-owned subsidiary of a company listed on the New York Stock Exchange, the principal activities of which include land transport refrigeration solutions.	Reefer equipment manufacturer	Supplier of reefer parts	8	30	Bank transfer	3,365	2.4
5.	Party C	A statutory body in Singapore which is involved in the development and management of industrial estates and their related facilities in Singapore.	Lessor	Leasor of leased properties	34	Paid in advance	Bank transfer	2,533	1.8
Total:								<u>25,747</u>	<u>18.4</u>

BUSINESS

For the year ended 31 December 2022

Rank	Supplier	Background and principal business	Type of supplier	Type of services provided	Years of business relationship	Credit terms days	Typical payment method	Amount of cost of revenue \$S'000	Approximate percentage of our total cost of revenue %
1.	Supplier A ⁽²⁾	A company established in the PRC with limited liability, the principle activities of which include freight forwarding services and settlement services on behalf of container shipping lines.	Freight forwarder	Freight forwarding services	10	21	Bank transfer	9,317	7.6
2.	Tianjin Zhongke Group ⁽¹⁾	Tianjin Zhongke together with its subsidiaries including Tianjin Keyun Cargo and Tianjin Keyun Logistics, which are principally engaged in the provision of logistics services in the PRC and are our connected persons at the subsidiary level.	Transportation company and lessor	Transportation and trucking services, freight forwarding and agency services	10	30-60	Bank Transfer	5,256	4.3
3.	Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) ^{(2) (3)}	A wholly-owned subsidiary of Qingdao Port International Co., Ltd., a company established in the PRC and listed on the Main Board of the Hong Kong Stock Exchange as well as the Shanghai Stock Exchange, which is mainly engaged in the business of logistics and port value-added services, such as business of transportation, agency and warehousing services as well as port operator business.	Freight forwarder	Freight forwarding services	8	21	Bank transfer or cheque	5,183	4.2
4.	Supplier B ⁽⁴⁾	The subsidiaries of a wholly-owned subsidiary of a company listed on the New York Stock Exchange, the principal activities of which include land transport refrigeration solutions.	Reefer equipment manufacturer	Supplier of reefer parts	8	30	Bank transfer	4,303	3.5
5.	Supplier D ⁽⁵⁾	A company established in Canada, the principle activities of which include full-spectrum logistics services.	Freight forwarder	Freight forwarding services	3	45	Bank transfer	2,569	2.1
Total:								26,628	21.7

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For the year ended 31 December 2023

Rank	Supplier	Background and principal business	Type of supplier	Type of services provided	Years of business relationship	Credit terms days	Typical payment method	Amount of cost of revenue S\$ '000	Approximate percentage of our total cost of revenue %
1.	Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) ^{(2) (3)}	A wholly-owned subsidiary of Qingdao Port International Co., Ltd., a company established in the PRC and listed on the Main Board of the Hong Kong Stock Exchange as well as the Shanghai Stock Exchange, which is mainly engaged in the business of logistics and port value-added services, such as business of transportation, agency and warehousing services as well as port operator business.	Freight forwarder	Freight forwarding agencies services	8	21	Bank transfer of cheque	6,560	6.0
2.	Supplier A ⁽²⁾	A company established in the PRC with limited liability, the principle activities of which include freight forwarding services and settlement services on behalf of container shipping lines.	Freight forwarder	Freight forwarding services	10	21	Bank transfer of cheque	6,326	5.8
3.	Tianjin Zhongke Group ⁽¹⁾	Tianjin Zhongke together with its subsidiaries including Tianjin Keyun Cargo and Tianjin Keyun Logistics, which are principally engaged in the provision of logistics services in the PRC and are our connected persons at the subsidiary level.	Transportation company and lessor	Transportation and trucking services, freight forwarding and agency services	10	30-60	Bank Transfer	5,467	5.0
4.	Supplier B ⁽⁴⁾	The subsidiaries of a wholly-owned subsidiary of a company listed on the New York Stock Exchange, the principal activities of which include land transport refrigeration solutions.	Reefer equipment manufacturer	Supplier of reefer parts	13	30	Bank Transfer	4,738	4.4
5.	Party C	A statutory body in Singapore which is involved in the development and management of industrial estates and their related facilities in Singapore.	Lessor	Leasor of leased properties	35	Paid in advance	Bank Transfer	3,316	3.1
Total								<u>26,407</u>	<u>24.3</u>

BUSINESS

Notes:

- (1) During the Track Record Period, we had business transactions with Tianjin Zhongke Group. Tianjin Zhongke Group was also our customer during the Track Record Period and our connected person under the Listing Rules.
- (2) Although Supplier A and Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) are both designated settlement agents of the same container shipping line in respect of our freight forwarding business in Qingdao of the PRC, they are considered separate suppliers because they are not under the same corporate group and are merely a non-exclusive intermediary of the same entity. Therefore, our transactions with said container shipping line as customer in respect of our container depot services will be considered to be overlapping for the purposes of classifying the transactions of Supplier A and Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) as the Group’s customers.
- (3) On 25 December 2023, we entered into a joint venture arrangement in Qingdao of the PRC with, amongst others, a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao and one of our major suppliers during the Track Record Period) in respect of the establishment of (PRC) QD Port Lianyun to further explore and develop container depot and logistic business in Qingdao in the PRC. For further details, please refer to the paragraph headed “Our Business – Others (freight forwarding services in Qingdao)” in this section.
- (4) Supplier B was also our customer during the Track Record Period.
- (5) Supplier D was also our customer during the Track Record Period.
- (6) For each of the overlapping customer-suppliers, the key terms for our purchases from such overlapping customer-suppliers are generally similar to those of our other suppliers. In addition, the average prices we paid to such overlapping customer-suppliers are largely comparable to the average prices we paid to other independent suppliers during the Track Record Period. As such, the Group confirms that our purchases from overlapping customer-suppliers were negotiated on an arm’s length basis and under normal commercial terms.

To the best of our Directors’ knowledge, as at the Latest Practicable Date, other than Tianjin Zhongke Group (i) all of our five largest suppliers during the Track Record Period were Independent Third Parties; and (ii) none of our Directors, their close associates or our Shareholders (whom to the knowledge of our Directors own more than 5% of the issued Shares) had any interest in any of our five largest suppliers during the Track Record Period.

Apart from suppliers who are our lessors, our Group generally does not enter into long-term or exclusive agreements with any of our suppliers, as we believe that this provides us with the flexibility to select new suppliers who are able to offer us high quality services at competitive prices. Please refer to the paragraph headed “Risk Factors – Risks Relating to Our Business and Our Industry – We are susceptible to risks associated with land availability, including rental increases, early termination of leases, difficulties in renewing existing leases and any unexpected land acquisitions, resumption or expropriation” in this document for further information.

Our repair and maintenance business is generally dependant on our ability to maintain our authorised service centre status for reefer equipment manufacturers. That said, we have established and maintained long-term working relationships with our reefer equipment manufacturer suppliers.

To the best of their knowledge, our Directors are not aware of any information or arrangements which would lead to a cessation or termination of our current relationships with any of our major suppliers.

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Our relationship with Party C

As at the Latest Practicable Date, we have maintained a lessor-lessee arrangement with our major supplier, Party C, for approximately 34 years in relation to the properties we lease in Singapore. Party C is a statutory body in Singapore which is involved in the development and management of industrial estates and their related facilities in Singapore. They are principally engaged in overseeing sustainable industrial development in Singapore with the goal of driving innovations in the building and infrastructure sector. Land in industrial areas of Singapore is owned and managed by Party C and is leased out through tendering or direct allocation.

The land for our container depots in Singapore, including the Megadepot, are leased from Party C as our lessor. The typical lease agreements we enter into with Party C has a term of over 30 years. For further details of our leases with Party C, please refer to the paragraph headed "Properties - Properties leased by our Group - Singapore" in this section.

Subcontracting arrangements

During the Track Record Period, we have engaged subcontractors for the provision of certain services as our Group in certain jurisdictions does not possess sufficient (i) prime movers for transportation of empty containers; (ii) labour for repair and maintenance of containers; and (iii) warehousing services. We may occasionally engage certain service providers on a one-off basis to facilitate urgent needs of which such payment terms generally range from cash upon delivery to seven days credit period. For the years ended 31 December 2021, 2022 and 2023, our subcontracting expenses for trucking and transportation amounted to approximately S\$7.9 million, S\$5.8 million and S\$5.4 million, respectively, which represented approximately 5.6%, 4.8% and 5.0% of our total cost of revenue, respectively, whereas our subcontracting expenses for repair and maintenance amounted to approximately S\$5.7 million, S\$5.5 million and S\$6.9 million, respectively, which represented approximately 4.1%, 4.5% and 6.3%, respectively.

When selecting our subcontractors, based on the nature of the subcontracting, we evaluate carefully based on their (i) qualification and certification; (ii) capacity and availability; (iii) quality and timely performance of subcontracted works; (iv) pricing; and (v) reputation. We had not experienced any difficulty in identifying and engaging subcontractors when required. For our subcontracting arrangements, we typically inspect the completed work by our subcontractors on a job-by-job basis and record any issues detected. Our Directors are of the view that such subcontracting arrangements are common within the container depot industry and allows us to utilise our own labour more efficiently, reduce our operational costs and better manage our resource allocation.

Apart from Tianjin of the PRC where we have entered into a logistic-related supporting services framework agreement with Tianjin Zhongke, we did not enter into any formal or long-term agreements with our subcontractors during the Track Record Period. As at the Latest Practicable Date, we had an average of one to ten years of relationship with our Independent Third Party subcontractors. During the Track Record Period, our Group had not experienced any material adverse consequences from any unsatisfactory repair work resulting from the services of our subcontractors.

BUSINESS

Key terms of agreements with our Independent Third Party subcontractors

The key terms and arrangements of our contracts with Independent Third Party subcontractors typically include the following:

Service Scope:	The subcontractor is responsible for providing trucking and transportation services or repair and maintenance services or warehousing (as the case may be).
Service term:	The contract is generally signed for one year and can be renewed by way of commercial negotiation/and is automatically renewed for an additional one year if no notice is provided before expiry (as the case may be).
Rights and obligations of parties:	It contains the rights and obligations of both parties to the contract.
Contract fee:	It includes material cost, labour cost, transportation cost and other miscellaneous expenses (as the case may be).
Payment terms:	We are generally offered a credit period of 30 to 60 days.

Subcontracting arrangement with our connected person

As we do not have sufficient prime movers in Tianjin of the PRC, we engage subcontractors to with our transportation services. For our operations in Tianjin, we mainly engage Tianjin Zhongke Group, an overlapping customer-supplier and a connected person of our Group, as our subcontractor to provide logistic-related supporting services including (i) transportation and trucking services between containers depots and the designated port terminals as required by our customers; and (ii) freight forwarding and other ancillary logistic related supporting services, to our Group. We have entered into a service agreement with Tianjin Zhongke Group in order to govern the provisions of services by the Tianjin Zhongke Group to our Group. Please refer to the paragraph headed "Connected Transactions – (E) Partially Exempt Continuing Connected Transactions – 1. Logistic-Related Supporting Services Framework Agreement" for further details including the salient terms of the relevant subcontracting arrangements.

Save for the disclosed above, our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, all of our subcontractors are Independent Third Parties and we did not have any reliance on any single subcontractor.

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Subcontracting arrangement for provision of outsourced workers and human resources support

During the Track Record Period, we engaged one employment agent to provide surveyors as outsourced workers and human resources support for our container survey business in the PRC. The employment agent engaged by us is a corporate entity principally engaged in providing labour outsourcing services. As our container survey business is ancillary to our core container depot business, we believe that engaging an employment agent would be a more cost-effective solution. Under the arrangement with the employment agent, we are responsible to provide training while the employment agency provides the outsourced workers and manages the administrative matters relating to the outsourced workers in the PRC. We may designate a management personnel to oversee the operations conducted by our employment agent. We pay an agency fee which comprise monthly expenses incurred by the employment agent in relation to our operations and an administrative fee based on a percentage on the monthly expenses. The employment agent is responsible for the outsourced workers' salary, social insurance and housing fund contributions as well as other welfare benefits based on the outsourced workers' contracts in accordance with PRC laws and regulations. The employment agent we used during the Track Record Period has a business relationship with us for over 15 years. We chose this employment based on their background, experience labour resources and service quality.

Our Directors confirmed that the employment agent is an Independent Third Party and none of our Directors or their respective close associates or any Shareholders (whom to the knowledge of our Directors own more than 5% of the issued Shares) had any interest in the employment agent and the employment agent did not have any past or present relationships (including but not limited to employment, trust, financing, or family relationships) with our Group, our Directors, Shareholders, senior management or their respective associates during the Track Record Period.

Overlapping of customers and suppliers

As part of our comprehensive container and logistic related service solutions, we provide services and products to parties in the logistic supply chain including container shipping lines and container leasing companies as well as freight forwarders. As such, some of our customers are also our suppliers, or vice-versa.

- For container shipping lines and container leasing companies, we may provide container depot services to them in respect of our container depot business (as our customers) and they may sell us used containers in respect of our sale of containers business (as our suppliers). We may also engage container shipping lines to provide container space aboard their vessels in respect of our freight forwarding business (as our suppliers).
- For reefer equipment manufactures, we may provide reefer repair and maintenance services to them as their authorised service centre (as our customers) and they may sell us reefer parts (as our suppliers).
- For freight forwarders, we may act as the local freight forwarding agent to them (as our customers) and they may similarly act as the overseas freight forwarding agent for us (as our suppliers) in respect of our freight forwarding business (which is incidental to our core container depot business).

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In respect of our freight forwarding business, we have established a network of logistic service providers to handle and execute customer orders. This network includes, amongst others, other freight forwarders and local transportation companies to provide related logistics services where the other party presence or capability. We may purchase container space abroad vessels from other freight forwarders (as overseas freight forwarding agent) and sell such container space abroad vessels to other freight forwarders for co-loading or consolidation purposes (as local freight forwarding agent). Given the nature of freight forwarding business, it is not uncommon for customers and suppliers to overlap. For our business operations in the PRC, Tianjin Zhongke Group had been both a customer (in respect of our freight forwarding business in Qingdao and warehousing and CFS business in Qingdao and Tianjin) and a supplier (as a subcontractor providing trucking services and office rental for our container depot business in Tianjin) of our Group during the Track Record Period. Tianjin Zhongke Group is our connected person under the Listing Rules. Please refer to the section headed "Connected Transactions" in this document for further details.

Set out below is the amount of our revenue and costs of revenue involved with respect transactions entered into with our five largest customers and suppliers who were our overlapping customer-supplier during the Track Record Period.

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Tianjin Zhongke Group⁽¹⁾			
Amount of the Group's revenue involved as a customer	8,627	8,078	5,322
Amount of the Group's cost of revenue involved as a supplier	5,596	5,256	5,467
Customer A			
Amount of the Group's revenue involved as a customer	5,789	1,067	1,203
Amount of the Group's cost of revenue involved as a supplier	213	52	6
Samudera Shipping			
Amount of the Group's revenue involved as a customer	4,930	4,972	4,505
Amount of the Group's cost of revenue involved as a supplier	–	62	67
Customer B			
Amount of the Group's revenue involved as a customer	4,618	4,284	2,325
Amount of the Group's cost of revenue involved as a supplier	873	–	–
Seaco			
Amount of the Group's revenue involved as a customer	1,535	2,355	5,489
Amount of the Group's cost of revenue involved as a supplier	103	260	327
Customer C			
Amount of the Group's revenue involved as a customer	336	1,996	3,730
Amount of the Group's cost of revenue involved as a supplier	210	788	111

BUSINESS

	For the year ended 31 December		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Supplier A⁽²⁾			
Amount of the Group's revenue involved as a customer	1,714	1,455	1,778
Amount of the Group's cost of revenue involved as a supplier	10,073	9,317	6,326
Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) ^{(2) (3)}			
Amount of the Group's revenue involved as a customer	1,714	1,455	1,778
Amount of the Group's cost of revenue involved as a supplier	4,180	5,183	6,560
Supplier B			
Amount of the Group's revenue involved as a customer	1,023	1,410	1,345
Amount of the Group's cost of revenue involved as a supplier	3,365	4,303	4,738
Supplier D			
Amount of the Group's revenue involved as a customer	312	2,346	–
Amount of the Group's cost of revenue involved as a supplier	–	2,569	99

Notes:

- (1) Tianjin Zhongke Group is our connected person under the Listing Rules.
- (2) Although Supplier A and Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) are both designated settlement agents of the same container shipping line in respect of our freight forwarding business in Qingdao of the PRC, they are considered separate suppliers because they are not under the same corporate group and are merely a non-exclusive intermediary of the same entity. Therefore, our transactions with said container shipping line as customer in respect of our container depot services will be considered to be overlapping for the purposes of classifying the transactions of Supplier A and Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) as the Group's customers.
- (3) On 25 December 2023, we entered into a joint venture arrangement in Qingdao of the PRC with, amongst others, a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao and one of our major suppliers during the Track Record Period) in respect of the establishment of (PRC) QD Port Lianyungang to further explore and develop container depot and logistic business in Qingdao in the PRC. For further details, please refer to the paragraph headed “Our Business – Others (freight forwarding services in Qingdao)” in this section.

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The table below sets out the reasons for, and the circumstances leading to, the transactions with our five major customers and suppliers who were our overlapping customer-suppliers during the Track Record Period:

Overlapping customer-supplier	Principal reason(s) for transaction as Group's customer	Principal reason(s) for transaction as Group's supplier
Tianjin Zhongke Group ⁽¹⁾	Provision of warehousing and CFS services, freight forwarder and container depot services.	Subcontractor for trucking services for the provision of container depot services and our lessor for offices in Tianjin of the PRC.
Seaco	Provision of container depot services.	Purchase of used containers for our container sales business.
Samudera Shipping	Provision of container depot services.	Purchase of used containers for our container sales business.
Customer A	Provision of container depot services and container survey services.	Purchase of used containers for our container sales business.
Customer B	Provision of container depot services.	Booking of container space aboard vessel for our freight forwarding services in Qingdao of the PRC.
Customer C	Provision of container depot services.	Purchase of used containers for our container sales business.
Supplier A ⁽²⁾	Provision of container depot services.	Booking of container space aboard vessel in the provision of freight forwarding services in Qingdao of the PRC.
Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) ^{(2) (3)}	Provision of container depot services.	Booking of container space aboard vessel for our freight forwarding services in Qingdao of the PRC.

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Overlapping customer-supplier	Principal reason(s) for transaction as Group's customer	Principal reason(s) for transaction as Group's supplier
Supplier B	Acting as the authorised service centre for the provision of repair and maintenance services in respect of our container depot business.	Purchase of reefer parts for our repair and maintenance services in respect of our container depot business.
Supplier D	Local freight forwarding agent in the provision of freight forwarding services in Qingdao of the PRC.	Overseas freight forwarding agent for our freight forwarding services in Qingdao of the PRC.

Notes:

- (1) Tianjin Zhongke Group is our connected person under the Listing Rules. We have entered into a service agreement with Tianjin Zhongke. Please refer to the paragraphs headed "Connected Transactions - (E) Partially Exempt Continuing Connected Transactions - 1. Logistic-Related Supporting Services Framework Agreement" and "Connected Transactions - (E) Partially Exempt Continuing Connected Transactions - 2. Subcontracting Services Framework Agreement" for further details of the background and reasoning of the non-exempt continuing connected transactions.
- (2) Although Supplier A and Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) are both designated settlement agents of the same container shipping line in respect of our freight forwarding business in Qingdao of the PRC, they are considered separate suppliers because they are not under the same corporate group and are merely a non-exclusive intermediary of the same entity. Therefore, our transactions with said container shipping line as customer in respect of our container depot services will be considered to be overlapping for the purposes of classifying the transactions of Supplier A and Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) as the Group's customers.
- (3) On 25 December 2023, we entered into a joint venture arrangement in Qingdao of the PRC with, amongst others, a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao and one of our major suppliers during the Track Record Period) in respect of the establishment of (PRC) QD Port Lianyungang to further explore and develop container depot and logistic business in Qingdao in the PRC. For further details, please refer to the paragraph headed "Our Business – Others (freight forwarding services in Qingdao)" in this section.

Our Directors confirmed that negotiations regarding the terms of our services to and from overlapping customer-suppliers (i) were conducted on an individual and arm's length basis which are similar to transactions with our other customers and suppliers; and (ii) all sales and purchases with the overlapping customer-suppliers were not inter-connected or inter-conditional with each other. Our Directors also confirmed that all our services to and from overlapping customer-suppliers were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

BUSINESS

TRANSFER PRICING ARRANGEMENT

Transfer pricing assessment

The Singapore Income Tax Act establishes the legal requirement for related party transactions to be carried out at arm's length, and the Comptroller of Income Tax of Singapore may enforce the arm's length principle and make necessary adjustments to the taxable profits of a Singapore taxpayer if the transactions with its related parties are not carried out on an arm's length basis. Under the sixth edition of the *Singapore Transfer Pricing Guidelines* (the "**Singapore TP Guidelines**") published by the Inland Revenue Authority of Singapore ("**IRAS**"), Singapore taxpayers are required to maintain adequate documentation on contemporaneous basis to demonstrate that reasonable efforts have been made to determine that pricing of cross-border related party dealings are consistent with arm's length principle (i.e. that transactions between related parties should be conducted on similar terms to those that would have been agreed had those parties been dealing independently from one another in otherwise similar circumstances. Although Singapore is not a member of the OECD, the IRAS endorses the arm's length principle and accepts the definition thereof endorsed by the OECD which are set out in its transfer pricing guidelines (the "**OECD TP Guidelines**")

In order to ensure compliance with the relevant transfer pricing regulations, we have engaged an independent transfer pricing consultant, an international professional accounting firm in Singapore, to provide transfer pricing documentation services to ascertain and document the arm's length nature of material related party arrangements of the Group; involving (SG) EK Marketing acting as a marketer and promotor of the Group's container depot services to our customers (being responsible for development and maintenance of customer relationships as well as securing business contracts with these customers) and procuring affiliated entities of our Group in Singapore, the PRC, Malaysia, Thailand and Hong Kong to provide various container depot services (including storage, handling, repair, and other related services) to our customers, whereby part of the revenue received from our customers are reimbursed as service fee payments to these related affiliated entities for services rendered (the "**Covered Transactions**").

Based on the functional analysis performed, it was substantiated that (SG) EK Marketing may be characterised as a provider of marketing and promotion services which benefit (and are of economic or commercial value to) the related party container depot service providers, and in its performance of such function, (SG) EK Marketing bears various risks (including market price and volume, marketing, foreign exchange, inventory and customer credit risks) associated with the normal course of its business. It was also observed that the services provided by (SG) EK Marketing are typically chargeable, centralised activities under the OECD TP Guidelines.

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Of the transfer pricing methodologies to test the arm's length nature of related party transactions, the transactional net margin method ("TNMM") was determined to be the most appropriate method for testing the Covered Transactions. The TNMM compares the net profit margins realised by (SG) EK Marketing in its role as a marketing entity with the net profit margins of comparable entities dealing independently. The economic analysis performed by using the TNMM involved the identification of comparable companies in the ASEAN region, Australia, the PRC, Hong Kong, India, Japan, South Korea, New Zealand and Taiwan which engaged in similar marketing service functions as those performed by (SG) EK Marketing and reviewing their weighted average inter-quartile range of net cost plus margins ("NCPM"). Based on such analysis in the transfer pricing documentation reports for the financial years ended 31 December 2021 to 31 December 2023, (SG) EK Marketing's NCPM: (i) of 4.29% for the financial year ended 31 December 2021 falls below the inter-quartile range of NCPM achieved by the set of independent comparable companies; (ii) of 10.51% for the financial year ended 31 December 2022 which is above the inter-quartile range of NCPM achieved by the set of independent comparable companies; and (iii) of 9.37% for the financial year ended 31 December 2023 which is within the inter-quartile range of NCPM achieved by the set of independent comparable companies. It was reported that the result for the financial year ended 31 December 2021 was mainly attributable to the impact of COVID-19, and based on tax guidance issued by the IRAS, where annual testing may result in volatile results due to the impact on COVID-19, term testing may be used. Using term testing for the three-year period ended 31 December 2021, the weighted average NCPM of (SG) EK Marketing falls within the inter-quartile range of NCPM achieved by the set of independent comparable companies during the period. Further, the result for the financial year ended 31 December 2022 being above the inter-quartile range of NCPM achieved by the set of independent comparable companies did not cause in the independent transfer pricing consultant to form a view that the relevant transactions deviate from the arm's length principle from a Singapore transfer pricing perspective, as such result is not indicative of any avoidance or evasion of income tax from a Singapore transfer pricing perspective.

On the basis of the above, it was concluded by the documentation by the international accounting firm engaged that the covered transactions of (SG) EK Marketing under review during the Track Record Period has achieved a result that is consistent with the arm's length principle from a Singapore transfer pricing perspective.

Our transfer pricing arrangements have not been challenged or investigated by any relevant tax authority during the Track Record Period and up to the Latest Practicable Date.

Measures to ensure ongoing compliance

We have adopted various measures to ensure our compliance with the applicable transfer pricing laws and regulations, including: (i) implementing an internal control policy on tax-related matters; (ii) monitoring updates on transfer pricing laws and regulations, and assessment of related risks to our Group; (iii) regular reviewing of the transfer pricing arrangements, and where necessary, appointing a tax adviser to review such transfer pricing arrangements to ensure compliance with the arm's length principle.

BUSINESS

EQUIPMENT AND MACHINERY

Our container depots, are equipped with up-to-date equipment and machinery which improve our operational efficiency, reduce labour costs and enable us to carry out our businesses to the customer's specifications. We regularly inspect and maintain our equipment and machinery and replace worn consumable parts and components on a timely basis. The details of our key equipment and machinery as at 30 April 2024 (being the latest practicable date of this information) are set forth below:

Equipment and machinery	Use and characteristics	Units
Container stackers	Lifting containers for stacking and unstacking	96 <i>(Note)</i>
Prime movers	Haulage of empty containers for transportation services	34
Small forklifts	Lifting pallets for warehousing and CFS operations	38

Note: This is inclusive of seven container stackers which are also capable of lifting laden containers.

Our container stackers are used for lifting empty containers for storage at our container depots where they can be stacked to a height of up to nine containers in certain container depots. The number of containers that we stack depends on the individual factors of each of our container depots including the geography, weather conditions and local law and regulation. Our small forklifts are used for lifting pallets for the purpose of our warehouse and CFS business. Our prime movers are used for providing haulage services to our customers as part of our transportation services when their empty containers are needed in other locations, such as container port terminals or other container depots, as a result of demand in those locations.

As at the Latest Practicable Date, our Directors consider that our existing key equipment and machinery were in good operating conditions in general. We do not have a pre-determined or regular replacement cycle for our machinery and replacement decisions are made on a case-by-case basis having regard to the operating conditions of individual units. We carry out inspections and maintenance of our key equipment and machinery on a periodic basis. During the Track Record Period, we did not experience any material or prolonged suspensions of operations due to equipment failures.

MARKET AND COMPETITION

The container depot business is highly competitive and we are confronted by aggressive competition in all areas of our business. Generally, the barriers to entry of the container depot industry are high as the industry is capital-intensive, and often constrained by the lack of land space in certain countries in which we operate.

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Although we have observed a few container shipping lines entering into the container depot business through investing in their own container depots, they may still use the services of other container depots to alleviate space constraints at their own container depots. As such, we believe we are able to capitalise on our independence to ensure competitiveness amongst other container depots that may be partnered with or wholly-owned by container shipping lines. Please refer to the paragraph headed “Risk Factors – We operate in a highly competitive industry and may be exposed to increased competition and potential loss of market share as container shipping lines continue to expand into the container depot business in the locations in which we operate” in this document for further details.

In order to mitigate the abovementioned risk, we seek to provide independent container depot services through diversifying our customer base and working with multiple container shipping lines, container leasing companies and relevant logistic service providers. We also strive to maintain strong relationships with our existing customers, including those container shipping lines that operate their own container depots, by providing high quality services including accommodating customers’ ad-hoc requests for additional storage space for empty containers, offering timely response strategies to certain key customers in light of the disruptions in the shipping supply chain during COVID-19, and facilitating customers’ requests for handling specific kinds of containers such as reefer containers.

Through our competitive strengths as set out in the paragraph headed “Competitive Strengths” in this section above, our Directors believe that we compete favourably with our competitors in the markets that we operate in.

INFORMATION TECHNOLOGY

IT is integral to our operations and to the quality and competitiveness of our container and logistic related businesses. Our Group utilises up-to-date IT systems for various operation and functional needs, including sharing of operational data and reports with our customers and providing our customers with payment options. Our key IT systems are as follows:

- *Container Management System.* Our container management system is designed and developed to support our container depot operations. Our system enables us to track and update container movements through a centralised system and also allows our customers to obtain the location details and inventory information of their containers in real time through a web-based platform and through an instant electronic data interchange which is linked to our customers’ internal systems. It also allows for the provisions of up-to-date information on repair estimates, revenue collection status and generation of customer and operation reports. We utilise this container management system in all our container depots across the ASEAN region and the PRC which provides transparency and instantaneous updates to our customers, ensuring that crucial data such as delivery details are always up-to-date. We actively work with our customers to set up such electronic data interchanges which can be tailored to provide specific information and parameters as required by our customers. We believe the ability to integrate our system with our customers’ internal systems via instant electronic data interchange with the use of industry standards (such as CEDEX, CODECO, WESTIM and COPARN) is a factor which our customers appreciate.

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- *Depot Appointment System.* Our container depot appointment system is designed and developed to support our container depot operations. Our system allows hauliers to make advanced appointments for the pick up or return of containers at our container depots. Together with our container management system, we are able to have up-to-date and accurate information on our container depot utilisation to ensure that appointments are well managed and our resources are deployed accordingly to manage our container depot demands. This system also enables us to manage traffic congestion at our container depots which improves the overall efficiency and productivity of our container depot operations.
- *Handheld Survey.* Our handheld survey systems are designed and developed to support our container survey and inspection services which are part of our container depot operations business as well as our container sales and new-build container inspection business. Such handheld survey systems include our handheld survey app and our customised handheld survey system for reefer containers. Our handheld survey app is part of our IT initiative to digitise the container survey process. As container survey details were written on paper, it is subjected to the elements. Drivers of prime movers must bring the completed survey chit to our counter for data entry before being presented with the cost involved. The handheld survey app enables our container survey estimates to be generated in real time once the container survey is completed and the handheld device allows for all weather operations as it is IP68 rated. Our customised handheld survey system for our reefer serving business allows us to carry out inspection and survey of reefer containers through interfacing with the onboard electronics for diagnostics by our specialised staff. This allows our staff to identify repair and maintenance works that may be necessary internally which would otherwise not be apparent upon physical inspection only. The addition of handheld survey in the container survey and inspection process enables us to have a higher accuracy rate as well as improve the turnover time required to conduct the survey and inspection of a container.
- *B.I. On The Go.* This system allows our staff to access key business data as well as trending and analysis information anywhere via mobile application. Our staff who are frequently on the move or work remotely can access this system to stay connected to the Group's data and insights at all times. The ability to access this information anytime and anywhere means that our staff can respond quickly to changing circumstances and make informed decisions on the go.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any failure in our IT systems which caused material disruptions to our business operations. We are, however, susceptible to risks relating to failure of our electronic system and database. Please refer to the paragraph headed "Risk Factors – We are dependent on our electronic management systems and we may suffer from information and technological system failures which could have material and adverse impacts on our business" in this document for further details.

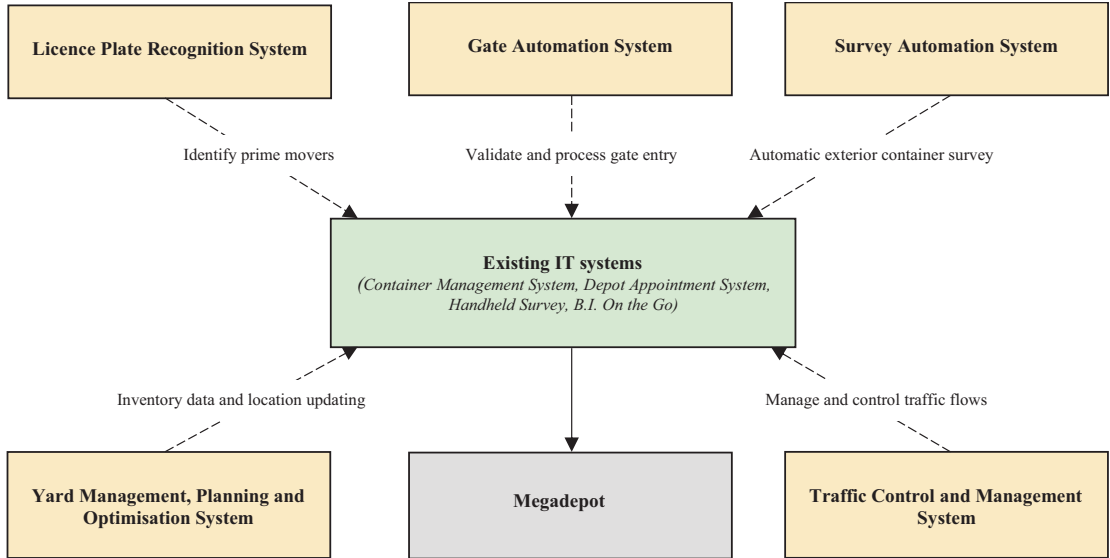
BUSINESS

We have established an internal manual to govern our IT systems, which includes protocols and procedures for internet access, backups, electronic communications, activity logging and virus control as well as contingency measures. Our IT department manages disaster recovery activities and repeatable functions such as backups and system monitoring, while firewalls are implemented to safeguard our internal networks. By maintaining these controls, we are confident that we can mitigate the risk of system failure and provide a secure and efficient electronic data exchange environment for our business operations. Moving forward, we will continue to enhance our IT systems to support our long-term growth and serve a wider customer base.

We had incurred approximately S\$1.3 million, S\$1.0 million and S\$0.9 million IT costs for the years ended 31 December 2021, 2022 and 2023, respectively. Our IT costs comprise costs relating to data communication costs, maintenance of IT systems, software licenses, development and upgrade of IT systems as well as associated labour costs. Our IT department works closely with independent third party software developers to customise, develop and implement changes to our IT systems including our container management system, servers and accounting and administration systems. We have established business relationships with these independent third party software developers. Our key IT systems used for our container depot operations including the container management system, depot appointment system, handheld survey and B.I. On The Go are developed, customised and licensed by these independent third party software developers.

Development of new IT systems

We intend to achieve automation in our Megadepot through the implementation of new IT systems (that will be an extension and be connected with our existing IT systems) that leverage technology and machine learning, which we expect to also adopt in our other container depots in the future. A diagram illustrating the interaction between these new IT systems at our Megadepot is set out below together with description:



BUSINESS

- (i) *Licence Plate Recognition System.* This system will utilise advanced cameras and optical character recognition (OCR) technology to identify prime movers with valid licence plates as they enter the Megadepot. When combined with our existing depot appointment system, the licence plate recognition system will leverage the database in our existing container management system for accurate information to validate and facilitate faster gate entry of prime movers.
- (ii) *Gate Automation System.* The gate automation system will use the information gathered from the licence plate recognition system and the depot appointment system to automatically validate, process and facilitate faster gate entry of prime movers when they arrive at the Megadepot. This system will minimise data entry and streamline relevant administrative processes at the gate as well as reduce the turnaround time for prime movers.
- (iii) *Survey Automation System.* The survey automation system will utilise advanced cameras and sensors as well as artificial intelligence and machine learning to automate the exterior container surveying process of our container depot operations. This system will be able to automatically identify damages and repairs necessary on empty containers and will reduce the time and manpower required by our staff for such inspection and surveys. The survey automation system will utilise progressive machine learning to generate increasingly accurate results as we are able to feed in our operational data as training material.
- (iv) *Yard Management, Planning and Optimisation System.* The yard management, planning and optimisation system will communicate with our existing container management system to receive instructions and generate job orders into other internal systems. It will also allow us to track key operational parameters in our container depot and thus facilitating management of workflow and planning. Such system comprises three major systems: (a) front-end system; (b) yard management, planning and optimisation system; and (c) equipment control system. The front-end system provides user interface and data input functionalities for front-life staff including gate-in and gate-out activities, survey activities and lifting activities. Our container depot capabilities are further supported by our yard management, planning and optimisation system which enables us to generate job orders, track operational parameters, and manage workflow and planning in the container depot through gate-in and gate-out planning as well as optimisation of container depot resources. Our equipment control system covers the control and monitoring of equipment in the container depot which interfaces with manufacturers' own systems to optimise equipment deployment. With the yard management, planning and optimisation system in place, we will be able to analyse our container depot situation and carry out enterprise resource planning. This will enable us to realise operational cost savings and improve our effectiveness.
- (v) *Traffic Control and Management System.* The traffic control and management system will interface with our other existing technologies to manage and control traffic flows at the Megadepot, such as traffic light control, resolving traffic situation and directing traffic to prevent accidents and congestions. This system will use artificial intelligence and machine learning to suggest optimal solutions and manage traffic situations to reduce the probability of traffic congestion and to shorten the traveling path in the Megadepot. An app will also be available for primer movers to download and install on their mobile phone which will provide navigation instructions for the pick-up and return of containers with the use of GPS.

BUSINESS

INSURANCE

As a provider of logistics services, our business inherently carries a number of risks, including vehicle collisions, cargo loss or damage, property loss, and business interruptions due to natural disasters, political unrest, or other factors. To manage these risks, we maintain a range of insurance policies at both global and local operational levels. These policies provide coverage for third-party liability, transportation risks, property loss and damage, workers' compensation for injury and death, and other areas. By maintaining this comprehensive insurance coverage, we are able to mitigate potential financial losses and protect our business from unforeseen circumstances.

As at the Latest Practicable Date, we maintain comprehensive insurance policies to cover, among others, our risks relating to:

- (i) industrial all-risks;
- (ii) property all-risks;
- (iii) fidelity guarantee and money insurance;
- (iv) work injury compensation;
- (v) motor vehicle;
- (vi) crime;
- (vii) corporate liability;
- (viii) hospitalisation and accidents;
- (ix) comprehensive general liability; and
- (x) cyber related risk.

Our Directors are of the view that our insurance coverage is sufficient and aligns with industry standards. As we continue to expand our business, we will regularly review and reassess our risk portfolio. This will enable us to adjust our insurance practices in accordance with our evolving needs and prevailing industry standards. By doing so, we will ensure that our insurance coverage remains appropriate and effective in mitigating potential risks to our business. For details, please refer to the paragraph headed "Risk Factors – Risks Relating to Our Business and Our Industry – Our insurance coverage may not be sufficient in covering the risks or losses that may result from our operations" in this document for further details.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We acknowledge our environmental protection and social responsibilities and are aware of the climate-related issues that may impact our business operations. We are committed to promoting sustainable development and ESG reporting requirements upon [REDACTED].

Our Board has overall responsibility for overseeing and determining our Group's environmental, social, and climate-related risks and opportunities impacting our Group, establishing and adopting the ESG policy and targets of our Group, and reviewing our Group's performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified.

We have established ESG policy with reference to the standards of Appendix 27 to the Listing Rules and an ESG committee that comprises our management representatives who are responsible to contact with different operation locations. ESG committee serves as a supportive role to our Board in implementing the agreed ESG policy, targets and strategies; identifying and assessing ESG-related matters, including climate-related risks, by taking into consideration the metrics and targets stipulated in Appendix C2 to the Listing Rules and applicable laws, regulations and industry standards; managing how our Group adapts its business in light of climate change; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our Group's ESG-related risks. The ESG committee reports to the Board regularly on the ESG performance of our Group and the effectiveness of the ESG systems upon [REDACTED].

Climate Change Impact and Mitigation Measures

Communities around the world are gradually becoming more and more concerned with climate change and greenhouse gas emissions. Climate change has resulted in harsh weather, which we believe poses a certain level of threat to us. There are two major types of climate risk, which are physical risk and transition risk.

- i. **Physical risk:** It is the direct risk arising from weather related events and changes in weather patterns. We believe that climate-related issues may bring about the risk of increasingly severe extreme weather events, such as more frequent heatwaves, storms, typhoons and flooding. We may potentially be affected by disruption of container depot operation, injuries to employees during work, risks related to non-performance and delayed performance.
- ii. **Transition risk:** It is the risk arising from the transition to a carbon neutral economy. We believe that our customers may shift their preferences to a sustainable lifestyle because of climate change and global trends to reduce carbon emissions to facilitate transition to a low-carbon community. Therefore, we may face transitional risks that would require us to move towards a sustainable business model. For instance, we may need to upgrade existing machineries into electronic vehicles, which could result in increased operational costs. In addition, regarding increasing responsibilities on emission disclosure, we may be affected by increased cost to execute more stringent monitoring measures on emission and resources consumption.

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To mitigate climate-related risks such as more frequent extreme weather conditions, we have followed the guidelines issued by Ministry of Manpower of Singapore in all our operation locations, for example, we would wait at least 30 minutes after the thunder is heard before resuming work. In addition, we would suspend immediately all outdoor work in exposed areas where employees are liable to be endangered by adverse weather conditions such as rainstorms and thunderstorm. In addition, in order to prevent water logging caused by heavy rains in the rainy season, which may harm the equipment and employees’ safety, we would inspect the drainage system in advance to ensure that channels are unblocked.

Metrics and targets on environmental, social and climate-related risks

Major parameters and measurable metrics we use to assess and manage our environmental, social and climate-related risks include energy consumption and water consumption and greenhouse gas (“GHG”) emissions. To better manage our environmental, social and climate-related risks, we aim to reduce our greenhouse emissions and resource consumption in the foreseeable future by upgrading existing machineries into electric vehicles.

Environmental

We are dedicated to managing the environmental impacts associated with our operations, and we endeavor to minimize the negative impact on the environment. During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with environmental laws and regulations applicable to our operations in all material respects and there had been no material claim or penalty imposed on us as a result of a violation of environmental laws and regulations that would materially and adversely affect our business, financial condition or results of operations.

Use of energy

We primarily consume electricity for the depot lighting and diesel for reach stacker, lift truck, forklift truck and other machinery in our business. The following table sets out the major energy consumption data for the Track Record Period:

	Unit	Year ended 31 December		
		2021	2022	2023
Unleaded petrol	MWh	747	1,224	245
Diesel oil	MWh	38,761	35,747	36,181
LPG	MWh	188	112	158
Purchased electricity	MWh	<u>3,267</u>	<u>3,380</u>	<u>3,055</u>
Total energy consumption	MWh	<u>42,963</u>	<u>40,463</u>	<u>39,639</u>
Intensity of total energy consumption	MWh/thousand Singapore dollar revenue	0.24	0.25	0.25

The decrease in our total energy consumption during the years ended 31 December 2021, 2022 and 2023 was mainly attributable to the increase in the use of electric vehicles and the decrease in use to vehicles that consume diesel and unleaded petrol.

BUSINESS

To improve energy efficiency and reduce energy consumption, the Group adopts the following measures:

- Implement LED lighting system to reduce electricity consumption in Singapore
- Gradually replacing diesel-powered equipment with electric alternatives
- Turn off the lights for 1 hour during lunch break for the head office in Singapore

Emissions

Air Emissions

The emissions are mainly generated from nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM) emitted by our vehicles and machineries for the depot operation. The following table sets forth our major GHG emission for the Track Record Period:

Air emission	Unit	Year ended 31 December		
		2021	2022	2023
Nitrogen oxides (NOx)	kg	46,131	46,023	39,101
Sulphur oxides (SOx)	kg	214	218	217
Particulate matters (PM)	kg	2,561	2,392	2,172

Greenhouse Gases Emissions

Major sources of greenhouse gas emission of the Group cover direct GHG emissions from combustion of diesel for forklifts, reach stackers, generators and vehicles (“**Scope 1**”), as well as energy indirect GHG emissions from purchased electricity (“**Scope 2**”).

Greenhouse gas emission	Unit	Year ended 31 December		
		2021	2022	2023
Scope 1	tonnes of CO ₂ e	10,800	10,142	9,963
Scope 2	tonnes of CO ₂ e	<u>1,718</u>	<u>1,723</u>	<u>1,563</u>
Total (Scope 1 and 2)	tonnes of CO ₂ e	<u>12,518</u>	<u>11,865</u>	<u>11,526</u>
Intensity of GHG emission	tonnes of CO ₂ e/thousand Singapore dollar revenue	0.07	0.07	0.07

The decrease in our total greenhouse gases emission for the years ended 31 December 2021, 2022 and 2023 was mainly attributable to the increase in the use of electric vehicles and the decrease in use to vehicles that consume diesel and unleaded petrol.

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Water

Water is a precious resource that needs to be managed and conserved in container depot operations. We consume water mainly for washing containers and ISO tank containers with chemical washing detergent. Before ISO tank container cleaning, customers shall provide material safety datasheet relating to the product to us. Upon receiving the material safety datasheet from the customer, we would provide cleaning cost to seek for customer's approval via email. Based on the type of stains, different types of chemical washing detergent are used to wash the containers. For example, some stains require two or three time cleaning process for eliminating the stains totally.

To minimise water pollution, the sewage generated from the washing process would go through different sump, such as skimmer oil sump, chemical reaction tank, bio-clarifier tank and bio-reactor sump. To ensure compliance with applicable laws and emission standards, the treated wastewater sample would be tested and inspected by a professional company that is accredited by the Singapore Accreditation Council Scheme on weekly basis and submitted to Public Utilities Board ("PUB") before discharge. Under the water supply of municipal governments, the Group has no difficulty in obtaining water resources. The decline in water consumption for the year ended 31 December 2023 was due to the conversion of the tank facility to a dry facility started in April 2023.

Use of Water	Unit	Year ended 31 December		
		2021	2022	2023
Total water consumption	m ³	107,890	120,354	111,313
Intensity of total water consumption	m ³ /thousand Singapore dollar revenue	0.61	0.75	0.72

Waste

We did not generate hazardous waste in our operation. The major non-hazardous waste generated from our operation includes scrap iron from container repair work and paper for office operation. For the scrap iron, it would be collected for recycling to minimize the waste. For the paper, double-sided printing is encouraged to reduce the waste at source and waste paper collection box is placed to collect paper for recycling.

Work Safety

Cargo handling activities are one of the highest sources of potential accidents in our container depot operations. Inexperienced workers can cause punctures, dents, stack them unevenly, or drop containers. Hence, to maintain a safe and healthy environment at work, the following key measures have been in place:

- workplace Safety and Health ("WSH") policy has been established to promote positive workplace safety culture;
- workplace Safety and Health Committee has been established to monitor, support and review the implementation of the health and safety issues;
- safety signs are shown as an alert or reminder to staff about particular hazards, e.g. forklifts operating in a particular area, they can also remind staff about correct procedures, such as speed limits or requirements to wear correct personal protective equipment when undertaking tasks;

BUSINESS

- proper personal protective equipment such as safety helmets, reflective vests, glove safety rubber boots and safety goggles have been provided where appropriate;
- occupational safety meetings held on monthly basis so that the safety manager would discuss the unsafe acts, share the best practice and enhance staff's awareness of safety issues with the depot-in-charge and the contractor representative;
- onsite inspection conducted by Safety Manager to identify unsafe acts, equipment, tools, structure and other conditions at workplace, to ensure the issues are rectified
- for those operators for mechanical equipment and vehicles, human resources personnel is responsible to check if valid certificates have been received before employment, to ensure the workers have the necessary knowledge, skills and techniques for carrying out the work by using mechanical equipment;
- the travelling speed of mechanical equipment and vehicles should be specified and restricted to ensure traffic safety. Safe speed limit signs should be prominently displayed so as to ensure the operators are aware of them; and
- to ensure safety in using mechanical equipment, such as forklift truck, front loader, reach stacker, gantry crane, tower crane, mobile crane, the equipment would be inspected by technician on monthly basis to ensure the equipment is in good working order.

We have not experienced any workplace fatalities during the Track Record Period and up to the Latest Practicable Date. Common workplace accidents include injuries resulting from fall accidents and getting hurt from improper use of equipment. While making sure each employee in the incident is treated immediately and appropriately, Safety Manager is responsible for promptly investigating safety incidents, comprehensively identifying causes and adopting multiple remediation measures to mitigate the related hazards.

	Unit	Year ended 31 December		
		2021	2022	2023
Days lost due to work-related injuries	Days	150.5	225	371
The number of work-related accidents	Number	8	4	12
Employees claims amount for personal damages	Singapore dollars	4,993	16,007	11,045
	Thai baht	–	51,672	179,641
	Hong Kong dollar	–	–	40,781
Amount paid to employees as compensation by insurance company	Singapore dollars	4,993	16,007	10,115
	Thai baht	–	51,672	179,641
	Hong Kong dollar	–	–	40,781

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For the years ended 31 December 2021, 2022 and 2023, the longest days of injury for one injured employee was 60, 120 and 163 respectively. These injuries related to a fall from a stacker machine, accidental drops of hand pallet jacks on the foot and thumb fracture while carrying floor-board.

The common types of injuries and corresponding control measures are shown as below:

Type	Control measures
Slip, trip, and fall accidents – It may occur due to uneven surfaces, wet or slippery conditions.	<ul style="list-style-type: none">• Safety lifelines installed at the top of cleaning bay• Safety signs installed at work areas• Platforms are made of grit metals to prevent slip in wet environment• Personal protective equipment provided
Traffic accident – Container port terminals involve the movement of various vehicles such as trucks, forklifts, and reach stackers. Collisions between vehicles or between vehicles and pedestrians can occur due to driver error, limited visibility or congested traffic.	<ul style="list-style-type: none">• Allowable speed limit at cleaning bay• Assigned personnel on standby to look out for safety in order to direct the tanks shift to the proper area and sit on the concrete stand structure• No walking/standing inside the cleaning lot during unloading of the ISO tanks• More signage to indicate staffs working/walking around the cleaning bay
Cargo handling accidents – Accidents can occur during the loading, unloading, or movement of containers within the port. It may occur due to improper handling techniques.	<ul style="list-style-type: none">• Check lifting appliances and gears before use• Only trained personnel are allowed to operate the crane• Ensure no one stands below the suspended load

BUSINESS

Service Quality

Quality is important in attracting and retaining customers. To provide quality services to customers, we have a centralised container management system to let the customers reserve a timeslot for pick-up or drop-off. It could facilitate our planning work and avoid a long queue of trucks outside the container terminal. We also offer customers electronic data interchange functionality through both EDI and API, so the customers can have access to accurate and up-to-date container statistical reports to help the customers make more timely and informed decisions about their operations. We have established a complaint handling policy so that our operations staff are required to report complaints to the department head. Department head shall then fill in the Incident Report and determine what kind of remediate actions shall be taken and communicate with the customers directly. In addition, department head shall determine what kinds of preventive actions shall be taken for continuous improvement promptly. The remediate actions and preventive actions shall be documented in the Incident Report and signed by the Department Head and pass to ESG committee for record keeping.

Supply Chain Management

During the Track Record Period, suppliers of services to our Group mainly included container shipping lines, reefer equipment manufactures, freight forwarders and lessors. In view of the growing social concern about environmental issues, we are aware of the importance of managing the environmental and social risks of its supply chain. We selected suppliers based on different aspects, such as their machine capacity and quality, cost, reputation, past dealings experience and the environmental and social risks. We will continue to monitor our supply chain in terms of environmental and social standards. During the Track Record Period, we are not aware of any environmental or social non-compliance committed by our major suppliers.

Data Protection

The Group manages and protects the data collected from its business partners, customers, employees, and suppliers to safeguard their confidentiality. Information systems security policy and data protection policy have been formulated to ensure a robust framework around data protection across the Group. According to the policies, all desktop computers and notebooks shall be protected by a firewall and anti-virus software. Also, all desktop computers and notebooks must utilize passwords to prevent unauthorised access. The policies also specified that any action that may expose the company to risks of unauthorised access to data, disclosure of information, legal liability, or potential system failure is prohibited and may result in disciplinary action up to and including termination of employment and/or criminal prosecution.

Anti-corruption

We are committed to fostering a fair, ethical and efficient working environment by abiding by the local laws and regulations relating to anti-corruption and bribery. Our directors and employees are expected to act ethically, upholding the highest standards of professionalism and integrity. Employees above manager grade are required to review the Group's code of conduct on an annual basis and sign a declaration that they understood and complied with the code.

Whistleblowing mechanism as a control measure has also been established and is used as a private and confidential communication channel to report suspected fraudulent activities or irregularities. Any reported cases would be flagged to Audit Committee and investigated.

BUSINESS

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we registered two and had applied one trademarks in each of Hong Kong, Singapore, Vietnam and Thailand and nine trademarks in the PRC. We obtained the licence to use one trademark and one domain name as well as registered one domain name, which are, in the opinion of our Directors, material to our business. For further details of our intellectual property rights, please refer to the paragraph headed “Statutory and General Information – Further Information about our business – 2. Intellectual property rights of our Group” in Appendix V to this document.

During the Track Record Period and up to the Latest Practicable Date, there had been no material dispute or infringement of any trademark or patent owned by third party.

EMPLOYEES

Our company places a high value on attracting and retaining skilled and qualified employees. We recruit skilled and qualified personnel with relevant working experience to support the sustainable growth of our business. We provide a competitive remuneration package to ensure our employees are fairly compensated for their contributions to the company. Additionally, we are dedicated to investing in our employees’ training and development to ensure they have the necessary skills and knowledge to succeed in their roles and contribute to the company’s growth.

As at 30 April 2024 (being the latest practicable date of this information), we had a total of 762 employees. During the Track Record Period, there had been no material change in the number of our employees.

The following table sets forth the number of our employees by function and geographic location as at 30 April 2024 (being the latest practicable date of this information):

	As at 30 April 2024 (being the latest practicable date of this information)
Function:	
Senior management	12
Depot operations management	82
Depot operations	551
Sales and Marketing	1
Finance	39
Human resources	8
IT	3
Administrative	<u>66</u>
Total:	<u><u>762</u></u>

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As at 30 April
2024 (being the
latest practicable
date of this
information)

Geographic location:

Singapore	222
PRC	224
Hong Kong	111
Malaysia	110
Thailand	84
Vietnam	11
	<hr/>
Total:	762

Relationship with our employees

We have made defined contributions to the mandatory provident fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. We have also taken out employees' compensation insurance for our employees in Hong Kong in compliance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) to cover compensation and costs which we may be liable for personal injuries of our employees in Hong Kong in the course of employment with us.

As required by relevant PRC laws and regulations, we participate in housing provident fund and various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees. Further, we make social security contributions at specified percentages of the salaries of our employees in Singapore as required by the relevant laws and regulations of Singapore. None of our employees belong to labour unions.

We believe that we maintain good working relationships with our employees and we have not experienced any material labour disputes during the Track Record Period and up to the Latest Practicable Date.

Employee training

We also believe that our employees are our most valuable asset as they contribute to the continuing success and viability of our Group. We place a strong emphasis on training our employees to equip them with the requisite skills and knowledge to be able to perform according to their scope of work at an optimal level. We provide both internal and external training opportunities to enhance the skill sets of our employees and cultivate their potential for career advancement. We aim to equip our employees with the necessary competencies for them to execute their present responsibilities effectively while also developing them for future growth.

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To promote employee development and keep our qualified staff updated, we encourage our staff to attend industry related seminars, trainings and classes for upskilling. Our staff which require qualifications are provided opportunities throughout the year to attend specialty training to maintain their qualifications.

Recruitment

Our Directors believe that our success in the container depot industry is highly dependent on our employees. Therefore, our Group recruits our employees based on their industry experience and interpersonal skills. The material factors that are taken into account when making hiring decisions include development strategies, expansion plans, industry trends and the labour market environment in the relevant jurisdiction. We generally publish hiring information online and in local newspapers as well as through recruitment agencies when necessary for general employee hires and may hire by way of referrals.

We also engage an employment agent for the provision of surveyors as outsourced workers for our new-build container inspection business. For further details, please refer to the paragraph headed "Suppliers - Subcontracting arrangement for provision of outsourced workers and human resources support" in this section.

LICENCES, PERMITS AND APPROVALS

Our Group's business activities are located in Singapore, the PRC, Hong Kong, Malaysia, Thailand and Vietnam, and we are subject to regulation by applicable laws, regulations and government agencies in each of these jurisdictions. Such regulations require us to possess various licences, permits or approvals. Please refer to the section headed "Regulatory Overview and Taxation" for further information on the laws and regulations that we are subject to.

During the Track Record Period and as at the Latest Practicable Date, we had obtained all requisite licences, permits and approvals from relevant authorities that are material to our operations in accordance with applicable laws and regulations, and such licences, permits and approvals had remained in full effect.

Please refer to the table set out in Appendix VII to this document for a list of the material licences, permits and approvals currently held by us.

In relation to the material licences, permits and approvals set out in Appendix VII to this document which are expiring within 12 months, our Group does not foresee any difficulties in renewing such material approvals, licences and permits.

BUSINESS

PROPERTIES

Properties owned by our Group

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

Description of location	Approximate site area <i>sq.m</i>	Details of encumbrances, liens, pledges and mortgages	Main usage
Plo 704, Jalan Keluli, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia	16,200	N/A	Container depot operations
East of Beigang Dongsan Road, south of Tanggu Xingang No. 6, Binhai New Area, Tianjin, the PRC* (中國天津市濱海新區塘沽新港六號以南，北港東三路以東)	147,300 <i>(Note)</i>	N/A	Container depot and warehousing operations

Note: Includes a warehouse with a gross floor area of approximately 16,100 sq.m.

Properties leased by our Group

As at the Latest Practicable Date, our Group leases the following material properties:

Description of location	Lessor	Term	Approximate site area <i>sq.m</i>	Main usage
<i>Singapore</i>				
13 Tuas Avenue 11, Singapore	Party C	From 1 June 1999 to 15 December 2026	25,400	Container depot operations
8A Tuas Avenue 13, Singapore	Party C	From 1 November 1989 to 15 December 2026	8,800	Container depot operations
15 Tuas Avenue 11, Singapore	Party C	From 1 April 2010 to 15 December 2026	15,000	Container depot operations
30 Pioneer Sector 2, Singapore	Party C	From 15 September 2004 to 15 December 2026	28,200	Container depot operations
61 Tuas South Street 5, Singapore	Party C	From 1 June 2006 to 15 December 2026	34,900	Container depot operations
Plot of land at Tuas Basin Lane, Singapore	Party C	From 1 July 2023 to 30 June 2026	9,300	Temporary container depot for container depot operations
30 Tuas South Avenue 10, Singapore	Party C	From 16 December 2020 to 15 December 2050	80,000	Megadepot

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Description of location	Lessor	Term	Approximate site area <i>sq.m</i>	Main usage
<i>Malaysia</i>				
Plot 148 and Part of Plot 149, Precinct 1, Jalan FZ3-P1, Port Klang Free Zone/KS12,42920 Pulau Indah, Selangor, Malaysia	An Independent Third Party	From 1 November 2010 to 31 October 2040	13,600	Subleased to an Independent Third Party for warehousing operations
PT64825 (Lot A23, Jalan Tun Perak 3), PT64835 (Lot C5, Jalan Tun Perak 4) and PT64834 (Lot C6, Jalan Tun Perak 4), Mukim Kapar, Perdana Industrial Park, Port Klang, Selangor, Malaysia	Leisure Harvest ⁽²⁾	From 1 January 2024 to 31 December 2026	24,500	Container depot operations
PT64837 (Lot C3, Jalan Tun Perak 4), PT64836 (Lot C3A, Jalan Tun Perak 4), Mukim Kapar, Perdana Industrial Park, 42000 Port Klang, Selangor, Malaysia	Excellent Delight ⁽²⁾	From 1 January 2024 to 31 December 2026	15,900	Container depot operations
H.S.(D) 135573, PT 64381, Mukim Kapar, Daerah Klang, Negeri Selangor, Malaysia	An Independent Third Party	From 1 February 2023 to 31 January 2025	10,000	Container depot operations
ODD99, Westports Container Terminal 6, Pulau Indah, Selangor, Malaysia	An Independent Third Party	From 1 July 2022 to 31 August 2024 ⁽¹⁾	37,700	Container depot operations
PT545, Suratan Hakmilik Sementara No. H.S.(D) 27099, Mukim 14, Daerah Seberang Perai Utara, Pulau Pinang, Malaysia	An Independent Third Party	From 1 April 2022 to 31 March 2025	18,600	Container depot operations
Ground Floor Left Wing, 3 Storey Office, Lot 23, Lebuah Sultan Mohamed 1, Kawasan Perusahaan PKNS Fasa II, Bandar Sultan Suleiman, 42000 Port Klang, Selangor, Malaysia	An Independent Third Party	From 1 October 2023 to 31 December 2024	200	Office
No. 42, Jalan Damar, Taman Glenmarie Cove, PO Box 31, Port Klang 42000 Selangor, Malaysia	An Independent Third Party	From 16 April 2024 to 15 April 2025	100	Office
No. 35 (Ground Floor), Jalan Selayur 5, Taman Pasir Putih, 81700 Pasir Gudang, Johor, Malaysia	An Independent Third Party	From 1 August 2022 to 31 July 2024 ⁽¹⁾	100	Office
<i>Thailand</i>				
65 Moo 8 Bangchalong Bangplee Samutprakarn 10540, Thailand	Independent Third Parties	From 1 August 2023 to 31 July 2026 ⁽³⁾	41,600	Container depot operations
85 Moo 10 Tungsukla, Sriracha, Chonburi 20230, Thailand	An Independent Third Party	From 11 April 2016 to 10 April 2026	18,800	Container depot operations
The Parcel No.13, No. 425, Bueng Sub-District, Sriracha District, Chonburi, Thailand	An Independent Third Party	From 1 January 2023 to 31 December 2037	42,300	Container depot operations

BUSINESS

Description of location	Lessor	Term	Approximate site area sq.m	Main usage
Hong Kong				
Plot of land situated at Container Port Road South, Kwai Chung, New Territories, Hong Kong	An Independent Third Party	From 15 June 2018 to 30 June 2024 ⁽⁵⁾	25,500	Container depot operations
River Trade Terminal, 201 Lung Mun Road, TMTL 393, Tuen Mun Area 38, New Territories, Hong Kong	An Independent Third Party	From 1 June 2023 to 31 May 2025	10,200	Container depot operations
PRC				
No. 2126, Jiangdong Road, Pudong New Area, Shanghai* (上海市浦東江東路2126號)	An Independent Third Party	From 1 January 2005 to 31 March 2025	18,500	Container depot operations
Jingwei Road, Industrial Park of Pudong New Area, Shanghai* (上海市浦東新區工業園區經緯路)	An Independent Third Party	From 1 January 2005 to 30 June 2025	18,100	Container depot operations
No. 526, Tianxian Lane, Pudong New Area, Shanghai*(上海浦東新區天仙弄526號)	An Independent Third Party	From 1 January 2024 to 31 December 2024	16,800	Container depot and warehousing operations
No. 128, Ganghua Road, Shanghai* (上海港華路128號)	Independent Third Parties	From 1 January 2024 to 31 December 2024 ⁽¹⁾	25,200	Container depot operations
No. 500, Tianxian Lane, Pudong New Area, Shanghai*(上海浦東新區天仙弄500號)	Independent Third Parties	From 15 October 2022 to 9 May 2024 ^{(4) (6)}	13,600	Container depot operations
No. 185, Ta Shan Road, Development Zone, Qingdao* (青島市開發區塔山路185號)	An Independent Third Party	From 1 February 2010 to 31 January 2025	31,200	Container depot operations ⁽⁷⁾
Office No. 1012 at Fudu Building, No. 8 Nanjing Road, Shinan District, Qingdao City* (青島市市南區南京路8號府都大廈1012戶辦公空間)	An Independent Third Party	From 11 April 2024 to 31 March 2025	200	Office
Hill 20, Xinjian Village, Gaoqiao Town, Pudong New District, Shanghai* (上海浦東新區高橋鎮新建村20丘)	An Independent Third Party	From 1 January 2023 to 31 December 2023 ⁽⁶⁾	500	Office
Rooms 5-5-5, 5-5-6 and 5-5-7, Shipping Trading Building, Tanggu, Binhai New Area, Tianjin* (天津濱海新區塘沽航運貿易大廈5-5-5, 5-5-6, 5-5-7)	Tianjin Keyun Logistics	From 10 May 2024 to 9 May 2026	900	Office

BUSINESS

Description of location	Lessor	Term	Approximate site area <i>sq.m</i>	Main usage
No. 88 and 96, Baizhang East Road, Ningbo City (12-9)-(12-10)* (寧波市百丈東路88·96號(12-9)-(12-10))	An Independent Third Party	From 26 March 2023 to 25 March 2025	30	Office
Vietnam				
So 85, khu pho Binh Duong, quoc lo 1A, Phuong Long Binh Tan, Thanh Pho Bien Hoa, Tinh Dong Nai, Viet Nam	An Independent Third Party	From 1 May 2023 to 30 April 2026	24,000	Container depot operations

Notes:

- (1) For these leases which will be expiring within the next six months, we expect to renew the lease and will inform the lessor(s) as and when appropriate for renewal.
- (2) The lessor is a connected person of our Company. Please refer to the paragraph headed “Connected Transactions – (B) Transactions entered into before [REDACTED] which would otherwise constitute connected transactions – 1. Malaysia Tenancy Agreements” for further details of this lease agreement.
- (3) This property is leased under lease agreements with various individual Independent Third Parties based on the title deeds of the land and are renewals of certain leases in respect of this property, some of which had commenced as early as 2008.
- (4) As a result of the nature of the location, we have leased this property from two lessors under two separate lease agreements.
- (5) The tenancy is for a term of five years commencing on 15 June 2018 and thereafter on a quarterly basis until such time as the tenancy shall be determined. The parties have agreed to continue the lease up until 30 June 2024. Under the lease agreement, the lessor may terminate the tenancy at any time by giving three calendar months’ notice in writing.
- (6) Although the lease renewal agreements for these properties have not been signed yet, we have an understanding with the lessors that the formal lease renewal agreements would be signed at a later date when the rental price can be determined based on government guidance prices which are only released at a later date. We are continuing to use and pay rent for these properties in the interim and the rental amount would be adjusted accordingly when the government guidance prices are released.
- (7) During the Track Record Period, this premise was used for our container depot operations in Qingdao of the PRC. Pursuant to the joint venture arrangement in Qingdao as explained in the paragraph headed “Our Business - Others (freight forwarding services in Qingdao)” in this section, (i) we have agreed with the lessor for (PRC) QD Port Lianyung to conduct its business operations on this premise under the existing rental agreement; and (ii) the new joint venture company would reimburse our Group for the remaining rental payments for leasing this premise. As such, we have excluded this premise from our Group’s container depot network since January 2024.

Save as disclosed in the sections headed “Risk Factors” and “Regulations” in this document, there are currently no regulatory requirements or environmental issues that may materially affect our Group’s utilisation of the above properties.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

Legal Proceedings

Save as disclosed below, during the Track Record Period and up to the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to us to be pending or threatened by or against us.

BUSINESS

Legal proceeding initiated against (PRC) TJ Keyun

Background

On 8 November 2005, Tianjin Port International Logistics Development Co. Ltd. (天津港國際物流發展有限公司) (“**Tianjin Port Logistics**”) (an Independent Third Party and as landlord) and (PRC) TJ Keyun (our subsidiary and as lessee) entered into a 20-year lease (as supplemented by the supplemental agreement dated 30 April 2007) for a parcel of land in Tianjin, the PRC, with a site area of 147,309.8 sq.m (the “**Subject Land**”). Pursuant to such lease, all buildings constructed on the Subject Land by (PRC) TJ Keyun must be transferred to Tianjin Port Logistics at nil consideration upon expiration of the 20-year lease (the “**Subject Buildings Transfer**”).

In December 2006, (PRC) TJ Keyun completed the construction of a container terminal and two warehouses on the Subject Land (the “**Subject Buildings**”). However, (PRC) TJ Keyun was unable to complete the relevant construction formalities and obtain the real estate certificate (不動產權證書) for the Subject Buildings, because Tianjin Port Logistics (as landlord) had not actually obtained the land use right certificate (土地使用證) for the Subject Land at the time. We have since successfully obtained the real estate certificate for the Subject Land and the Subject Buildings. Please see the below paragraph “Non-compliance – Failure to complete relevant construction formalities and obtain real estate certificate”.

In November 2019, Tianjin Binhai New District Land Development Centre (天津市濱海新區土地發展中心) organised the listing-for-sale of the land use right of the Subject Land.

As such, Tianjin Port Logistics and (PRC) TJ Keyun entered into an agreement on 2 December 2019, pursuant to which (PRC) TJ Keyun would pay RMB53,757,132.18 (the “**Consideration**”) to Tianjin Port Logistics if we successfully acquired the land use right of the Subject Land at such listing-for-sale, and such Consideration would satisfy the Subject Buildings Transfer.

On 1 June 2021, (PRC) TJ Keyun successfully obtained the land use right certificate for the Subject Land.

However, we delayed payment of the Consideration to Tianjin Port Logistics, pending the issue of the real estate certificate for the Subject Buildings. Subsequently, in November 2021, Tianjin Port Logistics commenced a civil action against (PRC) TJ Keyun to settle the payment of the Consideration.

On 27 April 2022, Tianjin Binhai New District People’s Court (天津市濱海新區人民法院) ruled in favour of Tianjin Port Logistics, and as such, (PRC) TJ Keyun fully settled the Consideration on 20 September 2022.

Legal consequences

As advised by our PRC Legal Advisers, there will be no further legal consequences on our Group as the case has already been concluded. Our Directors believe that such legal proceeding would not have a material adverse effect on our financial position or results of operations.

BUSINESS

Non-compliance

Save as disclosed below, our Directors are of the view that we had complied with all relevant laws and regulations in all material respect during the Track Record Period and up to the Latest Practicable Date:

Failure to complete relevant construction formalities for the Subject Buildings

Background and reasons for non-compliance

As mentioned in the above paragraph “Legal proceeding initiated against (PRC) TJ Keyun”, we had previously failed to complete the relevant construction formalities prior to, during and upon completion of the construction of the Subject Buildings. On 9 October 2019, Tianjin Municipal Urban Management Committee (天津市城市管理委員會) imposed an administrative fine of RMB1,164,395 on (PRC) TJ Keyun for our failure to obtain the construction planning permit (建設工程規劃許可證) prior to the construction of the Subject Buildings, which we duly paid on 16 October 2019. On 7 March 2024, Tianjin Binhai New Area Housing and Construction Committee (天津市濱海新區住房和建設委員會) imposed an administrative fine of RMB179,400 on (PRC) TJ Keyun for our failure to conduct the construction acceptance check (竣工驗收) for the Subject Buildings before putting the Subject Buildings into use. (PRC) TJ Keyun duly paid the fine on 8 March 2024.

The Subject Buildings were constructed on the Subject Land leased from Tianjin Port Logistics. However, Tianjin Port Logistics did not actually obtain the relevant land use right of the Subject Land at the time of construction of the Subject Buildings. As such, it was not possible for (PRC) TJ Keyun under relevant PRC laws and regulations to apply for, go through and complete relevant construction formalities, and ultimately, apply for and obtain the real estate certificate of the Subject Buildings.

Rectification actions and potential impact on us

On 27 March 2024, (PRC) TJ Keyun obtained the real estate certificate of the Subject Land and the Subject Buildings.

Pursuant to the confirmation letter issued by Tianjin Municipal Planning and Natural Resources Bureau Binhai New District Branch (天津市規劃和自然資源局濱海新區分局) (the “**Bureau**”), during the period from 1 January 2020 to 30 June 2023, within the territory of Binhai New District, there were no records of any administrative penalty imposed by the Bureau on (PRC) TJ Keyun as a result of the violation of any laws, regulations or normative documents on planning and administration of natural resources. According to the credit reports retrieved from Tianjin Municipal Public Credit Centre (天津市公共信用中心) (the “**Credit Centre**”), during the Track Record Period, there were no records of (PRC) TJ Keyun of any violation of laws or regulations in the fields of planning and natural resources.

In light of above, our Directors consider that such non-compliance will not have any material adverse operational or financial impact on us.

BUSINESS

We have adopted a set of internal control policies to ensure our construction projects are in compliance with applicable statutory procedures and to prevent any recurrence of similar future non-compliance: (i) prior to and during the construction works, we must obtain all the requisite construction permits and approvals from the relevant competent government authorities within the statutory timeframe in accordance with applicable laws and regulations; and (ii) our Group will engage legal and other professional advisers for relevant construction projects, to ensure that we are compliant with applicable statutory requirements.

Failure to make full contributions to the social insurance and housing provident fund

Background and reasons for non-compliance

During the Track Record Period and up to the Latest Practicable Date, (PRC) TJ Keyun did not make full social insurance and housing provident fund contributions for its employees with an aggregate shortfall of approximately RMB5.3 million (equivalent to approximately S\$1.0 million), in accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法) (the "**Social Insurance Law**") and the Administrative Regulations on the Housing Provident Fund of the PRC (中華人民共和國住房公積金管理條例) (the "**Housing Provident Fund Regulations**").

Our failure to make full contribution was mainly due to certain of our employees were not willing to bear the costs associated with social insurance and housing provident fund contributions strictly in proportion to their salaries received but rather receive compensation and benefits in lieu of such relevant contributions.

Potential legal consequences and potential impact on us

It is estimated that for the years ended 31 December 2021, 2022 and 2023, the estimated aggregate shortfall in social insurance contribution amounted to RMB1.2million, RMB1.3million and RMB1.2 million (equivalent to approximately S\$0.2 million, S\$0.2 million and S\$0.2 million), respectively, and the estimated aggregate shortfall in housing provident fund contribution amounted to RMB0.6 million, RMB0.6 million and RMB0.5 million (equivalent to approximately S\$0.1 million, S\$0.1 million and S\$0.1 million), respectively. As of 31 December 2023, we have made no provision for such insufficient contribution of social insurance and housing provident fund.

As advised by our PRC Legal Advisers (Grandall), the legal consequences for the failure to fully contribute the social insurance and housing provident fund under the relevant PRC laws and regulations include: (i) with respect to the social insurance, we may be ordered by the competent authority to pay the relevant outstanding social insurance contributions within a stipulated time period and may be required to pay a late payment fee of up to 0.05% of the relevant outstanding amounts for each day of delay in accordance with the Social Insurance Law; if we fail to pay the outstanding amounts and the late payment fee as required, we may be imposed fines in an aggregate amount ranging from one to three times of the relevant outstanding social insurance contribution; and (ii) with respect to the housing provident funds, in accordance with the Housing Provident Fund Regulations, we may be ordered by the relevant authority to pay the outstanding amounts within a prescribed time period, and if we fail to make such outstanding amounts as required, we may be subject to an enforcement by relevant competent court.

BUSINESS

Our PRC Legal Advisers (Grandall) consulted with Tianjin Human Resources and Social Security Bureau (天津市人力資源和社會保障局) on 12 April 2024, and was advised that starting from 1 January 2024, the relevant taxation bureau will be responsible for collecting social insurance funds and recovering historical arrears of enterprises within the jurisdiction. Therefore, our PRC Legal Advisers (Grandall) are of the view that within the Tianjin jurisdiction, the human resources and social security bureau shall be the general competent authority for the supervision and management of social insurance compliance of enterprises, and the relevant taxation bureau shall be the specialized competent authority for the collection and recovery of social insurance funds and historical arrears.

On the same day, our PRC Legal Advisers (Grandall) consulted with the State Taxation Administration Tianjin Binhai New Area Taxation Bureau (國稅局天津市濱海新區稅務局) (the “**Tianjin Binhai Taxation Bureau**”), and was advised that the Tianjin Binhai Taxation Bureau generally will not carry out recovery or impose administrative penalties on companies in terms of the outstanding social insurance contributions.

In addition, pursuant to the confirmation letter issued by Tianjin Binhai New Area Human Resources and Social Security Bureau (天津市濱海新區人力資源和社會保障局) on 12 September 2023 and the Corporate Public Credit Report issued by the Tianjin Public Credit Center (天津公共信用中心) on 2 February 2024, (PRC) TJ Keyun has no records of violation of social insurance laws and regulations during the Track Record Period.

According to the consultation conducted by our PRC Legal Advisers (Grandall) with the Tianjin Housing Provident Fund Management Center (天津住房公積金管理中心) (the “**Tianjin Housing Provident Fund Center**”) on 22 April 2024, it is confirmed that the Tianjin Housing Provident Fund Center generally will not carry out recovery or impose administrative penalties on companies in terms of the outstanding housing provident fund contributions. According to the confirmation letter issued by the Tianjin Housing Provident Fund Center on 8 January 2024, (PRC) TJ Keyun has no records of administrative penalties in relation to housing provident fund violations during the Track Record Period.

As advised by our PRC Legal Advisers (Grandall), the Tianjin Housing Provident Fund Center is the competent government authority to regulate the housing provident fund compliance of enterprises within its jurisdiction.

Based on the above, our PRC Legal Advisers (Grandall) are of the view that: (i) the abovementioned authorities are competent for giving relevant advice and issuing relevant confirmation letters and credit report; (ii) our risk of being required to make up for the abovementioned shortfall in social insurance and housing provident fund contribution is remote; and (iii) our risk of being subject to administrative penalties for any outstanding social insurance and housing provident fund contributions incurred during the Track Record Period is remote.

BUSINESS

Our Directors have considered the following in assessing our exposure relating to such matters: (i) as at the Latest Practicable Date, we had not received any notification from relevant government authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties, material litigations and legal proceedings, nor were we aware of any material employee complaints nor involved in any material labour disputes with our employees with respect to social insurance and housing provident funds; (iii) pursuant to the written confirmations from relevant competent authorities and credit reports retrieved from relevant government credit information platforms, there were no records of any administrative action, fine or penalty with respect to such matters against our subsidiaries; (iv) it is estimated that the potential maximum surcharge that our Group may be exposed to due to the shortfall in social insurance and housing provident fund contributions would not be subject to any other potential penalty pursuant to the Social Insurance Law and the Housing Provident Fund Regulations save for the aforesaid surcharge; and (v) we will pay any shortfall within a prescribed time period if demanded so by relevant competent authorities.

To prevent any recurrence of such non-compliance incidents in future, we have established and implemented the following enhanced internal control measures: (i) our human resources department has inspected the social insurance and housing provident fund payment of the employees in the Group, and found out the reasons for the shortfalls in payment, and made records and follow-up; (ii) our Group will properly prepare and maintain written records on payments for social insurance and housing provident fund contributions and have the records reviewed by designated personnel on a monthly basis, such as the head of our human resources in the PRC; (iii) we will continue to regularly communicate with the relevant competent authorities and, where necessary, consult PRC Legal Advisers, in respect of the applicable bases for calculation of the social insurance and housing provident fund contributions at the rates approved by the relevant government authorities, and will update our relevant contribution policies in accordance with such consultations; and (iv) we will provide regular trainings to our responsible staff in respect of compliance with such matters and consult with our PRC Legal Advisers where necessary on updates to relevant laws and regulations.

Based on the above, our Directors are of the view that our previous failure to fully contribute to social insurance and housing provident funds would not have any material adverse operational or financial impact on us, and our current practice is generally in line with market practice in respect of social insurance and housing provident fund contributions in the PRC.

Failure to comply with certain provisions of the Anti-Unfair Competition Law of the PRC

Background and reasons for non-compliance

Prior to the Track Record Period, (PRC) SH Yifa engaged in an arrangement with a long-term existing customer, Mediterranean Shipping Company SA (“MSC”), being one of the largest container shipping companies in the world. Under such arrangement, (PRC) SH Yifa provided MSC with a rebate of 30% of lift-on and lift-off fees received by (PRC) SH Yifa from shippers and consignees in 2018 and 2019. Such rebate was deemed to be in breach of certain provisions of the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法) (the “AUC Law”).

BUSINESS

On 15 December 2020, the Administration for Market Regulation of Pudong New District of Shanghai (上海市浦東新區市場監督管理局) imposed an administrative penalty of RMB500,000 on (PRC) SH Yifa plus confiscation of its net profits under the rebate (amount to the total amount of RMB600,758.96). (PRC) SH Yifa has duly paid such penalty on 11 January 2021.

The non-compliance incident was due to the fact that the relevant staff of the sales and marketing department had believed we were in compliance with the AUC Law. Under article 7 of the AUC Law, despite that business operators shall not bribe the relevant entities or individuals with property or by any other means for the purpose of seeking a transaction opportunity or competitive advantage, business operators may pay commissions to intermediaries, provided that these are recorded in the books and accounts of both the relevant business operator and the intermediary. Such rebate arrangement was recorded in our books and accounts, and on such basis, we had believed that we were compliant with the AUC Law.

Potential legal consequences, rectification actions and potential impact on us

Our Directors have considered the following matters when assessing our exposure for such matter: (i) the rebate arrangement was fully disclosed in the relevant agreement, indicating that neither we nor MSC had the deliberate or dishonest intent to conceal the rebate arrangement from authorities; (ii) as at the Latest Practicable Date, no civil claim or complaint has been made by the relevant shippers and consignees using our services or other operators of depots against us; (iii) the penalty was administrative in nature, with a relatively low fine of RMB500,000 compared to the maximum penalty of RMB3 million which could have been imposed under article 19 of the AUC Law; and (iv) we have since such rebate arrangement.

In light of above, our Directors consider that such non-compliance will not have any material adverse operational or financial impact on us.

The Sole Sponsor is of the view that the (PRC) SH Yifa Matter did not involve dishonesty or integrity concerns for our Company or any members of its board and senior management which would have implications on the suitability of [REDACTED] of our Company.

In order to prevent future potential non-compliance incidents in relation to transactions which may be regarded as in breach of the AUC Law, our Group has formulated written policies and procedures and strengthened the internal control specifying that: (i) our Group will engage external legal expertise to regularly review the template of the agreements to be adopted in future depot transactions to ensure the compliance with regulatory requirements; and (ii) regular training will be provided to the relevant personnel regarding the requirements under the relevant PRC laws and regulations.

BUSINESS

Failure to comply with certain provisions of the Anti-Monopoly Law of the PRC

Background and reasons for non-compliance

On 16 November 2018, Tianjin Municipal Development and Reform Commission (天津市發展和改革委員會) issued an administrative penalty decision letter to (PRC) TJ Keyun, which stated that since 2010, (PRC) TJ Keyun had reached an agreement to fix the prices of the comprehensive surcharges and unloading service fees with other 26 container depot operators in the Tianjin Port Area, by which, (PRC) TJ Keyun had formed a relatively stable price alliance with such container depot operators in the Tianjin Port Area and cooperated with them to adjust the prices of the comprehensive surcharges and unloading service fees. As (PRC) TJ Keyun and such container depot operators are market competitors, the agreement it reached to fix the comprehensive surcharges and unloading services fees with other container depot operators excluded and restricted competition in the yard service market in the relevant area, which, therefore, was in violation of certain provisions of the Anti-Monopoly Law of the PRC and resulted in a fine of RMB3,548,426.53. (PRC) TJ Keyun duly paid the fine on 26 November 2018.

Potential legal consequences, rectification actions and potential impact on us

We have fully paid the fine and since then in compliance with relevant Anti-Monopoly Law of the PRC. In addition, (PRC) TJ Keyun has published their services fee in the entrance of the depot as required by the relevant authority and terminated the relevant pricing arrangement with other container depot operators.

Pursuant to the credit reports retrieved from the Credit Centre, since 4 August 2018 until 5 August 2023, there were no records of (PRC) TJ Keyun of any violation of laws or regulations in the fields of development and reform.

In light of above, our Directors consider that such non-compliance will not have any material adverse operational or financial impact on us.

Late filing of various Hong Kong corporate forms

Background and reasons for non-compliance

From 1997 to 2021, our Hong Kong subsidiaries had on multiple occasions filed late various specified forms (including forms regarding changes in registered office or composition or particulars of directors and company secretaries, annual returns, return of allotments) with the Companies Registry as required under the Companies Ordinance (or its predecessor).

These were due to inadvertent oversights on the part of our then administrative staff responsible for preparing such filings, and lack of sufficient procedures to monitor the various filing requirements.

Potential legal consequences

As advised by ONC Lawyers, our Hong Kong legal advisers in relation to our Hong Kong subsidiaries:

- We have not been penalised for any of these incidents.
- There is no risk of prosecution for all of such offences as they have been time-barred under the Companies Ordinance (or its predecessor), having occurred more than 3 years ago.

BUSINESS

Rectification actions and potential impact on us

We have since made all relevant filings.

To avoid recurrence of similar non-compliance in the future, we have taken additional measures to improve our corporate governance and internal control to ensure full compliance with applicable laws and regulations. Our Directors will ensure our subsidiaries incorporated in Hong Kong will comply with the relevant regulatory requirements by designating our relevant company secretary to: (a) monitor the regulatory requirements in respect of these subsidiaries; (b) work closely with the external professional advisers engaged by our Group; (c) keep abreast of the relevant regulatory requirements; and (d) continue to attend trainings on the relevant laws and regulations.

Regarding the abovementioned systemic non-compliances, our Directors are of the view, and the Sole Sponsor concurs, that these non-compliance incidents would not affect our suitability for [REDACTED] or the suitability of the Directors to act as directors given that: (1) these incidents were not wilful, did not involve any element of fraud and dishonesty, and arose due to inadvertent oversight; (2) incidents of this nature are not uncommon; (3) the significant majority of the incidents occurred prior to the Track Record Period and have already been time-barred; (4) these incidents relate to minor offences for which the potential penalties are relatively low; and (5) we have implemented relevant rectification measures to prevent reoccurrence.

Directors and Sole Sponsor’s view

Having taken into account the fact that (i) our Group has taken corrective measures in relation to the non-compliance incidents abovementioned; (ii) our Group has implemented the abovementioned additional measures to avoid reoccurrence of the non-compliance incidents; and (iii) the non-compliance incidents were unintentional, did not involve any fraudulent act on the part of our Directors or cast doubt on their integrity, our Directors are of the view, and the Sole Sponsor concurs, that the abovementioned non-compliance incidents do not have any material impact on the suitability of our Directors and our suitability for [REDACTED].

INTERNAL CONTROL

To assess and identify weaknesses in our internal procedures, systems and controls, we engaged an independent internal control consultant (the “**Internal Control Consultant**”) to review the adequacy and effectiveness of our internal control procedures, systems and controls. The internal control review covered January 2020 to June 2023. During the initial review process, certain internal controls matters were identified and the Internal Control Consultant provided recommendations in relation to strengthening our Group’s internal controls. We have accepted these recommendations and further strengthened the design of our internal control process.

BUSINESS

The Internal Control Consultant has performed a follow-up review and review of enhanced internal control by focusing on the remedial actions undertaken by the management of our Group on the control deficiencies identified in the initial review. The Internal Control Consultant noted that while the majority of the control deficiencies were remediated, certain remedial actions were still in progress. Save for these actions remain in progress, the Internal Control Consultant did not identify any material weakness or raise any further recommendation in the follow-up review. Our Directors have confirmed that our Group had remediated the remaining control deficiencies by adopting the recommendations suggested by the Internal Control Consultant as at the Latest Practicable Date.

Internal control measures to improve corporate governance

We recognise the importance of up-keeping adequate internal control and risk management systems. In order to continuously improve our corporate governance, we intend to adopt or have adopted the following measures:

- (i) our Directors attended a directors' training session conducted by the Company's legal adviser as to Hong Kong laws on the ongoing obligations and duties of a director of a company whose shares are listed on the Stock Exchange;
- (ii) we have appointed Alliance Capital Partners Limited to act as our compliance adviser upon [REDACTED] to provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws;
- (iii) we have appointed Ms. AU-YEUNG Nelly as our company secretary to handle the secretarial matters and day-to-day compliance matters of our Group. Ms. AU-YEUNG Nelly is also responsible for the timing and procedures for convening annual general meetings, including the time for sending notice of meeting and laying the respective financial statements;
- (iv) we have established an Audit Committee which will review and supervise the financial reporting process and the internal control system of the Group; and
- (v) our Group will seek professional advice and assistance from independent control consultants, external advisers and/or other appropriate independent professional advisers with respect to matters relating to our internal controls and compliance as and when appropriate.

As a result of the suspected fraud incident by our customer of our freight forwarding business in Qingdao, PRC, we have (i) increased fraud risk awareness amongst employees by formalising an anti-fraud policy; (ii) enhanced payment approval process requiring multi-level approvals especially for high value payments; and (iii) enhanced evaluation of new customers including carrying out of business background checks, references checks from peers and site visit. For further details, please refer to the paragraph headed "Financial Information – Description of selected items from consolidated statements of profit or loss and other comprehensive income – Impairment loss under expected credit losses model, net of reversal" in this document.

BUSINESS

View of our Directors

Based on the Internal Control Consultant's review and recommendations, our Group has duly adopted the recommended measures in order to improve our internal control systems and to ensure our compliance with the Listing Rules and relevant applicable laws in the locations in which we operate. Furthermore, after the internal control consultant had performed their follow-up review, they did not identify any further issues and made no further recommendations in the respective areas covered in their reviews. Based on the results of the internal control reviews, our Directors are of the view that adequate and effective internal control procedure and policies have been put in place by our Group.

RISK MANAGEMENT

Our Directors believe that by having the above measures in place and by closely monitoring the effectiveness of these measures, we will be able to minimise the impact of the risks we are exposed to during the course of our business operations.

In the course of conducting our business, we are exposed to various types of risks, including market risks, liquidity risks, operational risks, credit risks and regulatory risks, the details of which have been disclosed under the section headed "Risk Factors" and the paragraph headed "Financial Information – Market and Other Financial Risk Management" in this document.

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

Primary operational risks	Risk management measures
Risk of shortage of container depot space to meet our customers' demands	To ensure that our Group is able to maintain sufficient storage capacity, we enter into short-term lease agreements on ad-hoc basis for land to be used as temporary container depots to meet our customers' demands.
Risk of damages caused by natural catastrophes to our container depot operations	Our Group has adopted internal policies for the use of lashing and bracing of container stacks at locations susceptible to natural catastrophes and inclement weather.
Risk of our container shipping line customers expanding into the container depot business in the locations in which we operate	Our Group has diversified our customer base for our container depot operations to include a balanced mix between container shipping lines and container leasing companies as well as strengthen relationships with customers to ensure that we are not dependent on any one customer.
Risk in dealing with new counterparties or unknown parties	Our Group has adopted enhanced internal control measures for formulating relevant anti-fraud policies, enhancing payment approval processes and enhancing evaluation of new customers.

BUSINESS

AWARDS, ACCREDITATION AND RECOGNITION

We have over the years received accolades and awards for our business, including the following:

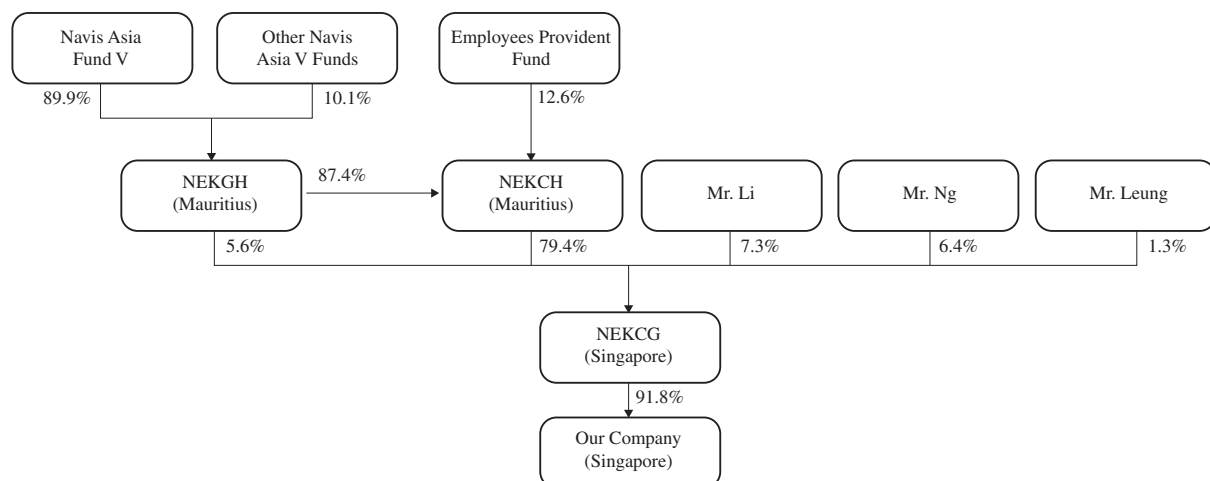
Year of Award	Recipient	Award	Awarding Organisation
2022	(SG) EK Container	bizSAFE Level 4	Workplace Safety and Health Council
2021	Our Company	Certificate of Commendation for achieving "ACAP Premium" Status in GST Assisted Compliance Assurance Programme	Inland Revenue Authority of Singapore
2019	(SG) EK Container	bizSAFE Level 4	Workplace Safety and Health Council
2016	Our Company	360 Human Capital and Productivity Breakthrough Award (Titanium)	Human Capital (Singapore)
2016	Our Company	Certificate of Appreciation for supporting SAF Day Combined Rededication Ceremony 2016	Singapore Manufacturing Federation

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the [REDACTED], NEKCG will directly hold approximately [REDACTED]% of the issued Shares of our Company (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED] and the Post-[REDACTED] Share Options).

The simplified shareholding structure of our Company immediately before the [REDACTED] is set out below:



NEKCG is an investment holding company, which is owned as follows: (1) NEKCH as to approximately 79.4%; (2) NEKCH as to approximately 5.6%; (3) Mr. Li as to approximately 7.3%; (4) Mr. Ng as to approximately 6.4%; and (5) Mr. Leung as to approximately 1.3%. Therefore, NEKCG, NEKCH, NEKCH, Mr. Li, Mr. Ng and Mr. Leung will together form a group of controlling shareholders.

NEKCH is owned as to 87.4% by NEKCH and 12.6% by the Employees Provident Fund. The Employees Provident Fund is a provident fund established in 1951 and is a federal statutory body under the purview of Malaysia’s Ministry of Finance. It is a retirement savings fund which helps the Malaysian workforce save for their retirement in accordance with Malaysia’s Employees Provident Fund Act 1991. To the best of our Directors’ knowledge, there exists no agreement or arrangement in relation to voting arrangements (including but not limited to acting in concert agreements or arrangements) in NEKCH or our Group, written or otherwise, involving the Employees Provident Fund (on the one hand) and NEKCH (on the other hand). During all times, the Employees Provident Fund has been a passive minority investor and has never been involved in the management and operations of our Group or our Controlling Shareholders. Therefore, the Employees Provident Fund is not a controlling shareholder of our Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

NEKGH is wholly-owned by the Navis Asia V Funds as follows: (1) Navis Asia Fund V as to 89.9%; (2) Navis Asia Fund V (2) as to 2.5%; (3) Navis Asia Fund V-E as to 0.1%; and (4) Navis Asia Fund V-S as to 7.5%. Each of the Navis Asia V Funds co-invest alongside one another and is an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Navis GP (LP). Navis GP (LP) is also an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Navis GP (Ltd). Pursuant to the limited partnership agreements, Navis GP (LP) (in its capacity as general partner of the Navis Asia V Funds) is exclusively responsible for the management, control and operation of and the determination of policy of the Navis Asia V Funds and their investment and other activities. To the best of our Directors' knowledge: (1) each of the limited partners of the Navis Asia V Funds are Independent Third Parties; and (2) save for Navis Asia Fund V-E whose limited partners are individuals who are or were employees of Navis at the time of the initial closing of the Navis Asia V Funds (none of whom hold any position within or other shareholding interest in the Group), each of the limited partners of the other Navis Asia V Funds are institutional, accredited and/or sophisticated investors.

Therefore, for the purpose of this document, our Controlling Shareholders consist of: (1) NEKCG; (2) NEKCH; (3) NEKGH; (4) Navis Asia Fund V; (5) Navis Asia Fund V (2); (6) Navis Asia Fund V-E; (7) Navis Asia Fund V-S; (8) Navis GP (LP); (6) Navis GP (Ltd); (7) Mr. Li; (8) Mr. Ng; and (9) Mr. Leung.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Navis

Founded in 1998, Navis manages approximately US\$5 billion in private equity capital and focuses on investments primarily in and around Asia. Navis contributes both capital and management expertise to a limited number of well-positioned companies with the objective of directing strategic, operational and financial improvements. Navis has one of the largest and most multi-cultural teams of private equity professionals in Asia, comprising over 100 individuals, including more than 60 investment professionals and 16 nationalities, in seven offices across the region. Navis has a long and proven track record in pan-Asian private equity, with over 90 control transactions across the Asian region completed since its establishment.

Mr. Li, Mr. Ng and Mr. Leung

See "Directors and Senior Management" for further information on Mr. Li, Mr. Ng and Mr. Leung. Mr. Li and Mr. Ng are brothers-in-law.

As at the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the [REDACTED] for the following reasons:

Management Independence

We have a Board and senior management team that function independently of our Controlling Shareholders and their close associates.

Our board of Directors consists of seven Directors and one alternate Director, consisting of: (1) two executive Directors, being Mr. Li and Mr. Ng, and Mr. Leung as the alternate Director to Mr. Ng; (2) two non-executive Directors, being Mr. Jean-Christophe Michel MARTI and Ms. FOO Lih Huoy, all being directors or employees of Navis; and (3) three independent non-executive Directors, which satisfies the ratio required under the Listing Rules. Upon [REDACTED], there will be a sufficiently robust and independent voice within our Board to counter balance any situation involving conflict of interest and protect the interests of our independent Shareholders.

Our Directors are also supported by an independent senior management team, comprising 5 members. None of the members of our senior management team hold any directorship or senior management role in our Controlling Shareholders and their close associates. Therefore, there will be sufficient non-overlapping Directors and senior management who are independent and have relevant experience to enable the proper functioning of our Board upon [REDACTED].

Our Directors, including our independent non-executive Directors, are of the view that our Board and senior management are able to manage our business independently from our Controlling Shareholders for the following reasons:

- each Director is aware of his/her fiduciary duties as Director which require, among other things, that he/she acts for the benefits and in the best interests of our Company and Shareholders as a whole and does not allow any conflict between his/her duties as Directors and his/her other interests.
- as non-executive Directors, Mr. Jean-Christophe Michel MARTI and Ms. FOO Lih Huoy will focus on strategic development of our Group and will not be involved in our daily management and operations.
- we have 3 independent non-executive Directors out of seven Directors and one alternate Director in satisfaction of the ratio required under the Listing Rules. They have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- pursuant to our Constitution, a Director who is to his/her knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company, shall declare the nature of his/her interest in the meeting of our Board at which the question of entering into the contract or arrangement is first taken into consideration, if he/she knows his/her interest then exists, or in any other case, at the first meeting of our Board after he/she knows that he/she is or has become so interested. Our Constitution does not require such a Director who is so interested not to attend any meeting of our Board. However, a Director shall not be entitled to vote (nor be counted in the quorum) on a resolution of our Directors in respect of any board resolution approving any contract or arrangement or any proposal in which he or any of his/her close associates is materially interested unless expressly permitted by our Constitution. See "Appendix IV – Summary of the Constitution of our Company and Singapore Company Law".
- whether a Director is conflicted on any matter depends on the particular circumstances of the matter under consideration. The fact that a Director also has directorship in other companies does not create a conflict of interest unless the matter under consideration involves his/her personal interests or those of the other companies as well as our Group,
- our Directors will ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice so as to ensure that the best interests of our Company and Shareholders taken as a whole are preserved,
- following the [REDACTED], our Directors are required to comply with the Listing Rules. This includes review of connected transactions by our independent non-executive Directors and where appropriate, independent financial advice and independent Shareholders' approval will be required, and
- in order to allow the non-conflicting members of our Board to function properly with the necessary professional advice, we will engage a third-party professional adviser to advise our Board when necessary, depending on the nature and significance of any proposed transactions to be entered into between us and our Directors or their respective close associates.

Operational Independence

Our Directors believe that we will continue to operate independently from our Controlling Shareholders and their close associates based on the below factors:

Licenses, permits and intellectual property rights

We possess all material licenses and permits necessary to carry on and operate our business. Please see "Appendix VII – Licenses, Permits and Approvals of the Group". We are also not reliant on any intellectual property owned by our Controlling Shareholders or their close associates as we have registered, applied for registration, or obtained license to use, all relevant trademarks that are material to our business. Please see "Appendix V – Statutory and General Information – B. Further Information About Our Business – 2. Intellectual property rights of our Group".

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Access to customers and suppliers

We have independent access to our suppliers and customers and an independent management team to oversee our daily operations. We have operations in multiple locations in Asia and we do not place undue reliance on any customers of our Group, nor do we place undue reliance on our Controlling Shareholders to solicit customers. We conduct our own sales and marketing primarily through our own sales and marketing team.

Operational facilities

All of the properties and facilities needed for our business operations are independent from our Controlling Shareholders and their close associates, save for two plots of land used for our container depot operations in Malaysia, which we leased from companies controlled by Mr. Li and Mr. Ng. Our Directors (including the independent non-executive Directors) consider that such leases have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Please see "Connected Transactions – (B) Transactions entered into before [REDACTED] which would otherwise constitute connected transactions – 1. Malaysia Tenancy Agreements".

Employees

Our employees have primarily been recruited from the open market. None of our employees have any other relationship with our Controlling Shareholders and their close associates.

Independence of administrative capability

All essential administration functions and daily operations of our Group will be carried out by a team of staff employed by our Group independently of the Controlling Shareholders. Upon [REDACTED], only certain support administrative services (such as human resource, administration, corporate secretarial services and accounting and finance services) will be shared. Such sharing of support administrative services should not impact our Group's independence since such sharing arrangement only involves provision of services by our Group to NEKCG and not the other way around. Such services will be shared on a cost basis and will constitute a fully exempt continuing connected transaction as further described in the section headed "Connected Transactions – (D) Fully Exempt Continuing Connected Transactions - 2. Shared Administrative Services Framework Agreement" in this document.

Financial Independence

We will not have any share pledges or guarantees provided by our Controlling Shareholders and their respective associates on our borrowings upon the [REDACTED]. In addition, we have our own internal control and accounting systems, accounting department, independent treasury function for cash receipts and payment and independent access to third-party financing.

Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the [REDACTED], we have amended our Constitution to comply with the Listing Rules. In particular, our Constitution provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that may have conflict or potentially conflict with any of our interest and abstain from the board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section entitled "Directors and Senior Management – Board of Directors – Independent non-executive Directors" in this document;
- (d) we have appointed Alliance Capital Partners Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance; and
- (e) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The following table sets out information on our Directors and senior management:

Name	Age	Position	Date of joining our Group's business	Date of appointment as Director/senior management	Roles and responsibilities
Executive Directors					
LI Hung (李雄) ⁽¹⁾	72	Co-Chairman and executive Director	July 1978	14 October 1994	Overall daily operation and management of our Group as well as our strategic development
NG Kam Ming (伍錦明) ⁽¹⁾	74	Co-Chairman and executive Director	July 1978	14 October 1994	Overall daily operation and management of our Group as well as our strategic development
LEUNG Wai Kuen, Godfrey (梁偉權)	72	Alternate Director to Mr. Ng	July 1998	31 March 2024 ⁽²⁾	Overall daily operation and management of our Group as well as our strategic development
Non-executive Directors					
MARTI Jean-Christophe, Michel	57	Non-executive Director	7 June 2023	7 June 2023	Supervising and reviewing the overall business development and strategic planning of our Group
FOO Lih Huoy (符珮蕙)	34	Non-executive Director	7 June 2023	7 June 2023	Supervising and reviewing the overall business development and strategic planning of our Group
Independent non-executive Directors					
LAM Shiao Ning	51	Independent non-executive Director	[•]	[•]	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct
FONG Heng Boo (龐廷武)	74	Independent non-executive Director	[•]	[•]	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct
YANG Victor (楊岳明)	78	Independent non-executive Director	[•]	[•]	Providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct

Notes:

- 1 Mr. Li and Mr. Ng are brothers-in-law.
- 2 Mr. Leung was first appointed as a Director on 16 October 1998 and then resigned from such role and was appointed as an alternate Director on 31 March 2024.

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group's business	Date of appointment as Director/senior management	Roles and responsibilities
Senior management⁽³⁾					
TAN Wee Hong	48	Regional general manager of Southeast Asia	January 1997	1 June 2016	Overseeing our Group's business in Singapore, Malaysia, Thailand and Vietnam
CHAN Tat-lee, Terry (陳達理)	56	Group marketing general manager	August 1992	1 July 2016	Client management and business development of our Group
CHUA Lin Lin, Evelyn (蔡玲玲)	52	Chief financial officer	September 2005	1 January 2021	Overseeing the financial affairs of our Group
OOI Ying Kit (黃英傑)	58	Group information technology general manager	February 2012	1 April 2022	Managing the information technology functions of our Group
ZHANG Jianwei (張建偉)	55	General manager of (PRC) SH Keyun and (PRC) SH Yifa	August 1995	July 2001	Managing the daily operations of (PRC) SH Keyun and (PRC) SH Yifa

BOARD OF DIRECTORS

Our Board of Directors is the primary decision-making body of our Company, setting fundamental business strategies and policies for the management and operation of our business and monitoring their implementation. Our Board of Directors comprises seven Directors and one alternate Director, consisting of two executive Directors and one alternate Director, two non-executive Directors and three independent non-executive Directors. Our Directors are elected to serve terms of three years, which are renewable upon re-election and/or re-appointment.

Executive Directors

Mr. LI Hung (李雄), aged 72, is a founder of the Group, the Co-Chairman, an executive Director and a Controlling Shareholder of our Company. He was appointed as a Director in October 1994 and the Chairman in June 2023. He was redesignated as our executive Director and Co-Chairman on 21 May 2024. Mr. Li is responsible for the overall daily operation and management of our Group as well as our strategic and corporate development, finance and administration, new expansion location and set up, and leading the Singapore "megadepot" project team. Mr. Li is the brother-in-law of Mr. Ng, an executive Director and a Controlling Shareholder. Mr. Li is also a director of various of our subsidiaries, namely, (SG) EK Container, (SG) EK Logistics, (SG) EK Marketing, (SG) NEK, (MY) EK Johor, (MY) EK Logistics, (MY) EK Penang, (TH) EK, (HK) Best China, (HK) Gold Prime, (HK) Grand Pacific, (HK) MF Container, (HK) MF Reefer, (HK) PCL, (HK) Techni-Con, (PRC) MF, (PRC) SH Anxin, (PRC) QD Keyun, (PRC) TJ Keyun and (BVI) Double Creation.

Note:

3 For the business address of the senior management, please refer to the address of our corporate headquarters in the section headed "Corporate Information" in this document.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li and Mr. Ng founded the Group in 1978, and Mr. Li has since accumulated nearly 50 years of experience in the container depot industry. Mr. Li has been overseeing all aspects of the Group's business including but not limited to its strategic and corporate development, finance and administration and expansion plans.

Mr. Li graduated from Carmel English School in Hong Kong in August 1970.

Mr. Li was a director of the following 15 companies established in Singapore that have been struck off: (i) Applegold Investments Pte Ltd, which was principally used as an investment holding company before it was struck off on 7 March 2012; (ii) Asia Environment Holdings Pte. Ltd., which was principally used as an investment holding company before it was struck off on 9 November 2022; (iii) E.K.F. Forwarding (Pte) Ltd, which was principally engaged in warehousing business before it was struck off on 22 September 2001; (iv) E.P. Holdings (Pte) Ltd, which was principally engaged in freight transportation business before it was struck off on 15 January 2010; (v) Eng Kong Container Services (S) Pte Ltd, which was principally engaged in ship building and repairing business before it was struck off on 31 December 2003; (vi) Eng Kong Corporation Pte Ltd, which was principally engaged in wholesale business before it was struck off on 14 April 2000; (vii) Eng Kong Development (Overseas) Pte Ltd, which was principally used as an investment holding company before it was struck off on 12 May 2014; (viii) Eng Kong Logistic Services Pte Ltd, which was principally engaged in warehousing business before it was struck off on 23 October 1999; (ix) Eng Kong Tech Park Pte Ltd, which was principally engaged in warehousing business before it was struck off on 7 March 2012; (x) Island Mobile Express Pte. Ltd., which was principally engaged in freight transportation business before it was struck off on 11 August 2010; (xi) OTLS Transport Pte Ltd, which was principally engaged in port operations business before it was struck off on 4 October 2002; (xii) PCL Container Services Pte Ltd, which was principally engaged in industrial machinery business before it was struck off on 3 November 2001; (xiii) Safariwood Trading (S) Pte Ltd, which was principally engaged in wholesale trading business before it was struck off on 14 July 2000; (xiv) Southern Star Agencies Pte Ltd, which was principally engaged in shipping business before it was struck off on 3 November 2001; and (xv) Trans Lease Agencies Pte Ltd, which was principally engaged in shipping business before it was struck off on 11 November 2008.

Mr. Li was also a director of the following 3 companies incorporated in Hong Kong that were later dissolved by deregistration: (i) EK Kooll Reefer Services Limited, which was principally engaged in the provision and operation of reefer container services in Hong Kong before it was dissolved on 25 March 2011; (ii) Grand Pacific Warehouse (1998) Limited, which was principally engaged in warehousing business before it was dissolved on 28 December 2001; and (iii) Homley Container Services Limited, which was principally engaged in storage and repair of container business before it was dissolved on 28 March 2003.

Mr. Li confirmed that each of the above companies were solvent prior to being struck off or deregistered and it had not commenced business or had ceased to conduct business. He further confirmed that, as at the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the striking off or deregistration of each of the above companies.

DIRECTORS AND SENIOR MANAGEMENT

Mr. NG Kam Ming (伍錦明), aged 74, is a founder of the Group, an executive Director and a Controlling Shareholder of our Company. He was appointed as a Director in October 1994. He was redesignated as our executive Director and Co-Chairman on 21 May 2024. Mr. Ng is responsible for the overall daily operation and management of our Group as well as our strategic development, marketing, finance and administration, land development and planning and customer relations. Mr. Ng is the brother-in-law of Mr. Li, an executive Director and a Controlling Shareholder. Mr. Ng is also a director of various of our subsidiaries, namely, (SG) EK Container, (SG) EK Logistics, (SG) EK Marketing, (SG) NEK, (MY) EK Johor, (MY) EK Logistics, (MY) EK Penang, (MY) NEK, (TH) EK, (HK) Best China, (HK) Gold Prime, (HK) Grand Pacific, (HK) MF Container, (HK) MF Reefer, (HK) PCL, (HK) Techni-Con, (PRC) MF, (PRC) SH Anxin, (PRC) QD Keyun and (PRC) TJ Keyun.

Mr. Ng and Mr. Li founded the Group in 1978, and Mr. Ng has since accumulated nearly 50 years of experience in the container depot industry. Mr. Ng has been overseeing all aspects of the Group's business including but not limited to its strategic and corporate development, finance and administration and expansion plans.

Mr. Ng graduated from ST. Gabriel's School in Hong Kong in July 1967.

Mr. Ng was a director of the following 16 companies established in Singapore that were later struck off: (i) Applegold Investments Pte Ltd, which was principally used as an investment holding company before it was struck off on 7 March 2012; (ii) E.K.F. Forwarding (Pte) Ltd, which was principally engaged in warehousing business before it was struck off on 22 September 2001; (iii) E.P. Holdings (Pte) Ltd, which was principally engaged in freight transportation business before it was struck off on 15 January 2010; (iv) Eng Kong Container Services (S) Pte Ltd, which was principally engaged in ship building and repairing business before it was struck off on 31 December 2003; (v) Eng Kong Corporation Pte Ltd, which was principally engaged in wholesale business before it was struck off on 14 April 2000; (vi) Eng Kong Development (Overseas) Pte Ltd, which was principally used as an investment holding company before it was struck off on 12 May 2014; (vii) Eng Kong Logistic Services Pte Ltd, which was principally engaged in warehousing business before it was struck off on 23 October 1999; (viii) Eng Kong Tech Park Pte Ltd, which was principally engaged in warehousing business before it was struck off on 7 March 2012; (ix) Farspeed Contractor (S) Pte. Ltd., which was principally engaged in building construction business before it was struck off on 8 March 2018; (x) Island Mobile Express Pte. Ltd., which was principally engaged in freight transportation business before it was struck off on 11 August 2010; (xi) OTLS Transport Pte Ltd, which was principally engaged in port operations business before it was struck off on 4 October 2002; (xii) PCL Container Services Pte Ltd, which was principally engaged in industrial machinery business before it was struck off on 3 November 2001; (xiii) Safariwood Trading (S) Pte Ltd, which was principally engaged in wholesale trading business before it was struck off on 14 July 2000; (xiv) Southern Star Agencies Pte Ltd, which was principally engaged in shipping business before it was struck off on 3 November 2001; (xv) Trans Lease Agencies Pte Ltd, which was principally engaged in shipping business before it was struck off on 11 November 2008; and (xvi) Wing Lok (Pte) Limited, which was principally engaged in retail sale business before it was struck off on 8 November 2002.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng was also a director of the following 3 private companies incorporated in Hong Kong that were later dissolved by deregistration: (i) EK Kooll Reefer Services Limited, which was principally engaged in the provision and operation of reefer container services in Hong Kong before it was dissolved on 25 March 2011; (ii) Grand Pacific Warehouse (1998) Limited, which was principally engaged in warehousing business before it was dissolved on 28 December 2001; and (iii) Homley Container Services Limited, which was principally engaged in storage and repair of container business before it was dissolved on 28 March 2003.

Mr. Ng confirmed that each of the above companies were solvent prior to being struck off or deregistered and it had not commenced business. He further confirmed that as at the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the striking off or deregistration of each of the above companies.

Alternate Director to Mr. Ng

Mr. LEUNG Wai Kuen, Godfrey (梁偉權), aged 72, has been appointed as the alternate Director to Mr. Ng. Mr. Leung joined the Group in October 1998 as Director and then resigned from such role and was appointed as an alternate Director on 31 March 2024. Mr. Leung is also a director of various of our subsidiaries, namely, (HK) Grand Pacific, (HK) PCL and (HK) Techni-Con.

Mr. Leung has accumulated over 25 years of experience in management and operations in the container depot, container freight station and transportation industry.

Mr. Leung was a director of the following 4 private companies incorporated in Hong Kong that were later dissolved by deregistration: (i) EK Kooll Reefer Services Limited, which was principally engaged in the provision and operation of reefer container services in Hong Kong before it was dissolved on 25 March 2011; (ii) Grand Pacific Container Services Limited, which was principally engaged in agents and management business before it was dissolved on 28 December 2001; (iii) Grand Pacific Warehouse (1998) Limited, which was principally engaged in warehousing business before it was dissolved on 28 December 2001; and (iv) Homley Container Services Limited, which was principally engaged in storage and repair of container business before it was dissolved on 28 March 2003.

Mr. Leung confirmed that each of the above companies were solvent prior to dissolution and had ceased to conduct business. He further confirmed that, as at the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolution of each of the above companies.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Mr. MARTI Jean-Christophe, Michel, aged 57, is a non-executive Director of our Company. He was appointed as our Director on 7 June 2023 and re-designated as our non-executive Director on 21 May 2024. Mr. Marti is mainly responsible for supervising and reviewing the overall business development and strategic planning of our Group.

Prior to joining our Group, Mr. Marti had over 20 years of experience in finance. He served as a senior associate at Bechtel Enterprise, Inc in San Francisco from July 1998 to June 2000, and the vice president of investments at K1 Ventures Limited in Singapore in 2001, where he worked across financial restructuring, venture capital and infrastructure finance matters. Since March 2003, he has been working at Navis with his current role as senior partner, where he leads investment teams in making, monitoring and exiting investments and sits on the boards and/or executive committees of several Navis portfolio companies (including our Group). Mr. Marti obtained his university diploma of technology (Deutec) from University of Technology of Compiègne in France in July 1987. He obtained his diploma of engineering from University of Technology of Compiègne in France in April 1991, and his master of business administration degree from the University of California at Los Angeles in the United States in March 1998.

Mr. Marti was a director of Matahari Vision Topco Pte. Ltd., a special purpose vehicle incorporated in Singapore as a potential acquiror entity for a potential investment, which was aborted and voluntarily struck off on 8 May 2023. Mr. Marti confirmed that the above company was solvent prior to striking off voluntarily. He further confirmed that as at the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the striking off of the above company.

Ms. FOO Lih Huoy (符琺蕙), aged 34, is a non-executive Director of our Company. She was appointed as our Director on 7 June 2023 and re-designated as our non-executive Director on 21 May 2024. Ms. Foo is mainly responsible for supervising and reviewing the overall business development and strategic planning of our Group.

Prior to joining our Group, Ms. Foo had over ten years of experience in finance. She served as an analyst at Bank of America Merrill Lynch from July 2012 to February 2015, an assistant vice president at Barclays Capital Asia Limited from March 2015 to November 2016, an associate at the APAC strategy department at Credit Suisse (Hong Kong) Limited from November 2016 to January 2019, and various positions (including vice president) at Citigroup Global Markets Singapore Pte. Ltd. from January 2019 to March 2022, where she participated in various aspects of transactions. Since April 2022, she has been an investment manager at Navis Capital Partners (Singapore) Pte Ltd (a subsidiary of Navis), where she is responsible for deal sourcing and execution as well as portfolio management.

Ms. Foo obtained her bachelor of science degree in actuarial science from The City University London in United Kingdom in June 2012.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-Executive Directors

Ms. LAM Shiao Ning, aged 51, is an independent non-executive Director of our Company. She was appointed as our independent non-executive Director on [•]. Ms. Lam is mainly responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct.

Prior to joining our Group, Ms. Lam had over 25 years of experience in the legal industry in Singapore, serving multiple roles including as an associate director and a director at Drew & Napier LLC from December 2004 to February 2016, and a partner at Oon & Bazul from March 2016 to March 2020. Since April 2020, she founded Rubicon Law LLC and has been its managing director, specialising in M&A and venture capital financings.

Ms. Lam was an independent director of ayondo Ltd. (a company that was principally engaged in the provision of social trading services and brokerage services based in Europe and the UK). ayondo Ltd. was previously listed on the Catalist of the SGX-ST (stock code: 115) and was subsequently delisted in December 2021 due to cessation of business. Subsequent to its delisting, on 5 January 2022, ayondo Ltd. applied to the High Court of Singapore for a winding-up order on the ground that it was unable to pay its debts given its net liability position. Such order was granted on 28 January 2022. As at the Latest Practicable Date, the winding up is still in process. Ms. Lam has confirmed that: (i) she was not involved in ayondo's daily operations; (ii) there was no wrongful act on her part leading to such winding up; and (iii) there is no claim against her as a result of such winding up.

Ms. Lam obtained her bachelor of law degree from the University of Hull in the United Kingdom in July 1995, and obtained her diploma in financial management (ACCA) in Singapore in December 1999. She has been a Barrister at Law (Inner Temple) in England & Wales since July 1996, an Advocate & Solicitor in Singapore and a member of the Law Society of Singapore and the Singapore Academy of Law since March 1998. She has been appointed as a member of the Inquiry Panel of the Law Society of Singapore for a term of 2 years with effect from 30 November 2023. She was a senior teaching fellow and adjunct lecturer at the Singapore Institute of Legal Education (previously the Board of Legal Education) from 2005 to 2022 and an adjunct faculty at the Singapore Management University's Yong Pung How School of Law from 2016 to 2019.

Mr. Fong Heng Boo (龐廷武), aged 74, is an independent non-executive Director of our Company. He was appointed as our independent non-executive Director on [•]. Mr. Fong is mainly responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct.

Prior to joining our Group, Mr. Fong had over 45 years of experience in auditing, finance, corporate governance, business development and management. He was with the Auditor-General's Office (AGO), Singapore between November 1975 and September 1993. He held the position of Assistant Auditor-General when he left the AGO. Prior to his retirement in December 2014, Mr. Fong was the Director (Special Duties) at the Singapore Totalisator Board and was responsible for the Finance, Investment and Corporate Services functions.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fong has been appointed as (i) a lead independent Director of TA Corporation Ltd. (a company listed on SGX: stock code: PA3) since December 2017; (ii) an independent Director of Livingstone Health Holdings Limited (formerly known as Citicodex Ltd., stock code: 5FH) (a company listed on SGX, stock code: PRH) since July 2018 and is currently a lead independent Director; (iii) an independent non-executive director of SY Holdings Group Limited (formerly known as Sheng Ye Capital Ltd., a company listed on the Stock Exchange, stock code: 8469) (a company listed on the Stock Exchange, stock code: 6069) since September 2018; and (iv) an independent non-executive director of Kwan Yong Holdings Limited (a company listed on the Stock Exchange, stock code: 9998) since April 2020. Mr. Fong was (i) a non-executive independent director of Colex Holdings Limited (a company that was listed on SGX, stock code: 567 which was delisted from SGX in March 2023) from March 1999 to April 2021; and (ii) a non-executive independent director of CapitaLand China Trust Management Limited (formerly known as CapitaLand Retail China Trust Management Limited) (a company listed on SGX, stock code: AU8U) from January 2013 to December 2021.

Mr. Fong obtained his bachelor of accountancy degree from the University of Singapore (now known as the National University of Singapore) in August 1973. Mr. Fong has been a fellow member of the Institute of Singapore Chartered Accountants since August 2004.

Notwithstanding Mr. Fong's concurrent directorship with the abovementioned companies, our Directors are of the view that Mr. Fong will be able to devote sufficient time to discharging his duties and responsibilities as an independent non-executive Director of our Company considering: (i) none of his commitments to such other listed or non-listed companies is of an executive or daily management nature and none of them requires his full-time involvement, (ii) Mr. Fong confirmed that he has fulfilled his obligation and attended most of the board meetings of the listed companies where he is an independent non-executive director, and (iii) based on Mr. Fong's years of concurrent directorship in other listed or non-listed companies, he has gained in-depth understanding in his role as a director and in estimating the time required for attending to the affairs of each company, which would enable him to properly discharge his responsibilities as a director for both listed and non-listed companies. Mr. Fong has undertaken to devote sufficient time to discharging his duties and responsibilities as an independent non-executive Director of our Company.

Mr. YANG Victor (楊岳明), whose former name was Mr. YANG Victor James Hung Ping (楊洪平), aged 78, is an independent non-executive Director of our Company. He was appointed as our independent non-executive Director on [•]. Mr. Yang is mainly responsible for providing independent judgment on our strategies, policy, performance, accountability, resources, key appointments and standard of conduct of our Group.

Prior to joining our Group, Mr. Yang has over 49 years of experience in legal practice, primarily in the areas of corporate finance, commercial law, mergers, acquisitions and private wealth. Mr. Yang was one of the founders of Boughton Peterson Yang Anderson and served as a managing partner from July 1996 to March 2015. Mr. Yang's partnership was continued under the name of Zhong Lun Law Firm in March 2015, when Boughton Peterson Yang Anderson changed its name to Zhong Lun Law Firm, and he continued to be a managing partner till March 2017 and remained as a partner till June 2019. In June 2019, Mr. Yang joined Yang Chan & Jamison LLP, a member firm of the Deloitte Legal network, as a managing partner until February 2023. After resigning from Yang Chan & Jamison LLP by the end of February 2023, Mr. Yang set up a new law firm Yang & Yang, Solicitors which commenced business in April 2023.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang was appointed as (i) an independent non-executive director of CHK Oil Limited (formerly known as China Merchants DiChain (Asia) Limited, Pearl Oriental Innovation Limited and Pearl Oriental Oil Limited) (a company listed on the Stock Exchange, stock code: 632) from September 2004 to June 2007; (ii) a non-executive director of Lei Shing Hong Limited (a company previously listed on the Stock Exchange, stock code: 238) from September 2004 to March 2008; (iii) an independent non-executive director of Media Chinese International Limited (formerly known as Ming Pao Enterprise Corporation Limited) (a company listed on the Stock Exchange, stock code: 685) from September 2004 to October 2009; (iv) an independent non-executive director of China Agri-Industries Holdings Limited (a company previously listed on the Stock Exchange, stock code: 606) from January 2007 to August 2015; (v) an independent non-executive director of Playmates Toys Limited (a company listed on the Stock Exchange, stock code: 869) from July 2007 to August 2019; (vi) an independent non-executive director of Singamas Container Holdings Limited (a company listed on the Stock Exchange, stock code: 716) from April 2008 to July 2019; (vii) an independent non-executive director of One Media Group Limited (a company listed on the Stock Exchange, stock code: 426) from April 2014 to August 2019; (viii) an independent non-executive director of China Hanking Holdings Limited (a company listed on the Stock Exchange, stock code: 3788) from May 2015 to January 2016; and (ix) an independent non-executive director of Risecomm Group Holdings Limited (a company listed on the Stock Exchange, stock code: 1679) since June 2023.

Mr. Yang is a qualified lawyer in Hong Kong, British Columbia, Canada and the United Kingdom. Mr. Yang is presently a governor of the Canadian Chambers of Commerce in Hong Kong.

Mr. Yang obtained a Juris Doctorate degree from University of British Columbia in Canada in May 1970. Mr. Yang obtained his bachelor degree in commerce from University of British Columbia in Canada in November 1972.

Mr. Yang was a director of the following 4 private companies incorporated in Hong Kong that were later dissolved by deregistration: (i) Benenden School Hong Kong Limited, which was principally engaged in education business before it was dissolved on 26 October 2018; (ii) Free Duty Limited, which was principally engaged in duty-free retail business before it was dissolved on 7 December 2001; (iii) Gold Newworld Limited, which was principally engaged in duty-free retail business before it was dissolved on 24 March 2017; and (iv) Sky Connection (Shanghai) Limited, which was principally engaged in duty-free retail business before it was dissolved on 28 September 2001.

Mr. Yang was also a director of the following 2 private companies incorporated in Hong Kong that were later struck off: (i) Bunessan Company Limited, which was principally used as an investment holding company before it was struck off on 20 December 2002; and (ii) Rail Connection Limited, which was principally engaged in duty-free retail business before it was struck off on 7 June 2002.

Mr. Yang confirmed that each of the above companies were solvent prior to striking off/dissolution. He further confirmed that, as at the Latest Practicable Date, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the striking off/dissolution of each of the above companies.

DIRECTORS AND SENIOR MANAGEMENT

General

Save as disclosed above, none of our Directors:

- (i) had any other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and
- (ii) has held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date.

Except for such interests disclosed in the paragraphs headed "Appendix V – Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders – 3. Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations" in this document, none of our Directors has any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company. Each of our Directors has confirmed that none of them or their respective close associates is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business or has or may have any conflict of interests with our Group.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) and paragraph 41 of Appendix D1A to the Listing Rules as at the Latest Practicable Date.

Each of our Directors: (i) has obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law regarding the requirements under the Listing Rules that are applicable to him/her as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 21 May 2024; and (ii) confirmed that he/she understands his/her obligations as a director of a company listed on the Stock Exchange.

SENIOR MANAGEMENT

The members of our senior management team are responsible for the management of our daily business operations.

Mr. TAN Wee Hong, aged 48, is the regional general manager of Southeast Asia of our Company. He was appointed to such position in June 2016 and is primarily responsible for the business development and operation for our Group's activities in Singapore, Malaysia, Thailand and Vietnam.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tan joined our Group in January 1997 and has held various positions within our Group. Since January 1997, he has served as the accounts assistant of (MY) EK Logistics, assistant financial analyst of the Company, and assistant general manager, general manager of Malaysia and regional general manager of Malaysia and Thailand of (MY) EK Logistics, where he has been responsible for the overall management and financial performance of the Group's depot operation business in Malaysia and Thailand. He was later promoted to the position of the regional general manager of Southeast Asia of our Company in June 2016.

Mr. Tan obtained his master of business administration degree with a specialisation in international business from University of Southern Queensland in Australia in March 2006. He has been a member of the Association of Chartered Certified Accountants (ACCA) since June 2000 and a fellow of the Association of Chartered Certified Accountants (ACCA) since June 2005, and a chartered accountant of the Malaysian Institute of Accountants (MIA) since November 2004.

Mr. CHAN Terry Tat-lee (陳達理), aged 56, is the group marketing general manager of our Company. He was appointed to such position in July 2016 and is primarily responsible for the client management and business development of our Group.

Mr. Chan joined our Group in August 1992 and has held various positions within our Group. From August 1992 to October 1994, he served as the container controller at Eng Kong Container Services Pte Ltd, a previous subsidiary of our Company, where he was responsible for monitoring container movement and controlling and managing the container fleet system. From October 1994 to June 1999, he served as the assistant general manager at Tianjin Eng Kong Container Services Limited, a previous subsidiary of our Company, where he was in charge of the overall operation and performance of such subsidiary. From June 1999 to October 2001, he served as the general manager of (MY) EK Logistics, where he was responsible for the overall depot operations and development of new business of our Group in Malaysia. From November 2001 to June 2008, he served as the business development manager of our Company (where he was responsible for business development and setting up new depot venture locations for our Group). From November 2001 to May 2008, he also served as the general manager of sales and marketing at (SG) Reefertec, where he was responsible for expanding the reefer parts supply business of such subsidiary. From July 2008 to June 2016, he served as the general manager of marketing and commercial of our Company, where he was responsible for procuring customers. He was later promoted to the position of the group general manager of our Company in July 2016.

Ms. CHUA Lin Lin, Evelyn (蔡玲玲) (also known as Evelyn Cai LingLing), aged 52, is the chief financial officer of our Company. She was appointed to such position in January 2021 and is primarily responsible for overseeing the financial affairs of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, Ms. Chua had over ten years of experience in finance and accounting. From June 1994 to October 1997, she served successively as an audit assistant, audit senior and audit supervisor at Ernst & Young, where she was responsible for conducting and supervising audit assignments and reviewing internal control systems. From November 1997 to April 2003, she served successively as a finance and admin manager and the financial controller at SHS Holdings Ltd. (formerly known as See Hup Seng Limited, a company listed on the SGX, stock code: 566), an engineering and construction company listed on the Singapore Exchange, where she was responsible for supporting its IPO and post-IPO financial activities. From April 2003 to September 2005, she served as the chief financial officer at Cathay Organisation Holdings Ltd, a leisure and entertainment company previously listed on the Singapore Exchange, where she was responsible for overseeing its finance, legal, administration and purchasing departments. She joined our Group in 2005 and served as the group financial controller of our Company from September 2005 to December 2020, where she was responsible for overseeing the financial affairs of our Group. She was later promoted to the position of the chief financial officer of our Company in January 2021.

Ms. Chua obtained her bachelor's degree in accountancy from Nanyang Technological University in Singapore in May 1994. She has been a Chartered Accountant of Singapore since July 2013 and an associate of Chartered Secretaries Institute of Singapore (CSIS) since May 2017.

Mr. OOI Ying Kit (黄英傑), aged 58, is the group general manager of information technology of our Company. He was appointed to such position in April 2022 and is primarily responsible for managing the information technology functions of our Group.

Prior to joining our Group, Mr. Ooi had over 18 years of experience in information technology field. From February 1993 to July 1995, he served successively as a software engineer, a senior software engineer and a software development manager at SunTze Communications Engineering Pte Ltd, a computer systems integration company in Singapore, where he was responsible for software development. From December 2000 to August 2007, he served as the regional IT manager at MHE-Demag (S) Pte Ltd, a material handling equipment manufacturer in Singapore. From March 2008 to June 2011, he served as the group IT manager at Fu Yu Corporation Limited, a precision plastic components manufacturer in Singapore. He joined our Group in 2012 and served as the group information technology manager of our Company from February 2012 to March 2022, where he was responsible for overseeing the information technology functions of our Group. He was later promoted to the position of the group general manager of information technology of our Company in April 2022.

Mr. Ooi obtained his diploma in programming and systems analysis from Singapore Polytechnic/ Japan-Singapore Institute of Software Technology in Singapore in July 1990. He obtained his master of science degree in computer science (artificial intelligence) from University of Essex in the United Kingdom in December 1992.

Mr. ZHANG Jianwei (張建偉), aged 55, is the general manager of (PRC) SH Keyun and (PRC) SH Yifa. He was appointed as the general manager of (PRC) SH Yifa and (PRC) SH Keyun in July 2001 and May 2008, respectively, and is primarily responsible for the day-to-day operations of (PRC) SH Yifa and (PRC) SH Keyun.

Mr. Zhang has over 22 years of experience in management and operations in the container deport industry since joining our Group in July 2001 as a manager of (PRC) SH Yifa.

DIRECTORS AND SENIOR MANAGEMENT

During the three years immediately preceding the date of this document, each of our senior management has not been a director of a public company with securities listed on any securities market in Hong Kong or overseas.

SINGAPORE COMPANY SECRETARY

Ms. TAN Siew Hua, aged 63, is the Singapore company secretary of our Company. She was appointed on 28 August 2023.

Ms. Tan has been a manager of Tricor Singapore Pte Ltd since June 2022, a company providing corporate services. Ms. Tan has over 30 years of experience in the corporate secretarial field. She has been providing professional corporate services to Malaysia and Singapore listed companies as well as multinational, private and offshore companies.

Ms. Tan has been admitted as an associate of the Malaysian Institute of Chartered Secretaries and Administrators since July 1994 and an associate of the Chartered Secretaries Institute of Singapore since August 2022.

She obtained her Certificate of Civil Hydraulics in Polytechnic Ungku Omar, Ipoh, Malaysia in October 1981.

HONG KONG SECRETARY

Ms. AU-YEUNG, Nelly, aged 35, is the Hong Kong company secretary of our Company. She was appointed on 28 August 2023.

Ms. Au-Yeung is currently a senior manager of corporate services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Au-Yeung has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Au-Yeung is currently the company secretary/joint company secretary of two listed companies on the Stock Exchange, Anton Oilfield Service Group (Stock Code: 3337) and Zai Lab Limited (Stock Code: 9688). Ms. Au-Yeung is a chartered secretary, a chartered governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

She obtained her Bachelor of Arts in Economics and Finance from Hong Kong Shue Yan University in July 2011 and obtained her Master of Corporate Governance from The Hong Kong Polytechnic University in September 2018.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Our Company has established three committees under the Board pursuant to corporate governance practice requirements under the Listing Rules, namely the Audit Committee, Remuneration Committee and Nomination Committee.

Audit committee

We have established an audit committee in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, and to advise the Board. The audit committee comprises three independent non-executive Directors, namely Mr. Fong, Ms. Lam and Mr. Yang. Mr. Fong, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The remuneration committee comprises one executive Director, one non-executive Director and three independent non-executive Directors, namely Mr. Ng, Mr. Marti, Ms. Lam, Mr. Fong and Mr. Yang. Mr. Yang is the chairman of the committee.

Nomination committee

We have established a nomination committee in compliance with Rule 3.27A of the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The nomination committee comprises one executive Director, one non-executive Director and three independent non-executive Directors, namely Mr. Li, Mr. Marti, Ms. Lam, Mr. Fong and Mr. Yang. Mr. Li is the chairman of the committee.

COMPENSATION OF DIRECTORS AND MANAGEMENT

The compensation and remuneration of our Directors and members of the senior management of our Company are determined by the Shareholders' meetings and our Board of Directors as appropriate in the form of salaries and bonuses. Our Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to our Company or discharging their duties in relation to the operations of our Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders' meetings and the Board of Directors take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration.

DIRECTORS AND SENIOR MANAGEMENT

Our Company offers executive Directors and senior management members, compensation in the form of salaries and bonuses. Our non-executive Directors do not receive any fees, salaries, allowances, discretionary bonus, pension schemes contribution or other benefits in kind. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to our Directors for the years ended 31 December 2021, 2022 and 2023 were approximately S\$2.6 million, S\$2.9 million and S\$4.2 million, respectively.

The five highest paid individuals of our Group for each of the years ended 31 December 2021, 2022 and 2023 included 2, 3 and 2 Directors, respectively, whose remuneration are included in the aggregate amounts of remuneration paid to the relevant Directors as set out above. For each of the years ended 31 December 2021, 2022 and 2023, the aggregate amounts of remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to the remaining 3, 2 and 3 individuals were approximately S\$1.1 million, S\$0.8 million and S\$1.2 million, respectively. Further details on the remuneration of the five highest paid individuals during the Track Record Period are set out in the Accountants' Report in Appendix I to this document.

It is estimated that remuneration and benefits in kind (including estimated performance related bonus and share-based payment under any MIP) equivalent to approximately S\$3.2 million in aggregate will be paid to our Directors by us for the year ending 31 December 2024, based on the arrangements in force as of the date of this document.

COMPLIANCE ADVISER

We have appointed Alliance Capital Partners Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. The compliance adviser fee payable to the Compliance Adviser is HK\$600,000 per annum. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where our Group's business activities, development or results of operations deviate from any forecast, estimate or other information in this document; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

The term of appointment of our Compliance Adviser shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

BOARD DIVERSITY

Our Board has adopted a board diversity policy in accordance with Rule 13.92 of the Listing Rules. With a view to achieving sustainable and balanced development, we are committed to increasing diversity in our Board in order to bring in innovation, fresh and broad business perspectives and enhance the decision-making process of our Board. Our Board is of the view that having diversity will help our Company better understand and meet the needs of the customers and maintain our competitive advantages in the project management service industry.

Selection of Director candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and contribution that the selected candidates may bring to our Board, and candidates will be considered against objective criteria, having due regard to the benefits of diversity to our Board. Our Nomination Committee will monitor the implementation of our Board diversity policy on an ongoing basis. It shall report annually, in our corporate governance report, on our Board's composition under diversified perspectives together with a summary of our Board diversity policy, the measurable objectives for implementing this policy and the progress of achieving our objectives to achieve Board diversity.

Our Board comprises seven members and one alternate Director, including two female Directors, five male Directors and one male alternate Director with a balanced mix of knowledge and skills, including container depot, transportation and finance. We have three independent non-executive Directors who have different industry backgrounds, including audit, finance, corporate governance and law. Furthermore, our Board has a relatively wide range of ages, ranging from 34 to 78 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises seven Directors and one alternate Director, including two female Directors. Our senior management also currently comprises four members, including one female member. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company. Our board diversity policy provides that our Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim to increase the proportion of female members over time after the [REDACTED]. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. The appointment of two female Directors out of a total of seven Directors and one alternate Director satisfies our current target gender ratio under our board diversity policy.

Taking into account our business model and specific needs and also the above (including our presence of two female Directors out of a total of seven Directors and one alternate Director), we consider that the composition of our Board satisfies our board diversity policy.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account the Shares to be issued upon exercise of the Post-[REDACTED] Share Options), have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, are directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or our subsidiaries:

(a) Interest in our Company

Name of Shareholder	Nature of Interest	Shares held as of the Latest Practicable Date		Shares held immediately upon completion of the [REDACTED]	
		Number	Approximate Percentage	Number	Approximate Percentage
NEKCG ⁽¹⁾	Beneficial owner	262,493,736	100.0	[REDACTED]	[REDACTED]
NEKCH ⁽¹⁾	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]
NEKGH ^(1, 5)	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]
Mr. Li ^(1, 2)	Beneficial owner, interests held jointly with another person	262,493,736	100.0	[REDACTED]	[REDACTED]
Ms. Li Ng Chiu Ying ^(1, 2)	Interest of a spouse	262,493,736	100.0	[REDACTED]	[REDACTED]
Mr. Ng ^(1, 3)	Beneficial owner, interests held jointly with another person	262,493,736	100.0	[REDACTED]	[REDACTED]
Ms. Li Ping Tei ^(1, 3)	Interest of a spouse	262,493,736	100.0	[REDACTED]	[REDACTED]
Mr. Leung ^(1, 4)	Beneficial owner, interests held jointly with another person	262,493,736	100.0	[REDACTED]	[REDACTED]
Navis Asia Fund V ^(1, 4)	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]
Navis GP (LP) ^(1, 4)	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]
Navis GP (Ltd) ^(1, 4)	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]
Navis GP Investment Holdco Ltd. ^(1, 4)	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]
Navis Capital Partners Ltd. ^(1, 4)	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]
Mr. Rodney Chadwick Muse ^(1, 4)	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]
Mr. Nicholas Rupert Heylett Bloy ^(1, 4)	Interest in a controlled corporation	262,493,736	100.0	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

1. NEKCG is an investment holding company, which is owned as follows: (1) NEKCH as to approximately 79.4%; (2) NEKGH as to approximately 5.6%; (3) Mr. Li as to approximately 7.3%; (4) Mr. Ng as to approximately 6.4%; and (5) Mr. Leung as to approximately 1.3%. As they together form a group of controlling shareholders, NEKCG is a controlled corporation of each of NEKCH, NEKGH, Mr. Li, Mr. Ng and Mr. Leung, and each of them is deemed to be interested in the same number of Shares that NEKCG is interested in under the SFO.
2. Ms. Li Ng Chiu Ying is the spouse of Mr. Li and is therefore deemed to be interested in the same number of Shares that Mr. Li is interested in under the SFO.
3. Ms. Li Ping Tei is the spouse of Mr. Ng and is therefore deemed to be interested in the same number of Shares that Mr. Ng is interested in under the SFO.
4. NEKGH is owned as to 89.9% by Navis Asia Fund V. Navis Asia Fund V is an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Navis GP (LP). Navis GP (LP) is also an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is Navis GP (Ltd). Navis GP (Ltd) is wholly-owned by Navis GP Investment Holdco Ltd., which is in turn owned as to approximately 80% by Navis Capital Partners Ltd., which is in turn controlled as to approximately 42% by each of Mr. Rodney Chadwick Muse and Mr. Nicholas Rupert Heylett Bloy. Therefore, each of Navis Asia Fund V, Navis GP (LP), Navis GP (Ltd), Navis GP Investment Holdco Ltd., Navis Capital Partners Ltd., Mr. Rodney Chadwick Muse and Mr. Nicholas Rupert Heylett Bloy is deemed to be interested in the same number of Shares that NEKGH is interested in under the SFO.

(b) Interest in our Subsidiaries

Name of our subsidiary	Name of shareholders	Shares held as of the Latest Practicable Date		Shares held immediately upon completion of the [REDACTED]	
		Number	Approximate Percentage	Number	Approximate Percentage
(HK) MF Container	Central Holdings Limited	300,000	20.0	300,000	20.0
(HK) MF Reefer	Central Holdings Limited	300,000	20.0	300,000	20.0
(MY) Reefertec	Mr. Lee Thian Hee	120,000	40.0	120,000	40.0
(SG) Reefertec	Mr. Ho Gien Hwa Michael	18,000	10.0	18,000	10.0
(SG) YF Container	Xing Pingping	40,000	40.0	40,000	40.0

Save as disclosed above, our Directors are not aware of any persons who will, immediately following completion of the [REDACTED], have an interest or a short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or our subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or our subsidiaries.

CONNECTED TRANSACTIONS

We have entered into a number of agreements with our connected persons, the details of which are set out below. The transactions disclosed in this section are expected to continue after [REDACTED] and would have or will constitute our one-off connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules upon [REDACTED].

(A) CONNECTED PERSONS

The following parties will become our connected persons and will have one-off or continuing connected transactions with our Group upon [REDACTED]:

Connected Person	Connected Relationship
Mr. Li	Our Director and Controlling Shareholder, and hence our connected person
Mr. Ng	Our Director and Controlling Shareholder, and hence our connected person
NEKCG	Our Controlling Shareholder, and hence our connected person
Leisure Harvest	Leisure Harvest, a company incorporated in Malaysia with limited liability, is principally engaged in the provision of yard and warehouse rental and maintenance services in Malaysia. It is held as to 37.5% by Mr. Li, 37.5% by Mr. Ng and 25% by Golden Sino Corporation Pte Ltd. Therefore, it is an associate of each of Mr. Li and Mr. Ng and hence our connected person.
Excellent Delight	Excellent Delight, a company incorporated in Malaysia with limited liability, is principally engaged in the provision of yard and warehouse rental and maintenance services in Malaysia. It is held as to 50% by Mr. Li and 50% by Mr. Ng. Therefore, it is an associate of each of Mr. Li and Mr. Ng and hence our connected person.
Mr. Fan	A director of (HK) Gold Prime and (PRC) QD Keyun (our wholly-owned subsidiaries). Hence, Mr. Fan is our connected person at the subsidiary level.
Tianjin Zhongke, Tianjin Keyun Cargo, and Tianjin Keyun Logistics	Tianjin Zhongke, a company established in the PRC with limited liability, is principally engaged in the investment holding business in the PRC. It is wholly owned by Mr. Fan and his spouse.

CONNECTED TRANSACTIONS

Tianjin Keyun Cargo, a company established in the PRC with limited liability and is principally engaged in the freight forwarding and warehousing businesses in the PRC. It is held (i) as to 82% by Tianjin Zhongke, and (ii) as to 18% by Tianjin Jixin Enterprise Management Consulting Center (Limited Partnership)* (天津集信企業管理諮詢中心(有限合伙)), which is wholly owned by Mr. Fan and his spouse.

Tianjin Keyun Logistics, a company established in the PRC with limited liability, is principally engaged in the cargo transportation and warehousing businesses in the PRC. It is wholly owned by Tianjin Keyun Cargo.

Therefore, each of Tianjin Zhongke, Tianjin Keyun Cargo, and Tianjin Keyun Logistics is an associate of Mr. Fan and hence our connected person at the subsidiary level.

(B) TRANSACTIONS ENTERED INTO BEFORE [REDACTED] WHICH WOULD OTHERWISE CONSTITUTE CONNECTED TRANSACTIONS

1. Malaysia Tenancy Agreements

On 25 November 2016, (MY) EK Logistics (our subsidiary) entered into a tenancy agreement with Leisure Harvest (our connected person), which was subsequently renewed on 25 October 2019, 21 September 2022 and 12 July 2023 (the “**Leisure Harvest Tenancy Agreement**”). On 1 January 2018, (MY) EK Logistics entered into a tenancy agreement with Excellent Delight, which was subsequently renewed on 20 July 2020 and 12 July 2023 (the “**Excellent Delight Tenancy Agreement**”, together with the Leisure Harvest Tenancy Agreement, the “**Malaysia Tenancy Agreements**”). The principal terms of the Malaysia Tenancy Agreements are set out below:

	Leisure Harvest Tenancy Agreement	Excellent Delight Tenancy Agreement
Date of agreement	25 November 2016 (subsequently renewed on 25 October 2019, 21 September 2022 and 12 July 2023)	1 January 2018 (subsequently renewed on 20 July 2020 and 12 July 2023)
Parties	(1) (MY) EK Logistics (as tenant) (2) Leisure Harvest (as landlord)	(1) (MY) EK Logistics (as tenant) (2) Excellent Delight (as landlord)

CONNECTED TRANSACTIONS

	Leisure Harvest Tenancy Agreement	Excellent Delight Tenancy Agreement
Properties (the "MTA Properties")	<p>The industrial land located at Perdana Industrial Park, Port Klang, Selangor, Malaysia, with a total area of approximately 24,507 sq.m, consisting of:</p> <p>(i) PT 64825 Mukim Kapar (Lot A23, Jalan Tun Perak 3), comprising an area of approximately 8,251 sq.m;</p> <p>(ii) PT 64835 Mukim Kapar (Lot C5, Jalan Tun Perak 4), comprising an area of approximately 7,479 sq.m; and</p> <p>(iii) PT 64834 Mukim Kapar (Lot C6, Jalan Tun Perak 4), comprising an area of or approximately 8,777 sq.m.</p>	<p>The industrial land located at Perdana Industrial Park, Port Klang, Selangor, Malaysia, with a total area of approximately 15,864 sq.m, consisting of:</p> <p>(i) PT64837 Mukim Kapar (Lot C3, Jalan Tun Perak 4), comprising an area of approximately 8,418 sq.m; and</p> <p>(ii) PT 64836 Mukim Kapar (Lot C3A, Jalan Tun Perak 4), comprising an area of approximately 7,446 sq.m.</p>
Term of lease	Three years commencing from 1 January 2024 to 31 December 2026	Three years commencing from 1 January 2024 to 31 December 2026
Rent	RM116,781/month (equivalent approximately S\$34,100/month)	RM75,593/month (approximately S\$22,073/month)
Use of the property	Container depot operations	Container depot operations

CONNECTED TRANSACTIONS

Historical Transaction Amounts

For each of the years ended 31 December 2021, 2022 and 2023, the total rent paid by us under the Malaysia Tenancy Agreements are set out below:

	Year ended 31 December		
	2021	2022	2023
	S\$ '000	S\$ '000	S\$ '000
Leisure Harvest Tenancy Agreement	394	386	405
Excellent Delight Tenancy Agreement	<u>258</u>	<u>250</u>	<u>235</u>
Total	<u><u>652</u></u>	<u><u>636</u></u>	<u><u>640</u></u>

The rents were determined by the parties through arm's length negotiations with reference to (i) the rentable area of each of the properties leased to our Group under the Malaysia Tenancy Agreements and (ii) the prevailing market rate for similar premises in the vicinity of the MTA Properties, subject to an increase which is capped at 13% of the existing rent.

Reasons for and benefits of the transactions

In view of the long-standing relationship with Leisure Harvest and Excellent Delight for leasing of the MTA Properties for our container depot operations use, the entering into the Malaysia Tenancy Agreements can reduce the cost of our Company to identify suitable premises, thereby ensuring a stable working environment of our Group. Our Directors (including the independent non-executive Directors) consider that the above transactions have been and will be carried out: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms or better; and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Estimated Value of the Right-of-use Assets

Pursuant to HKFRS 16, our Group is required to recognise a right-of-use asset representing its right to use the underlying leased asset in relation to the Malaysia Tenancy Agreements. Based on the information currently available to our Company, the estimated value of the right-of-use asset in respect of the Leisure Harvest Tenancy Agreement and the Excellent Delight Tenancy Agreement was approximately S\$1.1 million and S\$0.7 million, respectively, as at 31 December 2023.

CONNECTED TRANSACTIONS

Listing Rules Implications

Pursuant to HKFRS 16, entering into the Malaysia Tenancy Agreements as a lessee will require our Group to recognise the property under the Malaysia Tenancy Agreements as the right-of-use-asset in our consolidated statements of financial position. Entering into of the Malaysia Tenancy Agreements with a fixed term and the transaction contemplated thereunder will be regarded as a one-off acquisition of capital asset for the purpose of the Listing Rules. As the Malaysia Tenancy Agreements were entered into prior to [REDACTED] and the transaction thereunder is one-off in nature, the payment of rental contemplated thereunder will not be classified as a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Malaysia Tenancy Agreements will not be subject to any of the requirements under Chapter 14A of the Listing Rules. If there is any material change to the Malaysia Tenancy Agreements, we will comply with the Listing Rules as and when appropriate, including, where required, seeking independent Shareholders' approval prior to effectuating such change.

2. Tianjin Office Tenancy Agreement

On 10 May 2021, (PRC) TJ Keyun (our subsidiary) entered into a tenancy agreement with Tianjin Keyun Logistics (our connected person at the subsidiary level) which was subsequently renewed on 10 May 2024 (the "**Tianjin Office Tenancy Agreement**"). Pursuant to the Tianjin Office Tenancy Agreement, Tianjin Keyun Logistics (as landlord) agreed to lease to (PRC) TJ Keyun (as tenant) three floors of offices located at rooms 5-5-5, 5-5-6 and 5-5-7, Shipping Trading Building, Tanggu, Binhai New Area, Tianjin (the "**TJ Keyun Office**") with a gross floor area of 850 sq.m at a fixed total rent of RMB1,489,000 (equivalent to approximately S\$276,800) for a term of two years commencing from 10 May 2024 to 9 May 2026. The TJ Keyun Office is used as (PRC) TJ Keyun's office premise.

Historical Transaction Amounts

For each of the years ended 31 December 2021, 2022 and 2023, the total amount of rent paid by (PRC) TJ Keyun to Tianjin Keyun Logistics under the Tianjin Office Tenancy Agreement amounted to approximately S\$141,000, S\$140,000 and S\$130,000, respectively.

The rent was determined by the parties through arm's length negotiations with reference to: (i) the rentable area of the TJ Keyun Office leased to (PRC) TJ Keyun under the Tianjin Office Tenancy Agreement; and (ii) the then prevailing market rate for similar premises in the vicinity of the TJ Keyun Office, subject to an increase which is capped at 10% of the existing rent.

Reasons for and benefits of the transactions

Our Group has been leasing TJ Keyun Office for office use during the Track Record Period, and we intend to continue to use the TJ Keyun Office after [REDACTED]. In view of that (i) relocation to other premises will cause unnecessary disruptions to our business and additional costs and expenses, and (ii) the transaction contemplated under the Tianjin Office Tenancy Agreement has been and will be entered into on normal commercial terms or better, the continuation of the lease is convenient for our Group and is in line with our Group's business needs. Therefore, our Directors are of the view that it is in the interest of our Group and our Shareholders as a whole to enter into the Tianjin Office Tenancy Agreement and continue the current arrangement with Tianjin Keyun Logistics in relation to the property lease.

CONNECTED TRANSACTIONS

Estimated Value of the Right-of-use Assets

Pursuant to HKFRS 16, our Group is required to recognise a right-of-use asset representing its right to use the underlying leased asset in relation to the Tianjin Office Tenancy Agreement. Based on the information currently available to our Company, the estimated value of the right-of-use asset in respect of the Tianjin Office Tenancy Agreement was approximately S\$41,800 as of 31 December 2023.

Listing Rules Implications

Pursuant to HKFRS 16, entering into the Tianjin Office Tenancy Agreement as a lessee will require our Group to recognise the property under the Tianjin Office Tenancy Agreement as the right-of-use-asset in our consolidated statements of financial position. Entering into of the Tianjin Office Tenancy Agreement with a fixed term and the transaction contemplated thereunder will be regarded as a one-off acquisition of capital asset for the purpose of the Listing Rules. As the Tianjin Office Tenancy Agreement was entered into prior to [REDACTED] and the transaction thereunder is one-off in nature, the payment of rental contemplated thereunder will not be classified as a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Tianjin Office Tenancy Agreement will not be subject to any of the requirements under Chapter 14A of the Listing Rules. If there is any material change to the Tianjin Office Tenancy Agreement, we will comply with the Listing Rules as and when appropriate, including, where required, seeking independent Shareholders' approval prior to effectuating such change.

(C) SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transaction	Applicable Listing Rule relating to the exemption	Waiver sought
<i>Fully Exempt Continuing Connected Transactions</i>		
1. Intellectual Property Licensing Agreement	14A.76(1)(a)	N/A
2. Shared Administrative Services Framework Agreement	14A.98	N/A
<i>Partially Exempt Continuing Connected Transaction</i>		
1. Logistic-Related Supporting Service Framework Agreement	14.101	Waiver from strict compliance with the announcement requirement
2. Subcontracting Services Framework Agreement	14.101	Waiver from strict compliance with the announcement requirement

CONNECTED TRANSACTIONS

(D) FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Intellectual Property Licensing Agreement

Description of the Transaction

We have historically been licensed and used certain registered and unregistered trademarks and domain name (the “**Licensed Intellectual Properties**”) that are owned by Tianjin Keyun Cargo (our connected person) for certain aspects of our PRC operations, pursuant to a license agreement between Tianjin Keyun Cargo (as licensor) and (HK) Gold Prime (as licensee and our subsidiary). Such license has been royalty-free and for a 10-year term which expired on 3 December 2023. Details of the Licensed Intellectual Properties are set out in “Appendix V – Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property Rights of our Group” to this document.

In anticipation of the [REDACTED] and to ensure that we will continue to be able to use the Licensed Intellectual Properties, on 12 June 2024, our Company (as licensee) and Tianjin Keyun Cargo (as licensor) entered into an intellectual property licensing agreement with Tianjin Keyun Cargo (the “**Intellectual Property Licensing Agreement**”), pursuant to which Tianjin Keyun Cargo agreed to grant us (and our subsidiaries from time to time) a non-exclusive, worldwide, royalty-free licence to use and exploit the Licensed Intellectual Properties in connection with any of our business operations and investment activities from time to time.

The Intellectual Property Licensing Agreement has an initial term expiring on 31 December 2028. Further, the parties have agreed that they shall commence discussions and negotiations in good faith regarding the renewal of the Intellectual Property Licensing Agreement at least two years before expiry of the initial term (i.e. by 31 December 2026), and that Tianjin Keyun Cargo must inform us as soon as practicable if it becomes reasonably certain that they will not renew the Intellectual Property Licensing Agreement.

Neither party has the right to terminate the Intellectual Property Licensing Agreement unless the other party is in serious and fundamental breach of the Intellectual Property Licensing Agreement and such breach (if capable of being remedied) is not remedied within a reasonable period of time after notice to such other party.

Historical Transaction Amounts

During the Track Record Period, the total fee paid by us was nil as the Intellectual Property Licensing Agreement was on a royalty-free basis.

Annual Caps

Pursuant to the Intellectual Property Licensing Agreement, the license will continue to be royalty-free.

CONNECTED TRANSACTIONS

Reasons for the Transaction

Our Group has been using the Licensed Intellectual Properties on a royalty-free basis for a number of years in the PRC. We intend to continue to use the Licensed Intellectual Properties in such connection after the [REDACTED]. Our Directors consider that entering into the Intellectual Property Licensing Agreement for a duration longer than three years is reasonable and justifiable to ensure the stability of our operations. The term of the Intellectual Property Licensing Agreement ensures our ongoing operations are not interrupted and is a usual business practice. Our Directors consider the Intellectual Property Licensing Agreement to be beneficial to the interests of our Company and our Shareholders as a whole. On the basis that (i) the Intellectual Property Licensing Agreement is beneficial to our business; (ii) a longer duration of the license term will provide a greater degree of stability and continuity to our business, and (iii) the license will be royalty-free, our Directors and the Sole Sponsor are of the view that the duration of longer than three years is in line with normal business practice for agreements of this type.

Listing Rules Implications

As the license for the Licensed Intellectual Properties is royalty-free, the transactions contemplated under the Intellectual Property Licensing Agreement will be within the de minimis threshold under Rule 14A.76 of the Listing Rules upon [REDACTED], and therefore will be exempt from all of the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Shared Administrative Services Framework Agreement

Description of the Transaction

On [•], our Company entered into a shared administrative services framework agreement (the "**Shared Administrative Services Framework Agreement**") with NEKCG (our Controlling Shareholder), pursuant to which our Company agreed to provide certain support administrative services such as human resource, administration, corporate secretarial services, accounting and finance services (the "**Shared Administrative Services**") to NEKCG for a term commencing from the [REDACTED] until 31 December 2026. The Shared Administrative Services will be charged by our Company on a cost basis, and the relevant costs must be identifiable and allocated to NEKCG based on the actual expenses incurred by NEKCG.

Historical Transaction Amounts

During the Track Record Period, the cost of such Shared Administrative Services was borne by our Company given that we were a wholly-owned subsidiary of NEKCG. As such, the historical amounts received by us from NEKCG for the Shared Administrative Services was nil during the Track Record Period.

Annual Caps

Our Directors estimate that the maximum annual amounts payable by NEKCG to us in relation to the Shared Administrative Services for each of the years ending 31 December 2024, 2025 and 2026 will not exceed S\$20,000, S\$20,000 and S\$20,000, respectively.

CONNECTED TRANSACTIONS

Reasons for the Transaction

We have historically provided NEKCG the Shared Administrative Services. We intend to continue such arrangement with NEKCG after [REDACTED]. We believe that the entering into of the Shared Administrative Services Agreement can optimise the overall administrative cost structure and bring administrative convenience to our Group, and is beneficial to us and our Shareholders as a whole.

Listing Rules Implications

As the Shared Administrative Services constitute the sharing of administrative services on a cost basis, and the costs will be identifiable and will be allocated to the parties on a fair and equitable basis, the transaction under the Shared Administrative Services Framework Agreement will be exempt from all of the reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.98 of the Listing Rules.

(E) PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Logistic-Related Supporting Services Framework Agreement

Description of the Transaction

During the Track Record Period, Tianjin Zhongke Group provided certain logistic-related supporting services (“**Logistics Services**”), including (i) transportation and trucking services between our containers depots and the designated port terminals as required by our customers; and (ii) freight forwarding and other ancillary logistic-related supporting services, to our Group. To better regulate our relationship with Tianjin Zhongke Group, which is wholly owned by Mr. Fan, we have entered into a service agreement (the “**Logistic-related Supporting Services Framework Agreement**”) with Tianjin Zhongke in order to govern the provisions of services by the Tianjin Zhongke Group to our Group. The principal terms of this Logistic-Related Supporting Services Framework Agreement are:

Date	:	[•]
Customer	:	Our Company (for itself and on behalf of its subsidiaries)
Service provider	:	Tianjin Zhongke (on behalf of its subsidiaries and associates)
Term	:	From the [REDACTED] until 31 December 2026
Pricing	:	The fees to be charged by Tianjin Zhongke Group for the provision of the Logistics Services were determined on arm’s length basis.

For transportation and trucking services, the services fee payables by our Group to Tianjin Zhongke Group is determined by reference to (i) historical fee rates; (ii) the volume of transportation services we require for the relevant period; and (iii) comparison of the fee quote provided by Tianjin Zhongke Group to our Group with the fee quotes obtained from other suppliers which are Independent Third Parties and provide similar services.

CONNECTED TRANSACTIONS

For freight forwarding and other ancillary supporting services, the service fee payables by our Group to Tianjin Zhongke Group is determined by reference to the comparison of the fee quote provided by Tianjin Zhongke Group with the fee quotes obtained from other suppliers which are Independent Third Parties and provide similar services.

When we procure such services in our ordinary and usual course of business, we select the most suitable supplier among those available for selection, which comprise Tianjin Zhongke Group and Independent Third Parties, taking into account the price, scope of services, experience, suitability, efficiency and qualification of the supplier to perform such services in a timely manner.

Payment terms : Tianjin Zhongke Group will provide monthly statement to us, and we shall make payment via bank transfer within 60 days from the receipts of billings.

Historical Transaction Amounts and Annual Caps

The table below sets out the historical amounts paid by us to Tianjin Zhongke Group during the Track Record Period and the expected maximum aggregate service fee payable for each of the three years ending 31 December 2024, 2025 and 2026 which was calculated based on (i) historical transaction amounts for the three years ended 31 December 2021, 2022 and 2023; (ii) the charging rate quoted by Tianjin Zhongke Group in providing the Logistics Services in 2023; (iii) the projected growth rate of our container depot business in the PRC, and, in turn, the estimated growth rate of our demand for Logistics Services; and (iv) margin and/or rates charged by Independent Third Parties that provide similar services:

	Historical Transaction Amount			Annual Cap		
	For the year ended 31 December			For the year ending 31 December		
	2021	2022	2023	2024	2025	2026
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Transportation and trucking services	5,468	5,221	5,360	5,065	5,065	5,065
Freight forwarding and agency services	128	35	107	72	72	72
Total:	<u>5,596</u>	<u>5,256</u>	<u>5,467</u>	<u>5,137</u>	<u>5,137</u>	<u>5,137</u>

CONNECTED TRANSACTIONS

Reasons for the Transaction

During the Track Record Period, we had been procuring Logistics Services from Tianjin Zhongke Group. When we procure such services in our ordinary and usual course of business, we select the most suitable service providers among those available for selection, which comprise connected persons and Independent Third Parties, taking into account their fees, payment terms, experience, quality of services and other factors. We had selected members of Tianjin Zhongke Group as our service providers during the Track Record Period in light of their reliability in accepting and delivery of our order request in a timely manner, the quality of their services, their trucking capability and capacity, and their experience in providing these services. The price and quality of services provided by Tianjin Zhongke Group will be under regular review, and in the event that we are able to source a services vendor who is able to offer better quality at a lower price, we will consider replacing the Tianjin Zhongke with such services vendor.

Listing Rules Implications

As (i) each of the applicable percentage ratios in respect of the transactions contemplated under the Logistic-related Supporting Services Framework Agreement is expected to be more than 5% on an annual basis, (ii) Tianjin Zhongke is our connected person at the subsidiary level, (iii) our Board has approved the transactions contemplated under the Logistic-related Supporting Services Framework Agreement, and (iv) all our independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Logistic-related Supporting Services Framework Agreement are fair and reasonable, on normal commercial terms or better, and in the interests of our Group and our Shareholders as a whole, the transactions contemplated under the Logistic-related Supporting Services Framework Agreement will, upon the [REDACTED], be subject to the written agreement, announcement, annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

2. Subcontracting Services Framework Agreement

Description of the Transaction

During the Track Record Period, (PRC) TJ Keyun, (PRC) QD Keyun, (PRC) SH Keyun and (PRC) SH Yifa (our subsidiaries) provided (i) freight forwarding and agency services, (ii) warehousing and CFS services, and (iii) transportation services to Tianjin Zhongke Group in the PRC and, upon the request of Tianjin Zhongke Group, (PRC) TJ Keyun also provided container depot handling services for their empty containers before loading and after offloading the cargo in respect to aforementioned CFS services provided to them ("**Subcontracting Services**").

CONNECTED TRANSACTIONS

On [•], our Company entered into a subcontracting services framework agreement (the “**Subcontracting Services Framework Agreement**”) with Tianjin Zhongke and the principal terms as follow:

Date	:	[•]
Service provider	:	Our Company (for itself and on behalf of its subsidiaries)
Customer	:	Tianjin Zhongke (on behalf of its subsidiaries and associates)
Term	:	From [REDACTED] until 31 December 2026
Pricing	:	<p>The fees to be charged by us for the provision of the Subcontracting Services to Tianjin Zhongke Group were determined on arm’s length basis and under reasonable margin taking into account our direct and indirect costs, including (i) the actual warehouse costs incurred by us and in proportion to the storage space occupied by our Group over the total area of the relevant warehouses; (ii) salary and wages; and (iii) freight forwarding fees, agency fees, custom fees incurred by us for providing the Subcontracted Services.</p> <p>Our price would also make reference to (i) historical fee rates; and (ii) comparison of fee quote provided by us to Tianjin Zhongke Group with fee quotes provided by us to other customers which are Independent Third Parties and require similar services.</p>
Payment terms	:	Monthly billing to Tianjin Zhongke Group payable via bank transfer within 60 days from the receipts of billing statement.

Reasons for the Transactions

Tianjin Zhongke Group is the appointed freight forwarding services provider in northern China for a leading global sporting goods company based in Europe. As Tianjin Zhongke Group does not have its own warehousing facilities in Qingdao, it has engaged (PRC) QD Keyun as their subcontractor for the provision of warehousing and CFS services in Qingdao of the PRC (the “**QD Warehouse and CFS Business**”) during the Track Record Period. On 25 December 2023, we (through our subsidiary (PRC) QD Keyun) together with an Independent Third Party and a fellow subsidiary of Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司) (being the primary operator of the Port of Qingdao and one of our major suppliers during the Track Record Period), formed the joint venture company (PRC) QD Port Lianyun to further explore and develop the container depot and logistic business in Qingdao in the PRC. Pursuant to the relevant joint venture agreement, (PRC) QD Keyun has transferred the QD Warehouse and CFS Business to (PRC) QD Port Lianyun, and it will not engage in the QD Warehouse and CFS Business after the [REDACTED].

CONNECTED TRANSACTIONS

In addition, during the Track Record Period and up to the Latest Practicable Date, (PRC) TJ Keyun has been providing warehousing and CFS services to Tianjin Zhongke Group in other regions of the PRC. Given we operate one of our two warehouses through (PRC) TJ Keyun while Tianjin Zhongke Group does not have its own warehousing facilities, we expect to continue to provide warehousing and CFS services, as part of the Subcontracting Services, to Tianjin Zhongke Group after the [REDACTED].

Our Directors are of the view that the Subcontracting Services Framework Agreement is consistent with the business and commercial objectives of our Company. We have established a long-term business relationship with Tianjin Zhongke Group, which was one of our top five customers during the Track Record Period. We expect to enter into the Subcontracting Services Framework Agreement upon the [REDACTED] to better regulate our provision of the Subcontracting Services to them. The Subcontracting Services Framework Agreement will enhance the development of our Group’s business and bring a positive financial impact on our Group.

Historical Transaction Amounts and Annual Caps

The table below sets out the historical transaction amounts paid by Tianjin Zhongke Group for Subcontracted Services during the Track Record Period and the expected maximum aggregate transaction amounts for each of the three years ending 31 December 2024, 2025 and 2026:

	Historical Transaction Amount			Annual Cap		
	For the year ended 31 December			For the year ending 31 December		
	2021	2022	2023	2024	2025	2026
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Warehouse and CFS services						
– (PRC) QD Keyun ^(Note)	3,200	2,724	196	–	–	–
– (PRC) SH Yifa	66	24	–	–	–	–
– (PRC) TJ Keyun	3,899	4,419	4,235	3,942	3,942	3,942
Freight forwarding and agency services						
– (PRC) QD Keyun	657	44	120	83	83	83
Transportation services						
– (PRC) SH Keyun	–	–	236	247	247	247
Container depot handling services						
– (PRC) TJ Keyun	805	867	535	689	689	689
Total	8,627	8,078	5,322	4,961	4,961	4,961

Note: As at the Latest Practicable Date, (PRC) QD Keyun had transferred the QD Warehouse and CFS Business to (PRC) QD Port Lianyun and will not engage in the QD Warehouse and CFS Business after the [REDACTED]. Please refer to “– (E) Partially Exempt Continuing Connected Transactions – 2. Subcontracting Service Framework Agreement – Reasons for the Transaction” in this section for details.

CONNECTED TRANSACTIONS

The above aggregated annual caps were calculated by aggregating the expected maximum transaction amounts in relation to the services charges between each of the subsidiaries or associates of Tianjin Zhongke Group and our Group for the three years ending 31 December 2024, 2025 and 2026. Individual annual caps were in turn determined with reference to (i) the historical transaction amount as set out above; and (ii) the projected services income to be generated for the three years ending 31 December 2024, 2025 and 2026 after taking into account the market development in warehousing and logistic related services demand following the COVID-19 pandemic. Apart from warehousing and CFS service, the annual cap for freight forwarding service was determined with reference to (i) the historical transaction amount during the Track period; and (ii) the prevailing market rate of freight forwarding services. Due to the fluctuating nature of freight forwarding services, the business volume varies with market demand.

Listing Rules Implications

As (i) each of the applicable percentage ratios in respect of the transactions contemplated under the Subcontracting Services Framework Agreement is expected to be more than 5% on an annual basis, (ii) Tianjin Zhongke is our connected person at the subsidiary level, (iii) our Board has approved the transactions contemplated under the Subcontracting Services Framework Agreement, and (iv) all our independent non-executive Directors have confirmed that the terms of the transactions contemplated under the Subcontracting Services Framework Agreement are fair and reasonable, on normal commercial terms or better, and in the interests of our Group and our Shareholders as a whole, the transactions contemplated under the Subcontracting Services Framework Agreement will, upon the [REDACTED], be subject to the written agreement, announcement, annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

(F) APPLICATION FOR WAIVER

The transactions described under the paragraph headed “(E) Partially Exempt Continuing Connected Transactions” in this section constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, announcement and annual review requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As these continuing connected transactions are and will continue to be entered into in the ordinary and usual course of business of our Group on a continuing and recurring basis and are expected to extend over a period of time, our Directors are of the view that compliance with the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules would impose unnecessary administrative costs and burden to our Group and would at times be impracticable.

CONNECTED TRANSACTIONS

Accordingly, pursuant to Rules 14A.102 and 14A.105 of the Listing Rules, we [have applied] for, and the Stock Exchange [has granted], a waiver exempting us from strict compliance with the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. The waiver is valid provided that the total amounts received by us under these partially exempt continuing connected transactions do not exceed their respective annual caps for the relevant periods set out above. After the expiry of the respective term of these partially exempt continuing connected transactions, or if any of their terms are amended before expiry, we will comply with the applicable provisions under Chapter 14A of the Listing Rules as amended from time to time or apply for a new waiver.

(G) DIRECTORS' AND SOLE SPONSOR'S VIEWS

Our Directors (including our independent non-executive Directors) and the Sole Sponsor consider that: (a) the continuing connected transactions described under the paragraph headed "(E) Partially exempt Continuing Connected Transactions" in this section have been and will be entered into in the ordinary and usual course of our business and on normal commercial terms or better; (ii) the terms of such partially exempt continuing connected transactions are fair, reasonable and in the interests of our Group and our Shareholders as a whole; and (iii) the annual caps for such partially exempt continuing connected transactions are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

(H) ADDITIONAL OPINION OF OUR INDEPENDENT NON-EXECUTIVE DIRECTORS

Our independent non-executive Directors are of the opinion that: (1) the pricing mechanism and the terms under the continuing connected transactions described under the paragraph headed "(E) Partially Exempt Continuing Connected Transactions" in this section and the transactions contemplated thereunder are clear and specific; (2) the proposed annual caps of such partially exempt continuing connected transactions described above is reasonable taking into account historical transaction and management projections; (3) the methods and procedures established by us are sufficient to ensure that such partially exempt continuing connected transactions will be conducted on normal commercial terms and not prejudicial to the interests of our Company and our minority Shareholders; (4) appropriate internal control procedures are in place, and our internal audit will review these transactions; and (5) they are provided by the management of our Company with sufficient information for the discharge of their duties.

SHARE CAPITAL

SHARE CAPITAL OF THE COMPANY

All of the issued Shares of our Company comprise ordinary shares. Pursuant to the Singapore Companies Act, companies incorporated in Singapore no longer have an authorised share capital and there is no concept of par value in respect of issued shares.

As at the date of this document, our Company's issued and paid-up share capital was S\$28,842,339.39 (excluding share issuance costs).

Assuming the [REDACTED] is not exercised, the issued share capital of our Company immediately upon completion of the [REDACTED] will be as follows (without taking into account the Shares to be issued upon exercise of the Post-[REDACTED] Share Options):

Shares issued or to be issued, fully paid or credited as fully paid:

Shares in issue as of the date of this document	285,940,889
Shares to be issued pursuant to the Pre-[REDACTED] Share Awards	[REDACTED]
Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised)	[REDACTED]
	<u>[REDACTED]</u>

Assuming the [REDACTED] is exercised in full, the issued share capital of our Company immediately upon completion of the [REDACTED] will be as follows (without taking into account the Shares to be issued upon exercise of the Post-[REDACTED] Share Options):

Shares issued or to be issued, fully paid or credited as fully paid:

Shares in issue as of the date of this document	285,940,889
Shares to be issued pursuant to the Pre-[REDACTED] Share Awards	[REDACTED]
Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised)	[REDACTED]
Shares to be issued pursuant to the [REDACTED] (assuming it is exercised in full)	[REDACTED]
	<u>[REDACTED]</u>

Assumptions:

The above table assumes that the [REDACTED] has become unconditional and the Shares are issued pursuant to the [REDACTED]. It takes no account of (a) any Shares which may be allotted and issued pursuant to the exercise of the Post-[REDACTED] Share Options; or (b) any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

SHARE CAPITAL

TREASURY SHARES

Shares purchased or acquired by our Company may be held as treasury Shares or cancelled as provided in the Singapore Companies Act. See "Appendix IV – Summary of the Constitution of our Company and Singapore Company Law" for a summary of some of the provisions on treasury shares under the Singapore Companies Act. As of the Latest Practicable Date, no treasury Shares are held by the Company. Under the Listing Rules, (i) the listing of all Shares which are purchased by the Company which are held as treasury Shares shall be retained, and the Company shall ensure that treasury Shares are appropriately identified and segregated; and (ii) the listing of all Shares which are purchased by the Company but not held as treasury Shares shall be automatically cancelled upon purchase, and the documents of title of these purchased Shares shall be cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase.

RANKING

The [REDACTED] and all Shares shall rank *pari passu* with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this document.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) Listing Rules, at the time of the Listing and at all times thereafter, we must maintain the minimum prescribed percentage of at least 25% of our total issued share capital in the hands of the public (as defined in the Listing Rules).

SHARE SCHEMES

We have conditionally adopted the Pre-[REDACTED] Share Award Scheme pursuant to which we granted Pre-[REDACTED] Share Awards as further described in "Appendix V – Statutory and General Information – D. Pre-[REDACTED] Share Award Scheme". We have also conditionally adopted the Post-[REDACTED] Share Option Scheme as further described in "Appendix V – Statutory and General Information – E. Post-[REDACTED] Share Option Scheme".

GENERAL MANDATE TO ISSUE SHARES

Conditional on the fulfilment of all conditions as stated in the section headed "Structure and Conditions of the [REDACTED]", our Directors have been granted with a general unconditional mandate to allot, issue and deal with Shares in aggregate number of not more than the sum of:

- (a) 20% of the aggregate nominal value of our entire issued share capital immediately upon completion of the [REDACTED] (but excluding any Shares that may be issued upon exercise of the [REDACTED]); and
- (b) the aggregate number of Shares repurchased by our Company, if any, under the Repurchase Mandate referred to below ("Issuing Mandate").

SHARE CAPITAL

The aggregate number of the Shares which our Directors are authorised to allot and issue under this Issuing Mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue, or (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Constitution; or (iii) any specific authority granted by our Shareholders in general meeting(s); or (iv) any arrangement which may be regulated under Chapter 17 of the Listing Rules.

This mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting unless by ordinary resolution passed at that meeting, the Issuing Mandate is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our Company is required by the applicable Singapore law or our Constitution to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see "Appendix V – Statutory and General Information – A. Further Information about our Group – 4. Written resolutions of our Shareholders passed on [•] 2024" in this document.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted with a general unconditional mandate to exercise all the powers of our Company to repurchase Shares in an aggregate number of not more than 10% of the aggregate number of the Shares in issue following the completion of the [REDACTED] (but excluding any Shares that may be issued upon exercise of the [REDACTED]) ("**Repurchase Mandate**").

This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this document regarding the repurchase of Shares is set out in "Appendix V – Statutory and General Information – A. Further Information about our Group – 5. Repurchases by our Company of its own securities" in this document.

This Repurchase Mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting unless by ordinary resolution passed at that meeting, the Repurchase Mandate is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our Company is required by the applicable Singapore law or our Constitution to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, see "Appendix V – Statutory and General Information – A. Further Information about our Group – 4. Written resolutions of our Shareholders passed on [•] 2024" in this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information and notes thereto set forth in the Accountants’ Report as set out in Appendix I to this document and our selected historical consolidated financial information and operating data included elsewhere in this document. The historical financial information included as Appendix I has been prepared in accordance with the International Financial Reporting Standards (“IFRSs”).

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider the information provided in this document, including the sections headed “Risk Factors” and “Business”.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are the leading container depot operator in Singapore serving mainly container shipping lines and container leasing companies operating in the ASEAN region and the PRC. Headquartered in Singapore with operations in the PRC, Hong Kong, Malaysia, Thailand and Vietnam, as at the Latest Practicable Date, we operate 20 container depots across 10 locations with the ability to offer a range of container and logistic related services. We derived our revenues primarily under the following three main business segments: (i) container depot operations; (ii) warehousing and CFS; and (iii) container sales and new-build container inspection. In addition, we also derived revenue from the provision of freight forwarding services in Qingdao, PRC incidental to our container depot operations to remain competitive and support our container depot operations in this location.

For the years ended 31 December 2021, 2022 and 2023, our revenue was approximately S\$175.7 million, S\$160.7 million and S\$155.5 million, respectively, whilst our Group reported net profit for the same periods was approximately S\$7.4 million, S\$10.4 million and S\$8.4 million, respectively. Excluding the non-recurring [REDACTED] expenses and equity-settled share-based expenses incurred for the year ended 31 December 2023, our adjusted net profit would be S\$15.6 million and our adjusted net profit margin would be 10.0%. Our revenue decreased over the Track Record Period, which was mainly attributable to the decrease in revenue contributed from our ancillary value-added logistic freight forwarding services in Qingdao as a result of the gradual decrease of freight rates over the Track Record Period from the historic highs recorded in 2021 due to COVID-19. On the other hand, our revenue derived from container depot operations increased over the Track Record Period, which was mainly attributable to (i) the increase in revenue generated from our depot handling fees as a result of the increase in the gate-in charge we charged to our customers at our container depots; and (ii) the increase in revenue generated from our storage fees as a result of the increase of empty containers stored at our container depots. Our net profit margin (excluding the non-recurring, [REDACTED] expenses and equity-settled share-based expense increased over the Track Record Period, which was mainly attributable to the increase in our gross profit margin of our container depot operations.

FINANCIAL INFORMATION

BASIS OF PREPARATION

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

The historical financial information have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period. For further details, please refer to Notes 2 and 4 to the Accountants’ Report as set out in Appendix I to this document.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Group’s business, results of operations and financial conditions have been and are expected to be affected by a number of principal factors, including those set out below and in the section headed “Risk Factors” in this document:

Range of services provided

Our range of services and goods offerings directly affects our results of operations and financial condition. Our business segment comprise of (i) container depot operations; (ii) warehousing and CFS; (iii) container sale and new-build container inspection; and (iv) other (freight forwarding services in Qingdao), each with its own distinctive features, pricing policy and cost components. Furthermore, we may experience different TEU throughput and/or demands from our container depot operations, and one-off purchases and services in our container sales and new-build container inspection segment. Consequently, any variations in such factors may directly impact our gross profit margins. Thus, our results of operations may vary from period to period as a result of the changes in our revenue composition from our different business segments in the future.

Fluctuations in trade volume and flow

As a container depot operator, our business and financial performance is heavily dependent on the global trade market and the shipping supply chain. Any changes in the supply and demand of global and regional economies, freight rates and other associated factors that may affect the global shipping industry may also impact our operations. The global shipping industry functions on the basis of circularity and the restrictions implemented by governments worldwide in response to COVID-19 have caused various knock-off effects which has affected our business and financial performance.

During 2020 and the first half of 2021, social distancing measures led to restrictions in most economic activities in the shipping supply chain. Such social distancing measures as well as lack of labour in the market created disruptions in the global shipping industry which caused, amongst others, (i) reduction of scheduled voyages and operational vessels by container shipping lines, resulting in an increase of freight rates as there was insufficient supply of shipping capacity; and (ii) a bottleneck effect on the global shipping economy due to shortage of empty containers in Asian countries resulting from the imbalance of export and import between Eastern and Western countries which consequently led to an increased demand of empty containers. This was aggravated by the fact that COVID-19 had caused a collapse in global demand of shipping services in or around the second quarter of 2020 commensurate with the declining global economy, which was met with a surge in global demand of shipping services in or around the second half of 2021. At the end of 2021, many governments began easing their COVID-19 restrictions which prompted the gradual recovery of the global shipping industry and return to post-COVID-19 levels.

FINANCIAL INFORMATION

According to the Euromonitor Report, freight rates have increased significantly due to COVID-19, as it caused major supply chain disruptions. The China Container Freight Index (CCFI) grew around fourfold between early 2019 and early 2022. The pandemic increased demand for goods rather than services due to shift in consumer preferences which, together with the significant disruptions in supply chains worldwide, resulted in a global increase of freight rates in 2021 reaching historic levels. This was primarily due to the strict pandemic restrictions in China, which significantly impacted the capacity of container operators during the period. The lockdowns in place in Shanghai and Shenzhen, which were the largest manufacturing and commercial centres, caused disruption to logistics operations, with some carriers using alternate ports, such as Ningbo. In the period of 2022 to 2023, a slowdown in global demand relative to COVID-19-times, coupled with a persistently high but gradually decreasing inflation rate in Western countries, led to a gradual decrease in global freight rates.

As our container depot operations and warehousing and CFS services involve containers and goods which have arrived from or are to be shipped to overseas destinations, our results of operations are directly influenced by the level of trade volume and flow across the regions we operate in. The global trade volume and flow are affected by various factors beyond our control, including changes or developments in global economic, financial and political conditions, supply chain disruptions caused by pandemics and contagious diseases outbreak, and trade disputes, restrictions and sanctions. If trade volume and flow decline, it may lead to a decrease in the frequency of container movement (i.e. TEU handling throughput) within our container depots and in turn negatively affect the revenue generated from our depot handling fees. However, as disclosed in the paragraph headed "Business – Competitive strengths – Comprehensive container and logistic related service provider offering an integrated logistic solution in Singapore with full range services" in this document, we are generally resistant to cyclical changes in the economy as we are likely to be able to continue generating revenue during fluctuations in the global economic market. For more details on the risks we face in relation to fluctuations in global trade volume and flow, see the paragraphs headed "Risk Factors – Risks relating to our business and our industry – Evolving trade volume and flow and increasing trade imbalances in regions in which we operate may adversely affect our business, financial condition and results of operation" and "Risk Factors – Risks relating to our business and our industry – The outbreak of an infectious disease, widespread communicable diseases or any other major public health concerns in Asia and elsewhere may materially and adversely impact our business, financial condition and results of operations and prospects" in this document.

Given that we could generate income as well as experience losses under different income streams during fluctuations in global trade volume and flow, it is difficult to assess or forecast the extent to which the demand for our services and our financial performance may be impacted in the future.

FINANCIAL INFORMATION

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of the revenue generated from our depot handling fees on our profit before tax assuming other variables remain unchanged for the dates indicated. Fluctuations in our depot handling throughput in terms of TEU handled are assumed to be 5%, 10% and 15% based on the historical fluctuations of our Group during the Track Record Period.

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Changes in depot handling throughput in terms of TEU			
+/- 5%	(+/-)2,127	(+/-)2,105	(+/-)2,390
+/- 10%	(+/-)4,253	(+/-)4,209	(+/-)4,781
(+/-) 15%	(+/-)6,380	(+/-)6,314	(+/-)7,171

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our other (freight forwarding services in Qingdao) business segment on our profit before tax assuming other variables remain unchanged for the dates indicated. Fluctuations in our other (freight forwarding services in Qingdao) business segment are assumed to be 20% and 40%, based on the historical fluctuations of our Group and the global freight rate index during the Track Record Period.

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Changes in other (freight forwarding services in Qingdao) business segment			
+/- 20%	(+/-)8,859	(+/-)6,794	(+/-)4,054
+/- 40%	(+/-)17,718	(+/-)13,588	(+/-)8,108

Our operational staff

Our employees' remuneration comprise (i) salaries and wages paid to all of our operational employees; (ii) contributions to various benefit plans; and (iii) other employee benefits. For the years ended 31 December 2021, 2022 and 2023, our employees' remuneration in our cost of revenue amounted to approximately S\$24.3 million, S\$22.1 million and S\$22.5 million, which represented approximately 13.9%, 13.8% and 14.5% of our revenue for the same periods, respectively. As our container depot and warehousing and CFS operations are considered as labour intensive operations, any changes to the headcount or increase in minimum wages may have an adverse impact on the financial performance and profitability of our Group.

FINANCIAL INFORMATION

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our employees’ remuneration in our cost of revenue on our profit before tax assuming our headcount and other variables remain unchanged for the dates indicated. Fluctuations in our employees’ remuneration in our cost of revenue are assumed to be 2% and 10% based on the historical fluctuations of our Group during the Track Record Period.

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Changes in employees’ remuneration in our cost of revenue			
+/- 2%	(+/-)487	(+/-)442	(+/-)451
+/- 10%	(+/-)2,434	(+/-)2,212	(+/-)2,253

Land costs

Our land costs primarily represent (i) the depreciation of our right-of-use assets, namely, our leases for our operations in accordance with IFRS 16; and (ii) short-term lease payments for lease terms that are 12 months or less. For the years ended 31 December 2021, 2022 and 2023, our land costs amounted to approximately S\$17.5 million, S\$14.6 million and S\$15.3 million, respectively, which represented approximately 10.0%, 9.1% and 9.9% of our revenue for the same period, respectively.

As our container depots and warehousing and CFS operations are considered as land dependent operations, any variations in rental payments, early terminations or new leases may have an adverse impact on the financial performance and profitability of our Group. For factors that could affect our land costs, please refer to the paragraph headed “Risk factors – Risks relating to our business and our industry – We are susceptible to risks associated with land availability, including rental increases, early termination of leases, difficulties in renewing existing leases and any unexpected land acquisitions, resumption or expropriation” in this document.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our land costs on our profit before tax assuming all other variables remain unchanged for the dates indicated. Fluctuations in our land costs are assumed to be 5% and 10% based on the historical fluctuations of our Group during the Track Record Period.

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Changes in land costs			
+/- 5%	(+/-)875	(+/-)731	(+/-)767
+/- 10%	(+/-)1,750	(+/-)1,462	(+/-)1,533

FINANCIAL INFORMATION

Trucking and transportation expenses

Our trucking and transportation expenses primarily represent subcontracting fee paid to outsourced truckers/haulers for ground transportation between depots or terminals and between depots to designated locations assigned by our customers. For the years ended 31 December 2021, 2022 and 2023, our trucking and transportation expenses amounted to approximately S\$15.0 million, S\$11.9 million and S\$11.7 million, respectively, which represented approximately 10.7%, 9.8% and 10.8% of our revenue for the same period, respectively.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our trucking and transportation expenses on our profit before tax assuming all other variables remain unchanged for the dates indicated. Fluctuations in our trucking and transportation expenses are assumed to be 5% and 20%, based on the historical fluctuations of our Group during the Track Record Period.

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Changes in trucking and transportation expenses			
+/- 5%	(+/-)749	(+/-)597	(+/-)585
+/- 20%	(+/-)2,994	(+/-)2,388	(+/-)2,338

We are exposed to interest rate risks

We are exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Our cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and bank borrowings. Please refer to the paragraph headed "Financial Information – Market and Other Financial Risk Management" in this document for further details.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our cost of bank borrowings on our profit before tax assuming all other variables remained unchanged for the dates indicated. Fluctuations in our cost of bank borrowings are assumed to be 1%, 2% and 3%, based on the base point fluctuations of the cost of bank borrowings of our Group during the Track Record Period.

Hypothetical fluctuations	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Cost of bank borrowings			
+/- 1%	(+/-)267	(+/-)213	(+/-)130
+/- 2%	(+/-)538	(+/-)426	(+/-)260
+/- 3%	(+/-)807	(+/-)638	(+/-)390

FINANCIAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements and important for understanding our financial position and results of operations.

Our significant accounting policies, judgments and estimates that are important for you to understand our financial condition and results of operations, are set out in detail in Notes 4 and 5 to the Accountants' Report as set out in Appendix I to this document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Our estimates are based on historical experience, latest information and other assumptions that we believe to be reasonable under the current circumstances. Actual results may differ under different assumptions and conditions. We have not changed our assumptions or estimates in the past. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the foreseeable future.

Our Directors have identified the below accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements.

Revenue

Revenue from contracts with customers

We recognise revenue when (or as) a performance obligation is fulfilled, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue is recognised over time when control is transferred as progress is made towards fulfilling the customer's requirements. If none of the specified conditions are met, revenue is recognised at a specific point in time when the customer gains control of the distinct good or service.

Please refer to Note 4 to the Accountant's Report as set out in Appendix I to this document for further details of our accounting policy in relation to revenue recognition.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Our Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Please refer to Note 4 to the Accountants' Report as set out in Appendix I to this document for further details of our accounting policy in relation to taxation.

FINANCIAL INFORMATION

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress comprising development and construction costs incurred during the period of construction are carried at cost, less any impairment losses. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Please refer to Note 4 to the Accountants' Report as set out in Appendix I to this document for further details of our accounting policy in relation to property, plant and equipment.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Please refer to Note 4 to the Accountants' Report as set out in Appendix I to this document for further details of our accounting policy in relation to leases.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets out our consolidated statements of profit or loss during the Track Record Period, which shall be read in conjunction with the Accountants' Report as set out in Appendix I to this document:

	For the year ended 31 December		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Revenue	175,738	160,730	155,523
Cost of revenue	<u>(139,923)</u>	<u>(122,173)</u>	<u>(108,577)</u>
Gross profit	35,815	38,557	46,946
Other income	2,917	2,736	1,326
Selling and distribution expenses	(1,865)	(2,203)	(2,370)
Administrative expenses	(22,136)	(21,235)	(25,458)
Other gains and losses	(2,269)	(1,855)	(480)
Impairment loss under expected credit losses model, net of reversal	(212)	13	(1,192)
Share of results of associates	187	247	96
Finance costs	(2,571)	(2,576)	(2,245)
[REDACTED] expenses	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit before tax	9,866	13,684	12,908
Income tax expense	<u>(2,459)</u>	<u>(3,317)</u>	<u>(4,538)</u>
Profit for the year	<u>7,407</u>	<u>10,367</u>	<u>8,370</u>
Profit for the year attributable to:			
Owners of the Company	6,392	9,483	7,697
Non-controlling interests	<u>1,015</u>	<u>884</u>	<u>673</u>
	<u>7,407</u>	<u>10,367</u>	<u>8,370</u>

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Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also presented the adjusted net profit and adjusted net profit margin as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that the presentation of non-IFRS financial measures when shown in conjunction with the corresponding IFRS financial measures provides useful information to potential [REDACTED] and management in facilitating a comparison of our operating performance from period to period by eliminating the potential impact of any item(s) that do not affect our ongoing operating performance. Such non-IFRS financial measures allow [REDACTED] to consider matrices used by our management in evaluating our performance.

The use of non-IFRS financial measures has limitations as an analytical tool, and [REDACTED] should not consider these in isolation from, or as a substitute for, or superior, to analysis of our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies.

We adjusted for certain items as our non-IFRS financial measures, in order to provide potential [REDACTED] with an overall and fair understanding of our core operating results and financial performance, especially in making period-to-period comparisons of, and assessing the profile of, our operating and financial performance. Equity-settled share-based expenses mainly represent the estimated fair value of the MIP units granted by NEKCG to certain directors of our Company and certain employees of our Group. [REDACTED] expenses are mainly expenses related to the [REDACTED] and are added back because they were incurred for the purposes of [REDACTED].

Adjusted net profit

We defined adjusted net profit as net profit for the years adjusted by adding back [REDACTED] expenses and equity-settled share-based expenses.

The table below sets forth the adjusted net profit and the adjusted net profit margin in each respective year during the Track Record Period:

	For the year ended 31 December		
	2021 S\$'000	2022 S\$'000	2023 S\$'000
Profit for the year	7,407	10,367	8,370
<i>Add:</i>			
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Equity-settled share-based expenses ^(Note)	—	—	3,535
Adjusted profit for the year	<u>7,407</u>	<u>10,367</u>	<u>15,620</u>
Adjusted profit margin for the year	<u>4.2%</u>	<u>6.4%</u>	<u>10.0%</u>

Note: Our equity-settled share-based expenses refers to the estimated fair value of the MIP units granted by NEKCG to certain directors of our Company and certain employees of our Group. The MIP units are awarded when the Group achieves specific earnings before interest, taxation, depreciation and amortisation and return on capital employed targets from its consolidated results. For details of our MIP, please refer to Note 31 of the Accountants' Report as set out in Appendix I to this document.

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DESCRIPTION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, our revenue was mainly generated from (i) container depot operations; (ii) warehousing and CFS; (iii) container sales and new-build container inspection; and (iv) other (freight forwarding services in Qingdao).

For the years ended 31 December 2021, 2022 and 2023, our revenue was approximately S\$175.7 million, S\$160.7 million and S\$155.5 million, respectively.

The table below sets out our revenue breakdown by business segment during the Track Record Period:

	For the year ended 31 December					
	2021		2022		2023	
	S\$'000	%	S\$'000	%	S\$'000	%
Container depot operations						
– depot handling ⁽¹⁾	42,531	24.2	42,091	26.2	47,807	30.7
– repair and maintenance ⁽²⁾	42,593	24.2	43,621	27.1	43,089	27.7
– storage fee ⁽³⁾	3,853	2.2	8,031	5.0	15,794	10.2
– transportation services	7,781	4.4	7,421	4.6	7,080	4.6
– others ⁽⁴⁾	4,779	2.7	5,409	3.4	4,527	2.9
	<u>101,537</u>	<u>57.7</u>	<u>106,573</u>	<u>66.3</u>	<u>118,297</u>	<u>76.1</u>
Sub-total						
Warehousing and CFS	20,489	11.7	16,116	10.0	15,455	9.9
Container sales and new-build						
container inspection	9,418	5.4	4,070	2.6	1,501	1.0
Other (freight forwarding services in Qingdao)	44,294	25.2	33,971	21.1	20,270	13.0
	<u>175,738</u>	<u>100.0</u>	<u>160,730</u>	<u>100.0</u>	<u>155,523</u>	<u>100.0</u>
Total						

Notes:

- (1) For details of our depot handling throughput in terms of TEU, please refer to the paragraph headed “– Depot handling throughput in terms of TEU by geographic locations” in this section.
- (2) For details of our repair and maintenance in terms of TEU, please refer to the paragraph headed “– Repair and maintenance in terms of TEU by geographic locations” in this section.
- (3) For details of an average daily storage in terms of TEU, please refer to the paragraph headed “– Average daily storage in terms of TEU by geographic locations” in this section.
- (4) Others mainly include the leasing of equipment and agency fees.

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The tables below set out our revenue breakdown by (i) geographical location based on the location at which services were provided; and (ii) business segments, during the Track Record Period:

For the year ended 31 December 2021

	Container depot operations ^(Note)		Warehousing and CFS		Container sales and new-build container inspection		Other (freight forwarding services in Qingdao)		Total	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	40,676	40.1	–	–	3,357	35.6	–	–	44,033	25.1
PRC	32,914	32.4	16,057	78.4	19	0.2	44,294	100.0	93,284	53.1
Hong Kong	12,173	12.0	4,432	21.6	5,976	63.5	–	–	22,581	12.8
Malaysia	8,779	8.6	–	–	66	0.7	–	–	8,845	5.0
Thailand	6,327	6.2	–	–	–	–	–	–	6,327	3.6
Vietnam	668	0.7	–	–	–	–	–	–	668	0.4
Total	101,537	100.0	20,489	100.0	9,418	100.0	44,294	100.0	175,738	100.0

For the year ended 31 December 2022

	Container depot operations ^(Note)		Warehousing and CFS		Container sales and new-build container inspection		Other (freight forwarding services in Qingdao)		Total	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	47,637	44.7	–	–	3,091	75.9	–	–	50,728	31.6
PRC	25,136	23.6	12,923	80.2	–	–	33,971	100.0	72,030	44.8
Hong Kong	14,394	13.5	3,194	19.8	971	23.9	–	–	18,559	11.5
Malaysia	10,103	9.5	–	–	8	0.2	–	–	10,111	6.3
Thailand	8,147	7.6	–	–	–	–	–	–	8,147	5.1
Vietnam	1,155	1.1	–	–	–	–	–	–	1,155	0.7
Total	106,572	100.0	16,117	100.0	4,070	100.0	33,971	100.0	160,730	100.0

For the year ended 31 December 2023

	Container depot operations ^(Note)		Warehousing and CFS		Container sales and new-build container inspection		Other (freight forwarding services in Qingdao)		Total	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	56,446	47.7	–	–	997	66.4	–	–	57,443	36.9
PRC	24,784	21.0	12,487	80.8	–	–	20,270	100.0	57,541	37.0
Hong Kong	14,111	11.9	2,968	19.2	504	33.6	–	–	17,583	11.3
Malaysia	11,310	9.6	–	–	–	–	–	–	11,310	7.3
Thailand	10,241	8.7	–	–	–	–	–	–	10,241	6.6
Vietnam	1,405	1.1	–	–	–	–	–	–	1,405	0.9
Total	118,297	100.0	15,455	100.0	1,501	100.0	20,270	100.0	155,523	100.0

Note: For details of our depot handling throughput in terms of TEU, please refer to the paragraph headed “– Depot handling throughput in terms of TEU by geographic locations” in this section.

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(i) *Revenue by business segment*

Container depot operations

For the years ended 31 December 2021, 2022 and 2023, revenue attributed to container depot operations was approximately S\$101.5 million, S\$106.6 million and S\$118.3 million, respectively, which accounted for approximately 57.7%, 66.3% and 76.1%, respectively, of our total revenue. Our revenue from this business segment was comprised of fees from the provision of depot handling, repair and maintenance, storage and transportation services which may be charged on container leasing companies and container shipping lines (as well as their customers who use containers of those container shipping lines). Our revenue generated from depot handling fees and repair and maintenance fees are closely correlated, as an increase in the amount of containers we handle at our container depots typically result in a corresponding increase in the frequency of repair and maintenance.

Our revenue generated from the provision of container depot operations services increased from approximately S\$101.5 million for the year ended 31 December 2021 to S\$106.6 million for the year ended 31 December 2022, which was mainly attributable to the increase in revenue generated from storage fees primarily due to the beginning of return of normalcy of the global economy and trade flows post-COVID-19. As global trade flows began to stabilise, a trend was observed of container shipping lines and container leasing companies starting to reposition empty containers between the typical exporting countries in the East and the typical importing countries in the West. Consequently, as empty containers began returning to the typical exporting countries in the East, we experienced an increase in the number of empty containers stored at our container depots in Singapore in 2022.

Our revenue generated from the provision of container depot operations services increased from approximately S\$106.6 million for the year ended 31 December 2022 to approximately S\$118.3 million for the year ended 31 December 2023, which was mainly attributable to (i) an increase in storage fee revenue of approximately S\$7.8 million as we were able to capture additional revenue in Singapore from existing customers through our marketing efforts; and (ii) an increase in revenue generated from charging depot handling fees in the amount of approximately S\$5.7 million as a result of an increase of gate-in charge we charged our customers at our container depots during the year ended 31 December 2023.

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Depot handling throughput in terms of TEU by geographic locations

The table below sets out the details of the depot handling throughput in terms of TEU by geographic location during the Track Record Period:

Location	For the year ended 31 December					
	2021		2022		2023	
	TEU '000	%	TEU '000	%	TEU '000	%
Singapore	609	21.2	626	27.9	630	26.9
PRC	1,800	62.7	1,084	48.4	1,210	51.7
Hong Kong	46	1.6	69	3.1	68	2.9
Other Southeast Asian countries ^(Note)	418	14.5	462	20.6	432	18.5
Total	2,873	100.0	2,241	100.0	2,340	100.0

Repair and maintenance in terms of TEU by geographic locations

The table below sets out the details of the repair and maintenance in terms of TEU by geographic location during the Track Record Period:

Location	For the year ended 31 December					
	2021		2022		2023	
	TEU '000	%	TEU '000	%	TEU '000	%
Singapore	121	21.3	104	20.7	122	22.2
PRC	240	42.3	174	34.5	217	39.5
Hong Kong	14	2.5	19	3.8	21	3.8
Other Southeast Asian countries ^(Note)	192	33.9	206	41.0	190	34.5
Total	567	100.0	503	100.0	550	100.0

Average daily storage in terms of TEU by geographic locations

The table below sets out the details of the average daily storage in terms of TEU by geographic location during the Track Record Period:

Location	For the year ended 31 December					
	2021		2022		2023	
	TEU	%	TEU	%	TEU	%
Singapore	10,598	19.0	14,918	20.7	19,167	19.7
PRC	31,826	57.1	30,679	42.5	34,480	35.3
Hong Kong	1,011	1.8	1,644	2.3	2,321	2.4
Other Southeast Asian countries ^(Note)	12,332	22.1	24,877	34.5	41,536	42.6
Total	55,767	100.0	72,118	100.0	97,504	100.0

Note: Other Southeast Asian countries mainly comprise Malaysia, Thailand and Vietnam.

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Our depot handling throughput decreased from 2.9 million TEU for the year ended 31 December 2021 to 2.2 million TEU for the year ended 31 December 2022, which was mainly attributable to a decrease in TEU in the PRC as a result of (i) the closure of our Ningbo container depot in 2022; and (ii) the limited operations in certain of our PRC container depots for approximately two months in 2022 due to the social distancing restrictions caused by COVID-19. Our depot handling throughput increased from approximately 2.2 million TEU for the year ended 31 December 2021 to approximately 2.3 million TEU for the year ended 31 December 2023, which was mainly attributable to the normalisation of our container depot operations in 2023 post-COVID-19.

Our repair and maintenance in terms of TEU decreased from approximately 567,000 TEU for the year ended 31 December 2021 to approximately 503,000 TEU for the year ended 31 December 2022, which was mainly attributable to the decrease in repair and maintenance work in the PRC as a result of the closure of our Ningbo container depot in 2022. Our repair and maintenance in terms of TEU increased from approximately 503,000 TEU for the year ended 31 December 2022 to approximately 550,000 TEU for the year ended 31 December 2023, which was mainly attributable to the normalisation of our container depot operations in 2023 post-COVID-19.

Our average daily storage at our container depots in terms of TEU increased from approximately 55,767 TEU for the year ended 31 December 2021 to approximately 72,118 TEU for the year ended 31 December 2022, which was mainly attributable to the stabilisation of global trade flows post-COVID-19, where empty containers began returning to the typical exporting countries in the East, for which we experienced an increase in the number of empty containers stored at our container depots during 2022. Our average daily storage in terms of TEU increased from approximately 72,118 TEU for the year ended 31 December 2022 to approximately 97,504 TEU for the year ended 31 December 2023, which was mainly attributable to the further increase in containers stored at our container depots located in Malaysia and Thailand.

Warehousing and CFS

We provide warehousing and CFS services to cargo owners and other customers as part of our integrated logistic solution. Our warehousing and CFS business, which complements our core container depot business, includes traditional cargo storage as well as value-added services in relation to consolidation and deconsolidation to accommodate our customers' needs. During the Track Record Period, we offered such warehousing and CFS services primarily in Hong Kong, Shanghai and Tianjin of the PRC as part of our approach to remain competitive. Our customers are charged based on the size and weight of the cargo measured in cubic metre tonne or deadweight tonne (whichever is higher) as well as the duration of storage required. Value added warehousing and CFS services are typically charged at an agreed rate. For the years ended 31 December 2021, 2022 and 2023, our revenue attributed to warehousing and CFS was approximately S\$20.5 million, S\$16.1 million and S\$15.5 million, respectively, which accounted for approximately 11.7%, 10.0% and 9.9%, respectively, of our total revenue.

Our revenue generated from the provision of warehousing and CFS services decreased from approximately S\$20.5 million for the year ended 31 December 2021 to approximately S\$16.1 million for the year ended 31 December 2022 and further decreased to approximately S\$15.5 million for the year ended 31 December 2023. Such decrease was mainly attributable to a general decrease in overall storage tonnes handled by our warehouses in both the PRC and Hong Kong locations as a result of the social distancing measures implemented by the government in response to COVID-19. For instance, there were limited operations at our warehouse in Shanghai due to various COVID-19 lockdowns in early 2022.

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We ceased operations of our warehouse in Hong Kong on 31 May 2024 as a result of poor performance in respect of which we did not foresee improvements in the near future. During the Track Record Period, our revenue generated from (HK) Grand Pacific was approximately S\$4.5 million, S\$3.2 million and S\$3.0 million, respectively, and the loss for each year was approximately S\$0.2 million, S\$0.8 million and S\$82,000, respectively.

Container sales and new-build container inspection

Our container sales and new-build container inspection business is ancillary to our core container depot business and involves the trading of containers (used and new-build) as well as carrying out inspection and surveying of new-build containers for our customers. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to our container sales and new-build container inspection services was approximately S\$9.4 million, S\$4.1 million and S\$1.5 million, respectively, which accounted for approximately 5.4%, 2.6% and 1.0%, respectively, of our total revenue.

Our revenue generated from the provision of container sales and new-build container inspection services decreased from approximately S\$9.4 million for the year ended 31 December 2021 to approximately S\$4.1 million for the year ended 31 December 2022 and further decreased to approximately S\$1.5 million for the year ended 31 December 2023. Such decrease over the Track Record Period was mainly attributable to the reduced number of containers sold and inspected during the Track Record Period as the global shipping industry was disrupted due to COVID-19 in 2021, resulting in a shortage of empty containers in Asian countries. This shortage was caused by an imbalance of export and import between Eastern and Western countries, which consequently led to an increase in demand for empty containers in Eastern countries in 2021. Consequently, our revenue derived from container sales and new-build container inspection services was relatively higher in 2021 compared to 2022 and 2023. As the global shipping industry slowly recovers, the demand for new-build containers has gradually decreased, leading to a decline in revenue from container sales and new-build container inspection services in 2022 and 2023.

Other (freight forwarding services in Qingdao)

We provide freight forwarding services in Qingdao, PRC incidental to our container depot operations to remain competitive in this location. Our freight forwarding services include acting as an agent to organise and coordinate consignments for customers to get their goods from the origin to the final point of distribution. Based on the specific needs of customers, this would involve assisting with the booking of cargo space on vessels for ocean transport for export consignments, arranging customs clearance and cargo handling. For the years ended 31 December 2021, 2022 and 2023, revenue attributed to freight forwarding services was S\$44.3 million, S\$34.0 million and S\$20.3 million, respectively, which accounted for 25.2%, 21.1% and 13.0%, respectively, of our total revenue.

Our revenue generated from the provision of freight forwarding services decreased from S\$44.3 million for the year ended 31 December 2021 to S\$34.0 million for the year ended 31 December 2022, mainly attributable to a significant decline in freight rates during the second half of 2022 in comparison to the upwards trend during 2021. According to the Euromonitor Report, COVID-19 increased demand for goods rather than services which, together with the significant disruptions in supply chains worldwide, resulted in a global increase of freight rates in 2021 reaching historic levels. However, the trend gradually reversed in the second half of 2022 due to factors such as weakening demand for Chinese manufactured goods by countries such as the U.S.

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Our revenue generated from the provision of freight forwarding services decreased from S\$34.0 million for the year ended 31 December 2022 to S\$20.3 million for the year ended 31 December 2023, which was mainly attributable to the decline in freight rates since the second half of 2022 and continued into the first quarter of 2023, compared to historic high levels in 2021 due to COVID-19. According to Euromonitor, freight rates remained low in 2023. For details of China’s freight rates, please refer to paragraph headed “Industry Overview – 3.1. Market Overview – Post-COVID return of freight rates undone by the Red Sea crisis” in this document.

(ii) Revenue by geographic locations

Singapore

For the years ended 31 December 2021, 2022 and 2023, our services provided in Singapore contributed to S\$44.0 million, S\$50.7 million and S\$57.4 million, respectively, which accounted for 25.1%, 31.6% and 36.9%, respectively, of our total revenue. Such increase over the Track Record Period was mainly attributable to (i) an increase in storage fee revenue as a result of an increase in the average daily storage in terms in TEU at our container depot operations over the Track Record Period; (ii) an increase in gate-in charge that we charged to our customers at our container depots in Singapore; and (iii) additional revenue generated from our existing customers in Singapore that increased the use of our services due to our marketing efforts.

PRC

For the years ended 31 December 2021, 2022 and 2023, our services provided in the PRC contributed to approximately S\$93.3 million, S\$72.0 million and S\$57.5 million, respectively, which accounted for approximately 53.1%, 44.8% and 37.0%, respectively, of our total revenue. Our revenue generated from services provided in the PRC decreased from approximately S\$93.3 million for the year ended 31 December 2021 to approximately S\$72.0 million for the year ended 31 December 2022, mainly attributable to (i) a decrease in revenue contributed from other (freight forwarding business in Qingdao) business segment commensurate with the downwards trend of freight rates during 2022 as compared to the upwards trend during 2021; and (ii) the closure of our Ningbo container depot in 2022. Our revenue generated from services provided in the PRC decreased from approximately S\$72.0 million for the year ended 31 December 2022 to approximately S\$57.5 million for the year ended 31 December 2023, mainly attributable to a decline in freight rates that began in 2022 and continued into the first quarter of 2023, from the historical highs in 2021 as described in the Euromonitor Report. By the first quarter of 2023, freight rates had predominantly reverted to similar levels seen pre-COVID-19. For details of China’s freight rates, please refer to paragraph headed “Industry Overview – 5.1. Market Overview – Uncertainty of freight rates amid geopolitical tension and Red Sea attacks” in this document.

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Hong Kong

For the years ended 31 December 2021, 2022 and 2023, our services provided in Hong Kong contributed to approximately S\$22.6 million, S\$18.6 million and S\$17.6 million, respectively, which accounted for approximately 12.8%, 11.5% and 11.3%, respectively, of our total revenue. Our revenue generated from services provided in Hong Kong decreased from approximately S\$22.6 million for the year ended 31 December 2021 to approximately S\$18.6 million for the year ended 31 December 2022, which was mainly attributable to (i) a decrease of approximately S\$5.0 million in revenue generated from container sales and new-build container inspection which was a result of the decrease in the number of containers we inspected and surveyed; and (ii) a decrease in demand of our warehousing and CFS services during the year ended 31 December 2022. The decrease was partially offset by an increase in revenue generated from our container depot operations, which was a result from the higher TEU volume we handled during the year ended 31 December 2022 as compared to the same period in 2021. Our revenue generated from services provided in Hong Kong remained relatively stable for the years ended 31 December 2022 and 2023.

Malaysia

For the years ended 31 December 2021, 2022 and 2023, our services provided in Malaysia contributed to approximately S\$8.8 million, S\$10.1 million and S\$11.3 million, respectively, which accounted for approximately 5.0%, 6.3% and 7.3%, respectively, of our total revenue. Our revenue generated from services provided in Malaysia increased over the Track Record Period, and this was mainly attributable to the stabilisation of global trade flow, where empty containers began returning to the typical exporting counties in the East, leading to the increase in the average daily storage of empty containers at our container depots over the Track Record Period.

Thailand

For the years ended 31 December 2021, 2022 and 2023, our services provided in Thailand contributed to approximately S\$6.3 million, S\$8.1 million and S\$10.2 million, respectively, which accounted for approximately 3.6%, 5.1% and 6.6%, respectively, of our total revenue. Our revenue generated from services provided in Thailand increased over the Track Record Period, and this was mainly attributable to the stabilisation of global trade flow, where empty containers began returning to the typical exporting counties in the East, leading to the increase in the average daily storage of empty containers at our container depots over the Track Record Period.

Vietnam

For the years ended 31 December 2021, 2022 and 2023, our services provided in Vietnam contributed to approximately S\$0.7 million, S\$1.2 million and S\$1.4 million, respectively, which accounted for approximately 0.4%, 0.7% and 0.9%, respectively, of our total revenue. Our revenue generated from services provided in Vietnam increased over the Track Record Period, and this was mainly attributable to the stabilisation of global trade flow, where empty containers began returning to the typical exporting counties in the East, leading to the increase in the average daily storage of containers over the Track Record Period.

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Cost of revenue

Our cost of revenue primarily consists of (i) employees' remuneration; (ii) land costs, (iii) cost of repair and maintenance; (iv) trucking and transportation expenses; (v) freight charges; (vi) machinery cost; (vii) fuel cost; (viii) cost of container sold; and (iv) others. The below table sets out our cost of revenue during the Track Record Period:

	For the year ended 31 December					
	2021		2022		2023	
	S\$'000	%	S\$'000	%	S\$'000	%
Employees' remuneration	24,342	17.4	22,123	18.1	22,525	20.7
Land costs	17,497	12.5	14,623	12.0	15,322	14.1
Cost of repair and maintenance	17,281	12.3	18,072	14.8	18,904	17.4
Trucking and transportation expenses	14,971	10.7	11,941	9.8	11,690	10.8
Freight charges	42,310	30.2	32,428	26.6	18,615	17.1
Machinery cost	6,429	4.6	6,363	5.2	6,414	5.9
Fuel cost	3,163	2.3	4,072	3.3	3,622	3.3
Cost of container sold	2,890	2.1	2,616	2.1	830	0.8
Others ^(Note)	11,040	7.9	9,935	8.1	10,655	9.9
Total	139,923	100.0	122,173	100.0	108,577	100.0

Note: Others mainly includes terminal fee, agency fee paid to our employment agent in relation to our surveyors and custom fees for our warehouse and CFS services.

Employees' remuneration

Our employees' remuneration relates to the salaries and wages paid to our employees involved in our direct labour including container stacker operators, small forklift drivers, technicians, prime mover drivers and other operational staff contributions made to the various benefits plans and other staff benefits of direct staff. We had a total number of operational staff of 717, 657 and 584 as at 31 December 2021, 2022 and 2023, respectively.

Our employees' remuneration amounted to approximately S\$24.3 million, S\$22.1 million and S\$22.5 million for the years ended 31 December 2021, 2022 and 2023, respectively. The fluctuations in our employees' remuneration between the corresponding years were mainly attributable to the combined effects of (i) changes in headcount to facilitate our operations; and (ii) general annual salary increments. The decrease in our employees' remuneration from the year ended 31 December 2021 to 31 December 2022 was mainly attributable to (i) the decrease in our overall headcount in our PRC and Hong Kong operations, of which we did not hire replacements; and (ii) the absence of the statutory severance payment in 2022, which was offset by annual salary increment to our staff. Our employees' remuneration remained relatively stable for the years ended 31 December 2022 and 2023.

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Land costs

Our land costs mainly relates to our container depot operations and warehousing and CFS businesses. Land costs primarily represents (i) depreciation of our right-of-use assets, namely, our leases for our operations in accordance with IFRS 16; and (ii) short-term lease payments for lease terms that are 12 months or less. The below table sets out a breakdown of our land costs during the Track Record Period:

	For the year ended 31 December					
	2021		2022		2023	
	S\$'000	%	S\$'000	%	S\$'000	%
Depreciation of right-of-use assets	14,103	80.7	9,580	65.5	7,920	51.7
Short-term leases	1,321	7.5	2,970	20.3	5,147	33.6
Others ^(Note)	<u>2,073</u>	<u>11.8</u>	<u>2,073</u>	<u>14.2</u>	<u>2,255</u>	<u>14.7</u>
Total	<u><u>17,497</u></u>	<u><u>100.0</u></u>	<u><u>14,623</u></u>	<u><u>100.0</u></u>	<u><u>15,322</u></u>	<u><u>100.0</u></u>

Note: Others mainly refer to property tax and yard maintenance fee and building management fee.

Our land costs amounted to approximately S\$17.5 million, S\$14.6 million and S\$15.3 million for the years ended 31 December 2021, 2022 and 2023, respectively. The decrease in our land costs for the year ended 31 December 2021 to 31 December 2022 was mainly attributable to (i) a decrease in depreciation of right-of-use assets as a result of the closure of our Ningbo container depot in 2022; (ii) rental concessions received for the premises we rented from the Hong Kong Government, which resulted in an adjustment to our depreciation of right-of-use assets; and (iii) a decrease in rental fees of our warehouse in Hong Kong. The decrease was partially offset by the increase of short-term leases resulting from the renewal of a lease with a term of 12 months, which was previously classified as a long-term lease. The increase in our land costs from the year ended 31 December 2022 to 31 December 2023 was mainly attributable to the increase of new short-term leases we entered into during the year ended 31 December 2023. For details of the properties leased by us, please refer to paragraph headed “Business – Properties” in this document.

Cost of repair and maintenance

Our cost of repair and maintenance relates to the repair and maintenance services which we provide as part of our container depot operations. Cost of repair and maintenance primarily represents (i) material costs for parts we used in repairing containers; and (ii) subcontracting fees for repair services we outsource to our subcontractors.

Our cost of repair and maintenance amounted to approximately S\$17.3 million, S\$18.1 million and S\$18.9 million, for the years ended 31 December 2021, 2022 and 2023, respectively. The fluctuations in our cost of repair and maintenance between the corresponding years were primarily determined by (i) the demand of repair and maintenance works required by our customers; and (ii) the price of the trading stock and consumables.

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Trucking and transportation expenses

Our trucking and transportation expenses relates to our container depot operations and warehouse and CFS business segments. Trucking and transportation expenses primarily represent the subcontracting fee paid to outsourced truckers for ground transportation for and between container depots and container port terminals and/or designated locations as instructed by the customers.

Our trucking and transportation expenses amounted to approximately S\$15.0 million, S\$11.9 million and S\$11.7 million for the years ended 31 December 2021, 2022 and 2023, respectively. Included in such amounts, approximately S\$5.5 million, S\$5.2 million and S\$5.4 million were paid to our connected person during the Track Record Period, respectively. For details of our connected transactions, please refer to "Connected Transactions – (E) Partially Exempt Continuing Connected Transactions – 1. Logistic-Related Supporting Services Framework Agreement" in this document. The fluctuations in our trucking and transportation expenses between the corresponding years were primarily determined by the volume of TEU handled and the demand of truckers required during the respective years. Our trucking and transportation expenses decreased from approximately S\$15.0 million for the year ended 31 December 2021 to approximately S\$11.9 million for the year ended 31 December 2022, which was mainly attributable to a reduced demand of our warehousing and CFS services during 2022. Our trucking and transportation expenses remained relatively stable for the years ended 31 December 2022 and 2023.

Freight charges

Our freight charges mainly relates to our freight forwarding business in Qingdao of the PRC and primarily represent (i) cost for securing cargo space on vessels which is typically referred to as freight rates; (ii) costs of local handling and documentation; (iii) customs clearance charges; and (iv) other ancillary surcharges related to freight forwarding and warehousing and CFS.

Our freight charges amounted to approximately S\$42.3 million, S\$32.4 million and S\$18.6 million for the years ended 31 December 2021, 2022 and 2023, respectively. The fluctuations in our freight charges between the corresponding years were primarily determined by (i) the changes in freight rates; and (ii) the number of cargo space on vessels required during the respective periods. Our freight charges decreased from approximately S\$42.3 million for the year ended 31 December 2021 to approximately S\$32.4 million for the year ended 31 December 2022, which was mainly attributable to a decrease in the average freight rate as global freight rates began to stabilise in 2022. Our freight charges decreased from approximately S\$32.4 million for the year ended 31 December 2022 to approximately S\$18.6 million for the year ended 31 December 2023, which was mainly attributable to the average freight rates being lower in 2023 in comparison to 2022.

Machinery cost

Our machinery costs relates to our container depot operations and warehousing and CFS businesses. Machinery cost primarily represent depreciation and maintenance cost for our machinery and equipment used for our operation. Our machinery cost amounted to approximately S\$6.4 million, S\$6.4 million and S\$6.4 million for the years ended 31 December 2021, 2022 and 2023, respectively.

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Fuel cost

Our fuel costs we incurred in our container depot operations and warehousing and CFS businesses. Fuel cost primarily represent the cost of fuel required to operate for our machinery including, among others, small forklifts, prime movers and container stackers. Our fuel cost amounted to approximately S\$3.2 million, S\$4.1 million and S\$3.6 million for the years ended 31 December 2021, 2022 and 2023, respectively.

Cost of container sold

Our cost of container sold primarily represents the cost of second-hand containers which we purchase and sell to our customers as part of our container sales and new-build container inspection business. Our cost of container sold amounted to approximately S\$2.9 million, S\$2.6 million and S\$0.8 million for the years ended 31 December 2021, 2022 and 2023, respectively.

Cost of revenue by business segment

The table below sets out our cost of revenue by business segment for the periods indicated:

	For the year ended 31 December					
	2021		2022		2023	
	S\$'000	%	S\$'000	%	S\$'000	%
Container depot operations	74,764	53.4	71,087	58.2	74,411	68.5
Warehousing and CFS	18,955	13.6	15,205	12.4	13,421	12.4
Container sales and new-build container inspection	4,173	3.0	3,518	2.9	1,466	1.3
Other (freight forwarding services in Qingdao)	42,031	30.0	32,363	26.5	19,279	17.8
Total	139,923	100.0	122,173	100.0	108,577	100.0

Our cost of revenue related to container depot operations decreased from approximately S\$74.8 million for the year ended 31 December 2021 to approximately S\$71.1 million for the year ended 31 December 2022, mainly attributable to a decrease in trucking and transportation expenses used in our container depot handling and transportation services sub-segment in the PRC. Our cost of revenue related to container depot operations increased from approximately S\$71.1 million for the year ended 31 December 2022 to approximately S\$74.4 million for the year ended 31 December 2023, mainly attributable to the additional temporary container depot storage land we were required to obtain to cater for increase in demand for empty containers storage from our customers.

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Our cost of revenue related to warehousing and CFS decreased from approximately S\$19.0 million for the year ended 31 December 2021 to approximately S\$15.2 million for the year ended 31 December 2022, mainly attributable to a decrease in trucking and transportation expenses resulting from our warehousing and CFS segment in the PRC. Our cost of revenue related to warehousing and CFS decreased from approximately S\$15.2 million for the year ended 31 December 2022 to approximately S\$13.4 million for the year ended 31 December 2023, mainly attributable to a general overall decrease in our cost related to warehousing and CFS both in the PRC and Hong Kong.

Our cost of revenue related to container sales and new-build container inspection decreased from approximately S\$4.2 million for the year ended 31 December 2021 to approximately S\$3.5 million for the year ended 31 December 2022, mainly attributable to a decrease in the amount of new containers inspected and surveyed during 2022. Our cost of revenue related to container sales and new-build container inspection decreased from approximately S\$3.5 million for the year ended 31 December 2022 to approximately S\$1.5 million for the year ended 31 December 2023, mainly attributable to a decrease in our purchase of containers for our container sales operations during the year ended 31 December 2023 in comparison to the same in 2022, which was in line with the decrease in revenue arising from container sales and new-build container inspection.

Our cost of revenue related to other (freight forwarding business in Qingdao) business segment decreased from approximately S\$42.0 million for the year ended 31 December 2021 to approximately S\$32.4 million for the year ended 31 December 2022, mainly attributable to the downwards trend of freight rates during 2022 in comparison to the upwards trend during 2021. Our cost of revenue related to warehousing and CFS decreased from approximately S\$32.4 million for the year ended 31 December 2022 to approximately S\$19.3 million for the year ended 31 December 2023, mainly attributable to average freight rates being lower in 2023 in comparison to 2022.

Gross profit and gross profit margin

The table below sets forth a breakdown of our gross profit and gross profit margin by business segments for the periods indicated:

	For the year ended 31 December					
	2021		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S\$'000	%	S\$'000	%	S\$'000	%
Container depot operations	26,773	26.4	35,486	33.3	43,886	37.1
Warehousing and CFS	1,534	7.5	911	5.7	2,034	13.2
Container sales and new-build container inspection	5,245	55.7	552	13.6	35	2.3
Other (freight forwarding services in Qingdao)	2,263	5.1	1,608	4.7	991	4.9
Total	35,815	20.4	38,557	24.0	46,946	30.2

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Our range of services directly impacts our results of operations and financial condition. In determining our Group's pricing policy, we consider a variety of factors. Different types of services we provide carry different unit cost and margins depending on the nature of service and volume required by our customers, which in turn may affect our Group's revenue, cost of sales and margins.

Our gross profit for the year ended 31 December 2021, 2022 and 2023 amounted to approximately S\$35.8 million, S\$38.6 million and S\$46.9 million, respectively, and our gross profit margin was approximately 20.4%, 24.0% and 30.2%, respectively. Our gross profit increased over the Track Record Period, which was mainly attributable from our container depot operations as described below.

Container depot operations

Our gross profit margin for our container depot operations business was approximately 26.4%, 33.3% and 37.1% for the year ended 31 December 2021, 2022 and 2023, respectively. The increase in our gross profit margin from approximately 26.4% for the year ended 31 December 2021 to approximately 33.3% for the year ended 31 December 2022 was primarily due to increase in our average daily storage in terms of TEU in 2022 as compared to 2021. The increase in our gross profit margin from approximately 33.3% for the year ended 31 December 2022 to approximately 37.1% for the year ended 31 December 2023 was primarily due to (i) the increase in the gate-in charge we charged to our customers at our container depots and (ii) the increase in container handling throughput of our container depots in terms of TEU.

Warehousing and CFS

Our gross profit margin for our warehousing and CFS business was approximately 7.5%, 5.7% and 13.2% for the year ended 31 December 2021, 2022 and 2023, respectively. The decrease in our gross profit margin from approximately 7.5% for the year ended 31 December 2021 to approximately 5.7% for the year ended 31 December 2022 was mainly attributable to the decrease in revenue generated from our warehouse in Hong Kong, whilst our fixed cost of revenue such as land cost and employees' remuneration remained relatively stable. The increase in our gross profit margin from approximately 5.7% for the year ended 31 December 2022 to approximately 13.2% for the year ended 31 December 2023 was mainly attributable (i) a decrease in our land cost in the PRC as we have entered into a short-term leases to replace our long-term leases which expired at the end of 2022 resulting in our short-term lease expenses in 2023 being relatively lower than our depreciation expense over the long-term lease under IFRS-16 arrangement; and (ii) a decrease in staff remuneration as a result of the decrease in headcount in Hong Kong to facilitate the cessation of business of our Hong Kong warehouse which took place on 31 May 2024.

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Container sales and new-build container inspection

Our gross profit margin for our container sales and new-build container inspection business was approximately 55.7%, 13.6% and 2.3% for the year ended 31 December 2021, 2022 and 2023. The decrease in our gross profit margin from approximately 55.7% for the year ended 31 December 2021 to approximately 13.6% for the year ended 31 December 2022 was primarily due to the decrease in containers sold and inspected during such period. The decrease in our gross profit margin from approximately 13.6% for the year ended 31 December 2022 to approximately 2.3% for the year ended 31 December 2023, which was mainly attributable to a further decrease in containers inspected during such period.

Other (freight forwarding business in Qingdao)

Our gross profit margin for other (freight forwarding business in Qingdao) was approximately 5.1%, 4.7% and 4.9% for the year ended 31 December 2021, 2022 and 2023, respectively. During the Track Record Period, our gross profit margin for other (freight forwarding business in Qingdao) remained relatively stable.

Other income

The table below sets forth a breakdown of our other income during the Track Record Period:

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Utilities recharged	134	53	43
Interest income	57	93	69
Government subsidies	2,002	1,559	475
Other storage income	400	406	445
Others	324	625	294
Total	<u>2,917</u>	<u>2,736</u>	<u>1,326</u>

Our other income mainly comprised (i) utilities recharged; (ii) interest income; (iii) government subsidies; (iv) other storage income; and (v) other miscellaneous income. For the years ended 31 December 2021, 2022 and 2023, our other income amounted to approximately S\$2.9 million, S\$2.7 million and S\$1.3 million, respectively. Our other income slightly decreased from approximately S\$2.9 million for the year ended 31 December 2021 to approximately S\$2.7 million for the year ended 31 December 2022, which was mainly attributable to the reduction of COVID-19 related subsidies from the Singapore and Hong Kong government during the year of 2022. Our other income decreased from approximately S\$2.7 million for the year ended 31 December 2022 to approximately S\$1.3 million for the year ended 31 December 2023, which was mainly attributable to the decrease in the relevant government subsidies granted to us during the year of 2023 as compared to the year of 2022.

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The Group received the following COVID-19 related subsidies from relevant governments for the years ended 31 December 2021, 2022 and 2023 represented the followings:

- (i) for the years ended 31 December 2021, 2022 and 2023, wage support for local employees in Singapore, Malaysia, Hong Kong and the PRC amounted to approximately S\$397,000, S\$517,000 and nil, respectively;
- (ii) for the years ended 31 December 2021, 2022 and 2023, rental rebates amounted to approximately S\$1,067,000, S\$546,000 and nil, respectively; and
- (iii) other COVID-19 related grants for the years ended 31 December 2021, 2022 and 2023 amounted to approximately S\$27,000, S\$27,000 and nil, respectively.

Selling and distribution expenses

Selling and distribution expenses primarily consist of (i) marketing expenses; and (ii) employees’ remuneration. For the years ended 31 December 2021, 2022 and 2023, our selling and distribution expenses amounted to approximately S\$1.9 million, S\$2.2 million and S\$2.4 million, respectively. Our selling and distribution expenses increased during the Track Record Period which were mainly attributable to the resumption of marketing activities generally in Singapore and other Southeast Asia countries following the stabilisation of COVID-19.

Administrative expenses

The following table sets forth the breakdown of administrative expenses during the Track Record Period:

	For the year ended 31 December					
	2021		2022		2023	
	S\$'000	%	S\$'000	%	S\$'000	%
Employees’ remuneration	9,841	44.5	9,220	43.4	9,411	37.0
Directors’ remuneration	2,589	11.7	2,905	13.7	3,048	12.0
Communication and travelling	1,119	5.0	1,138	5.4	1,314	5.2
Depreciation	750	3.4	744	3.5	687	2.7
Office expenses	1,565	7.1	1,790	8.4	1,568	6.2
Professional services fees	1,969	9.0	598	2.8	613	2.4
Auditor’s remuneration	492	2.2	435	2.0	711	2.8
Insurance	474	2.1	487	2.3	546	2.1
Utilities expenses	965	4.3	800	3.8	772	3.0
Equity-settled share-based expenses	–	–	–	–	3,535	13.9
Others	2,372	10.7	3,118	14.7	3,252	12.7
Total	22,136	100.0	21,235	100.0	25,457	100.0

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Administrative expenses primarily consists of (i) employees' remuneration; (ii) directors remuneration; (iii) communication and travelling; (iv) depreciation; (v) office expenses; (vi) professional services fees; (vii) auditors' remuneration; (viii) insurance; (ix) utilities expenses; (x) equity-settled share-based expenses; and (xi) other miscellaneous administrative expenses. For the years ended 31 December 2021, 2022 and 2023, our administrative expenses amounted to approximately S\$22.1 million, S\$21.2 million and S\$25.5 million, respectively, which accounted for approximately 12.6%, 13.2% and 16.4%, respectively, of our total revenue.

Our administrative expenses decreased from approximately S\$22.1 million for the year ended 31 December 2021 to approximately S\$21.2 million for the year ended 31 December 2022, which was mainly attributable to the absence of a one-off listing feasibility assessment conducted in 2021. Our administrative expenses increased from approximately S\$21.2 million for the year ended 31 December 2022 to approximately S\$25.5 million for the year ended 31 December 2023, which was mainly attributable to the increase of equity-settled share-based expenses under the MIP.

The largest component of our administrative expenses was our employee remuneration, which amounted to approximately S\$9.8 million, S\$9.2 million and S\$8.3 million, representing approximately 44.5%, 43.4% and 37.0% of our administrative expenses for the years ended 31 December 2021, 2022 and 2023. Our employees' remuneration under our administrative expenses represent remuneration paid to, contributions made to various benefit plans of and other staff benefits to our administrative staff.

Directors remuneration mainly represent remuneration, allowances and benefit in kind, performance related bonus and retirement benefit scheme contribution paid to our directors of the Group.

Depreciation mainly represents depreciation cost for office furniture and equipment and motor vehicles.

Office expenses mainly represent telephone fee, courier service charges, printing, stationery and consumables, cleaning, computer expenses and repairs and maintenance on premises and machinery.

Professional services mainly represent legal and professional fees for listing feasibility assessment which we conducted in 2021 and other miscellaneous professional fees.

On 27 June 2011, NEKCG approved a management incentive plan which granted employee units (the MIP) to the certain directors of our Company and certain employees of our Group. The MIP units are awarded when our Group achieves specific earnings before interest, taxation, depreciation and amortisation and return an capital employed targets from its consolidated results. The MIP units granted would vest immediately or one to two years. The MIP units will be settled in cash upon exit by the shareholder of the Company or when the selected participates resign our Group on settled with Company's shares upon the [REDACTED] of our Company's shares on a recognised stock exchange.

For the year ended 31 December 2023, approximately 6.0 million MIP units were granted by NEKCG to our directors and certain employees of our Group. The estimated fair values of the MIP Units granted on 1 October 2023 was approximately S\$3.5 million. The MIP units granted during the year ended 31 December 2023 were vested immediately. For details of the methods used to estimate the fair value of the MIP units, please see Note 31 of the Accountants' Report as set out in Appendix I to this document.

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Other gains and losses

The table below sets out the breakdown of our other gains and losses during the Track Record Period:

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Impairment of goodwill	(2,231)	–	–
Impairment loss on property, plant and equipments	(489)	(383)	–
Gain (loss) on disposal of property, plant and equipment	176	(441)	(114)
Net foreign exchange gain (loss)	121	(1,075)	(361)
Gain on disposal of subsidiaries	66	–	–
Property, plant and equipment written off	(25)	(4)	(4)
Others	<u>113</u>	<u>48</u>	<u>(1)</u>
Total	<u>(2,269)</u>	<u>(1,855)</u>	<u>(480)</u>

Our other gains or losses mainly represents (i) impairment of goodwill; (ii) impairment loss on property, plant and equipments in relation to our depot land under lease agreements; (iii) gain (loss) on disposal of property, plant and equipment; (iv); net foreign exchange gain (loss); (v) gain on disposal of subsidiaries; (vi) property, plant and equipment written off; and (vii) others miscellaneous gains and losses.

For the years ended 31 December 2021, 2022 and 2023, we recorded a net other losses of approximately S\$2.3 million, S\$1.9 million and S\$0.5 million, respectively.

Our other net losses decreased from approximately S\$2.3 million for the year ended 31 December 2021 to approximately S\$1.9 million for the year ended 31 December 2022, which was mainly attributable to (i) the absence of the impairment of goodwill recognised during the year ended 31 December 2021; and (ii) a loss on disposal of property of property, plant and equipment of approximately S\$0.4 million, which was partially offset by a net foreign exchange loss of approximately S\$1.1 million recognised in respective of an intercompany loan during the year ended 31 December 2022. Our other net losses decreased from approximately S\$1.9 million for the year ended 31 December 2022 to approximately S\$0.5 million for the year ended 2023, which was mainly attributable to (i) the decrease in net foreign exchange loss of approximately S\$0.7 million as a result of the exchange differences arising from RMB repayments to an intercompany loan denominated in Singapore dollars; and (ii) the decrease in loss on disposal of property, plant and equipment.

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Impairment of goodwill

We review from time to time (at least annually) the value-in-use of the cash-generating unit to which the goodwill is allocated to determine whether there is any indication for impairment. Our impairment of goodwill refers to the non-renewal of certain depot leases and the unsatisfactory business performance from (HK) Grand Pacific and (HK) Best China, which amounted to approximately S\$2.2 million for the year ended 31 December 2021.

As at 31 December 2021, the carrying amount of goodwill allocated to (HK) Grand Pacific and (HK) Best China was nil and nil, respectively. For details for our impairment testing on our goodwill, please see Note 18 to the Accountants’ Report as set out in Appendix I in this Document.

Impairment loss on property, plant and equipment

Impairment loss on property, plant and equipment mainly refers to impairment on right-of-use assets in respect of our depot land in the PRC.

Net foreign exchange gain (loss)

We recorded a net exchange gain of approximately S\$0.1 million for the year ended 31 December 2021 and a net exchange loss of approximately S\$1.1 million and S\$0.4 million for the years ended 31 December 2022 and 2023, respectively. We recorded a net foreign exchange loss of S\$1.1 million for the year ended 31 December 2022, which was mainly attributable to (i) the exchange differences arising from RMB repayments to an intercompany loan denominated in Singapore dollars; and (ii) the appreciation of the Singapore dollar to RMB during the year ended 31 December 2022. For details, please refer to the paragraphs headed “Risk Factors – We are exposed to foreign exchange fluctuation” and “Financial Information – Loan from a related company” in this document.

Impairment loss under expected credit losses model, net of reversal

In June 2023, (PRC) QD Keyun, our indirect-wholly-owned subsidiary which operates our freight forwarding business in Qingdao, agreed to act as an intermediary for one of its customers (the “**Shipping Agent**”) as part of our typical freight forwarding service to assist with payment for booking of cargo space on vessels of a shipping company (the “**Shipping Company**”). Under the arrangement, (PRC) QD Keyun would help advance the Shipping Agent’s payments to the Shipping Company on their behalf. Pursuant to the arrangement, as at 31 December 2023, (PRC) QD Keyun had made advancements to the Shipping Company in the total sum of RMB15.6 million (equivalent to approximately S\$2.9 million) and had trade receivables due from the Shipping Agent of RMB8.6 million (equivalent to approximately S\$1.6 million).

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It was subsequently discovered that the relevant shipping documents provided by the Shipping Agent were forged, the transactions were fictitious and the entire arrangement appeared to have been a sham. When we enquired with the Shipping Company and requested for return of the amounts paid, the Shipping Company explained that they had already returned the amounts to the Shipping Agent. Upon discovering the incident, we reported the suspected fraud incident to the Qingdao Public Securities Bureau (青島市公安局) in or around 10 January 2024 who has accepted for criminal investigation but no further information and/or legal documents in respect thereof has been received by the Group. Immediately after discovering the suspected fraud incident, we sought advice from legal advisers regarding the legal position of (PRC) QD Keyun as well as any available legal remedies against the wrongdoers. The Group may also seek damages against the Shipping Agent and/or the relevant persons by civil action in due course.

In light of the severity of this isolated incident and for prudence sake, we have reclassified the relevant amount of trade receivables to other receivables as at 31 December 2023. Based on management's assessment with regards to the recoverability of the receivable, we recognised an impairment loss on other receivables under expected credit loss model in the sum of S\$1.2 million (equivalent to RMB6.4 million) for the year ended 31 December 2023. For details of our credit risk and impairment assessment, please see Note 35 to the Accountants' Report as set out in Appendix I.

The Group is treating this matter with utmost seriousness and has taken immediate action to address the suspected fraud incident. The Group is fully cooperating with the relevant authorities in their investigations. In order to prevent future potential incidents in relation to fraudulent transactions concerning our freight forwarding business, we engaged an independent internal control consultant to review the adequacy and effectiveness of our internal control procedures, systems and controls of (PRC) QD Keyun. The independent internal control consultant found that the following inadequacies in the credit limit monitoring control process of (PRC) QD Keyun: (i) standard credit limits were not formalised in a written policy; and (ii) there was inadequate monitoring on credit limit established.

To prevent any recurrence of such incidents in the future, we have established and implemented the following enhanced internal control measures: (i) increased fraud risk awareness amongst employees by formalising an anti-fraud policy; (ii) enhanced payment approval process requiring multi-level approvals for any single payment exceeding RMB300,000; and (iii) enhanced evaluation of new customers including carrying out of business background checks, references checks from peers and site visit.

Our Directors are of the view that the suspected fraud incident is an isolated incident and the financial loss will not have any material impact on the daily operations of the Group and its freight forwarding business.

Share of results of associates

Our company mainly holds 40% equity interest in (SG) CK. Established in 2004, (SG) CK is a joint venture in Singapore between Chu Kong Shipping Enterprises (Group) Company Limited ("CKS"), a company listed on the Hong Kong Stock Exchange (stock code: 560), and our Company whereby 60% is owned by CKS and 40% by us. (SG) CK is principally engaged in freight forwarding related businesses in Singapore. Apart from Singapore, (SG) CK has a 70% equity interest in (MY) CK and a 49% equity interest in (TH) CK. Under the joint venture agreement with (SG) CK, the board of CKL (Singapore) has five directors, of whom three, including its chief executive officer, are appointed by CKS and two are appointed by us. Over the years, we have been a passive investor.

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As at 31 December 2021, 2022 and 2023, our interests in associates amounted to approximately S\$1.9 million, S\$2.2 million and S\$2.2 million, respectively. For information on the investment, please see Note 20 “Interests in an associate” to the Accountants’ Report as set out in Appendix I.

Share of results of associates represents the aggregate share of our associates’ net profits or losses attributable to our interests in those associates. Our associates is an entity over which we have significant influence, but have no control. During the Track Record Period, we recorded share of results of associates in the amount of approximately S\$0.2 million, S\$0.2 million and S\$0.1 million for the years ended 31 December 2021, 2022 and 2023, respectively.

Finance costs

The following table sets out a breakdown of our finance costs for the periods indicated:

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Interest expenses on:			
Bank borrowings	501	828	833
Lease liabilities	2,070	1,397	1,303
Others	—	351	109
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>2,571</u></u>	<u><u>2,576</u></u>	<u><u>2,245</u></u>

During the Track Record Period, our finance costs primarily represent our interest expenses incurred for (i) bank borrowings; and (ii) lease liabilities in respect of IFRS 16. Our other finance cost mainly represent (i) interest expenses related to the delay payment of the Consideration in relation to the acquisition of land-use-rights in Tianjin in 2022; and (ii) interest expenses related to the loan from a related company. For details of our bank borrowings, please refer to the paragraphs headed “Indebtedness” in this section below. For details, please refer to paragraph headed “Business – Legal Proceedings and Non-Compliance – Legal Proceedings initiated against (PRC) TJ Keyun” in this document. Our finance costs amounted to approximately S\$2.6 million, S\$2.6 million and S\$2.2 million, for the years ended 31 December 2021, 2022 and 2023, respectively.

Income tax expenses

Our Group is subject to income tax for profits generated by or derived by each of the entities of the Group from the tax jurisdictions in which the companies of our Group are domiciled or operated. Our income tax expenses consists of current and deferred tax expenses for jurisdictions in which we are subject to tax. During the Track Record Period, our income tax expenses mainly comprised (i) Singapore corporate income tax; (ii) PRC enterprise income tax; (iii) Hong Kong profits tax; (iv) Malaysian corporate income tax; and (v) Vietnam corporate income tax. For the years ended 31 December 2021, 2022 and 2023, the income tax expenses incurred by us amounted to approximately S\$2.5 million, S\$3.3 million and S\$4.5 million, respectively, and our effective tax rate was approximately 24.9%, 24.2% and 35.2%, respectively. Our effective tax rate slightly decreased from approximately 24.9% for the year ended 31 December 2021 to approximately 24.2% for the year ended 31 December 2022, which was mainly attributable to the decrease in expenses not deductible for tax purpose in 2022. Our effective tax rate increased from approximately 24.2% for the year ended 31 December 2022 to approximately 35.2% for the year ended 31 December 2023, which was mainly attributable to the decrease in the profit before tax as a result of [REDACTED] expenses and expenses related to the recognition of share-based payments incurred in 2023.

FINANCIAL INFORMATION

Singapore

The corporate income tax rate in Singapore is 17% of the chargeable income.

PRC

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for the PRC taxation purposes at the applicable rate of 25%.

Hong Kong

The Hong Kong profit tax rate of our subsidiaries incorporated in Hong Kong is 16.5%.

Malaysia

The statutory income tax of our subsidiary in Malaysia is at 24% of the chargeable income.

Vietnam

The corporate income tax rate of our subsidiary in Vietnam is at 20%.

During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant authorities.

Transfer pricing

We reimburse a part of our revenue received from our customers to (SG) EK Marketing as service fee payments being the marketer and promoter of the Group's container depot services to our customers and procuring affiliated entities of our Group in Singapore, the PRC, Malaysia, Thailand and Hong Kong.

Our Group has engaged an independent transfer pricing consultant, an international professional accounting firm in Singapore, to provide transfer pricing documentation services to ascertain and document the arm's length nature of material related party arrangement of the Group.

For further details on the transfer pricing assessment, please refer to the paragraph headed "Business – Transfer Pricing Arrangement" in this document.

Profit for the year and net profit margin

As result of the above, for the years ended 31 December 2021, 2022 and 2023, our profits for the years was approximately S\$7.4 million, S\$10.4 million and S\$8.4 million, respectively, whereas our net profit margins for the years was approximately 4.2%, 6.4% and 5.4%, respectively. Excluding the [REDACTED] expense incurred for the [REDACTED] exercise and recognition of share-based payments, our net profit and net profit margin for the year ended 31 December 2023 would be approximately S\$15.6 million and 10.0% respectively. Such increased net profit and net profit margin over the Track Record Period was mainly due to the reasons as explained above.

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LIQUIDITY AND CAPITAL RESOURCES

Our principal cash requirement is for our working capital needs as well as capital expenditure. During the Track Record Period, we principally financed our working capital and other liquidity requirements through a combination of cash generated from operations and bank and other borrowings. Upon the [REDACTED], our source of funding will be a combination of internal generated funds, external loans and borrowings and net [REDACTED] from the [REDACTED].

Our capital structure represents equity attributable to Shareholders, comprising issued share capital and reserves including retained profits. Our Directors shall review our capital structure regularly in order to balance our overall capital structure through new share issues and fund raising through new loan borrowings with reference to the capital costs and the associated risks.

Our primary uses of cash are for payments for staff costs, settlements for our procurement of spare parts used for our repair and maintenance services, subcontractors fee and other operating expenses and capital expenditures. As at 31 December 2021, 2022 and 2023, we had cash and cash equivalents of approximately S\$28.2 million, S\$25.1 million and S\$27.3 million, respectively. We currently expect that there will not be any material changes in the primary uses of our cash, save for the applications of net [REDACTED] from the [REDACTED], to implement our future plans as detailed in the section headed "Future Plans and Use of [REDACTED]" in this document.

Cash Flows

The following table sets forth a summary of our cash flows during the years indicated:

	For the year ended 31 December		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Net cash from operating activities	28,021	26,873	24,607
Net cash used in investing activities	(22,773)	(12,465)	(7,563)
Net cash used in financing activities	<u>(8,807)</u>	<u>(17,423)</u>	<u>(14,762)</u>
Net (decrease)/increase in cash and cash equivalents	(3,559)	(3,015)	2,282
Cash and cash equivalents at the beginning of the year	31,565	28,170	25,095
Effect of foreign exchange rates changes	<u>164</u>	<u>(60)</u>	<u>(68)</u>
Cash and cash equivalents at the end of the year	<u>28,170</u>	<u>25,095</u>	<u>27,309</u>

FINANCIAL INFORMATION

Net cash from operating activities

Cash flows from operating activities reflects profit before taxation for the year adjusted for (i) depreciation of property, plant and equipment, amortisation of intangible assets, impairment of goodwill, impairment of property, plant and equipment, net foreign exchange loss, gain or loss on disposal of property, plant and equipment, gain on disposal of subsidiaries, finance costs, interest income, property, plant and equipment written off, reversal of provision for restoration costs, recognition of share-based payments, share of results of associates, impairment loss (reversal of impairment) under expected credit loss model, (reversal of) allowance for inventories, inventory written off and gain on lease modification, which lead to the operating cash flows before movements in working capital; (ii) the effects of cash flows arising from the changes in working capital, including increase or decrease in trade and other receivables, increase or decrease in amounts due from related companies, increase or decrease in amount due to immediate holding company, increase in inventories, increase or decrease in trade and other payables, increase or decrease in amounts due to related companies, provision for restoration cost utilised, and increase or decrease in finance lease receivable, which result in cash generated from operations; and (iii) net cash from operating activities is deduced after the cash generated from operations take into account interest received, interest paid and income taxes paid.

For the year ended 31 December 2021, our net cash from operating activities of approximately S\$28.0 million was primarily resulted from (i) our operating cash flow before movements in working capital amounted to approximately S\$33.9 million; (ii) changes in working capital of approximately S\$0.4 million; (iii) income taxes paid of approximately S\$3.8 million; and (iv) interest paid of approximately S\$2.6 million. Change in working capital primarily reflected the increase in trade and other payables of approximately S\$3.8 million, which was partially offset by (i) the increase in trade and other receivables of approximately S\$2.7 million and (ii) the increase in inventories of approximately S\$0.3 million.

For the year ended 31 December 2022, our net cash from operating activities of approximately S\$26.9 million was primarily resulted from (i) our operating cash flow before movements in working capital which amounted to approximately S\$31.3 million; (ii) changes in working capital of approximately S\$0.9 million; and (iii) income tax paid of approximately S\$2.9 million; and (iv) interest paid of approximately \$2.6 million. Changes in working capital primarily reflected by (i) the decrease in trade and other payable of approximately S\$3.7 million; and (ii) the increase in inventories of approximately S\$0.6 million, which was partially offset by the decrease in trade and other receivables of approximately S\$3.1 million.

For the year ended 31 December 2023, our net cash from operating activities of approximately S\$24.6 million was primarily resulted from (i) our operating cash flow before movements in working capital amounted to approximately S\$32.4 million; (ii) changes in working capital of approximately S\$1.7 million; (iii) income taxes paid of approximately S\$4.0 million; and (iv) interest paid of approximately S\$2.2 million. Changes in working capital primarily reflected the increase in trade and other receivables of approximately S\$2.8 million, which was partially offset by (i) the increase in amount due to immediate holding company of approximately S\$0.9 million; and (ii) the increase in trade and other payables of approximately S\$0.7 million.

FINANCIAL INFORMATION

Net cash used in investing activities

Cash flows used in investing activities mainly include dividends received from an associate, purchase of property, plant and equipment, purchase of club membership, proceeds from disposal of property, plant and equipment, net cash outflows on disposal of subsidiaries, withdrawal of pledged bank deposits, placement of pledged bank deposits and advance to the immediate holding company.

For the year ended 31 December 2021, we had net cash used in investing activities of approximately S\$22.8 million, which was primarily attributable to the purchase of property, plant and equipment of approximately S\$23.1 million as a results of acquisition of the leasehold building in Tianjin, which was partially offset by the proceeds from disposal of property, plant and equipment of approximately S\$0.3 million.

For the year ended 31 December 2022, we had net cash used in investing activities of approximately S\$12.5 million, which was primarily attributable to the purchase of property, plant and equipment of approximately S\$13.3 million, which was partially offset by the proceeds from disposal of property, plant and equipment of approximately S\$0.9 million.

For the year ended 31 December 2023, we had net cash used in investing activities of approximately S\$7.6 million, which was primarily attributable to the purchase of property, plant and equipment of approximately S\$7.8 million, which was partially offset by the proceeds from disposal of property, plant and equipment of approximately S\$0.2 million.

Net cash used in financing activities

Cash flows used in financing activities mainly include repayment of lease liabilities, dividends paid, dividends paid to non-controlling interests, new bank borrowings raised, repayment of bank borrowings, loan from a related party raised, acquisition of non-controlling interests in subsidiaries, repayment to the immediate holding company, advance from a related party, repayment from a related party, capital contribution from non-controlling interests and payment for deferred issue cost.

For the year ended 31 December 2021, we had net cash used in financing activities of approximately S\$8.8 million, which was primarily attributable to (i) the repayment of lease liabilities of approximately S\$13.1 million; (ii) the repayment of bank borrowings of approximately S\$6.0 million; and (iii) the acquisition of non-controlling interest in a subsidiary of approximately S\$2.6 million, which was partially offset by new bank borrowings raised of S\$12.6 million.

For the year ended 31 December 2022, we had net cash used in financing activities of approximately S\$17.4 million, which was primarily attributable to (i) the repayment of bank borrowings of approximately S\$21.9 million; and (ii) the repayment of lease liabilities of approximately S\$9.3 million; and (iii) the dividends paid of S\$2.0 million, which was partially offset by new bank borrowings raised of approximately S\$16.3 million.

For the year ended 31 December 2023, we had net cash used in financing activities of approximately S\$14.9 million, which was primarily attributable to (i) the repayment of bank borrowings of approximately S\$23.3 million; (ii) the repayment of lease liabilities approximately S\$8.0 million; and (iii) the dividends paid of approximately S\$3.0 million, which was partially offset by (i) the new bank borrowings raised of approximately S\$15.0 million; and (ii) the loan from a related party raised of approximately S\$5.7 million.

FINANCIAL INFORMATION

NET CURRENT (LIABILITIES) ASSETS

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>
CURRENT ASSETS				
Inventories	3,825	4,286	4,551	4,569
Trade and other receivables	23,092	20,019	22,606	21,953
Finance lease receivables	–	46	49	44
Amount due from related parties	2,853	1,697	1,435	1,916
Amount due from immediate holding company	4	191	209	211
Pledged bank deposits	69	5	5	5
Cash and cash equivalents	28,170	25,095	27,309	18,139
	58,013	51,339	56,164	46,837
CURRENT LIABILITIES				
Trade and other payables	31,110	16,567	17,289	15,799
Amounts due to related parties	2,790	2,600	2,149	2,026
Loan from a related company	–	–	1,969	1,936
Provision for restoration costs	1,016	1,056	1,319	1,269
Lease liabilities	9,827	6,774	7,342	6,531
Income tax payable	1,477	2,007	2,913	3,467
Bank borrowings	26,816	13,276	7,000	2,000
	73,036	42,280	39,981	33,028
NET CURRENT (LIABILITIES) ASSETS	(15,023)	9,059	16,183	13,809

Our current assets consist of inventories, trade and other receivables, finance lease receivables, amounts due from related parties, amount due from immediate holding company, cash and cash equivalents and pledged bank deposits. Our current liabilities consist of trade and other payables, amounts due to related parties, loan from a related company provision for restoration costs, lease liabilities, income tax payable and bank borrowings.

We experienced a net current liabilities position of approximately S\$15.0 million as at 31 December 2021, which was mainly attributable to (i) the other payables of approximately S\$14.5 million as a result of a lump sum fee of S\$10.9 million payable to a vendor in relation to the cost of a leasehold building in Tianjin; and (ii) the increase in bank borrowings in 2021 for the use of acquiring the land use rights in Tianjin. For details, please refer to “Business – Legal Proceedings and Non-Compliance – Legal proceedings initiated against (PRC) TJ Keyun” in this document.

Our net current liabilities from approximately S\$15.0 million as at 31 December 2021 changed to net current assets of S\$9.1 million as at 31 December 2022. Such change was mainly attributable to the repayments of our bank borrowings under current liabilities and raised new long-term bank borrowings recorded in non-current liabilities as at 31 December 2022.

FINANCIAL INFORMATION

Our net current asset increased from approximately S\$9.1 million as at 31 December 2022 to approximately S\$16.2 million as at 31 December 2023. Such increase was mainly attributable to the decrease in current portion of bank borrowings of approximately S\$6.3 million.

Our net current asset decreased from approximately S\$16.2 million as at 31 December 2023 to approximately S\$13.3 million as at 30 April 2024. Such decrease was mainly attributable to the decrease of bank borrowing of approximately S\$5.0 million, which was partially offset by the decrease of cash and cash equivalent of approximately S\$9.2 million.

WORKING CAPITAL

Our Directors confirm that, taking into consideration the financial resources presently available to us, including cash generated from operating activities, the existing bank loans and other borrowings and the estimated net [REDACTED] from the [REDACTED], we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this document.

We monitor and maintain an adequate level of cash and cash equivalents to finance our operations and mitigate the effects of fluctuations in cash flows. Our Directors monitor the level of our bank loans and other borrowings to ensure adequate utilisation of banking facilities and our compliance with loan covenants.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

Property, plant and equipment and right-of-use assets mainly comprise of depot land, land use rights, leasehold buildings and container yard, container yard development, office furniture and equipment, plant and machinery, motor vehicles, renovation, container equipment and construction-in-progress. As at 31 December 2021, 2022 and 2023, the carrying amount of property, plant and equipment and right-of-use assets amounted to approximately S\$87.8 million, S\$73.2 million and S\$83.6 million, respectively.

The carrying amount of property, plant and equipment and right-of-use assets decreased by approximately S\$14.6 million from approximately S\$87.8 million as at 31 December 2021 to approximately S\$73.2 million as at 31 December 2022, mainly attributable to the annual depreciation of approximately S\$13.3 million, which was partially offset by (i) the effect of disposal/written off during the year and (ii) the exchange alignment effect as at 31 December 2022.

The carrying amount of property, plant and equipment and right-of-use assets increased by approximately S\$10.4 million from approximately S\$73.2 million as at 31 December 2022 to approximately S\$83.6 million as at 31 December 2023, mainly attributable to the additions of approximately S\$24.7 million primarily consisting of plant and machinery in respect of our container depot land, leasehold buildings and container yard, which was partially offset by the annual depreciation during the year.

FINANCIAL INFORMATION

Property Interests

Kroll (HK) Limited has valued our property interests as at 31 March 2024. Details of the valuation are summarised in Appendix III to this document. The reconciliation between the carrying amount of the properties held by our Group as at 31 December 2023 and the valuation of such properties as at 31 March 2024 is as follows:

	<i>RMB\$'000</i>	<i>S\$'000⁽²⁾</i>
Carrying amount of the properties held by our Group as at 31 December 2023 ⁽¹⁾	163,679	
Net changes during the period from 31 December 2023 to 31 March 2024	(1,091)	
Carrying amount of the properties held by our Group as at 31 March 2024	162,588	30,277
Total market value of the properties held by our Group 31 March 2024	169,500	31,564
Valuation surplus	6,912	1,287

Notes:

- (1) It represented the land and building and improvement situated in Tianjin. Please refer to Note 17 to the Accountants' Report set out in Appendix I to this document for details.
- (2) For illustrative purpose, the translations of RMB into S\$ have been made at the rate of S\$1.0 to RMB5.37, the rate as at 31 March 2024.

Goodwill

As at 31 December 2021, 2022 and 2023, we recorded a goodwill of approximately S\$14.8 million, S\$13.5 million and S\$13.0 million, respectively.

Goodwill arising on acquisition was recorded and carried at cost less accumulated impairment losses. As at 31 December 2023, the carrying amount of goodwill mainly represented the cash generating unit of (HK) Gold Prime, whereas the goodwill previously allocated to (HK) Grand Pacific, (HK) Ming Container, (HK) MF Reefer and (HK) Best China was fully impaired.

FINANCIAL INFORMATION

As at 31 December 2021, the recoverable amount of (HK) Grand Pacific and (HK) Best China had been determined based on value in use calculation with certain key assumptions. The calculation used cash flow projection based on financial budget covering a five-year period approved by our management. The pre-tax discount rate used to discount the projected cash flows of (HK) Grand Pacific was 12% per annum. Cash flows beyond the forecasted period were extrapolated using a steady 2% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows which included budgeted sales and gross margin based on management's expectations of the market development.

Based on the impairment assessment as of 31 December 2021, 2022 and 2023, we recognised impairment on goodwill amounted to approximately S\$2.2 million, nil and nil, respectively. For details of our goodwill impairment assessment, please refer to Note 18 of the Accountants' Report as set out in Appendix I to this document.

Intangible assets

Our intangible assets mainly refers to (i) contract-based intangible assets arising from the acquisition of equity interest in (HK) Gold Prime; (ii) customer relationships; and (iii) the club membership. Our contract-based intangible assets have finite useful lives of 3 to 15 years, over which the assets are amortised. Our customer relationships have been fully amortised but still considered to be in use. While the majority of our club memberships have indefinite useful lives and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

As at 31 December 2021, 2022 and 2023, the carrying amount of our intangible asset amounted to approximately S\$3.4 million, S\$2.8 million and S\$2.1 million, respectively. The decrease of our carrying amount of our intangible assets over the Track Record Period was primarily due to depreciation for year of the years.

Interests in an associate

Our interests in an associate mainly refers to (i) our cost of investment in an associates; and (ii) share of post-acquisition profit, and comprehensive income, net of dividend received from (SG) CK. Our company holds 40% equity interest in (SG) CK. Established in 2004, (SG) CK is a joint venture in Singapore between Chu Kong Shipping Enterprises (Group) Company Limited ("CKS"), a company listed on the Hong Kong Stock Exchange (stock code: 560), and our Company whereby 60% is owned by CKS and 40% by us. (SG) CK is principally engaged in freight forwarding related businesses in Singapore.

Our interests in an associate amounted to approximately S\$1.9 million, S\$2.2 million and S\$2.2 million as at 31 December 2021, 2022 and 2023, respectively.

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Inventories

The following table sets forth our inventories as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Trading stocks (containers)	3,606	4,050	4,363
Consumables	<u>219</u>	<u>236</u>	<u>188</u>
Total	<u><u>3,825</u></u>	<u><u>4,286</u></u>	<u><u>4,551</u></u>

Our inventories include trading stock of containers and consumables used in our provisions of services. As at 31 December 2021, 2022 and 2023, our inventories remained relatively stable at approximately S\$3.8 million, S\$4.3 million and S\$4.6 million, respectively.

Trade and other receivables

The following table sets forth our trade and other receivables as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Trade receivables	15,469	14,190	15,060
Less: allowance for credit losses	<u>(39)</u>	<u>(10)</u>	<u>(10)</u>
	<u><u>15,430</u></u>	<u><u>14,180</u></u>	<u><u>15,050</u></u>
Other receivables ^(Note)	1,883	2,074	1,871
Value-added tax receivables	401	243	644
Deposits	2,304	2,358	2,415
Prepayments	3,074	1,164	1,541
Deferred issue cost	<u>—</u>	<u>—</u>	<u>1,085</u>
	<u><u>7,662</u></u>	<u><u>5,839</u></u>	<u><u>7,555</u></u>
Total	<u><u>23,092</u></u>	<u><u>20,019</u></u>	<u><u>22,606</u></u>

Note: As at 31 December 2023, our other receivables includes a net amount of approximately S\$0.4 million related to a one-off incident as a result of a suspected fraud incident by a customer of our freight forwarding business in Qingdao. In light of the severity of this isolated incident and for prudence sake, we have reclassified the relevant amount from trade receivables to other receivables as at 31 December 2023. Additionally, we have assessed the recoverability of the receivable and recognised an impairment loss on other receivables under expected credit loss model in the sum of RMB6.4 million (equivalent to S\$1.2 million) for the year ended 31 December 2023. For details, please see paragraph headed "- Impairment loss under expected credit loss model, net of reversal" in this section and for details of our credit risk and impairment assessment, please see Note 35 to the Accountants' Report as set out in Appendix I to this document.

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Trade receivables as at the respective reporting dates principally represented the outstanding amounts receivable by us from our customers. Our trade receivables, net of allowance for credit losses, decreased from approximately S\$15.4 million as at 31 December 2021 to approximately S\$14.2 million as at 31 December 2022 and increased to approximately S\$15.1 million as at 31 December 2023.

The following table sets forth the aging analysis of our trade receivables, net of allowance for credit losses, presented based on the invoice dates as at the dates as indicated:

	As at 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 30 days	9,405	8,039	7,711
31-60 days	3,697	4,256	4,676
61-90 days	1,647	1,244	1,976
91-180 days	467	554	363
181-365 days	82	86	211
Over 1 year	132	1	114
Total	15,430	14,180	15,051

Trade receivables that were past due accounted for approximately 26.3%, 24.6% and 29.3% of our total trade receivables as at 31 December 2021, 2022 and 2023, respectively. We have adopted the simplified approach to measure our allowance of expected credit loss. Our Group considers the aging analysis of our debtors and other credit risk characteristics to measure our expected credit losses.

The table below sets out our average trade receivables turnover days as at the dates indicated:

	For the year ended 31 December		
	2021	2022	2023
Trade receivables turnover days ^(Note)	33.9	35.4	35.5

Note: Trade receivables turnover days is calculated using the average balances of trade receivables divided by revenue (excluding revenue derived from our connected persons) and multiplied by 365 days. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance of trade receivables for the relevant year divided by two.

We generally offer our customers credit term of 30 to 60 days, from the invoice date. Our trade receivable turnover days are consistent with our credit period offered to our customers. Our customers have been continuously settling their bills without default and our Directors consider that there was no collectability issue in relation to such outstanding trade receivables. During the Track Record Period and up to the Latest Practicable Date, save for a one-off suspected fraud incident by a customer of our freight forwarding business in Qingdao (as disclosed in the paragraph headed – impairment loss under expected credit losses model, net of reversal in this section), we did not experience any material default in payments from our customers. Our trade receivable turnover days during the Track Record Period are within the credit period.

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As at 30 April 2024 (being the latest practicable date of this information), approximately S\$14.8 million (or 98.2%) of the trade receivables as at 31 December 2023 were subsequently settled.

Deposits

Our deposits mainly represent (i) deposits paid in relation to the acquisition of machinery and utilities; and (ii) rental deposits paid to our lessors. As at 31 December 2021, 2022 and 2023, our deposits remained relatively stable.

Prepayments

Our prepayments mainly represent (i) advances to shipping lines and agents in relation to our freight forwarding business; and (ii) prepayments on insurances for our Group. Our prepayments decreased from approximately S\$3.1 million as at 31 December 2021 to approximately S\$1.2 million as at 31 December 2022, mainly due to the reduced advances required for booking vessels during the COVID-19 period. Our prepayments remained relatively stable as at 31 December 2022 and 2023.

Amounts due from related parties

Our amounts due from related parties mainly represent amounts receivables from our connected persons. For details of our connected persons, please refer to the section headed “Connected Transactions” in this document.

As at 31 December 2021, 2022 and 2023, our amounts due from related parties amounted to approximately S\$2.9 million, S\$1.7 million and S\$1.4 million, respectively. Such balances were trade in nature, unsecured, interest-free and repayable under credit terms of 30-90 days.

The following table sets forth the aging analysis of our amounts due from related parties, net of allowance for credit losses, presented based on the invoice dates as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 30 days	622	447	637
31 – 60 days	607	645	605
61 – 90 days	540	494	141
91 – 180 days	696	111	50
181 – 365 days	388	–	2
Total	<u>2,853</u>	<u>1,697</u>	<u>1,435</u>

As at 31 December 2021, 2022 and 2023, amounts due from related parties balances includes with aggregate carrying amount of S\$1.6 million, S\$0.5 million and S\$0.6 million were past due as at the respective reporting dates. Out of the past due balances as at 31 December 2021, 2022 and 2023, S\$0.5 million, nil and nil has been past due over 90 days and is not considered as in default due to the history of cooperation and the sound collection history of the debtors.

For details of our amounts due from related companies, please refer to Note 25 to the Accountants’ Report as set out in Appendix I to this document. Our long outstanding amount of balance due from related parties was mainly due to our connected parties allows us a longer credit period, and likewise, we allow these related parties to have a longer credit period due to the long business relationship.

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Amount due from immediate holding company

As at 31 December 2021, 2022 and 2023, the amount due from immediate holding company amounted to approximately S\$4,000, S\$0.2 million and S\$0.2 million, respectively. The amount is non-trade in nature, unsecured, interest-free and repayable on demand. For details of our amounts from immediate holding company, please refer to Note 25 to the Accountants’ Report as set out in Appendix I to this document.

Cash and cash equivalents and pledged bank deposits

As at 31 December 2021, 2022 and 2023, our cash and cash equivalents amounted to approximately S\$28.2 million, S\$25.1 million and S\$27.3 million, respectively. Bank balances as at 31 December 2021, 2022 and 2023, carry interest at market rates which range from nil to 3.2% per annum and the pledged deposits carry fixed interest rate of 1.75% per annum.

Pledged deposits amounting to S\$69,000, S\$5,000 and S\$5,000 as at 31 December 2021, 2022 and 2023, respectively, represented the secure deposits paid for banking facilities granted to our Group and will be released upon repayment of borrowings. For details of bank borrowings, please refer to the paragraph headed “Indebtedness – Bank borrowings” in this section.

Trade and other payables

The following table set forth the breakdown of our trade and other payables as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Trade payables	9,338	6,425	6,241
Other payables	14,545	3,671	3,744
Value-added tax payables	42	89	77
Other accrued expenses	7,185	6,382	6,630
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Accrued issued costs	—	—	88
Total	<u>31,110</u>	<u>16,567</u>	<u>17,289</u>

Trade payables

Our trade payables primarily represent our obligations to pay for our goods and services that have been acquired in the ordinary course of business from our suppliers. Our trade payables decreased from approximately S\$9.3 million as at 31 December 2021 to approximately S\$6.4 million as at 31 December 2022 and then slightly decrease to approximately S\$6.2 million as at 31 December 2023.

FINANCIAL INFORMATION

Our Group is normally granted with a credit term between 30 to 60 days during the Track Record Period. As at 31 December 2021, 2022 and 2023, the ageing analysis of our trade payables based on the invoice date as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 30 days	5,868	5,117	5,280
31 – 60 days	2,069	857	631
61 – 90 days	838	230	138
91 – 180 days	418	109	36
181 – 365 days	125	94	138
Over 1 year	20	18	18
Total	9,338	6,425	6,241

Trade payables turnover days

The following table sets forth our trade payables turnover days as at the dates indicated:

	As at 31 December		
	2021	2022	2023
Trade payables turnover days ^(Note)	22.7	24.6	22.4

Note: Trade payables turnover days is calculated using the average balances of trade payables divided by the cost of revenue (excluding amounts paid to our connected persons) and multiplied by 365 days. Average balance of trade payables is calculated as the sum of the beginning and the ending balance of trade payables for the relevant year divided by two.

Our trade payable turnover days for the Track Record Period remained relatively stable. Our Group maintained timely settlement of trade payables with major suppliers during the Track Record Period. Our trade payables turnover days were within the range of the granted credit period.

As at 30 April 2024 (being the latest practicable date of this information), approximately S\$4.0 million or 63.4% of the trade payables as at 31 December 2023 have been subsequently settled.

Other payables

Our other payables mainly comprise of (i) payable to a lessor in relation the land use right; (ii) deposits received; and (iii) salary payables to our staff. Our other payables amounted to approximately S\$14.5 million, S\$3.7 million, and S\$3.7 million as at 31 December 2021, 2022 and 2023, respectively.

FINANCIAL INFORMATION

Our other payables reduced from approximately S\$14.5 million as at 31 December 2021 to approximately S\$3.7 million as at 31 December 2022, which was mainly attributable to the settlement of the lump sum fee of S\$10.9 million (equivalent to approximately RMB49.3 million) to the vendor in relation to the cost of leasehold building in Tianjin for land use rights in 2022. For details, please refer to the paragraph headed “Business – Legal Proceedings and Non-Compliance – Legal proceedings initiated against (PRC) TJ Keyun” in this document. Our other payables remained relatively stable as at 31 December 2022 and 2023.

Other accrued expenses

Our other accrual expenses mainly comprised of accrual for employees’ remuneration and staff benefits, receipt in advance and other accrued expenses.

Amounts due to related parties

Our amounts due to related parties mainly represent amounts payable to our connected persons. For details of our connected persons, please refer to the section headed “Connected Transactions” in this document. As at 31 December 2021, 2022 and 2023, the amounts due to related parties amounted to approximately S\$1.5 million, S\$1.7 million and S\$1.2 million, respectively, and were trade in nature, unsecured, interest-free and repayable under credit term of 60 days. The remaining balances of approximately S\$1.3 million, S\$0.9 million and S\$0.9 million were non-trade in nature, repayable on demand and were due to a director of a subsidiary.

The following is an aged analysis of amounts due to related parties based on the invoice dates as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Within 30 days	548	481	775
31 – 60 days	433	577	427
61 – 90 days	497	589	3
91 – 180 days	–	36	–
Total	<u>1,478</u>	<u>1,683</u>	<u>1,205</u>

For details of our amounts due to related companies, please refer to Note 25 to the Accountants’ Report as set out in Appendix I to this document. Our long outstanding amount of balance due to related parties was mainly due to our connected parties allows us a longer credit period, and likewise, we allow these related parties to have a longer credit period due to the long business relationship.

Provision for restoration costs

As at 31 December 2021, 2022 and 2023, the amount of provision for restoration cost remained stable at approximately S\$1.0 million, S\$1.1 million and S\$1.3 million, respectively. Provisions for restoration costs represent the present value of the estimation of costs to reinstate the leased premises of our Group to their original state upon expiry of the term of the lease.

FINANCIAL INFORMATION

Lease liabilities

The lease liabilities represent payment for the right of using underlying assets. As at 31 December 2021, 2022 and 2023, we recorded current lease liabilities of approximately S\$9.8 million, S\$6.8 million and S\$7.3 million, respectively, and non-current lease liabilities of approximately S\$25.7 million, S\$21.5 million and S\$29.2 million, respectively. We recognise a right-of-use asset and a lease liability at the lease commencement date.

	As at 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Undiscounted lease payments			
Within one year	11,253	7,821	8,767
Within a period of more than one year but not exceeding two years	7,586	3,949	7,638
Within a period of more than two years but not exceeding five years	6,460	5,458	9,001
Within a period of more than five years	<u>22,613</u>	<u>22,122</u>	<u>23,193</u>
	47,912	39,350	48,599
Cashflow for interest payment	<u>(12,397)</u>	<u>(11,109)</u>	<u>(12,048)</u>
Carrying amount	<u><u>35,515</u></u>	<u><u>28,241</u></u>	<u><u>36,551</u></u>
Analysed as:			
Current	9,827	6,774	7,342
Non – current	<u>25,688</u>	<u>21,467</u>	<u>29,209</u>
	<u><u>35,515</u></u>	<u><u>28,241</u></u>	<u><u>36,551</u></u>

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INDEBTEDNESS

The following table sets forth our total indebtedness as at the dates indicated:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
				<i>(unaudited)</i>
CURRENT LIABILITIES				
Lease liabilities	9,827	6,774	7,342	6,531
Bank borrowings	26,816	13,276	7,000	2,000
Amount due to related parties	2,790	2,600	2,149	1,581
Loan from a related company	<u>—</u>	<u>—</u>	<u>1,969</u>	<u>1,936</u>
	<u>39,433</u>	<u>22,650</u>	<u>18,460</u>	<u>12,048</u>
NON-CURRENT LIABILITIES				
Lease liabilities	25,688	21,467	29,209	26,449
Bank borrowings	79	8,000	6,000	5,500
Loan from to a related company	<u>—</u>	<u>—</u>	<u>3,720</u>	<u>3,760</u>
	<u>25,767</u>	<u>29,467</u>	<u>38,929</u>	<u>35,709</u>
	<u>65,200</u>	<u>52,117</u>	<u>57,389</u>	<u>47,757</u>

FINANCIAL INFORMATION

Bank borrowings

The following table sets forth our Group's bank borrowing as at the dates indicated:

	As at 31 December			As at
	2021	2022	2023	30 April
	S\$'000	S\$'000	S\$'000	2024
				S\$'000
				<i>(unaudited)</i>
Variable rate bank borrowings				
Analysed as:				
Secured	24	–	–	–
Unsecured	<u>26,871</u>	<u>21,276</u>	<u>13,000</u>	<u>7,500</u>
	26,895	21,276	13,000	7,500
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(26,816)</u>	<u>(13,276)</u>	<u>(7,000)</u>	<u>(5,500)</u>
Amount due for settlement after 12 months	<u><u>79</u></u>	<u><u>8,000</u></u>	<u><u>6,000</u></u>	<u><u>2,000</u></u>

Bank loans consist of interest-bearing bank borrowings from commercial banks. As at 31 December 2021, our secured bank borrowing amounted to approximately S\$24,000 and was secured by property, plant and equipment owned by our Group. As at 31 December 2021, 2022 and 2023 and 30 April 2024, our unsecured bank borrowings amount to approximately S\$26.9 million, S\$21.3 million, S\$13.0 million and S\$7.5 million, respectively. These bank borrowings were under a corporate guarantee provided by our immediate holding company. As confirmed by the relevant banks, the corporate guarantee provided by our immediate holding will be substituted by a corporate guarantee by our Company upon [REDACTED]. As at 31 December 2021, 2022 and 2023, the weighted average effective interest rates of bank borrowings were approximately 2.1%, 5.4% and 5.4%, respectively.

Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our bank loans or other bank facilities during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing.

As at 30 April 2024, we had aggregate banking facilities of approximately S\$55.7 million, of which S\$47.5 million was unutilized.

FINANCIAL INFORMATION

Loan from a related company

In June 2021, (PRC) TJ Keyun purchased its existing container depot land in Tianjin of the PRC from its former owner for approximately RMB100.9 million. To partially finance this purchase, the Company drew down a total of approximately S\$10.2 million (equivalent to approximately RMB49.5 million at then exchange rate of S\$1 to RMB4.83) from our existing banking facilities and extended the same amount to (PRC) TJ Keyun. As the functional currency of (PRC) TJ Keyun is denominated in RMB, the repayment of the borrowed amount denominated in Singapore dollars is subject to foreign exchange exposure.

In September 2023, to reduce such long-term foreign exchange exposure, (PRC) TJ Keyun (as borrower) entered into loan agreements with Tianjin Keyun Logistics (as lender). Under the loan agreement, Tianjin Keyun Logistics agreed to provide a loan in the amount of approximately S\$5.7 million (equivalent of approximately RMB30.0 million at the then exchange rate of S\$1 to RMB5.35) to (PRC) TJ Keyun for a term of three years with an interest rate of 6.0% per annum. As at 31 December 2023, our current portion of the loan from a related party amounted to approximately S\$2.0 million, and the non-current portion amounted to approximately S\$3.7 million. The entire amount will be settled upon [REDACTED].

Save as disclosed, we did not have any other borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptances, acceptance credits, hire purchase commitments, material contingent liabilities or guarantees. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 30 April 2024, being the most recent practicable date for determining our indebtedness and up to the Latest Practicable Date.

Funding and treasury policies

We negotiate with banks to obtain banking facilities according to our development plans and needs. Our Directors monitor the level of our bank loans and other borrowings to ensure adequate utilisation of banking facilities and our compliance with loan covenants to ensure that there is an adequate level of cash and cash equivalents to finance our operations and mitigate the effects of fluctuations in cash flows. We will generally deposit the surplus cash into the bank as general working capital.

FINANCIAL INFORMATION

SELECTED KEY FINANCIAL RATIOS

The following table sets out the key financial ratios of our Group as of the dates indicated:

	As at/for the year ended 31 December		
	2021	2022	2023
Return on total assets ⁽¹⁾	4.5%	7.2%	5.3%
Return on equity ⁽²⁾	11.3%	14.8%	10.8%
Current ratio ⁽³⁾	0.8	1.2	1.4
Gearing ratio ⁽⁴⁾	94.8%	70.7%	71.4%
Interest coverage ⁽⁵⁾	4.8	6.3	6.8
Debt to equity ratio ⁽⁶⁾	Net cash	Net cash	Net cash

Notes:

1. Return on total assets is calculated based on the profit for the respective year divided by the total assets as at respective dates and multiplied by 100%.
2. Return on equity is calculated based on the profit for the respective year divided by the total equity as at the respective dates and multiplied by 100%.
3. Current ratio is calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.
4. Gearing ratio is calculated based on the total debt (representing interest-bearing bank borrowings, lease liabilities and loan from a related company) as at the respective dates divided by total equity as at the respective dates and multiplied by 100%.
5. Interest coverage is calculated based on the profit before interest and tax for the respective years divided by the interest on interest-bearing borrowings, lease liabilities and loan from a related company for the respective years.
6. Debt to equity ratio is calculated based on the net debt (being our total debts net of cash and cash equivalents) divided by the total equity as at the respective dates and multiplied by 100%.

Return on total assets

Our return on total assets increased from 4.5% as at 31 December 2021 to 7.2% as at 31 December 2022, which was mainly attributable to the increase in profit for the year ended 31 December 2022.

Our return on total assets decreased from 7.2% as at 31 December 2022 to 5.3% as at 31 December 2023, which was mainly attributable to decrease in profit for the year ended 31 December 2023 as the result of the non-recurring [REDACTED] expenses and equity-settled share-based expenses incurred in 2023.

Return on equity

Our return on equity increased from 11.3% as at 31 December 2021 to 14.8% as at 31 December 2022, which was mainly attributable to the increase in profit of the year ended 31 December 2022.

Our return on equity decreased from 14.8% as at 31 December 2022 to 10.8% as at 31 December 2023, which was mainly attributable to the decrease in profit for the year ended 31 December 2023 as the result of the non-recurring [REDACTED] expenses and expenses related to the recognition of share-based payments incurred in 2023.

FINANCIAL INFORMATION

Current ratio

Our current ratio increased from 0.8 times as at 31 December 2021 to 1.2 times as at 31 December 2022, mainly due to the change of short-term bank borrowing to long-term bank borrowing. Our current ratio slightly increased from 1.2 times as at 31 December 2022 to 1.4 times as at 31 December 2023, which was mainly attributable to the decrease in our bank borrowings as at 31 December 2023.

Gearing ratio

Our gearing ratio decreased from 94.8% as at 31 December 2021 to 70.7% as at 31 December 2022, which was mainly attributable to the decrease in our bank borrowings over the respective years.

Our gearing ratio slightly increased from 70.7% as at 31 December 2022 to 71.4% as at 31 December 2023, which was mainly attributable to (i) the increase in lease liabilities as the result of new leases as at 31 December 2023; and (ii) a new loan obtain from a related company, which was partially offset by the decrease in bank borrowings as at 31 December 2023.

Interest coverage

Our interest coverage increased from 4.8 times for the year ended 31 December 2021 to 6.3 times for the year ended 31 December 2022, which was mainly attributable to the increase in our profits before interest and tax for the year ended 31 December 2022.

Our interest coverage slightly increased from 6.3 times for the year ended 31 December 2022 to 6.8 times for the year ended 31 December 2023, which was mainly attributable to the decrease in finance cost as a result of the decrease in bank borrowings during 31 December 2023.

Debt to equity ratio

Our debt to equity ratio remained net cash position as of 31 December 2021, 2022 and 2023.

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include: (i) [REDACTED]-related expenses, such as [REDACTED] fees and commissions; (ii) professional fees paid to our legal advisers and reporting accountants in relation to the [REDACTED]; and (iii) other fees and expenses. Our Directors expect that our total [REDACTED] expenses, which are non-recurring in nature, will amount to S\$[REDACTED], representing [REDACTED]% of the gross [REDACTED] from the [REDACTED] (assuming the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range stated in this document). Out of the amount of S\$[REDACTED], (i) S\$[REDACTED] is directly attributable to the issue of the [REDACTED] which is to be accounted for as a deduction from equity; (ii) S\$[3.7] million was recognised in our consolidated statements of profit or loss and other comprehensive income for [the year ended 31 December 2023]; and (iii) S\$[REDACTED] will be further recognised in our consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2024 upon the [REDACTED] of our Company.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions, which are also our connected persons. For details of our related parties, please refer to the section headed "Connected Persons" in this document. For details of our related party transactions, please refer to Note 37 to the Accountants' Report set out in Appendix I to this document. Our Directors confirmed that these related party transactions were conducted on arm's length negotiations, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our future performance.

FINANCIAL INFORMATION

CAPITAL COMMITMENTS AND OPERATING LEASE ARRANGEMENT

Our Group's capital expenditure and commitments principally consisted of purchase of plant, equipment and machinery. The following table sets forth our Group's commitments as at the dates indicated:

(a) Capital Commitments

	For the year ended 31 December		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Capital expenditure contracted for but not provided in respect of:			
- Container yard development	–	–	70
- Acquisition of warehouse, depot and office	–	–	6,785
- Acquisition of other plant and machinery	–	277	30
	<u>–</u>	<u>277</u>	<u>30</u>
Total	<u><u>–</u></u>	<u><u>277</u></u>	<u><u>6,885</u></u>

(b) Operating lease arrangement

Our Group as lessor

Certain of the machineries held by our Group for rental purposes have committed lessees for the next 1 and 2 years.

Undiscounted lease payments receivable on leases are as follows:

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within one year	887	776	726
In the second year	<u>1,160</u>	<u>605</u>	<u>115</u>
Total	<u><u>2,047</u></u>	<u><u>1,381</u></u>	<u><u>841</u></u>

Purchase of industrial land in Malaysia

On 8 December 2023, we entered into two sale and purchase agreements with the vendor on the purchase of two pieces of industrial land for a total consideration of approximately S\$8.5 million (equivalent to RM29.0 million). For the year ended 31 December 2023, we made partial payment of total amount of approximately S\$1.7 million (equivalent to RM5.8 million) upon the acceptance of offer and upon the execution of the sales and purchase agreements. We recognised the deposit as construction-in-progress and will transfer to property once the construction is completed.

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As at 1 January 2024 and up to the Latest Practicable Date, we did not make any material capital expenditures. Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment.

We expect to fund our contractual commitments and capital expenditure principally through the net [REDACTED] we receive from the [REDACTED] and cash generated from our operating activities. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

DIVIDEND POLICY

For the years ended 31 December 2021, 2022 and 2023, dividends of approximately nil, S\$2.0 million and S\$3.0 million, respectively, were declared and paid to our then shareholders. In March 2024, dividend of approximately S\$6.0 million was declared and paid to our shareholders by our internal resources.

Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, business plans, and other factors the Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Our Company does not have any predetermined dividend payout ratio.

Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Singapore Companies Act, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars. Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

After the [REDACTED], declaration of dividends will be subject to recommendation of our Board after considering the factors described above.

DISTRIBUTABLE RESERVES

Our Company is a limited liability company incorporated in the Republic of Singapore on 14 October 1994 and is an investment holding company. For our Company's distributable reserves, please refer to the section headed "Statements of Financial Position of the Company" in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, save as disclosed above, as at the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction. In addition, our Group has not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Further, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL INSTRUMENT

During the Track Record Period, we did not enter into any other financial instruments for hedging purposes.

MARKET AND OTHER FINANCIAL RISK MANAGEMENT

We are exposed to various financial risks arising in the normal course of business. We have adopted risk management policies and utilised a variety of techniques to manage our exposure to these risks. The main risks arising from our financial instruments are foreign exchange risks, interest rate risks, credit risks and liquidity risks. For details of our various financial risks, please refer to Note 35 to the Accountants’ Report as set out in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For details of our unaudited [REDACTED] statement of the adjusted net tangible asset of our Group, please refer to the paragraph headed “A. Unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the group attributable to owners of the Company” as set out in Appendix II to this document.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Our Directors consider that the results of our Group during the Track Record Period are indicative of our future performance. Taking into account that Southeast Asia has become increasingly important in global trade with a general trend of manufacturing shifting to Southeast Asia as stated in the Euromonitor Report, the expected [REDACTED] from the [REDACTED] and our [REDACTED] status, the Directors are optimistic on the overall growth and development of the Group subsequent to the [REDACTED] and our Group will be able to strengthen our position as a logistics operator in the ASEAN region and the PRC.

For further information, please refer to (i) the section headed “Principal factors affecting our results of operations” in this section for the factors that may affect our financial and trading prospects; and (ii), the paragraph headed “Risk Factors – Risks relating to our business and our industry” and the “Future plans and use of [REDACTED]” in this document for our business development strategies and implementation plans respectively.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, during the Track Record Period and up to the date of this document, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared), and there is no event since 31 December 2023 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

FUTURE PLANS AND USE OF [REDACTED]

See the section headed "Future Plans and Use of [REDACTED]" in this document for a detailed description of our future plans and use of [REDACTED].

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For a detailed discussion of our business strategies and future plans, please refer to the paragraphs headed “Business – Business strategies and future plans” in this document.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range), after deducting the [REDACTED] fees and commissions (assuming the full payment of the discretionary incentive fee) and estimated expenses payable by the Company. The table below presents the estimated net [REDACTED] from the [REDACTED] which we will receive under the different scenarios:

	Assuming the [REDACTED] is not exercised	Assuming the [REDACTED] is exercised in full
If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this document)	Approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED])	Approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED])
If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the low-end of the [REDACTED] range stated in this document)	Approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED])	Approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED])
If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the high-end of the [REDACTED] range stated in this document)	Approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED])	Approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED])

In line with our business strategies, we currently intend to use the net [REDACTED] of approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) from the [REDACTED] (based on the mid-point of the [REDACTED] range stated in this document) for the following purposes:

1. Approximately [REDACTED]% of the net [REDACTED] or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for the construction and development of the Megadepot.

FUTURE PLANS AND USE OF [REDACTED]

The Megadepot is part of our plan to develop an integrated logistics hub which will consolidate our existing container depot operations and expand our range of service offerings in Singapore. Such plan aligns with the vision of the Singapore government and the MPA as well as caters to our Group's development and positioning as an integrated logistic solution for container and logistic service needs. We believe that the Megadepot will position us competitively and enable our Group in Singapore to, amongst others, increase our container depot handling capacity in terms of TEU and capitalise on the growing demand for warehousing and laden container storage services in Singapore. We have commenced the tendering process for construction of the Megadepot in or around May 2024 which is expected to close in the third quarter of 2024. We anticipate construction to commence in early 2025 which is expected to be completed in 24 months. We expect to incur capital expenditure of approximately of S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) to implement the construction plan, of which approximately (i) [REDACTED]% (being approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) will be financed by bank borrowings; and (ii) [REDACTED]% (being approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) will be financed by the net [REDACTED] from the [REDACTED] and internal resources of the Group. Please refer to the paragraph headed "Business – Business Strategies and Future Plans – Establish an integrated logistics hub in Singapore" in this document for further details of the Megadepot.

2. Approximately [REDACTED]% of the net [REDACTED] or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for the purchase of equipment and machinery (including computer systems) for the Megadepot.

For the Megadepot, we plan to purchase new equipment and machineries including, among others, small forklifts, container stackers, prime movers and warehouse management systems, which will enable us to carry out operations at the Megadepot at our planned capacities and efficiencies.

3. Approximately [REDACTED]% of the net [REDACTED] or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for the upgrade of equipment and machineries at our existing container depots, including the purchase of electric container lifters.

As at 30 April 2024 (being the latest practicable date for this information), we have 96 container stackers in operation across our container depots which are diesel powered. In particular, we anticipate purchasing a range of 10 to 15 electric container stackers over the next three years to replace some of our existing diesel powered container stackers because (i) electric container stackers have lower resource consumption and requires lower maintenance as compared with diesel powered container stackers; and (ii) the use of electric container stackers will reduce our Group's carbon emissions which is in line with the Group's overall strategy on environmental, social and governance matters as well as the global shift towards sustainability and green technology.

FUTURE PLANS AND USE OF [REDACTED]

4. Approximately [REDACTED]% of the net [REDACTED] or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for improvement works to our container depot and warehouse in Tianjin, PRC for the purpose of improving efficiency and minimising unexpected breakdown given the age of the building. We intend to carry out such improvement works in 2026.
5. Approximately [REDACTED]% of the net [REDACTED] or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) is expected to be used for repayment of bank borrowings.
6. The remaining approximately [REDACTED]% of the net [REDACTED] or S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]), is expected to be used for providing funding for working capital and other general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]) and S\$[REDACTED] (equivalent to approximately HK\$[REDACTED]), respectively. Where the [REDACTED] is set at the maximum [REDACTED], we intend to apply the additional [REDACTED] to the construction and development of the Megadepot which would reduce the amount of capital expenditure that would be financed by bank borrowings and/or internal resources of the Group. We expect to finance the shortfall if the net [REDACTED] of the [REDACTED] are less than our expectations (based on the mid-point of the [REDACTED] range) by using our internal funds and/or funds obtained from our bank borrowings, as appropriate.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, the unused net [REDACTED] will only be held in short-term interest bearing deposits with authorized institutions (as the term is defined in the Banking Ordinance), or to invest in short-term money market instruments, as our Directors may deem appropriate in their absolute discretion.

The foregoing represents our best estimate of our allocation of the [REDACTED] due to us from the [REDACTED] based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to reallocate our net [REDACTED] within the categories described above or use portions of our net [REDACTED] for other purposes. In the event that there is to be a material modification to the use of [REDACTED] as described, we will issue an announcement of the modification.

BASES AND KEY ASSUMPTIONS

We have adopted the following principal assumptions in the preparation of the future plans up to 31 December 2026:

- there will be no material adverse change in the existing political, legal, fiscal, market or economic conditions in ASEAN region and the PRC as well as the United States or in any other places in which any member of our Group carries on its business or will carry on its business;

FUTURE PLANS AND USE OF [REDACTED]

- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic, or market conditions in which any member of our Group operates;
- there will be no material change in the bases or rates of taxation and duties in any places in which any member of our Group carries on its business or will carry on its business;
- we will have sufficient financial resources to meet the planned capital and business development requirements during the period to which the business objectives relate;
- the [REDACTED] will be completed in accordance with and as described in the section headed "Structure and Conditions of the [REDACTED]" in this document;
- our Directors and key senior management will continue to be involved in the development of our existing and future development and we will be able to retain our key management personnel;
- we will be able to recruit additional key management personnel and staff when required;
- there will be no change in the funding requirement for each of the business strategies as described in this document from the amount currently estimated by our Directors;
- there will be no material changes in the bases or taxation application to the activities of our Group;
- there will be no change in the effectiveness of the licences, permits and qualifications obtained by our Group;
- our Group will not be materially affected by the risk factors set out under the section headed "Risk factors" in this document;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group;
- we will be able to continue our operations in substantially the same manner as we have been operating during the Track Record Period and we will also be able to carry out our implementation plan without disruptions; and
- there will be no significant changes in our Group's business relationships with our major customers and suppliers.

These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set forth in the section headed "Risk Factors" in this document. There can be no assurance that our plans will materialise in accordance with the expected time frame or that the business objective of our Group will be accomplished at all.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

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[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[71], received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

Deloitte.

德勤

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EKH LIMITED AND ALLIANCE CAPITAL PARTNERS LIMITED

Introduction

We report on the historical financial information of EKH Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-[71], which comprises the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023, the statements of financial position of the Company as at 31 December 2021, 2022 and 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2023 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-[71] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “Document”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

APPENDIX I**ACCOUNTANTS' REPORT**

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2021, 2022 and 2023, of the Company's financial position as at 31 December 2021, 2022 and 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance*Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 15 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board (the "IASB") and were audited by Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore, in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars ("S\$"), and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2021 S\$'000	2022 S\$'000	2023 S\$'000
Revenue	7	175,738	160,730	155,523
Cost of revenue		<u>(139,923)</u>	<u>(122,173)</u>	<u>(108,577)</u>
Gross profit		35,815	38,557	46,946
Other income	8	2,917	2,736	1,326
Selling and distribution expenses		(1,865)	(2,203)	(2,370)
Administrative expenses		(22,136)	(21,235)	(25,458)
Other gains and losses	9	(2,269)	(1,855)	(480)
Impairment loss under expected credit losses model, net of reversal	35(b)	(212)	13	(1,192)
Share of results of associates		187	247	96
Finance costs	10	(2,571)	(2,576)	(2,245)
[REDACTED] expenses		<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit before tax		9,866	13,684	12,908
Income tax expense	11	<u>(2,459)</u>	<u>(3,317)</u>	<u>(4,538)</u>
Profit for the year	12	<u>7,407</u>	<u>10,367</u>	<u>8,370</u>
Other comprehensive income (expenses):				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign operations		<u>1,677</u>	<u>(4,826)</u>	<u>(2,201)</u>
Total comprehensive income for the year		<u>9,084</u>	<u>5,541</u>	<u>6,169</u>

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – continued

	Year ended 31 December		
	2021 <i>S\$'000</i>	2022 <i>S\$'000</i>	2023 <i>S\$'000</i>
Profit for the year attributable to:			
Owners of the Company	6,392	9,483	7,697
Non-controlling interests	<u>1,015</u>	<u>884</u>	<u>673</u>
	<u>7,407</u>	<u>10,367</u>	<u>8,370</u>
Total comprehensive income attributable to:			
Owners of the Company	7,896	5,232	5,751
Non-controlling interests	<u>1,188</u>	<u>309</u>	<u>418</u>
	<u>9,084</u>	<u>5,541</u>	<u>6,169</u>
Earnings per share			
Basic and diluted (Singapore cents)	16	<u>2.44</u>	<u>3.61</u>
		<u>2.93</u>	

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2021	2022	2023
<i>Notes</i>		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	17	87,785	73,177	83,582
Goodwill	18	14,828	13,498	13,009
Finance lease receivables		–	60	11
Intangible assets	19	3,432	2,788	2,134
Interests in associates	20	1,930	2,155	2,234
		<u>107,975</u>	<u>91,678</u>	<u>100,970</u>
CURRENT ASSETS				
Inventories	21	3,825	4,286	4,551
Trade and other receivables	22	23,092	20,019	22,606
Finance lease receivables		–	46	49
Amounts due from related parties	25(a)	2,853	1,697	1,435
Amount due from immediate holding company	25(b)	4	191	209
Pledged bank deposits	23	69	5	5
Cash and cash equivalents	23	28,170	25,095	27,309
		<u>58,013</u>	<u>51,339</u>	<u>56,164</u>
CURRENT LIABILITIES				
Trade and other payables	24	31,110	16,567	17,289
Amounts due to related parties	25(c)	2,790	2,600	2,149
Loan from a related company	25(d)	–	–	1,969
Provision for restoration costs	26	1,016	1,056	1,319
Lease liabilities	27	9,827	6,774	7,342
Income tax payable		1,477	2,007	2,913
Bank borrowings	28	26,816	13,276	7,000
		<u>73,036</u>	<u>42,280</u>	<u>39,981</u>
NET CURRENT (LIABILITIES) ASSETS				
		<u>(15,023)</u>	<u>9,059</u>	<u>16,183</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
		<u>92,952</u>	<u>100,737</u>	<u>117,153</u>

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – continued

		As at 31 December		
		2021	2022	2023
	<i>Notes</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
NON-CURRENT LIABILITIES				
Lease liabilities	27	25,688	21,467	29,209
Deferred tax liabilities	29	1,370	1,214	830
Bank borrowings	28	79	8,000	6,000
Loan from a related company	25(d)	—	—	3,720
		<u>27,137</u>	<u>30,681</u>	<u>39,759</u>
NET ASSETS		<u><u>65,815</u></u>	<u><u>70,056</u></u>	<u><u>77,394</u></u>
CAPITAL AND RESERVES				
Share capital	30(a)	28,842	28,842	28,842
Reserves		<u>29,335</u>	<u>33,393</u>	<u>40,562</u>
Equity attributable to owner of the Company		58,177	62,235	69,404
Non-controlling interests	32(b)	<u>7,638</u>	<u>7,821</u>	<u>7,990</u>
TOTAL EQUITY		<u><u>65,815</u></u>	<u><u>70,056</u></u>	<u><u>77,394</u></u>

APPENDIX I

ACCOUNTANTS' REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2021	2022	2023
		<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	<i>Note</i>			
NON-CURRENT ASSETS				
Investments in subsidiaries	32	53,897	51,476	51,635
Interests in associates	20	<u>200</u>	<u>200</u>	<u>200</u>
		<u>54,097</u>	<u>51,676</u>	<u>51,835</u>
CURRENT ASSETS				
Other receivables and deposits	22	138	106	1,310
Amounts due from subsidiaries	25(e)	12,220	13,518	4,775
Amount due from immediate holding company	25(b)	4	191	209
Cash and cash equivalents	23	<u>6,008</u>	<u>4,276</u>	<u>9,620</u>
		<u>18,370</u>	<u>18,091</u>	<u>15,914</u>
CURRENT LIABILITIES				
Trade and other payables	24	2,923	2,448	3,939
Amounts due to subsidiaries	25(e)	1,364	1,360	1,350
Amounts due to related parties	25(c)	1,296	893	929
Income tax payable		23	–	–
Bank borrowings	28	<u>25,400</u>	<u>12,000</u>	<u>7,000</u>
		<u>31,006</u>	<u>16,701</u>	<u>13,218</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(12,636)</u>	<u>1,390</u>	<u>2,696</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>41,461</u>	<u>53,066</u>	<u>54,531</u>
NON-CURRENT LIABILITY				
Bank borrowings	28	<u>–</u>	<u>8,000</u>	<u>6,000</u>
NET ASSETS		<u><u>41,461</u></u>	<u><u>45,066</u></u>	<u><u>48,531</u></u>
CAPITAL AND RESERVES				
Share capital	30(a)	28,842	28,842	28,842
Reserves	30(b)	<u>12,619</u>	<u>16,224</u>	<u>19,689</u>
TOTAL EQUITY		<u><u>41,461</u></u>	<u><u>45,066</u></u>	<u><u>48,531</u></u>

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owner of the Company							Non-controlling interests S\$'000	Total S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Statutory surplus reserve S\$'000 (note i)	Other reserves S\$'000 (note ii)	Translation reserve S\$'000	Retained earnings S\$'000	Sub-total S\$'000		
At 1 January 2021	28,842	(245)	3,373	4,738	(1,832)	17,779	52,655	6,863	59,518
Profit for the year	-	-	-	-	-	6,392	6,392	1,015	7,407
Other comprehensive income for the year	-	-	-	-	1,504	-	1,504	173	1,677
Total comprehensive income for the year	-	-	-	-	1,504	6,392	7,896	1,188	9,084
Transfer	-	-	305	-	-	(305)	-	-	-
Deemed distribution to the immediate holding company	-	-	-	(38)	-	-	(38)	-	(38)
Effects of acquiring non-controlling interest in a subsidiary (note iii)	-	-	-	(2,336)	-	-	(2,336)	(302)	(2,638)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(111)	(111)
At 31 December 2021	28,842	(245)	3,678	2,364	(328)	23,866	58,177	7,638	65,815
Profit for the year	-	-	-	-	-	9,483	9,483	884	10,367
Other comprehensive expenses for the year	-	-	-	-	(4,251)	-	(4,251)	(575)	(4,826)
Total comprehensive (expenses) income for the year	-	-	-	-	(4,251)	9,483	5,232	309	5,541
Transfer	-	-	112	-	-	(112)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	39	39
Deemed contribution from the immediate holding company	-	-	-	870	-	-	870	-	870
Effects of acquiring non-controlling interest in a subsidiary (note iv)	-	-	-	(44)	-	-	(44)	(86)	(130)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(79)	(79)
Dividends recognised as distribution (note 15)	-	-	-	-	-	(2,000)	(2,000)	-	(2,000)
At 31 December 2022	28,842	(245)	3,790	3,190	(4,579)	31,237	62,235	7,821	70,056
Profit for the year	-	-	-	-	-	7,697	7,697	673	8,370
Other comprehensive expenses for the year	-	-	-	-	(1,946)	-	(1,946)	(255)	(2,201)
Total comprehensive (expenses) income for the year	-	-	-	-	(1,946)	7,697	5,751	418	6,169
Cancellation of treasury shares	-	245	-	-	-	(245)	-	-	-
Transfer	-	-	16	-	-	(16)	-	-	-
Deemed contribution from the immediate holding company	-	-	-	885	-	-	885	-	885
Recognition of equity-settled share-based payments (note 31)	-	-	-	3,535	-	-	3,535	-	3,535
Effects of acquiring non-controlling interests in subsidiaries (note v)	-	-	-	(2)	-	-	(2)	(249)	(251)
Dividends recognised as distribution (note 15)	-	-	-	-	-	(3,000)	(3,000)	-	(3,000)
At 31 December 2023	28,842	-	3,806	7,608	(6,525)	35,673	69,404	7,990	77,394

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – continued

Notes:

- (i) As stipulated by the relevant laws and regulations in the People’s Republic of China (the “PRC”), the PRC subsidiary is required to maintain a statutory reserve fund which is non-distributable. Appropriation to such reserve is made out of net profit after taxation of the financial statements of the PRC subsidiary while the amount and allocation basis are decided by its board of directors annually, until the reserve balance reaches 50% of the registered capital. The statutory surplus reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase its registered capital, provided that such fund is maintained at a minimum of 25% of the registered capital.
- (ii) The balance mainly comprises of i) recognition of equity-settled share-based payments expense under the Management Incentive Plan (as defined and detailed in note 31) included in the share-based payment reserve; ii) differences of changes in the non-controlling interests and the consideration paid by the Group arising from the acquisitions of additional interests in certain subsidiaries during the Track Record Period, as detailed in notes (iii), (iv) and (v) below; and iii) amounts for the years ended 31 December 2022 and 2023 represented the waiver of the payables arising from the management service expenses charged by the Company’s immediate holding company to the Company, which were recognised as contribution from the immediate holding company.
- (iii) During the year ended 31 December 2021, a subsidiary of the Company, Gold Prime Holdings Limited (“(HK) Gold Prime”) acquired 3.5% additional interest of Tianjin Keyun International Logistics Group Co., Ltd from a non-controlling shareholder at a consideration of Hong Kong Dollars (“HK\$”) 15,339,000 (approximately S\$2,638,000).
- (iv) During the year ended 31 December 2022, the Group acquired 40% additional interest in Reefertec Services (Thailand) Limited from the non-controlling shareholders at a consideration of Thai baht (“THB”) 1,200,000 (approximately S\$130,000) (note 32a.(i)).
- (v) During the year ended 31 December 2023, the Group acquired 5% and 9% additional interest in NEK Depot Network Asia Pte Ltd and Tricool Reefer Sdn Bhd, respectively, from the non-controlling shareholders at a consideration of \$159,000 and S\$92,000, respectively.

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2021 <i>S\$'000</i>	2022 <i>S\$'000</i>	2023 <i>S\$'000</i>
OPERATING ACTIVITIES			
Profit before tax	9,866	13,684	12,908
Adjustments for:			
Depreciation of property, plant and equipment	17,847	13,288	11,376
Amortisation of intangible assets	643	644	654
Impairment of goodwill	2,231	–	–
Impairment of property, plant and equipment	489	383	–
Net foreign exchange loss	522	536	601
(Gain) loss on disposal of property, plant and equipment	(176)	441	114
Gain on disposal of subsidiaries	(66)	–	–
Finance costs	2,571	2,576	2,245
Interest income	(57)	(93)	(69)
Property, plant and equipment written off	25	4	4
Reversal of provision for restoration costs	(38)	–	(95)
Recognition of share-based payments	–	–	3,535
Share of results of an associate	(187)	(247)	(96)
Impairment loss (reversal of impairment) under expected credit loss model, net	212	(13)	1,192
(Reversal of) write-down for inventories, net	(2)	81	41
Inventory written off	–	66	2
Gain on lease modification	–	(13)	–
Operating cash flows before movements in working capital	33,880	31,337	32,412
(Increase) decrease in trade and other receivables	(2,652)	3,086	(2,782)
(Increase) decrease in amounts due from related companies	(191)	1,156	262
(Decrease)/increase in amount due to immediate holding company	(34)	870	885
Increase in inventories	(286)	(608)	(308)
Increase (decrease) in trade and other payables	3,777	(3,675)	722
(Decrease) increase in amounts due to related companies	(135)	205	(478)
Provision for restoration cost utilised	(55)	–	–
(Increase) decrease in finance lease receivable	–	(106)	46
Cash generated from operations	34,304	32,265	30,759
Interest received	57	93	69
Interest paid	(2,571)	(2,576)	(2,245)
Income taxes paid	(3,769)	(2,909)	(3,976)
NET CASH FROM OPERATING ACTIVITIES	28,021	26,873	24,607

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CONSOLIDATED STATEMENTS OF CASH FLOWS – continued

	Year ended 31 December		
	2021 <i>S\$'000</i>	2022 <i>S\$'000</i>	2023 <i>S\$'000</i>
INVESTING ACTIVITIES			
Dividends received from an associate	160	–	–
Purchase of property, plant and equipment	(23,118)	(13,255)	(7,766)
Purchase of club membership	(58)	–	–
Proceeds from disposal of property, plant and equipment	284	913	221
Net cash outflow on disposal of subsidiaries	(35)	–	–
Withdrawal of pledged bank deposits	–	64	–
Placement of pledged bank deposits	(2)	–	–
Advance to the immediate holding company	(4)	(187)	(18)
NET CASH USED IN INVESTING ACTIVITIES	<u>(22,773)</u>	<u>(12,465)</u>	<u>(7,563)</u>
FINANCING ACTIVITIES			
Repayment of lease liabilities	(13,094)	(9,264)	(7,954)
Dividends paid	–	(2,000)	(3,000)
Dividends paid to non-controlling interests	(111)	(79)	–
New bank borrowings raised	12,600	16,300	15,000
Repayment of bank borrowings	(5,984)	(21,894)	(23,276)
Loan from a related party raised	–	–	5,689
Acquisition of non-controlling interests in subsidiaries	(2,638)	(130)	(251)
Repayment to the immediate holding company	(881)	–	–
Advance from a related party	1,301	–	27
Repayment to a related party	–	(395)	–
Capital contribution from non-controlling interests	–	39	–
Payment for deferred issue cost	–	–	(997)
NET CASH USED IN FINANCING ACTIVITIES	<u>(8,807)</u>	<u>(17,423)</u>	<u>(14,762)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,559)	(3,015)	2,282
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	31,565	28,170	25,095
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	<u>164</u>	<u>(60)</u>	<u>(68)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>28,170</u></u>	<u><u>25,095</u></u>	<u><u>27,309</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated on 14 October 1994 in Singapore with limited liability. Its immediate holding company and intermediate holding company are NEK Container Group Pte. Ltd. (a company incorporated in Singapore) and Navis Asia Fund V, L.P. (an exempted limited partnership registered in the Cayman Islands), respectively.

The address of the registered office and the principal place of business of the Company is 13 Tuas Avenue 11, Singapore 639079.

The Company is an investment holding company. The principal activities of its subsidiaries are disclosed in note 32 to the Historical Financial Information.

The Historical Financial Information is expressed in S\$, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRSs.

The statutory financial statements of the Company for the year ended 31 December 2021, 2022 and [2023] were prepared in accordance with Singapore Financial Reporting Standards (International) issued by the Institute of Singapore Chartered Accountants and were audited by Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRSs, International Accounting Standards ("IASs"), amendments and interpretations issued by the IASB, which are effective for the accounting period beginning on 1 January 2023 throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ⁴
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ²
Amendments to IAS 21	Lack of Exchangeability ³
IFRS 18	Presentation and Disclosure in Financial Statements ⁵

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

⁴ Effective for the annual periods beginning on or after 1 January 2026.

⁵ Effective for annual periods beginning on or after 1 January 2027.

IFRS 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18") sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 "Presentation of Financial Statements". IFRS 18 will be effective for annual periods beginning on or after 1 January 2027 with early application permitted. The directors of the Group are in the process of making an assessment of the impact of IFRS 18 on the Group, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of the Group.

Except as described above, the directors of the Company anticipate that the application of the amendments to IFRSs will have no material impact on the Group's financial position and performance in the foreseeable future.

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ACCOUNTANTS' REPORT

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies which conform with IFRSs issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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ACCOUNTANTS’ REPORT

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

Investments in subsidiaries

Investments in subsidiaries are included in the statements of financial position of the Company at cost less any identified impairment losses.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 “Impairment of Assets” (“IAS 36”) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

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The Company

Investments in associates are included in the statements of financial position of the Company and are measured at cost less any identified impairment losses.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in note 7.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 “Leases” or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in “property, plant and equipment” on the consolidated statements of financial position, the same line item within which the corresponding underlying assets would be presented if they were owned.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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The lease payments include fixed payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group applied the practical expedient and accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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ACCOUNTANTS' REPORT

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. S\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

The immediate holding company of the Group, NEK Container Group Pte. Ltd. approved a management incentive plan, which granted employee units to certain directors of the Company and certain employees of the Group that require Navis Asia Fund V, L.P. and its subsidiaries to pay the intrinsic value of the share appreciation rights to the employees at the date of exercise. The management incentive plan is accounted for as equity-settled share-based payment by the Group given the Group has no obligation to settle the share-based payment transaction.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of share appreciation rights that will eventually vest, with a corresponding increase in equity (share-based payment reserve).

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Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future..

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress comprising development and construction costs incurred during the period of construction are carried at cost, less any impairment losses. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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Depreciation is recognised so as to write off the cost of assets of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment (including right-of-use assets) and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment (including right-of-use assets) and with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment (including right-of-use assets) and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established. The recoverable amount is determined for the cash-generating unit to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors’ best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 “Revenue from Contracts with Customers”. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

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Impairment of financial assets and other item subject to impairment assessment under IFRS 9 “Financial Instruments”

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, amounts due from related parties, amount due from immediate holding company and bank balances) and other item (lease receivables) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at each reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, lease receivables, trade-related amounts due from related parties.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risk of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, lease receivables and trade-related amounts due from related parties where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, bank borrowings, amounts due to related parties and loan from a related company) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for other receivables

The other receivables as at 31 December 2023 with gross carrying amount of S\$1,598,000 is considered as credit-impaired, and loss allowance of S\$1,192,000 was recognised in the profit or loss during the year ended 31 December 2023 based on individual assessment on the ECL of other receivables. The assessment of the probability of default and loss given default of the industry in which the customer operates is based on historical data from independent credit agency and forward looking information. The allowance for other receivables as at 31 December 2021, 2022 and 2023 was approximately nil, nil and S\$1,192,000.

When measuring ECL, management uses reasonable and supportable forward-looking information without undue costs or effort, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. Probability of default constitutes a key input in measuring ECL. It is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The provision of ECL involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, further provision or reversal of ECL may arise, accordingly.

Income tax

During the Track Record Periods, no deferred tax asset has been recognised on the tax losses (as detailed in note 29) either due to the unpredictability of future profit streams or because it is not probable that unused tax losses will be available for utilisation before their expiry. In cases where the actual future taxable profits generated are more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a further recognition takes place.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and apply a suitable discount rate in order to calculate the present value of those cash flows. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Based on management's assessment at the end of each reporting period, the impairment of goodwill recognised for the years ended 31 December 2021, 2022 and 2023 was S\$2,231,000, nil and nil respectively. The carrying amount of the Group's goodwill as at 31 December 2021, 2022 and 2023 was S\$14,828,000, S\$13,498,000 and S\$13,009,000, respectively. The details of the assumptions used by management and the sensitivity analysis are disclosed in note 18.

Estimated impairment of property, plant and equipment (including right-of-use assets)

In determining whether a property, plant and equipment is impaired or the event previously causing the impairment no longer exists, management has to exercise judgement, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions, including the estimation of cash inflows/outflows which included budgeted sales and gross margin based on management’s expectations of the market development, revenue growth rate beyond the forecasted period and discount rates that reflect current market assessments of the time value of money and risks specific to the cash-generating units, to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rate or the revenue growth rate beyond the forecasted period in the cash flow projections, could materially affect net present value used in the impairment test. Based on management’s assessment at the end of each reporting period, the impairment of property, plant and equipment recognised for the years ended 31 December 2021, 2022 and 2023 was S\$489,000, S\$383,000 and nil respectively. The carrying amount of property, plant and equipment as at 31 December 2021, 2022 and 2023 was S\$87,785,000, S\$73,177,000 and S\$83,582,000, respectively.

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

Specifically, the Group’s reportable segments under IFRS 8 “Operating Segments” are as follows:

- (i) Container depot operations – provision of container depot services including storage and handling, repair and maintenance, transportation for containers and leasing of equipments and agency services provided to container shipping lines and container leasing companies;
- (ii) Warehousing and container freight station (“CFS”) services – provision of warehousing and CFS services to cargo owners and other customers which includes consolidation and deconsolidation of outbound and inbound general cargo and cargo storage;
- (iii) Container sales and new-build container inspection – trading of containers and inspection of containers. The Group also sells and trades container parts and container related products for repair and maintenance of containers. The main customers of this segment are container shipping lines and container leasing companies; and
- (iv) Others – provision of freight forwarding services in the PRC to freight forwarders and direct customers.

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For the year ended 31 December 2021

	Container depot operations S\$'000	Warehousing and CFS services S\$'000	Container sales and new-build container inspection S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
External revenue	101,537	20,489	9,418	44,294	-	175,738
Intersegment sales	<u>21</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>(59)</u>	<u>-</u>
	<u>101,558</u>	<u>20,527</u>	<u>9,418</u>	<u>44,294</u>	<u>(59)</u>	<u>175,738</u>
Segment results	26,773	1,534	5,245	2,263	-	35,815
Unallocated corporate expenses						(26,482)
Unallocated corporate income						2,860
Interest income						57
Finance costs						(2,571)
Share of result of associates						<u>187</u>
Profit before tax						<u>9,866</u>

For the year ended 31 December 2022

	Container depot operations S\$'000	Warehousing and CFS services S\$'000	Container sales and new-build container inspection S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
External revenue	106,573	16,116	4,070	33,971	-	160,730
Intersegment sales	<u>35</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>(410)</u>	<u>-</u>
	<u>106,608</u>	<u>16,491</u>	<u>4,070</u>	<u>33,971</u>	<u>(410)</u>	<u>160,730</u>
Segment results	35,486	911	552	1,608	-	38,557
Unallocated corporate expenses						(25,279)
Unallocated corporate income						2,643
Interest income						93
Finance costs						(2,576)
Share of result of associates						<u>247</u>
Profit before tax						<u>13,684</u>

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For the year ended 31 December 2023

	Container depot operations S\$'000	Warehousing and CFS services S\$'000	Container sales and new-build container inspection S\$'000	Others S\$'000	Elimination S\$'000	Consolidated S\$'000
External revenue	118,297	15,455	1,501	20,270	-	155,523
Intersegment sales	28	474	-	-	(502)	-
	<u>118,325</u>	<u>15,929</u>	<u>1,501</u>	<u>20,270</u>	<u>(502)</u>	<u>155,523</u>
Segment results	43,886	2,034	35	991	-	46,946
Unallocated corporate expenses						(29,490)
Unallocated corporate income						1,257
Interest income						69
Finance costs						(2,245)
Share of result of associates						96
[REDACTED] expenses						[REDACTED]
Profit before tax						<u>12,908</u>

Segment results represent the profit earned by the segments without allocation of selling and distribution expenses, administrative expenses, net other gains and losses, net impairment loss under expected credit losses model, interest and other income, finance costs, share of results of associates and [REDACTED] expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Intersegment sales are charged at prevailing market rates.

The CODM makes decisions according to operating revenue and results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and results are presented.

Geographical information

Information about the Group's revenue from external customers is presented based on geographical location where the sale occurred and the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue			Non-current assets other than financial instruments		
	2021 S\$'000	2022 S\$'000	2023 S\$'000	2021 S\$'000	2022 S\$'000	2023 S\$'000
PRC (excluding Hong Kong)	93,284	72,030	57,541	66,528	54,754	49,065
Hong Kong	22,581	18,559	17,583	3,867	606	422
Malaysia	8,845	10,111	11,310	7,580	7,411	9,651
Singapore	44,033	50,728	57,443	26,727	26,593	34,578
Thailand	6,327	8,147	10,241	2,261	1,791	6,961
Vietnam	668	1,155	1,405	1,012	463	282
Total	<u>175,738</u>	<u>160,730</u>	<u>155,523</u>	<u>107,975</u>	<u>91,618</u>	<u>100,959</u>

Information about major customers

There were no customers individually contributing over 10% of the Group's total revenue for each reporting period.

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7. REVENUE

(i) Disaggregation of revenue from contracts with customers and lease income

	2021	2022	2023
Container depot operations			
– Depot handling	42,531	42,091	47,807
– Repair and maintenance	42,593	43,621	43,089
– Storage fee	3,853	8,031	15,794
– Transportation	7,781	7,421	7,080
– Others ^(Note)	4,779	5,409	4,527
	<u>101,537</u>	<u>106,573</u>	<u>118,297</u>
Warehousing and CFS	20,489	16,116	15,455
Container sales and new-build container inspection	9,418	4,070	1,501
Other	44,294	33,971	20,270
	<u>175,738</u>	<u>160,730</u>	<u>155,523</u>
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Timing of revenue recognition			
At a point in time	131,322	125,325	124,006
Over time	42,595	32,606	27,341
	<u>173,917</u>	<u>157,931</u>	<u>151,347</u>
Total revenue from contract with customers	<u>173,917</u>	<u>157,931</u>	<u>151,347</u>
Lease income	1,821	2,799	4,176
	<u>175,738</u>	<u>160,730</u>	<u>155,523</u>

Note: Others include leasing of equipment as disclosed in note (iii) below and agency fee.

(ii) Performance obligations for contracts with customers and revenue recognition policies

Revenue from provision of depot handling services

Depot handling services refer to managing the storage of empty containers. Revenue from these services is recognised at a point in time upon when the handling services are delivered to the customer.

Revenue from provision of repair and maintenance services

Repair and maintenance services refer to carrying out repair and maintenance works on containers as required. Revenue from these services is recognised at a point in time upon when the services are delivered to the customer.

Revenue from provision of storage services

Storage services refer to the storage of empty containers at the Group's depot storage area. Revenue from provision of storage service is recognised over storage period as the customer simultaneously receives and consumes the services provided by the Group over the period.

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Revenue from provision of transportation services

Transportation services refer to arranging for transportation of empty containers between container ports and container depots. Revenue from these services is recognised at a point in time upon when the services are delivered to the customer.

Revenue from agency services

Agency services refer to providing services in matching shipping and freight forwarding suppliers for its customers. Revenue from these services is recognised at a point in time upon when the services are delivered to the customer.

Revenue from provision of warehousing and CFS

Warehousing and CFS refer to consolidation and deconsolidation of outbound and inbound general cargo and cargo storage. Revenue is recognised over the period up to the delivering the goods to the customer’s warehouse as the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs.

Revenue from container sales and new-build container inspection services

Container sales refers to trading of containers and trading of containers parts and container related products that are essential for repair and maintenance of containers. Container inspection refers to conducting inspection and surveying of containers. Revenue is recognised when control of goods has transferred to the customer, being at the point the goods are delivered.

Revenue from freight forwarding services (included in other above)

Freight forwarding services refer to organising and coordinating consignments for customers to get their goods from the origin to the final point of distribution. The point of origin or destination of the customers’ shipments are usually in a foreign country and the Group assists its customer with coordinating the shipment process from local port to the foreign country or from the foreign country to local port. Services to be provided include booking of cargo space on vessels for ocean transport for export consignments, arranging customs clearance and cargo handling. Revenue from provision of freight forwarding service is recognised over the respective service period.

(iii) Leases

Revenue from rental income

During the years ended 31 December 2021, 2022 and 2023, rental income of fixed lease payments from lease of equipments of S\$1,821,000, S\$2,799,000 and S\$4,176,000 was recognised in profit or loss on a straight-line basis over the term of the relevant lease.

8. OTHER INCOME

	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Utilities recharged	134	53	43
Interest income	57	93	69
Government subsidies (<i>Note</i>)	2,002	1,559	475
Other storage income	400	406	445
Others	324	625	294
	<u>2,917</u>	<u>2,736</u>	<u>1,326</u>

Note: The Group received the following COVID-19 related subsidies from government for the years ended 31 December 2021, 2022 and 2023 amounting to S\$1,491,000, S\$1,090,000 and nil, respectively, with details below. The remaining government subsidies of S\$511,000, S\$469,000 and S\$475,000 for the years ended 31 December 2021, 2022 and 2023 are not COVID-19 related and are mainly from the PRC government.

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- For the years ended 31 December 2021, 2022 and 2023 wage support for local employees in Singapore, Malaysia, Hong Kong and the PRC amounted to S\$397,000, S\$517,000 and nil, respectively.
- For the years ended 31 December 2021, 2022 and 2023, rental rebates amounted to S\$1,067,000, S\$546,000, nil, respectively.
- Other COVID-19 related grants for the year ended 31 December 2021, 2022 and 2023 amounting to S\$27,000, S\$27,000 and nil, respectively.

9. OTHER GAINS AND LOSSES

	2021 S\$'000	2022 S\$'000	2023 S\$'000
Impairment of goodwill	(2,231)	–	–
Impairment loss on property, plant and equipment	(489)	(383)	–
Gain (loss) on disposal of property, plant and equipment	176	(441)	(114)
Net foreign exchange gain/(loss)	121	(1,075)	(361)
Gain on disposal of subsidiaries (<i>Note</i>)	66	–	–
Property, plant and equipment written off	(25)	(4)	(4)
Others	113	48	(1)
	<u>(2,269)</u>	<u>(1,855)</u>	<u>(480)</u>

Note:

On 29 July 2021, the Group disposed of 100% equity interest in Eng Kong Investments (China) Limited to an independent third party at a consideration of USD1. As of the date of disposal, the net liabilities of Eng Kong Investments (China) Limited was of approximately S\$66,000 and each item of assets and liabilities are insignificant. Accordingly a gain on disposal of approximately S\$66,000 was recognised during the year ended 31 December 2021.

10. FINANCE COSTS

	2021 S\$'000	2022 S\$'000	2023 S\$'000
Interest expenses on:			
– Bank borrowings	501	828	833
– Lease liabilities	2,070	1,397	1,303
– Others	–	351	109
	<u>2,571</u>	<u>2,576</u>	<u>2,245</u>

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11. INCOME TAX EXPENSE

	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Current taxation:			
Singapore Corporate Income Tax (“CIT”)	905	1,630	2,245
The PRC Enterprise Income Tax (“The PRC EIT”)	1,841	1,167	1,653
Malaysian Corporate Income Tax (“Malaysian CIT”)	302	426	511
Other jurisdictions	198	178	287
Withholding tax expense	40	102	135
(Over)underprovision in prior years:			
Singapore CIT	(835)	(67)	36
The PRC EIT	14	8	7
Malaysian CIT	(14)	(5)	8
Other jurisdictions	4	–	–
	<u>2,455</u>	<u>3,439</u>	<u>4,882</u>
Deferred taxation (<i>note 29</i>):	<u>4</u>	<u>(122)</u>	<u>(344)</u>
	<u><u>2,459</u></u>	<u><u>3,317</u></u>	<u><u>4,538</u></u>

Notes:

- (a) Singapore CIT is calculated at 17% of the estimated assessable profit.
- (b) The provision for PRC EIT is based on the estimated taxable income for the PRC taxation purposes at the applicable rate of 25%.
- (c) The statutory income tax of the Group’s Malaysian subsidiary is at 24% of the chargeable income.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2021	2022	2023
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
Profit before tax	<u>9,866</u>	<u>13,684</u>	<u>12,908</u>
Income tax expense calculated at 17%	1,677	2,326	2,194
Tax effect of income not taxable for tax purpose	(998)	(843)	(291)
Tax effect of expenses not deductible for tax purpose	2,449	1,603	2,161
Tax effect of tax losses not recognised	79	–	–
Utilisation of tax loss previously not recognised	–	(16)	(194)
Effect of different applicable tax rates of subsidiaries	(10)	386	778
(Over) underprovision in prior years	(831)	(63)	51
Withholding tax expense	40	102	135
Tax effect on share of results of associates	(32)	(42)	(16)
Others	85	(136)	(280)
	<u><u>2,459</u></u>	<u><u>3,317</u></u>	<u><u>4,538</u></u>

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12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2021 S\$'000	2022 S\$'000	2023 S\$'000
Auditor's remuneration	199	230	219
Staff costs (including directors' emolument (note 13))			
Salaries, allowances and benefit in kind	33,463	31,337	32,005
Retirement benefit scheme contributions	2,094	2,115	2,143
Equity-settled share-based expenses	—	—	3,535
	<u>35,557</u>	<u>33,452</u>	<u>37,683</u>
Cost of inventories recognised as expense	15,173	16,115	14,077
Depreciation of property, plant and equipment	17,847	13,288	11,376
Expenses relating to short-term leases	<u>1,690</u>	<u>3,281</u>	<u>3,646</u>

13. DIRECTORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company during the Track Record Period are as follows:

	Year ended 31 December 2021					Total S\$'000
	Fees S\$'000	Salaries, allowances and benefit in kind S\$'000	Performance related bonus S\$'000	Retirement benefit scheme contributions S\$'000	Equity-settled share-based expenses S\$'000	
Executive directors:						
Mr. Li Hung (Co-Chairman)	—	528	619	8	—	1,155
Mr. Ng Kam Ming (Co-Chairman)	—	528	619	8	—	1,155
Mr. Leung Wai Kuen (note i)	—	178	101	—	—	279
	<u>—</u>	<u>1,234</u>	<u>1,339</u>	<u>16</u>	<u>—</u>	<u>2,589</u>
Total	<u>—</u>	<u>1,234</u>	<u>1,339</u>	<u>16</u>	<u>—</u>	<u>2,589</u>
	Year ended 31 December 2022					
	Fees S\$'000	Salaries, allowances and benefit in kind S\$'000	Performance related bonus S\$'000	Retirement benefit scheme contributions S\$'000	Equity-settled share-based expenses S\$'000	Total S\$'000
Executive directors:						
Mr. Li Hung (Co-Chairman)	—	528	743	8	—	1,279
Mr. Ng Kam Ming (Co-Chairman)	—	528	743	8	—	1,279
Mr. Leung Wai Kuen (note i)	—	182	165	—	—	347
	<u>—</u>	<u>1,238</u>	<u>1,651</u>	<u>16</u>	<u>—</u>	<u>2,905</u>
Total	<u>—</u>	<u>1,238</u>	<u>1,651</u>	<u>16</u>	<u>—</u>	<u>2,905</u>

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	For the year ended 31 December 2023					Total SS’000
	Fees SS’000	Salaries, allowances and benefit in kind SS’000	Performance related bonus SS’000	Retirement benefit scheme contributions SS’000	Equity-settled share-based expenses SS’000	
Executive directors:						
Mr. Li Hung (Co-Chairman)	-	528	840	8	780	2,156
Mr. Ng Kam Ming (Co-Chairman)	-	528	840	8	102	1,478
Mr Leung Wai Kuen ^(note i)	-	177	119	-	230	526
Non-executive directors:						
Mr. Marti Jean-Christophe, Michel ^(note ii)	-	-	-	-	-	-
Ms. Foo Lih Huoy ^(note ii)	-	-	-	-	-	-
Total	-	1,233	1,799	16	1,112	4,160

Notes:

- (i) [Mr. Leung Wai Kuen resigned as a director of the Company and was appointed as an alternate director to Mr. Ng Kam Ming on 31 March 2024.]
- (ii) Mr. Marti Jean-Christophe, Michel and Ms. Foo Lih Huoy were appointed as non-executive directors of the Company on 7 June 2023.

The executive directors’ emoluments shown above were for their services in connection with the management of the affairs of entities now comprising the Company and the Group.

Mr. Li Hung and Mr. Ng Kam Ming are also the Co-Chairmen of the Group, their emoluments disclosed above include those for services rendered by them as the Co-chairmen. Mr. Li Hung, Mr. Ng Kam Ming and Mr. Leung Wai Kuen are entitled to bonus payments which are determined based on certain key financial performance of the Group.

During the year ended 31 December 2023, certain directors were granted 1,891,000 MIP Units, in respect of their service to the Group under the Management Incentive Plan, as defined and detailed in note 31(b).

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the director has waived or agreed to waive any emoluments during the Track Record Period.

No independent non-executive directors were appointed by the Company during the Track Record Period. [•] were appointed as independent non-executive directors of the Company subsequently on [•] 2024.

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14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the years ended 31 December 2021, 2022 and 2023 included 2, 3 and 2 directors, respectively, details of whose remuneration are set out in note 13 above. Details of the remuneration for the year of the remaining highest paid employees of the Group for the years ended 31 December 2021, 2022 and 2023 are as follows:

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Salaries, allowances and benefits in kind	549	433	755
Performance related bonuses	548	377	386
Retirement benefits scheme distribution	40	22	26
Equity-settled share-based expenses	—	—	733
	<u>1,137</u>	<u>832</u>	<u>1,900</u>

The number of the highest paid employees including the directors of the Company whose remuneration fell within the following bands is as follows:

	2021	2022	2023
	No. of employee	No. of employee	No. of employee
HK\$1,500,000 to HK\$2,000,000	1	—	—
HK\$2,000,001 to HK\$2,500,000	1	2	—
HK\$2,500,001 to HK\$3,000,000	1	1	1
HK\$4,000,001 to HK\$4,500,000	—	—	2
HK\$6,500,001 to HK\$7,000,000	2	—	—
HK\$7,500,001 to HK\$8,000,000	—	2	—
HK\$8,500,001 to HK\$9,000,000	—	—	1
HK\$12,000,001 to HK\$12,500,000	—	—	1
Total	<u>5</u>	<u>5</u>	<u>5</u>

During the year ended 31 December 2023, certain non-director highest paid employees were granted 1,247,000 MIP Units, in respect of their service to the Group under the Management Incentive Plan, as defined and detailed in note 31(b).

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Dividends recognised as distributions during the year	<u>—</u>	<u>2,000</u>	<u>3,000</u>

During the years ended 31 December 2021, 2022 and 2023, dividends of nil, S\$0.76 cents per ordinary share and S\$1.14 cents per ordinary share were declared and paid by the Company. Subsequent to the year ended 31 December 2023, a dividend of S\$6,000,000 which represents S\$2.29 cents per share were declared by the Company on 1 March 2024.

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16. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Earnings			
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>6,392</u>	<u>9,483</u>	<u>7,697</u>
	2021	2022	2023
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>262,493,736</u>	<u>262,493,736</u>	<u>262,493,736</u>

The weighted average number of ordinary shares for the calculation of earnings per share for the years ended 31 December 2021, 2022 and 2023 has been adjusted for the effects of the treasury shares held by the Company.

No diluted earnings per share are presented for the Track Record Period as there were no potential ordinary shares in issue.

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17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Depot land S\$'000	Land use rights S\$'000	Leasehold buildings and container yard S\$'000	Container yard development S\$'000	Office furniture and equipment S\$'000	Plant and machinery S\$'000	Motor vehicles S\$'000	Renovation S\$'000	Container equipment S\$'000	Construction- in-progress S\$'000	Total S\$'000
Cost:											
At 1 January 2021	65,665	512	37,054	9,162	5,493	43,773	7,304	1,004	510	319	170,796
Additions	692	21,210	10,872	12	360	2,628	549	73	-	244	36,640
Disposals/written off	-	-	-	(461)	(403)	(3,083)	(539)	-	(52)	-	(4,538)
Derecognition upon early termination of leases	(4,883)	-	-	-	-	-	-	-	-	-	(4,883)
Disposals of subsidiaries	(826)	-	(1,358)	-	(165)	(1,582)	(61)	-	(6)	-	(3,998)
Remeasurement	(1,661)	-	-	-	-	-	-	-	-	-	(1,661)
Exchange alignments	854	(184)	506	73	(2)	161	17	(78)	(16)	-	1,331
At 31 December 2021	59,841	21,538	47,074	8,786	5,283	41,897	7,270	999	436	563	193,687
Additions	1,535	-	608	207	313	1,322	717	219	3	19	4,943
Disposals/written off	(2,010)	-	-	-	(199)	(4,501)	(1,038)	-	-	-	(7,748)
Remeasurement	13	-	-	-	-	-	-	-	-	-	13
Exchange alignments	(2,383)	(1,925)	(3,016)	(296)	(216)	(1,900)	(85)	(50)	(22)	-	(9,893)
At 31 December 2022	56,996	19,613	44,666	8,697	5,181	36,818	6,864	1,168	417	582	181,002
Additions	14,159	-	3,013	704	274	4,315	436	42	30	1,696	24,669
Disposals/written off	-	-	(75)	(1,632)	(186)	(3,818)	(887)	(61)	(61)	-	(6,720)
Derecognition upon early termination of leases	(8,728)	-	-	-	-	-	-	-	-	-	(8,728)
Exchange alignments	(1,580)	(700)	(1,186)	(202)	(244)	(660)	(45)	(26)	(16)	-	(4,659)
At 31 December 2023	60,847	18,913	46,418	7,567	5,025	36,655	6,368	1,123	370	2,278	185,564
Depreciation and impairment:											
At 1 January 2021	21,977	325	27,025	8,359	4,536	31,518	4,236	713	417	-	99,106
Provided for the year	12,009	313	1,494	405	438	2,449	591	109	39	-	17,847
Impairment loss	489	-	-	-	-	-	-	-	-	-	489
Eliminated on disposals/written off	-	-	-	(443)	(393)	(3,049)	(470)	-	(50)	-	(4,405)
Eliminated on disposals of subsidiaries	(650)	-	(806)	-	(165)	(1,421)	(61)	-	(5)	-	(3,108)
Eliminated due to derecognition	(4,883)	-	-	-	-	-	-	-	-	-	(4,883)
Exchange alignments	548	(166)	391	55	(13)	96	43	(87)	(11)	-	856
At 31 December 2021	29,490	472	28,104	8,376	4,403	29,593	4,339	735	390	-	105,902
Provided for the year	7,719	443	1,216	313	391	2,390	648	141	27	-	13,288
Eliminated on disposals/written off	(1,554)	-	-	-	(185)	(3,684)	(967)	-	-	-	(6,390)
Impairment loss	370	-	-	-	-	-	-	13	-	-	383
Exchange alignments	(1,904)	(61)	(1,479)	(289)	(187)	(1,349)	(32)	(37)	(20)	-	(5,358)
At 31 December 2022	34,121	854	27,841	8,400	4,422	26,950	3,988	852	397	-	107,825
Provided for the year	6,081	411	1,074	475	349	2,195	659	115	17	-	11,376
Eliminated on disposals/written off	-	-	(4)	(1,626)	(177)	(3,612)	(840)	(61)	(61)	-	(6,381)
Eliminated due to derecognition	(7,896)	-	-	-	-	-	-	-	-	-	(7,896)
Exchange alignments	(1,376)	(31)	(555)	(198)	(227)	(496)	(21)	(22)	(16)	-	(2,942)
At 31 December 2023	30,930	1,234	28,356	7,051	4,367	25,037	3,786	884	337	-	101,982
Carrying value:											
At 31 December 2021	30,351	21,066	18,970	410	880	12,304	2,931	264	46	563	87,785
At 31 December 2022	22,875	18,759	16,825	297	759	9,868	2,876	316	20	582	73,177
At 31 December 2023	29,917	17,679	18,062	516	658	11,618	2,582	239	33	2,278	83,582

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The above items of property, plant and equipment except for construction in progress, after taking into account the residual values, where applicable, are depreciated on a straight-line basis at the following rates per annum:

Leasehold buildings and container yard	2%-50%
Container yard development	2%-50%
Office furniture and equipment	10%-33.3%
Plant and machinery	10%-20%
Motor vehicles	10%-20%
Renovation	20%-33.3%
Container equipment	33.3%
Depot land and land use right	over respective lease terms

The Group leases depot land with lease terms ranging from 1 year to 30 years for each of the years ended 31 December 2021, 2022 and 2023, respectively. Lease terms for depot land are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. On the date of lease commencement or lease renewal, the Group recognised right-of-use assets of S\$692,000, S\$1,535,000 and S\$14,159,000, and a corresponding adjustment of the same amount to lease liabilities during the years ended 31 December 2021, 2022 and 2023, respectively. Details of the lease maturity analysis of lease liabilities are set out in note 27.

During the years ended 31 December 2021, 2022 and 2023, land use rights are amortised on a straight-line basis over 10 to 50 years for the leased land located in Thailand and the PRC.

Lease contracts for certain plant and machinery and motor vehicles are entered into for fixed term of 1 year to 6 years for each of the year ended 31 December 2021, 2022 and 2023, respectively.

As at 31 December 2021, 2022 and 2023, plant and machinery of S\$4,126,000, S\$4,393,000 and S\$6,584,000 and motor vehicles of S\$1,513,000, S\$1,697,000 and S\$1,317,000 were held under lease arrangement respectively. During the years ended 31 December 2021, 2022 and 2023, depreciation of S\$431,000, S\$593,000 and S\$623,000 for plant and machinery held under lease arrangement and depreciation of S\$202,000, S\$244,000 and S\$193,000 for motor vehicles held under lease arrangement were recognised respectively.

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Expense relating to short-term leases	1,690	3,281	3,646
Total cash outflow for leases	16,854	13,942	12,903
Additions to plant and machinery and motor vehicles held under lease arrangement	<u>1,958</u>	<u>974</u>	<u>3,217</u>

The Group regularly entered into short-term leases for depot land in 2021, 2022 and 2023. As at 31 December 2021, 2022 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in note 12.

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18. GOODWILL

The Group

S\$'000

Cost:

At 1 January 2021	25,957
Exchange alignments	<u>1,029</u>

At 31 December 2021	26,986
Exchange alignments	<u>(1,568)</u>

At 31 December 2022	25,418
Exchange alignments	<u>(931)</u>

At 31 December 2023	<u>24,487</u>
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Impairment:

At 1 January 2021	9,519
Charge during the year	2,231
Exchange alignments	<u>408</u>

At 31 December 2021	12,158
Exchange alignments	<u>(238)</u>

At 31 December 2022	11,920
Exchange alignments	<u>(442)</u>

At 31 December 2023	<u>11,478</u>
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Carrying amount:

At 31 December 2021	<u><u>14,828</u></u>
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At 31 December 2022	<u><u>13,498</u></u>
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At 31 December 2023	<u><u>13,009</u></u>
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For the purposes of impairment testing, the entire amount of goodwill has been allocated to five CGUs, representing five different subsidiaries, namely Grand Pacific Warehouse Limited (“(HK) Grand Pacific”), Ming Fung Container Limited (“(HK) MF Container”), Ming Fung Reefer Container Service Company Limited (“(HK) MF Reefer”), Best China Development Limited (“(HK) Best China”) and (HK) Gold Prime. The principal activities of these subsidiaries are set out in note 32. The cost, impairment and carrying amounts (net of accumulated impairment losses) of goodwill attributable to respective CGUs are as follows:

	2021	2022	2023
	S\$’000	S\$’000	S\$’000
Cost:			
(HK) Grand Pacific (<i>note i</i>)	887	887	887
(HK) MF Container	1,780	1,780	1,780
(HK) MF Reefer	802	802	802
(HK) Best China (<i>note i</i>)	8,689	8,451	8,009
(HK) Gold Prime (<i>note ii</i>)	<u>14,828</u>	<u>13,498</u>	<u>13,009</u>
	<u>26,986</u>	<u>25,418</u>	<u>24,487</u>
Impairment:			
(HK) Grand Pacific (<i>note i</i>)	887	887	887
(HK) MF Container	1,780	1,780	1,780
(HK) MF Reefer	802	802	802
(HK) Best China (<i>note i</i>)	8,689	8,451	8,009
(HK) Gold Prime (<i>note ii</i>)	<u>–</u>	<u>–</u>	<u>–</u>
	<u>12,158</u>	<u>11,920</u>	<u>11,478</u>
Carrying amount:			
(HK) Grand Pacific (<i>note i</i>)	–	–	–
(HK) MF Container	–	–	–
(HK) MF Reefer	–	–	–
(HK) Best China (<i>note i</i>)	–	–	–
(HK) Gold Prime (<i>note ii</i>)	<u>14,828</u>	<u>13,498</u>	<u>13,009</u>
	<u>14,828</u>	<u>13,498</u>	<u>13,009</u>

Notes:

- (i) As at 31 December 2021, the recoverable amount of (HK) Grand Pacific and (HK) Best China had been determined based on value in use calculation with certain key assumptions. The calculation used cash flow projection based on financial budget covering a five-year period approved by the management. The pre-tax discount rate used to discount the projected cash flows of (HK) Grand Pacific and (HK) Best China was 12% per annum. Cash flows beyond the forecasted period were extrapolated using a steady 2% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows which included budgeted sales and gross margin based on management’s expectations of the market development.

During the year ended 31 December 2021, impairment on goodwill of S\$887,000 and S\$1,344,000 was recognised for (HK) Grand Pacific and (HK) Best China, respectively. The directors of the Company believed that any reasonably possible changes in any of these assumptions would not cause the carrying amount to exceed the recoverable amount.

- (ii) As at 31 December 2021, 2022 and 2023, the recoverable amounts of (HK) Gold Prime and its subsidiaries (collectively referred to as “(HK) Gold Prime Group”) have been determined based on value in use calculations with certain key assumptions. The calculations use cash flow projections based on financial budgets covering a five-year period approved by management. The pre-tax discount rates used to discount the projected cash flows of (HK) Gold Prime Group at 9% per annum. Cash flows beyond the forecasted period are extrapolated using a steady 2% growth rate. The long-term growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin based on past performance and management’s expectation of the market development. The directors of the Company believe that any reasonably possible changes in any of these assumptions would not cause the carrying amounts to exceed the recoverable amount.

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19. INTANGIBLE ASSETS

The Group

	Contract-based intangible assets <i>S\$'000</i>	Customer relationships <i>S\$'000</i>	Club memberships <i>S\$'000</i>	Total <i>S\$'000</i>
Cost:				
At 1 January 2021	8,351	5,841	246	14,438
Addition	<u>–</u>	<u>–</u>	<u>58</u>	<u>58</u>
At 31 December 2021, 2022 and 31 December 2023	<u>8,351</u>	<u>5,841</u>	<u>304</u>	<u>14,496</u>
Amortisation:				
At 1 January 2021	4,551	5,841	29	10,421
Amortisation	<u>643</u>	<u>–</u>	<u>–</u>	<u>643</u>
At 31 December 2021	5,194	5,841	29	11,064
Amortisation	<u>643</u>	<u>–</u>	<u>1</u>	<u>644</u>
At 31 December 2022	5,837	5,841	30	11,708
Amortisation	<u>643</u>	<u>–</u>	<u>11</u>	<u>654</u>
At 31 December 2023	6,480	5,841	41	12,362
Carrying amount:				
At 31 December 2021	<u><u>3,157</u></u>	<u><u>–</u></u>	<u><u>275</u></u>	<u><u>3,432</u></u>
At 31 December 2022	<u><u>2,514</u></u>	<u><u>–</u></u>	<u><u>274</u></u>	<u><u>2,788</u></u>
At 31 December 2023	<u><u>1,871</u></u>	<u><u>–</u></u>	<u><u>263</u></u>	<u><u>2,134</u></u>

Contract-based intangible assets that were acquired through business combination in prior years have finite useful lives of 3 to 15 years, over which the assets are amortised. Majority of the club memberships have indefinite useful lives and are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired individually.

As at 31 December 2021, 2022 and 2023, the customer relationships have been fully amortised but still considered to be in use.

The amortisation expense has been included in cost of revenue.

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20. INTERESTS IN ASSOCIATES

The Group

	2021 S\$'000	2022 S\$'000	2023 S\$'000
Cost of investment in associates	652	652	652
Share of post-acquisition profit, and comprehensive income, net of dividend received	1,730	1,955	2,034
Less: Impairment	(452)	(452)	(452)
	<u>1,930</u>	<u>2,155</u>	<u>2,234</u>

The Company

Cost of investment in associates	652	652	652
Less: Impairment	(452)	(452)	(452)
	<u>200</u>	<u>200</u>	<u>200</u>

Details of the Group's material associate at the end of each reporting period are as follows:

Name of associate	Country of incorporation and operation	Proportion of ownership interest			Proportion of voting power held			Principal activities
		2021 %	2022 %	2023 %	2021 %	2022 %	2023 %	
Directly held by the Company								
Chu Kong Logistics (Singapore) Pte Ltd	Singapore	40	40	40	40	40	40	Shipping and freight forwarding agency

As the Group has the power to appoint two out of the five directors of Chu Kong Logistics (Singapore) Pte Ltd, the Group is able to exercise significant influence over Chu Kong Logistics (Singapore) Pte Ltd, which is considered as an associate of the Group and accounted for using the equity method.

Summarised financial information in respect of the material associate is set out below:

	2021 S\$'000	2022 S\$'000	2023 S\$'000
Current assets	5,284	5,570	5,710
Non-current assets	508	700	683
Current liabilities	(586)	(477)	(409)
Non-current liabilities	(27)	(58)	(58)
Net assets	<u>5,179</u>	<u>5,735</u>	<u>5,926</u>
Revenue	<u>6,285</u>	<u>6,371</u>	<u>4,973</u>
Profit for the year	<u>467</u>	<u>618</u>	<u>240</u>
Other comprehensive expense for the year	<u>(10)</u>	<u>(55)</u>	<u>(43)</u>
Total comprehensive income for the year	<u>457</u>	<u>563</u>	<u>197</u>

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Reconciliation of the above summarised financial information to the carrying amount of the interest in the material associate recognised in the Historical Financial Information:

	2021 S\$’000	2022 S\$’000	2023 S\$’000
Net assets of Chu Kong Logistics (Singapore) Pte Ltd	5,179	5,735	5,926
Non-controlling interests of subsidiaries of Chu Kong Logistics (Singapore) Pte Ltd	<u>(350)</u>	<u>(346)</u>	<u>(337)</u>
	4,829	5,389	5,589
Proportion of the Group’s ownership interest in	<u>40%</u>	<u>40%</u>	<u>40%</u>
Carrying amount of the Group’s interest in Chu Kong Logistics (Singapore) Pte Ltd	<u><u>1,930</u></u>	<u><u>2,155</u></u>	<u><u>2,234</u></u>

21. INVENTORIES

	2021 S\$’000	2022 S\$’000	2023 S\$’000
Trading stocks-containers	3,606	4,050	4,363
Consumables	<u>219</u>	<u>236</u>	<u>188</u>
	<u><u>3,825</u></u>	<u><u>4,286</u></u>	<u><u>4,551</u></u>

22. TRADE AND OTHER RECEIVABLES

The Group

	2021 S\$’000	2022 S\$’000	2023 S\$’000
Trade receivables	15,469	14,190	15,060
Less: allowance for credit losses	<u>(39)</u>	<u>(10)</u>	<u>(10)</u>
	15,430	14,180	15,050
Other receivables (<i>note</i>)	1,883	2,074	1,871
Value-added tax receivables	401	243	644
Deposits	2,304	2,358	2,415
Prepayments	3,074	1,164	1,541
Deferred issue costs	<u>–</u>	<u>–</u>	<u>1,085</u>
	<u><u>23,092</u></u>	<u><u>20,019</u></u>	<u><u>22,606</u></u>

As at 1 January 2021, trade receivables amounted to S\$15,577,000.

Note: During the year ended 31 December 2023, a PRC subsidiary of the Company received forged document from one of its customers in relation to an arrangement under which the Group has acted as an intermediary for the customer and advanced payments to shipping company for booking cargo space on vessels of the shipping company on behalf of the customer and subsequently reported the suspected fraud incident to local authority to retrieve outstanding advance payment amounted to Renminbi (“RMB”) 8,588,000 (in equivalent to S\$1,598,000). Further details of the incident is set out in section headed “Financial Information – Impairment on other receivables” of the document. The other receivables with gross carrying amount of S\$1,598,000 is considered as credit-impaired, loss allowance of S\$1,192,000 was recognised in the profit or loss during the year ended 31 December 2023 based on individual assessment on the ECL of other receivables. The assessment of the probability of default and loss given default of the industry in which the customer operates is based on historical data from independent credit agency and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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The Group allows a general credit period of 30 to 60 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates at the end of each reporting period:

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 30 days	9,405	8,039	7,711
31-60 days	3,697	4,256	4,676
61-90 days	1,647	1,244	1,976
91-180 days	467	554	363
181-365 days	82	86	211
Over 1 year	132	1	114
	<u>15,430</u>	<u>14,180</u>	<u>15,051</u>

As at 31 December 2021, 2022 and 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of S\$4,068,000, S\$3,495,000 and S\$4,418,000, respectively which are past due as at the respective reporting date. Out of the past due balances as at 31 December 2021, 2022 and 2023, respectively, S\$317,000, S\$274,000 and S\$401,000 has been past due over 90 days and is not considered as in default due to the history of cooperation and the sound collection history of the debtors. Details of impairment assessment of trade receivables are set out in note 35(b).

The Company

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Other receivables	95	63	43
Value-added tax receivables	10	3	38
Deposits and prepayments	33	40	144
Deferred issued costs	—	—	1,085
	<u>138</u>	<u>106</u>	<u>1,310</u>

23. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

The Group

Cash and cash equivalents include bank balances and short term deposits as at 31 December 2021, 2022 and 2023, which carry interest at market rates which range from nil to 3.2% per annum and the pledged bank deposits carry fixed interest rate of 1.75% per annum.

Pledged bank deposits amounting to S\$69,000, S\$5,000 and S\$5,000 as at 31 December 2021, 2022 and 2023, respectively represented the secure deposits paid for banking facilities granted to the Group and will be released upon expiry of the banking facilities.

The Company

Cash and cash equivalents include bank balances and short term deposits as at 31 December 2021, 2022 and 2023 carry interest at market rates which range from nil to 3.2% per annum.

Details of impairment assessment of cash and cash equivalents and pledged bank deposits are set out in note 35(b).

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24. TRADE AND OTHER PAYABLES

The Group

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade payables	9,338	6,425	6,241
Other payables (<i>note</i>)	14,545	3,671	3,744
Value-added tax payables	42	89	77
Other accrued expenses	7,185	6,382	6,630
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Accrued issue costs	—	—	88
	<u>31,110</u>	<u>16,567</u>	<u>17,289</u>

Note:

The other payables as at 31 December 2021, 2022 and 2023 included a payable amounting to S\$10,872,000, nil and nil due to a vendor in relation to purchase of building located in the PRC.

The credit period on purchases of goods and services is 30 to 60 days.

The following is an aging analysis of trade payables based on the invoice date at the end of each reporting period:

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 30 days	5,868	5,117	5,280
31-60 days	2,069	857	631
61-90 days	838	230	138
91-180 days	418	109	36
181-365 days	125	94	138
Over 1 year	20	18	18
	<u>9,338</u>	<u>6,425</u>	<u>6,241</u>

The Company

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade payables	437	2	2
Other payables	11	5	647
Other accrued expenses	2,475	2,441	2,693
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Accrued issue cost	—	—	88
	<u>2,923</u>	<u>2,448</u>	<u>3,939</u>

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25. AMOUNTS DUE FROM (TO) RELATED PARTIES/THE IMMEDIATE HOLDING COMPANY/SUBSIDIARIES

- (a) Amounts due from related parties

The Group

As at 1 January 2021, amounts due from related companies amounted to S\$2,662,000.

The balances as of 31 December 2021, 2022 and 2023, respectively, were trade in nature, unsecured, interest-free and repayable under credit terms of 30-60 days. The balances were due from Tianjin Zhongke Investment Co., Ltd. and its subsidiaries (together referred as "Tianjin Zhongke"). Tianjing Zhongke is wholly-owned by a director and non-controlling shareholder of a subsidiary held by the Company and his spouse.

The following is an aged analysis of amounts due from related companies, net of allowance for credit losses, presented based on the invoice dates at the end of each reporting period:

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 30 days	622	447	637
31-60 days	607	645	605
61-90 days	540	494	141
91-180 days	696	111	50
181-365 days	388	-	2
	<u>2,853</u>	<u>1,697</u>	<u>1,435</u>

As at 31 December 2021, 2022 and 2023, included in the Group's trade-related amounts due from related parties balance with aggregate carrying amount of S\$1,571,000, S\$495,000 and S\$568,000 were past due as at the respective reporting date. Out of the past due balances as at 31 December 2021, 2022 and 2023, respectively, S\$540,000, nil and nil has been past due over 90 days and is not considered as in default due to the history of cooperation and the sound collection history of the debtors. Details of impairment assessment of the balances are set out in note 35(b).

- (b) Amount due from immediate holding company

The Group and the Company

As at 1 January 2021, there was no amount due from immediate holding company.

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

The maximum outstanding balances during the years ended 31 December 2021, 2022 and 2023 are S\$4,000, S\$191,000 and S\$209,000, respectively.

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- (c) Amounts due to related parties

The Group

The balances of S\$1,478,000, S\$1,683,000 and S\$1,205,000 as of 31 December 2021, 2022 and 2023, respectively, were trade in nature, unsecured, interest-free and repayable under credit term of 30-60 days and were due to Tianjin Zhongke. The remaining balances of S\$1,312,000, S\$917,000 and S\$944,000 as of 31 December 2021, 2022 and 2023 were non-trade in nature, repayable on demand and were due to a director and non-controlling shareholder of a subsidiary.

The following is an aged analysis of the trade related amounts due to related parties based on the invoice dates at the end of each reporting period:

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within 30 days	548	481	775
31-60 days	433	577	427
61-90 days	497	589	3
91-180 days	—	36	—
	<u>1,478</u>	<u>1,683</u>	<u>1,205</u>

The Company

The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

- (d) Loan from a related company

The Group

The loan was from Tianjin Keyun Logistics Co., Ltd., a subsidiary of Tianjin Zhongke as at 31 December 2023 and are unsecured, interest bearing at 6% with original maturity of 3 years. [As represented by the directors of the Company, the borrowings with related parties will be settled prior to [REDACTED] of the Company's shares on the Stock Exchange.]

	2023
	<i>S\$'000</i>
The carrying amounts of the above loan are repayable as follows (based on repayment schedule):	
Within one year	1,969
Within a period of more than one year but not exceeding two years	1,860
Within a period of more than two years but not exceeding five years	<u>1,860</u>
	5,689
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(1,969)</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u><u>3,720</u></u>

- (e) Amounts due from (to) subsidiaries

The Company

The balances of S\$197,000, S\$315,000 and S\$76,000 of amounts due from subsidiaries as of 31 December 2021, 2022 and 2023 were trade in nature, unsecured and repayable under credit term of 60 days. The remaining balances were non-trade in nature, unsecured, interest-free and repayable on demand.

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26. PROVISION FOR RESTORATION COSTS

The Group

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
At beginning of the year	1,048	1,016	1,056
Provision, net of reversal	24	51	275
Utilised	(55)	–	–
Exchange alignments	<u>(1)</u>	<u>(11)</u>	<u>(12)</u>
At end of the year	<u><u>1,016</u></u>	<u><u>1,056</u></u>	<u><u>1,319</u></u>

The above amounts are the present value of the estimation of costs to reinstate the Group's leased premises to their original state upon expiry of the lease.

27. LEASE LIABILITIES

Lease liabilities

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Undiscounted lease payments			
Within one year	11,253	7,821	8,767
Within a period of more than one year but not exceeding two years	7,586	3,949	7,638
Within a period of more than two years but not exceeding five years	6,460	5,458	9,001
Within a period of more than five years	<u>22,613</u>	<u>22,122</u>	<u>23,193</u>
	47,912	39,350	48,599
Cash flow for interest payments	<u>(12,397)</u>	<u>(11,109)</u>	<u>(12,048)</u>
Carrying amount	<u><u>35,515</u></u>	<u><u>28,241</u></u>	<u><u>36,551</u></u>
Analysed as:			
Current	9,827	6,774	7,342
Non-current	<u>25,688</u>	<u>21,467</u>	<u>29,209</u>
	<u><u>35,515</u></u>	<u><u>28,241</u></u>	<u><u>36,551</u></u>

The weighted average incremental borrowing rate applied to lease liabilities was 4.7%, 4.4% and 4.4% as at 31 December 2021, 2022 and 2023, respectively.

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28. BANK BORROWINGS

The Group

	2021 S\$'000	2022 S\$'000	2023 S\$'000
Variable rate bank borrowings:			
Secured (<i>note i</i>)	24	–	–
Unsecured (<i>note ii</i>)	<u>26,871</u>	<u>21,276</u>	<u>13,000</u>
	<u>26,895</u>	<u>21,276</u>	<u>13,000</u>
The carrying amounts of the above borrowings are repayable:			
Within one year	26,816	13,276	7,000
Within a period of more than one year but not exceeding two years	79	2,000	2,000
Within a period of more than two years but not exceeding five years	<u>–</u>	<u>6,000</u>	<u>4,000</u>
	<u>26,895</u>	<u>21,276</u>	<u>13,000</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(26,816)</u>	<u>(13,276)</u>	<u>(7,000)</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u>79</u>	<u>8,000</u>	<u>6,000</u>

Notes:

- i. As at 31 December 2021, the borrowing was secured by certain property, plant and equipment owned by the Group.
- ii. As at 31 December 2021, 2022 and 2023, the unsecured borrowings were under corporate guarantee provided by immediate holding company. [As represented by the directors of the Company, all the guarantees provided to the Group given by immediate holding company would be replaced by corporate guarantees to be provided by the Company upon [REDACTED].]

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The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2021	2022	2023
Effective interest rate	1.8%-10.1%	1.8%-10.1%	4.7%-5.8%

The Company

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Unsecured bank borrowings at variable rate, that are repayable			
Within one year	25,400	12,000	7,000
Within a period of more than one year but not exceeding two years	–	2,000	2,000
Within a period of more than two years but not exceeding five years	–	6,000	4,000
	<u>25,400</u>	<u>20,000</u>	<u>13,000</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(25,400)	(12,000)	(7,000)
Amount for settlement after 12 months (shown under non-current liabilities)	<u>–</u>	<u>8,000</u>	<u>6,000</u>

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company's borrowings are as follows:

	2021	2022	2023
Effective interest rate	1.8%-10.1%	1.8%-5.5%	4.7%-5.8%

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29. DEFERRED TAX LIABILITIES

The following are the major deferred tax (assets) liabilities recognised by the Group, and the movements thereon, during the Track Record Period:

	Accelerated tax depreciation S\$'000	Tax losses S\$'000	Provisions S\$'000	Intangible assets S\$'000	Right-of-use assets S\$'000	Lease liabilities S\$'000	Total S\$'000
At 1 January 2021	1,031	(5)	(8)	950	8,057	(8,617)	1,408
Exchange alignments	(42)	-	-	-	-	-	(42)
Charge (credit) to profit or loss for the year	<u>138</u>	<u>-</u>	<u>(36)</u>	<u>(161)</u>	<u>(2,217)</u>	<u>2,280</u>	<u>4</u>
At 31 December 2021	1,127	(5)	(44)	789	5,840	(6,337)	1,370
Exchange alignments	(34)	-	-	-	-	-	(34)
Charge (credit) to profit or loss for the year	<u>(74)</u>	<u>-</u>	<u>(1)</u>	<u>(161)</u>	<u>(1,515)</u>	<u>1,629</u>	<u>(122)</u>
At 31 December 2022	1,019	(5)	(45)	628	4,325	(4,708)	1,214
Exchange alignments	(40)	-	-	-	-	-	(40)
Charge (credit) to profit or loss for the year	<u>(59)</u>	<u>(59)</u>	<u>(142)</u>	<u>(161)</u>	<u>1,168</u>	<u>(1,091)</u>	<u>(344)</u>
At 31 December 2023	<u>920</u>	<u>(64)</u>	<u>(187)</u>	<u>467</u>	<u>5,493</u>	<u>(5,799)</u>	<u>830</u>

Subject to the agreement by the tax authorities, at the end of each reporting period, the Group has unutilised tax losses of approximately S\$14,505,000, S\$14,431,000 and S\$13,556,000 respectively and capital allowance of S\$72,000, S\$84,000 and nil respectively available for offset against future profits. Except for tax loss of S\$29,000, S\$29,000 and S\$376,000 as at 31 December 2021, 2022 and 2023, respectively, no deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. The losses may be carried forward subject to the conditions imposed by law including the retention of majority shareholders as defined.

Under the Enterprise Income Tax Law of the PRC, withholding tax at 10% or a lower applicable rate is imposed on dividends declared and payable to investors that are non-PRC tax resident enterprises. Deferred tax has not been provided for in the Historical Financial Information in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to S\$14,311,000, S\$16,512,000 and S\$20,668,000, respectively as at 31 December 2021, 2022 and 2023, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30. SHARE CAPITAL AND RESERVES OF THE COMPANY

(a) Share capital

	2021 Number of ordinary shares	2022	2023	2021 S\$'000	2022 S\$'000	2023 S\$'000
Issued and fully paid:						
At the beginning and at end of the year	<u>263,793,736</u>	<u>263,793,736</u>	<u>262,493,736</u>	<u>28,842</u>	<u>28,842</u>	<u>28,842</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

During the year ended 31 December 2023, 1,300,000 ordinary shares held as treasury shares were cancelled.

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(b) Reserves of the Company

	Treasury shares S\$’000	Capital reserve S\$’000	Retained earnings S\$’000	Total S\$’000
At 1 January 2021	(245)	7,066	2,945	9,766
Profit and total comprehensive income for the year	–	–	2,887	2,887
Deemed distribution to immediate holding company	–	(34)	–	(34)
At 31 December 2021	(245)	7,032	5,832	12,619
Profit and total comprehensive income for the year	–	–	4,739	4,739
Deemed contribution from immediate holding company	–	866	–	866
Dividends recognised as distribution	–	–	(2,000)	(2,000)
At 31 December 2022	(245)	7,898	8,571	16,224
Profit and total comprehensive income for the year	–	–	2,045	2,045
Deemed contribution from immediate holding company	–	885	–	885
Recognition of share-based payments	–	3,535	–	3,535
Transfer	245	–	(245)	–
Dividends recognised as distribution	–	–	(3,000)	(3,000)
At 31 December 2023	–	12,318	7,371	19,689

31. EMPLOYEE BENEFITS

(a) Retirement benefit obligations

The employees of the Company and its subsidiaries that are located in Singapore are members of a state-managed retirement benefit plan, the Central Provident Board Fund, operated by the Singapore government. The Company and the subsidiaries incorporated in Singapore are required to contribute a specified percentage of payroll costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The Group operates defined contribution retirement benefit plans for all qualifying employees in Hong Kong, Malaysia, Socialist Republic of Vietnam and the PRC. The assets of the plans are held separately from those of the Group in funds under the control of trustees. Where employees leave the plans prior to the contributions fully vesting, the contributions payable by the Group are reduced by the amount of forfeited contributions.

During the year ended 31 December 2021, 2022 and 2023, the contributions made by the Group relating to the above arrangements were S\$2,094,000, S\$2,115,000 and S\$2,143,000, respectively, of which S\$276,000, \$264,000 and S\$251,000 were attributable to the Mandatory Provident Fund Scheme in Hong Kong.

The Group operates a funded defined benefit plan for qualifying employees in Thailand. No further disclosures are made as management is of the view that the fair value of the defined benefit obligation is immaterial.

(b) Management Incentive Plan

On 27 June 2011, NEK Container Group Pte. Ltd., the immediate holding company of the Company, approved and adopted a management incentive plan (the “Management Incentive Plan”), which granted employee units (the “MIP Units”) to certain directors of the Company and certain employees of the Group. The MIP units are awarded when the Group achieves specific earnings before interest, taxation, depreciation and amortisation and return on capital employed targets. The MIP Units granted would vest immediately or over a period of one to two years. The MIP Units will be settled in cash upon exit by the shareholder of the Company or when the selected participants resign from the Group or settled with Company’s shares held by Navis Asia Fund V, L.P. and its subsidiaries upon the [REDACTED] of the Company’s shares on a recognised stock exchange.

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Details of the movements of the MIP Units granted to directors of the Company and certain employees of the Group for the Track Record Period are set out below:

	Number of MIP Units				
	Outstanding at 1.1.2021	Settled by the immediate holding company during the year	Outstanding at 31.12.2021, 31.12.2022 and 1.1.2023	Granted during the year	Outstanding at 31.12.2023
Directors					
Mr. Li Hung	3,609,276	–	3,609,276	1,326,433	4,935,709
Mr. Ng Kam Ming	2,700,000	–	2,700,000	173,647	2,873,647
Mr. Leung Wai Kuen	–	–	–	390,920	390,920
Directors in aggregate	6,309,276	–	6,309,276	1,891,000	8,200,276
Employees in aggregate	6,402,406	(20,000)	6,382,406	4,122,583	10,504,989
Total	12,711,682	(20,000)	12,691,682	6,013,583	18,705,265

During the year ended 31 December 2023, a total of 6,013,583 MIP Units were granted by NEK Container Group Pte Ltd to certain directors of the Company and certain employees of the Group. The estimated fair values of the 6,013,583 MIP Units granted on 1 October 2023 was approximately S\$3,535,000. The fair value per MIP Unit granted on 1 October 2023 was S\$0.59. The MIP units granted during the year ended 31 December 2023 were vested immediately.

The discounted cash flow method has been used to estimate the fair value of the Group's share which was used in the valuation of the MIP Units. The variables and assumptions used in computing the fair value are based on the best estimate of the directors of the Company. The pre-tax discount rate used to discount the projected cash flows of the Group was at a range of 9% to 10% per annum. Cash flows beyond the forecasted period were extrapolated using a steady 1.8% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation related to the estimation of cash inflows/outflows which included budgeted sales and gross margin based on management's expectations of the market development.

The Group recognised total expenses of nil, nil and S\$3,535,000 for the years ended 31 December 2021, 2022 and 2023 in relation to the MIP Units granted by the Company.

[On [•] 2024, the Pre-[REDACTED] share award scheme was approved by the Board of directors of the Company to replace the Management Incentive Plan in which [•] share of the Company's share will be issued to the grantee of the Management Incentive Plan upon [REDACTED].]

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32. PARTICULARS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Particular of subsidiaries

a. Details of all the Company's subsidiaries at 31 December 2021, 2022 and 2023 and the date of this report are as follows:

Name of subsidiary	Place and date of establishment/ incorporation and principal place of business	Issued share capital/ paid-up capital/ registered capital	Equity interest attributable to the Group			Principal activities
			2021 %	2022 %	2023 %	
Directly held:						
Asia Reefer Pte. Ltd ^(a)	Singapore, 16 August 2018	SS1	100	100	100	[100] Investment holding
Eng Kong Container Agencies Pte Ltd ^(a)	Singapore, 10 May 1984	SS4,409,160	100	100	100	[100] Container depot
Eng Kong Marketing Services Pte. Ltd. ^(a)	Singapore, 8 March 2006	SS50,000	100	100	100	[100] Marketing and research
PCL (Pte) Ltd ^(a)	Singapore, 15 May 1991	SS40,000	100	100	100	[100] Investment holding and trading of containers
Reefertec Pte Ltd ^(a)	Singapore, 8 March 1995	SS180,000	90	90	90	[90] Reefer repair
NEK Depot Network Asia Pte. Ltd. ^(a)	Singapore, 19 October 2017	SS3,086,045	95	95	100	[100] Investment holding
Eng Kong Logistics Hub Pte. Ltd. ^(a)	Singapore, 7 March 2019	SS1	100	100	100	[100] Managing Megadepot and warehousing
New Eng Kong Container Logistic Services (M) Sdn. Bhd. ^(b)	Malaysia, 9 July 1996	Malaysian ringgit ("MYR") 50,000	100	100	100	[100] Storage and handling of containers
Eng Kong Container Services (Penang) Sdn. Bhd. ^(f)	Malaysia, 14 February 1998	MYR100,000	100	100	100	[100] Container depot
Eng Kong Container Services (Johor) Sdn. Bhd. ^(f)	Malaysia, 19 July 1996	MYR700,000	100	100	100	[100] Container depot
Tricool Reefer Sdn. Bhd. ^(f)	Malaysia, 9 January 2007	MYR200,000	87	87	96	[96] Reefer maintenance and repair
Thai Eng Kong Container Services Company Limited ^{(c) (b)}	Thailand, 19 March 1996	THB8,000,000	49	49	49	[49] Container depot and container repair
(HK) Best China ^(d)	Hong Kong, 26 October 2010	HKS1,000,000	100	100	100	[100] Investment holding
(HK) Grand Pacific ^(d)	Hong Kong, 3 November 1997	HKS2	100	100	100	[100] Warehousing and container freight station
(HK) MF Container ^(d)	Hong Kong, 28 February 1997	HKS1,500,000	80	80	80	[80] Reefer and dry repair and trading of container spare parts

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Name of subsidiary	Place and date of establishment/ incorporation and principal place of business	Issued share capital/ paid-up capital/ registered capital	Equity interest attributable to the Group			As at the date of this report	Principal activities
			2021 %	2022 %	2023 %		
(HK) MF Reefer ^(d)	Hong Kong, 23 December 1998	HK\$1,500,000	80	80	80	[80]	Reefer and dry repair and trading of container spare parts
PCL Container Services Limited ^(d)	Hong Kong, 13 October 1992	HK\$1,500,000	100	100	100	[100]	Container depot
Techni-Con Container Survey Limited ^(d)	Hong Kong, 23 March 2006	HK\$500,000	100	100	100	[100]	Inspection of new containers
DOUBLE CREATION LIMITED ^(g)	British Virgin Islands, 10 July 2013	USD100	100	100	100	[100]	Investment holding
Eng Kong Vietnam Company Limited ^(l)	Socialist Republic of Vietnam, 8 August 2017	VND34,000,000,000	99	99	99	[99]	Container depot
Indirectly held:							
Smartz Pte Ltd ^(a)	Singapore, 24 January 1997	S\$100,000	100	100	100	[100]	Sale container parts
NEK GPC Container Services (M) Sdn. Bhd. ^(b)	Malaysia, 15 March 2013	MYR100,000	95	95	100	[100]	On-dock depot container services
Reefertec Services (Thailand) Limited ⁽ⁱ⁾ ^(m)	Thailand, 11 March 2019	THB3,000,000	29	65	65	[65]	Reefer repair
(HK) Gold Prime ^(d)	Hong Kong, 26 May 1999	HK\$66,279,485	80	80	80	[80]	Investment holding.
Reefertec Services Sdn. Bhd. ^(k)	Malaysia, 16 March 2022	MYR300,000	-	54	54	[54]	Reefer services

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Name of subsidiary	Place and date of establishment/ incorporation and principal place of business	Issued share capital/ paid-up capital/ registered capital	Equity interest attributable to the Group			As at the date of this report	Principal activities
			2021	2022	2023		
			%	%	%	%	
明豐冷凍貨櫃維修(上海)有限公司 Mingfeng Reefer Container Repair (Shanghai) Co., Ltd.* ⁽ⁿ⁾	PRC, 13 September 2010	USD140,000	80	80	80	[80]	Reefer and dry repair and trading of container spare parts
上海安信榮成集裝箱儲運有限公司 Shanghai Anxin Rong Cheng Container Logistics Co., Ltd.* ^(o)	PRC, 22 October 2004	USD1,100,000	100	100	100	[100]	Container depot
寧波保稅區安信國際集裝箱儲運有限公司 Ningbo Free Trade Zone An Xin International Container Logistics Co., Ltd.* ^{(p) (j)}	PRC, 15 November 2002	USD1,000,000	100	100	N/A	N/A	Container depot
寧波北侖安豐物流有限公司 Ningbo Bei Lun An Feng Logistics Co., Ltd.* ^{(p) (j)}	PRC, 11 May 2009	RMB300,000	100	100	N/A	N/A	Container depot
天津克運國際物流集團有限公司 Tianjin Keyun International Logistics Group Co., Ltd.* ^(e)	PRC, 1 March 2001	RMB50 million	80	80	80	[80]	Container depot
青島克運物流有限公司 Qingdao Keyun Logistics Co., Ltd.* ^(q)	PRC, 8 March 2010	USD1,464,700	80	80	80	[80]	Container depot
上海克運集裝箱服務有限公司 Shanghai Keyun Container Services Co., Ltd.* ^(r)	PRC, 6 May 2008	RMB4 million	80	80	80	[80]	Logistics
上海毅發集裝箱服務有限公司 Shanghai Yifa Container Services Co., Ltd.* ^(r)	PRC, 28 January 2003	RMB10 million	80	80	80	[80]	Container depot

* Translations from Chinese names and are for identification purpose only.

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Notes:

- (a) The statutory financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with Financial Reporting Standards in Singapore issued by Singapore Accounting Standards Council and were audited by Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore.
- (b) The statutory financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with Malaysian Financial Reporting Standards issued by Malaysian Accounting Standards Board and were audited by STYL Associates PLT, Certified Public Accountants registered in Malaysia.
- (c) The statutory financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with Thai Financial Reporting Standards issued by the Federation of Accounting Professions and were audited by Dia Audit Company Limited (2021 and 2022) and Deloitte Touche Tohmatsu Jaiyos Co. Ltd (2023) Certified Public Accountants registered in Thailand, respectively.
- (d) The statutory financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with HKFRSs issued by the HKICPA and were audited by Roger K.C. Tou & Co., Certified Public Accountants registered in Hong Kong.
- (e) The financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by Tianjinshijuntian Certified Public Accountant Limited Company (天津市君天會計師事務所有限公司), Certified Public Accountants registered in PRC.
- (f) The statutory financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with Malaysian Financial Reporting Standards issued by Malaysian Accounting Standards Board and were audited by JB Lau & KHOO, Certified Public Accountants registered in Malaysia.
- (g) No statutory financial statements have been prepared since its date of incorporation as it is incorporated in a jurisdiction where there are no statutory audit requirements.
- (h) The share capital of Thai Eng Kong Container Services Company Limited comprises of 39,200 ordinary shares which are held by the Company and 40,800 preference shares which are held by remaining shareholders.

The owners of the ordinary shares are entitled to one vote for every ordinary share held whilst the preference shareholders are entitled to one vote for every ten preference shares held. As a result, the Company holds 91% of the voting rights to direct the relevant activities of Thai Eng Kong Container Services Company Limited unilaterally and has control over it.
- (i) As at 31 December 2021, Thai Eng Kong Container Services Limited (a 49% interest subsidiary of the Group) holds 60% of equity interest in Reefertec Services (Thailand) Limited. Thus the Group held 29% effective interest and 60% voting rights in Reefertec Services (Thailand) Limited. During the year ended 31 December 2022, the Group acquired 40% of equity interest in Reefertec Services (Thailand) Limited through Reefertec Pte Ltd (a 90% interest subsidiary of the Group), at a cash consideration of THB1,200,000 (approximately \$130,000) from the non-controlling shareholders. As a result, the Group holds 65% effective interest and 100% of the voting rights in Reefertec Services (Thailand) Limited.
- (j) The subsidiaries were deregistered during the year ended 31 December 2023 with insignificant financial impact.
- (k) The statutory financial statements for the years ended 31 December 2022 and 2023 were prepared in accordance with Malaysian Financial Reporting Standards issued by Malaysian Accounting Standards Board and were audited by JB Lau & KHOO, Certified Public Accountants registered in Malaysia
- (l) The statutory financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with Vietnamese Accounting Standards issued by Vietnam Ministry of Finance and were audited by PKF Vietnam Company Limited, Certified Public Accountants registered in Vietnam.

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- (m) The statutory financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with Thai Financial Reporting Standards issued by the Federation of Accounting Professions of Thailand and were audited by Dia Audit Company Limited, Certified Public Accountants registered in Thailand.
- (n) The financial statements for the years ended 31 December 2021 and 2022 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by Shanghai Jiuyuan Certified Public Accountants LLP(上海九源會計師事務所(普通合夥)) and Shanghai Liyong Certified Public Accountants LLP(上海利永會計師事務所(普通合夥)), Certified Public Accountants registered in PRC, respectively. No statutory audited financial statements have been prepared for the year ended 31 December 2023.
- (o) The financial statements for the years ended 31 December 2021, 2022 and [2023] were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by Shangkuai Certified Public Accountants LLP (上會會計師事務所(特殊普通合夥)上海自貿試驗區分所), Certified Public Accountants registered in PRC.
- (p) The financial statements for the years ended 31 December 2021 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by Ningbo Desheng Certified Public Accountants LLP (寧波德升會計師事務所(普通合夥)), Certified Public Accountants registered in PRC. No statutory audited financial statements have been prepared for the years ended 31 December 2022 and 2023.
- (q) The financial statements for the years ended 31 December 2021 and 2022 were prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC and audited by Beijing Heruijunhua Certified Public Accountants LLP(北京合瑞君華會計師事務所(普通合夥)) and Shandong Guangdahengtai Certified Public Accountants LLP(山東光大恒泰會計師事務所), Certified Public Accountants registered in PRC, respectively. No statutory audited financial statements have been prepared for the year ended 31 December 2023.
- (r) No statutory audited financial statements have been prepared for the years ended 31 December 2021, 2022 and 2023.

None of the subsidiaries has issued any debt securities as at 31 December 2022, 2022 and 2023.

Non-controlling interests

- b. The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			(Loss) profit allocated to non-controlling interests			Accumulated non-controlling interests		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
		%	%	%	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000	\$S'000
(HK) MF Reefer and its subsidiary	Hong Kong	20	20	20	(42)	111	11	829	871	869
(HK) Gold Prime and its subsidiaries	Hong Kong	20	20	20	904	690	683	5,823	5,957	6,410
Individually immaterial subsidiaries with non-controlling interests					153	83	(21)	986	993	711
					<u>1,015</u>	<u>884</u>	<u>673</u>	<u>7,638</u>	<u>7,821</u>	<u>7,990</u>

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Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Ming Fung Reefer Container Service Company Limited and its subsidiary			Gold Prime Holdings Limited and its subsidiaries		
	2021	2022	2023	2021	2022	2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current assets	4,540	5,359	4,796	20,791	13,994	12,161
Non-current assets	196	134	182	44,539	37,304	33,409
Current liabilities	527	1,140	611	23,989	8,134	8,005
Non-current liabilities	49	16	50	12,231	13,377	5,521
Equity attributable to owner of the Group	3,331	3,466	3,448	23,287	23,830	25,634
Non-controlling interests	<u>829</u>	<u>871</u>	<u>869</u>	<u>5,823</u>	<u>5,957</u>	<u>6,410</u>
Revenue	8,802	8,967	8,418	83,631	70,414	55,681
Expenses	8,997	8,445	8,373	79,112	66,965	52,265
(Loss) profit for the year attributable to:						
Owner of the Group	(153)	411	34	3,615	2,759	2,733
Non-controlling interests	(42)	111	11	904	690	683
Other comprehensive income (expenses) attributable to:						
Owner of the Group	26	13	(51)	814	(2,221)	(926)
Non-controlling interests	6	3	(13)	204	(555)	(232)
Total comprehensive (expenses) income attributable to owners and non-controlling interests	(163)	538	(19)	5,537	673	2,258
Dividend paid to non-controlling interests	-	72	-	-	-	-
Net cash (outflow) inflow from operating activities	(48)	851	193	7,759	(309)	(298)
Net cash (outflow) inflow from investing activities	(32)	(4)	(8)	(10,548)	127	(193)
Net cash outflow from financing activities	<u>(146)</u>	<u>(515)</u>	<u>(156)</u>	<u>(3,465)</u>	<u>(1,783)</u>	<u>(968)</u>
Net cash (outflow) inflow	<u>(226)</u>	<u>332</u>	<u>29</u>	<u>(6,254)</u>	<u>(1,965)</u>	<u>(1,459)</u>

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33. CAPITAL COMMITMENTS AND OPERATING LEASE ARRANGEMENT

(a) Capital commitments

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Capital expenditure contracted for but not provided in the Historical Financial Information in respect of:			
– Container yard development	–	–	70
– Acquisition of warehouse, depot and office	–	–	6,785
– Acquisition of other plant and machinery	–	277	30
	<u>–</u>	<u>277</u>	<u>30</u>
	<u>–</u>	<u>277</u>	<u>6,885</u>

(b) Operating lease arrangement

The Group as lessor

Certain of the machineries held by the Group for rental purposes have committed lessees for the next 1 and 2 years.

Undiscounted lease payments receivable on leases are as follows:

	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Within one year	887	776	726
In the second year	<u>1,160</u>	<u>605</u>	<u>115</u>
	<u>2,047</u>	<u>1,381</u>	<u>841</u>

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to [REDACTED] through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes amounts due to related parties, bank borrowings, loan from a related company and lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves including retained earnings.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt.

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35. FINANCIAL INSTRUMENTS

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of each reporting period:

	The Group			The Company		
	2021	2022	2023	2021	2022	2023
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets						
Amortised cost	<u>50,713</u>	<u>45,706</u>	<u>48,354</u>	<u>18,327</u>	<u>18,048</u>	<u>14,647</u>
Financial liabilities						
Amortised cost	<u>53,568</u>	<u>33,972</u>	<u>30,823</u>	<u>28,508</u>	<u>22,260</u>	<u>15,928</u>

(b) *Financial risk management policies and objectives*

The Group's major financial instruments include trade and other receivables, amounts due from related parties and immediate holding company, cash and cash equivalents, pledged bank deposits, trade and other payables, amounts due to related parties, lease liabilities, bank borrowings and loan from a related company. The Company's major financial instruments include other receivables, amounts due from subsidiaries and immediate holding company, cash and cash equivalents, trade and other payables, amounts due to subsidiaries and related parties and bank borrowings. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group does not enter into derivative financial instruments for hedging purpose. There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures during the Track Record Period.

(i) **Market risk**

Foreign exchange risk management

The Group and the Company have foreign currency denominated monetary assets and monetary liabilities which expose the Group and the Company to foreign currency risk. The Group and the Company currently do not have a foreign currency hedging policy. Exposures to currency risk are monitored on an on-going basis and the Group and the Company endeavour to keep the net exposures at an acceptable level.

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At the end of each reporting period, the significant carrying amounts of monetary assets and monetary liabilities, which are denominated in currencies other than the functional currency of the group entity, are as follows:

	The Group					
	Liabilities			Assets		
	2021	2022	2023	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
S\$	11,810	13,463	2,426	7	96	19
United States dollar	6,992	4,335	4,389	11,505	8,557	7,164
Malaysia ringgit	17	17	295	37	164	254
HK\$	50	50	66	7,447	4,572	2,405
THB	1,573	2,896	2,910	19	70	141
RMB	1,502	1,059	1,117	702	565	453

	The Company					
	Liabilities			Assets		
	2021	2022	2023	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
United States dollar	555	552	655	219	204	238
HK\$	–	–	25	4,159	2,380	103
RMB	1,296	893	929	31	28	27

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase or decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used for management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 5% against the functional currency of each group entity, profit for the year will increase (decrease) by:

	The Group			The Company		
	2021	2022	2023	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
S\$	(490)	(555)	(100)	–	–	–
United States dollar	187	175	115	(14)	(14)	(17)
Malaysia ringgit	1	6	(2)	–	–	–
HK\$	307	188	101	173	99	4
THB	(64)	(117)	(115)	–	–	–
RMB	(33)	(20)	(28)	(53)	(36)	(37)

If the relevant foreign currency weakens by 5% against the functional currency of each group entity, the effect on the profit for the year will be vice versa.

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Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 27 for details). The Group and the Company are exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 23 for details) and variable-rate bank borrowings (see note 28 for details). The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and bank borrowings. No sensitivity is presented for variable-rate bank balances and bank borrowing as the directors of the Company considered that the relevant interest rate risk is minimal.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for the Group's bank borrowings at the end of each reporting period and the stipulated change taking place at the beginning of the reporting period and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the years ended 31 December 2021, 2022 and 2023 would decrease/increase by approximately S\$111,000, S\$88,000 and S\$54,000 respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's profit for the years ended 31 December 2021, 2022 and 2023 would decrease/increase by approximately S\$105,000, S\$83,000 and S\$54,000 respectively. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(ii) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, finance lease receivables, cash and cash equivalents, amount due from related parties and immediate holding company. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

In order to minimise the credit risk, for the trade receivables, management delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the ECL using a provision matrix grouped by common risk characteristic. As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Loss allowance amount of the credit-impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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Cash and cash equivalents and pledged bank deposits

Credit risk on cash and cash equivalents and pledged bank deposits is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on this, the 12m ECL on cash and cash equivalents and pledged bank deposits is considered to be insignificant.

Amount due from related parties and the immediate holding company

In order to minimise the credit risk, the Group will assess the credit quality of related companies and the immediate holding company. Other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. The Group measures the loss allowance at lifetime ECL for trade-related amounts due from related parties. For each of the reporting periods, the Group assessed the ECL for amount due from related parties and the immediate holding company to be insignificant and thus no loss allowance was recognised.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportable and forward-looking information available without undue costs or effort. The directors of the Company believe that there are no significant increase in credit risk at each reporting date of these amounts and most of the other receivables have been subsequently settled. Other than other receivables with gross carrying amount of S\$1,598,000 which was assessed individually as credit-impaired and loss allowance of S\$1,192,000 recognised in the profit or loss for the year ended 31 December 2023, as detailed in note 22, the Group assessed the ECL for remaining other receivables and deposits to be insignificant and thus no loss allowance for credit losses was recognised.

The Group’s credit risk grading framework comprises the following categories:

Category	Description	Trade receivables, trade-related amounts due from related parties and finance lease receivables	Other financial assets
Performing	The counterparty has a low risk of default.	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
In default	Amount is >365 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

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The table below details the credit quality of the Group's and the Company's financial assets and finance lease receivables, as well as maximum exposure to credit risk by credit risk rating grades:

The Group

	<i>Note</i>	Internal credit rating	12m or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2021						
Trade receivables	22	Performing	Lifetime ECL – not credit-impaired	15,113	–	15,113
		Doubtful	Lifetime ECL – not credit-impaired	356	(39)	317
Other receivables and deposits (excluding value-added tax receivables and prepayments)	22	Performing	12m ECL	4,187	–	4,187
Amount due from related parties	25(a)	Performing	Lifetime ECL – not credit-impaired	2,853	–	2,853
Amount due from immediate holding company	25(b)	Performing	12m ECL	4	–	4
Pledged bank deposits	23	Performing	12m ECL	69	–	69
Cash and cash equivalents	23	Performing	12m ECL	28,170	–	28,170
				Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2022						
Trade receivables	22	Performing	Lifetime ECL – not credit-impaired	13,906	–	13,906
		Doubtful	Lifetime ECL – not credit-impaired	284	(10)	274
Finance lease receivables		Performing	Lifetime ECL – not credit-impaired	106	–	106
Other receivables and deposits (excluding value-added tax receivables and prepayments)	22	Performing	12m ECL	4,432	–	4,432
Amount due from related parties	25(a)	Performing	Lifetime ECL – not credit-impaired	1,697	–	1,697
Amount due from immediate holding company	25(b)	Performing	12m ECL	191	–	191
Pledged bank deposits	23	Performing	12m ECL	5	–	5
Cash and cash equivalents	23	Performing	12m ECL	25,095	–	25,095

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	<i>Note</i>	Internal credit rating	12m or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2023						
Trade receivables	22	Performing	Lifetime ECL – credit-impaired	14,650	–	14,650
		Doubtful	Lifetime ECL – not credit-impaired	410	(10)	400
Finance lease receivables		Performing	Lifetime ECL – not credit-impaired	60	–	60
Other receivables and deposits (excluding value-added tax receivables, prepayments and deferred issue costs)	22	Performing	12m ECL	3,880	–	3,880
		In default	Lifetime ECL – credit-impaired	1,598	(1,192)	406
Amount due from related parties	25(a)	Performing	Lifetime ECL – not credit-impaired	1,435	–	1,435
Amount due from immediate holding company	25(b)	Performing	12m ECL	209	–	209
Pledged bank deposits	23	Performing	12m ECL	5	–	5
Cash and cash equivalents	23	Performing	12m ECL	27,309	–	27,309

The Company

	<i>Note</i>	Internal credit rating	12m or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2021						
Other receivables and deposits (excluding value-added tax receivables and prepayments)	22	Performing	12m ECL	95	–	95
Amount due from subsidiaries	25(e)	Performing	12m ECL	12,220	–	12,220
Amount due from immediate holding company	25(b)	Performing	12m ECL	4	–	4
Cash and cash equivalents	23	Performing	12m ECL	6,008	–	6,008

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	<i>Note</i>	Internal credit rating	12m or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2022						
Other receivables and deposits (excluding value-added tax receivables and prepayments)	22	Performing	12m ECL	63	-	63
Amount due from subsidiaries	25(e)	Performing	12m ECL	13,518	-	13,518
Amount due from immediate holding company	25(b)	Performing	12m ECL	191	-	191
Cash and cash equivalents	23	Performing	12m ECL	4,276	-	4,276
				Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2023						
Other receivables and deposits (excluding value-added tax receivables, prepayments and deferred issue costs)	22	Performing	12m ECL	43	-	43
Amount due from subsidiaries	25(e)	Performing	12m ECL	4,775	-	4,775
Amount due from immediate holding company	25(b)	Performing	12m ECL	209	-	209
Cash and cash equivalents	23	Performing	12m ECL	9,620	-	9,620

- (i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. During the years ended 31 December 2021, 2022 and 2023, net impairment loss under expected credit losses model was a reversal of S\$212,000, a provision of S\$13,000 and nil, respectively.

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(iii) Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with the relevant loan covenants.

The following tables detail the contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from rate curve at the end of each reporting period.

The Group

	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	After 5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount of 31 December S\$'000
2021						
Trade and other payables	-	23,883	-	-	23,883	23,883
Amount due to related parties	-	2,790	-	-	2,790	2,790
Bank borrowings	2.1	26,886	83	-	26,969	26,895
Lease liabilities	4.7	11,253	14,046	22,613	47,912	35,515
		<u>64,812</u>	<u>14,129</u>	<u>22,613</u>	<u>101,554</u>	<u>89,083</u>
2022						
Trade and other payables	-	10,096	-	-	10,096	10,096
Amounts due to related parties	-	2,600	-	-	2,600	2,600
Bank borrowings	5.4	13,826	8,934	-	22,760	21,276
Lease liabilities	4.4	7,821	9,407	22,122	39,350	28,241
		<u>34,343</u>	<u>18,341</u>	<u>22,122</u>	<u>74,806</u>	<u>62,213</u>
2023						
Trade and other payables	-	9,985	-	-	9,985	9,985
Amount due to related parties	-	2,149	-	-	2,149	2,149
Loan from a related company	6	2,276	3,999	-	6,275	5,689
Bank borrowings	5.4	7,415	6,560	-	13,975	13,000
Lease liabilities	4.4	8,767	16,639	23,193	48,599	36,551
		<u>30,592</u>	<u>27,198</u>	<u>23,193</u>	<u>80,983</u>	<u>67,374</u>

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The Company

	Weighted average effective interest rate %	On demand or within 1 year S\$'000	Within 2 to 5 years S\$'000	After 5 years S\$'000	Total undiscounted cash flows S\$'000	Carrying amount of 31 December S\$'000
2021						
Trade and other payables	-	448	-	-	448	448
Amounts due to subsidiaries	-	1,364	-	-	1,364	1,364
Amounts due to related parties	-	1,296	-	-	1,296	1,296
Bank borrowings	2.1	25,429	-	-	25,429	25,400
		<u>28,537</u>	<u>-</u>	<u>-</u>	<u>28,537</u>	<u>28,508</u>
2022						
Trade and other payables	-	7	-	-	7	7
Amounts due to subsidiaries	-	1,360	-	-	1,360	1,360
Amounts due to related parties	-	893	-	-	893	893
Bank borrowings	2.7	12,542	8,934	-	21,476	20,000
		<u>14,802</u>	<u>8,934</u>	<u>-</u>	<u>23,736</u>	<u>22,260</u>
2023						
Trade and other payables	-	649	-	-	649	649
Amounts due to subsidiaries	-	1,350	-	-	1,350	1,350
Amounts due to related parties	-	929	-	-	929	929
Bank borrowings	2.1	7,415	6,560	-	13,975	13,000
		<u>10,343</u>	<u>6,560</u>	<u>-</u>	<u>16,903</u>	<u>15,928</u>

(c) Fair value measurement of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values at the end of each reporting period. The fair values of the financial assets and financial liabilities recorded at amortised cost have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

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36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Amount due to the immediate holding company S\$'000	Amount due to a related party/Loan from a related company S\$'000	Lease liabilities S\$'000	Bank borrowings S\$'000	Dividend payable S\$'000	Accrued issue costs S\$'000	Total S\$'000
At 1 January 2021	881	11	48,165	20,305	-	-	69,362
Financing cash flows	(881)	1,301	(13,094)	6,616	-	-	(6,058)
New leases entered	-	-	2,650	-	-	-	2,650
Remeasurement	-	-	(1,661)	-	-	-	(1,661)
Disposal of subsidiaries	-	-	(718)	-	-	-	(718)
Interest expenses	-	-	2,070	501	-	-	2,571
Interest paid	-	-	(2,070)	(501)	-	-	(2,571)
Foreign exchange translation	-	-	173	(26)	-	-	147
At 31 December 2021	-	1,312	35,515	26,895	-	-	63,722
Financing cash flows	-	(395)	(9,264)	(5,594)	(2,000)	-	(17,253)
Dividend declared	-	-	-	-	2,000	-	2,000
New leases entered	-	-	2,509	-	-	-	2,509
Disposal/written off	-	-	(456)	-	-	-	(456)
Remeasurement	-	-	13	-	-	-	13
Interest expenses	-	-	1,397	828	-	-	2,225
Interest paid	-	-	(1,397)	(828)	-	-	(2,225)
Foreign exchange translation	-	-	(76)	(25)	-	-	(101)
At 31 December 2022	-	917	28,241	21,276	-	-	50,434
Financing cash flows	-	5,716	(7,954)	(8,276)	(3,000)	(997)	(14,511)
Dividend declared	-	-	-	-	3,000	-	3,000
New leases entered	-	-	16,533	-	-	-	16,533
Deferred issue cost	-	-	-	-	-	1,085	1,085
Early termination of leases	-	-	(832)	-	-	-	(832)
Interest expenses	-	-	1,303	833	-	-	2,136
Interest paid	-	-	(1,303)	(833)	-	-	(2,136)
Foreign exchange translation	-	-	563	-	-	-	563
At 31 December 2023	-	6,633	36,551	13,000	-	88	56,272

37. RELATED PARTY TRANSACTIONS

The Group

Apart from the balances and transactions with related parties set out elsewhere in the Historical Financial Information, the Group entered into the following significant transactions with its related parties during the Track Record Period:

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Name of companies	Notes	Nature of transactions	2021 S\$'000	2022 S\$'000	2023 S\$'000
Leisure Harvest Sdn Bhd	(i)	Repayment of lease liabilities	362	370	394
		Interest expense for lease liabilities	32	16	11
Excellent Delight Sdn Bhd	(ii)	Repayment of lease liabilities	222	228	228
		Interest expense for lease liabilities	36	22	7
Tianjin Zhongke Investment Co., Ltd. and its subsidiaries	(iii)	Repayment of lease liabilities	141	140	130
		Logistic-related supporting services expenses paid	5,596	5,256	5,467
		Subcontracting service income received	8,627	8,078	5,322

Notes:

- (i) Leisure Harvest Sdn Bhd is a company controlled by certain directors of the Company.
- (ii) Excellent Delight Sdn Bhd is a company controlled by certain directors of the Company.
- (iii) Tianjin Zhongke Investment Co., Ltd. is a company controlled by a director and non-controlling shareholder of a subsidiary of the Group and his spouse.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	2021 S\$'000	2022 S\$'000	2023 S\$'000
Short-term benefits	4,229	4,436	4,744
Post-employment benefits	125	131	129
Equity-settled share-based expenses	—	—	2,870
	<u>4,354</u>	<u>4,567</u>	<u>7,743</u>

38. EVENTS AFTER REPORTING PERIOD

The name of the Company was changed to EKH Pte. Ltd. on 14 March 2024 and was further changed to EKH Limited on [•].

On 30 May 2024, Reefertec Pte. Ltd., a subsidiary of the Company, entered into agreement with an independent third party to acquire 60% interest in Yuan Fang Container Specialist Pte. Ltd at a consideration of S\$59,000. The management of the Company are currently in the process of assessing the financial impact of the acquisition.

In April 2024, Grand Pacific Warehouse Limited, a subsidiary of the Company, intended to cease operation of a warehouse in Hong Kong by May 2024. The management of the Company is currently in the process of assessing the financial impact of the cease of operation.

On [•] 2024, the Company conducted a share swap, through which the Company acquired the remaining 20% shares in (HK) Gold Prime from Perfect Greenery Holdings Limited (a company controlled by a director of (HK) Gold Prime), at a consideration of 23,447,153 shares of the Company (representing approximately 8.2% of the total issued shares of the Company immediately after completion of such share swap) allotted and issued to King Card Limited, an investment holding company wholly-owned by a director of a subsidiary of the Group.

On [•] 2024, the shareholder of the Company approved a Pre-[REDACTED] share sward scheme, a total of [•] shares were awarded to certain directors of the Company and certain employees of the Group, as detailed in note 31(b).

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2023.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The information set forth in this Appendix does not form part of the accountants’ report on the historical financial information of the Group for each of the three years ended 31 December 2023 (the “Accountants’ Report”) prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this document, and is included herein for information only.

The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this document and the Accountants’ Report set forth in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company which has been prepared in accordance with paragraph 4.29 of the Listing Rules is for the purpose of illustrating the effect of the [REDACTED] on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 as if the [REDACTED] had taken place on 31 December 2023.

This unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 or at any further dates following the [REDACTED]. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 as derived from the Accountants’ Report set out in Appendix I to this document and adjusted as described below.

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023	Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 per Share	
<u>S\$’000</u> (Note 1)	<u>S\$’000</u> (Note 2)	<u>S\$’000</u>	<u>S\$</u> (Note 3)	<u>HK\$</u> (Note 4)
Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 is arrived at after deducting goodwill and intangible assets attributable to owners of the Company of S\$[13,009,000] and S\$[2,134,000], respectively from the audited consolidated net assets attributable to owners of the Company of S\$[69,404,000] as at 31 December 2023 as extracted from the Accountants’ Report set out in Appendix I to this document.
2. The estimated net [REDACTED] from the issue of the [REDACTED] pursuant to the [REDACTED] are based on [REDACTED] Shares at the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share, being the low-end and high-end of the stated [REDACTED] range, after deduction of the estimated [REDACTED] fees and commissions and other [REDACTED] related expenses not yet recognised in profit or loss up to 31 December 2023. It does not take into account the Shares which will be issued for the Share Swap (as defined and detailed in note 6 below) or any Share which may be allotted and issued (i) pursuant to the exercise of the [REDACTED]; (ii) pursuant to the grant of awards under the Pre-[REDACTED] Share Award Scheme; (iii) upon the exercise of options which may be granted under the Post-[REDACTED] Share Option Scheme, or (iv) any Share which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the directors of the Company referred to the section headed “Share Capital – General Mandate to Issue Shares” or “Share Capital – General Mandate to Repurchase Shares” in the document.

The estimated net [REDACTED] from the [REDACTED] are converted from HK\$ into S\$ at the rate of HK\$[5.87] to S\$1 (being the exchange rate prevailing at 31 December 2023). No representation is made that the HK\$ amounts have been, could have been or could be converted to S\$, or vice versa, at that rate or at any other rates or at all.

3. The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that [REDACTED] Shares (comprising 262,493,736 Shares in issue as at 31 December 2023 and [REDACTED] Shares to be issued pursuant to the [REDACTED]) were in issue assuming that the [REDACTED] had been completed on 31 December 2023 and without taking into account the Shares issued for the Share Swap (as defined and detailed in note 6 below) or any Share which may be allotted and issued (i) pursuant to the exercise of the [REDACTED]; (ii) pursuant to the grant of awards under the Pre-[REDACTED] Share Award Scheme; (iii) upon the exercise of options which may be granted under the Post-[REDACTED] Share Option Scheme, or (iv) any Share which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the directors of the Company referred to the section headed “Share Capital – General Mandate to Issue Shares” or “Share Capital – General Mandate to Repurchase Shares” in the document.
4. For the purpose of unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in S\$ is converted into HK\$ at the rate of S\$1 to HK\$[5.87] (being the exchange rate prevailing at [31 December 2023]). No representation is made that the S\$ amounts have been, could have been or may be converted to HK\$, or vice versa, at that rate or any other rates or at all.
5. No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 to reflect any trade result or other transaction of the Group entered into subsequent to 31 December 2023.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

6. The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 per Share in the table above does not take into account (i) dividends of S\$[6,000,000] declared by the Company on 1 March 2024; (ii) the acquisition of the remaining 20% shares in Gold Prime Holdings Limited, a subsidiary of the Company, at a consideration of [23,447,153] Shares of the Company (the “Share Swap”)[, will be completed upon [REDACTED]]; and (iii) a total of [REDACTED] Shares which will be issued upon the [REDACTED] pursuant to the grant of awards under the Pre-[REDACTED] Share Award Scheme.

Assuming that the declaration of dividends, the Share Swap and the issue of Shares pursuant to the Pre-[REDACTED] Share Award Scheme had been taken into account, the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 would have been increased by S\$[410,000] (representing the net effect of dividends distribution of S\$6,000,000 and the carrying amount of 20% non-controlling interests of Gold Prime Holdings Limited amounting to S\$6,410,000 as at 31 December 2023) to [REDACTED] and [REDACTED] at the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED], respectively, and the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 per Share would have been S\$[REDACTED] (equivalent to [HK\$[REDACTED]]) and S\$[REDACTED] (equivalent to [HK\$[REDACTED]]) at the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED], respectively, on the basis that [REDACTED] Shares were in issue assuming that the declaration of dividends, the Share Swap and the issue of Shares pursuant to the Pre-[REDACTED] Share Award Scheme and the [REDACTED] had been completed on 31 December 2023. It does not take into account (i) any Share which may be allotted and issued pursuant to the exercise of the [REDACTED] or any options which may be granted under the Post-[REDACTED] Share Option Scheme, or (ii) any Share which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the directors of the Company referred to the section headed “Share Capital – General Mandate to Issue Shares” or “Share Capital – General Mandate to Repurchase Shares” in the Document.

The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 per Share is converted from S\$ into HK\$ at the rate of S\$1 to HK\$[5.87] (being the exchange rate prevailing at [31 December 2023]). No representation is made that the S\$ amounts have been, could have been or could be converted to HK\$, or vice versa, at that rate or at any other rates or at all.

7. By comparing the valuation of the properties as set out in the valuation report prepared by Kroll (HK) Limited as at [31 March 2024], the net valuation surplus for the depot complex located at east of Beigang Dongsan Road, south of Tanggu Xingang No. 6, Binhai New Area, Tianjin, the PRC is approximately RMB[6,682,000] (approximately equivalent to S\$[1,244,000]) as compared to the carrying amount of the property as at 31 December 2023, which has not been included in the above consolidated net tangible assets of the Group attributable to owners of the Company. The valuation surplus of the properties will not be incorporated in the Group’s consolidated financial statements in the future. If the valuation surplus were to be included in the consolidated financial statements, the annual depreciation amount will be increased by RMB[142,000] (approximately equivalent to S\$[26,000]).

The amounts stated in this note in RMB are converted into S\$ at the rate of RMB[5.37] to S\$1 (being the exchange rate prevailing at 31 December 2023). No representation is made that the RMB amounts have been, could have been or may be converted to S\$, or vice versa, at that rate or any other rates or at all.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

The following is the text of a property valuation report prepared for inclusion in this document, received from Kroll (HK) Limited, an independent property valuer, in connection with their valuations as of 31 March 2024 of the Property held by the Group.



[•] 2024

EKH Limited
13 Tuas Avenue 11,
Singapore 649079

Dear Sirs,

In accordance with the instruction from EKH Limited (the “Company”) or its subsidiaries (collectively hereinafter referred to as the “Group”) to provide our opinion of the market values of a depot complex located at the east of Beigang Dongsan Road, south of Tanggu Xingang No. 6, Binhai New Area, Tianjin, the People’s Republic of China (the “PRC”); and a Megadepot Land known as PTE Lot (To be made known Later) located at 30 Tuas South Avenue 10, Singapore 636917 (collectively hereinafter referred to as the “Properties” or the “property interests”).

We confirm that we have carried out inspections of the Properties, made relevant enquiries and obtained such further information as we consider necessary for providing the market values of such property interests as of 31 March 2024 (referred to as the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, and clarifies our assumptions made, title investigation of property interests and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the *Market Value* which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

APPENDIX III

VALUATION REPORT

PROPERTY APPRAISED

The Properties comprise a depot complex erected on a land parcel located in Tianjin City in the PRC, and a Megadepot land located in Singapore. The salient details of the Properties are tabulated below:

No.	Property Address	Permitted Use(s)	Site Area (sq.m)	Gross Floor Area ("GFA") (sq.m)	Land Use Term
1	A depot complex located at east of Beigang Dongsan Road, south of Tanggu Xingang No. 6, Binhai New Area, Tianjin, the PRC 中國天津市濱海新區塘沽新港六號以南，北港東三路以東之倉儲物業	Storage	147,309.80	16,057.61	50 years (from 19 May 2021 to 18 May 2071)
2	A Megadepot land known as PTE Lot (To be made known Later) located at 30 Tuas South Avenue 10, Singapore 636917	Container depot, warehouse and ancillary office	80,000.00	/	30 years (#1) (from 16 December 2020 to 15 December 2050)

Remarks:

- (#1) The Megadepot land is rented from the Party C to Eng Kong Logistic Hub Pte Ltd for a term of 30 years with the rights to build in, occupation and use of the land, which is not owned.

VALUATION METHODOLOGY

Due to the specialized nature of Property 1 which there is no readily available comparable market sale or rental transaction, we have considered mainly the cost approach to determine the market value of the property. The approach is detailed as follows:

Cost Approach

The cost approach begins with the determination of land value, which is valued by the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable land parcels is made. Comparable land parcels of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each land use rights interest in order to arrive at a fair comparison of land value.

Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence.

APPENDIX III

VALUATION REPORT

The depreciated replacement cost establishes value based on the cost of reproducing or replacing the property, less depreciation from physical deterioration, and functional and economic/external obsolescence, if present and measurable.

Replacement Cost New is defined as the estimated amount required to replace the property at one time with a modern new unit using the most current technology and materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labor, manufactured equipment, contractors' overheads and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for material or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the asset such as changes in design, materials, or processes that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by negative influences outside of the asset itself, such as general economic conditions, availability of financing, or inharmonious property uses.

The cost approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures, and special machinery and equipment associated with a viable business or justified by economic demand.

Property 2 is a leased land from the Party C. The Company cannot transfer, assign or mortgage Property 2 freely in the market as of the Valuation Date, so that Property 2 has no attributable commercial value as of the Valuation Date.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests located in the PRC and Singapore. However, no investigation has been made for the legal title or any liabilities attached to the Properties. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

We have made reference to the PRC Legal Opinion Issued by the PRC legal adviser, JunHe LLP, on the PRC Law regarding the property 1 located in the PRC.

All legal documents disclosed in this letter and valuation particulars are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation particulars.

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VALUATION REPORT

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interests on the market in their existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the property interests.

No allowance has been in our valuation for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have assumed that the owner(s) of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation particulars. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation particulars.

Other special assumptions of the Properties, if any, have been stated in the footnotes of the valuation particulars.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation particulars are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land area or building area in respect of the Properties but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Ms. Kathy Li has inspected Property 1 on 28–29 March 2023, and Ms. Elaine Ng has inspected Property 2 on 13 May 2024, respectively. They have visited and inspected the Properties to identify the existence of the Properties, to record the existing condition of the Properties and took photographs of the Properties. No structural survey has been made and we are therefore unable to report as to whether the Properties are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

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No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Listing Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors, and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs. We confirm that we are an independent qualified valuer, as referred to Rule 11 of The Codes on Takeovers and Mergers and Share Buy-Backs published by the Securities and Futures Commission.

We hereby certify that we have neither present nor prospective interest in the Properties or the values reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB) or Singapore Dollars (SGD), respectively.

Yours faithfully,
For and on behalf of
Kroll (HK) Limited

Elaine H. L. Ng
MRICS, MHKIS, RPS (GP), MCIREA
Director

Notes:

Ms. Elaine H. L. Ng, who is a Chartered Surveyor, has over 16 years' post qualification experience in valuation of properties in Hong Kong, Singapore, the People's Republic of China and Asia.

Ms. Kathy Li, who is a member of CREA and ASA, she works in Kroll as a Vice President for over 22 years' valuation experience in real estate in the People's Republic of China.

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VALUATION REPORT

SUMMARY OF VALUES

Property interests held for owner-occupation

No.	Property	Market Value in existing state as of 31 March 2024
1.	A depot complex located at east of Beigang Dongsan Road, south of Tanggu Xingang No. 6, Binhai New Area, Tianjin, the PRC 中國天津市濱海新區塘沽新港六號以南，北港東三路以東之倉儲物業	RMB169,500,000
2.	A Megadepot land known as PTE Lot (To be made known Later) located at 30 Tuas South Avenue 10, Singapore 636917	No commercial value
		<hr/>
		Total: <u><u>RMB169,500,000</u></u>

APPENDIX III

VALUATION REPORT

VALUATION PARTICULARS

Property interests held for owner-occupation

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as of 31 March 2024
1.	<p>A depot complex located on east of Beigang Dongsan Road, south of Tanggu Xingang No. 6, Binhai New Area, Tianjin, the PRC</p> <p>中國天津市濱海新區塘沽新港六號以南，北港東三路以東之倉儲物業</p>	<p>The property is a depot complex erected on a land parcel with a site area of about 147,309.8 sq.m. The buildings of the property were built in about 2007.</p> <p>As advised, the total gross floor area of the property is about 16,057.61 square metres.</p> <p>The land use rights of the property have been granted for a term of 50 years from 19 May 2021 to 18 May 2071 for storage purpose.</p>	<p>As advised by the Company, the property was owner-occupied for depot use, which is legally allowed as of the Valuation Date.</p>	<p>RMB169,500,000</p>

Notes:

1. Pursuant to a Tianjin State-owned Construction Land Use Rights Transfer Contract (“天津市國有建設用地使用權出讓合同”), No. TJ10072021001, entered into between Tianjin Municipal Bureau of Planning and Natural Resources Binhai New District Branch (“天津市規劃和自然資源局濱海新區分局”) and Tianjin Keyun Logistics Co., Ltd. (“天津克運國際物流集團有限公司”) (“Tianjin Keyun”) dated 18 March 2021, the land use rights of the property have been transferred to the grantee for a term of 50 years for storage purpose at a consideration of RMB98,000,000.
2. Pursuant to a Realty Title Certificate (“不動產權證”), Jin (2024) Bin Hai Xin Qu Tang Gu Bu Dong Chan Quan No. 0174009 (“津(2024)濱海新區塘沽部動產權第0174009號”), issued by the Tianjin Planning and Natural Resources Bureau, dated 1 June 2021, the land use rights of the property with a site area of 147,309.8 square metres and the building ownership rights with a total gross floor area of 16,057.61 square metres were legally vested in Tianjin Keyun for a term of 50 years from 19 May 2021 to 18 May 2071 for storage purpose.
3. The property is located along Xingang No.6 Road and is within 20 minutes’ drive from the Binhai New Area downtown. The immediate neighborhood of the property mainly comprises industrial properties.
4. Tianjin Keyun is an indirect 80%-owned subsidiary of the Company.

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VALUATION REPORT

5. The PRC legal opinion states, *inter alias*, that:
 - a) Tianjin Keyun legally possesses title of the land use rights and building ownership rights of the Property.
 - b) The property is not subject to any mortgages, seizures or other restriction on rights.
6. Our valuation has been made on the following basis and analysis:

In the valuation of the property in its existing state, the cost approach was adopted. It begins with the determination of land value, which is valued by the direct comparison method. Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation. To determine the land value, we have made reference to various recent sales prices of industrial land parcels within the vicinity.

Land value:

The following land sale comparables were selected as they have characteristics comparable to the subject property. The price range of these comparables is from RMB685 to RMB700 per square metre (on maximum plot ratio countable gross floor area basis). The salient details of these comparables are tabulated below:

	Land Comparable 1	Land Comparable 2	Land Comparable 3	Land Comparable 4
Location (Chinese)	濱海新區北港路以西， 吉運一道以北	濱海新區海鐵大道以北， 躍進路以東	東至海堤，南至吉運四 道，西至北港西路，北至 東排明渠	東至海堤，南至東排明 渠，西至北港西路，北至 規劃吉運八道
Location (English)	West of Beigang Road, North of Jiyun 1rd Ave	North of Haitie Ave., East of Yuejin Road	East of Beigang West Road	East of Beigang West Road
Status at sale time	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Plot Ratio (maximum)	<1.0x	<1.5x	<1.0x	<1.0x
Site Area	284,748.00 m ²	171,427.60 m ²	187,361.20 m ²	87,994.00 m ²
Permitted Use	Storage	Storage	Storage	Storage
Tenure	50 years	50 years	50 years	50 years
Transaction Type	Private Treaty Grant by [REDACTED]	Private Treaty Grant by [REDACTED]	Private Treaty Grant by [REDACTED]	Private Treaty Grant by [REDACTED]
Date of Transaction	16-Aug-2022	14-Feb-2022	22-Nov-2023	22-Nov-2023
Transacted Price	¥195,000,000	¥119,300,000	¥131,100,000	¥61,600,000
Unit rate on GFA	¥685/m ²	¥696/m ²	¥700/m ²	¥700 /m ²

The unit rate arrived by us is consistent with the sale prices of the relevant comparables after due adjustments. These adjustments include transaction time, location and tenure. In the course of our valuation, we have adopted an average unit rate of RMB687 per square metre on maximum plot ratio countable GFA, such that the market value of the land portion of Property 1 is estimated at RMB101,200,000.

Buildings and improvement values:

The estimated replacement cost new of the buildings and site improvements, which were constructed in 2007, have been estimated based on the original cost data as well as the prevailing construction costs in the vicinity. The adopted unit replacement cost new range from about RMB2,300 to RMB2,370 per square metre depending on the type and nature of the particular building/structure.

The depreciation is estimated based on the observed conditions, and with consideration to the age and economic lives of the improvements and the remaining land tenure.

The buildings have been maintained in average condition in general. The effective age is estimated at about 16.7 years. Considering the normal economic life of about 50 years for buildings in general, the remaining land tenure as well as the buildings' actual physical conditions as per our site inspection, the depreciation of the buildings is estimated at about 33.3% as of the Valuation Date.

With regard to the above, the depreciated replacement cost of the buildings and improvements is estimated at about RMB68,600,000 as of the Valuation Date.

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VALUATION REPORT

VALUATION PARTICULARS

Property interests held for owner-occupation

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as of 31 March 2024
2.	A Megadepot land known as PTE Lot (To be made known Later) located at 30 Tuas South Avenue 10, Singapore 636917	The property is a vacant depot land located along Tuas South Avenue with a site area of approximately 80,000 sq.m. The property was leased from Party C to EKH Limited for a term of 30 years from 16 December 2020 to 15 December 2050 for container depot, warehouse and ancillary office uses.	As advised by the Company, the property was vacant as of the Valuation Date.	No commercial value

Notes:

- Pursuant to an Offer For Lease of Megadepot Land known as PTE Lot (To be made known Later) At 30 Tuas South Avenue 10 dated 21 August 2020, Party C (the "Lessor") has offered Eng Kong Logistic Hub Pte Ltd (the "Lessee") the lease of the property on an "as is" basis. According to the document, the property must be used for container depot activities at all times during the entire lease term. The salient details of the property and the lease terms and conditions are tabulated below:

Property Details

Address	:	30 Tuas South Avenue 10
Land Area	:	80,000 sq.m
Maximum Plot Ratio	:	1.00x
Lot No.	:	Private Lot No. (to be made known later) forming part of Government Survey Lot No. MK07-05006V
Zoning	:	Business 2
Authorized Use	:	Container depot, warehouse and ancillary office

Lease Terms and Conditions

Commencement Date	:	16 December 2020
Possession Date	:	Date within 2 months before the Commencement Date
Lease Term	:	30 years from the Commencement Date

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Land Rent : SGD 74,733.33 per month (The Land Rent must be paid in advance (without demand or deduction) on the first day of each month of the Lease Term.

Respective Revision Date : 16 December 2021 and 16 December of every year during the Lease Term.

Declared Investment

Declared Investment : Satisfaction of certain investment on new plant and machinery as declared by the Lessee on 8 May 2019.

If the minimum required investment is not met, then the total lease term offered shall be reduced to the shortest lease term that the Licensee/Lessee is eligible for based on the table set forth in the Appendix A of the Offer Letter.

Declared Investment Deadline : Within 3 years from the Commencement Date

Building Works

Building Period : Within 3 years from the Commencement Date

Minimum Plot Ratio : Not less than 0.80x

Maximum Plot Ratio : Not more than 1.00x

Completion Submissions Date : 15 June 2024, and extended to 15 June 2025 (approved by the Lessor)

Green Building Obligations and Technology Obligations

Lessee's Obligations : The Lessee have to propose to implement the Automated Lifting Technology, to intensify the land use for the inland container depot sector through the use of technology, automation and digitalization.

The Lessee must ensure and show proof (to the Lessor's satisfaction) that the Automated Lifting Technology is implemented at the Property before the expiry of the Building Period ("Technology Obligations").

Key Terms and Condition – Assignment and Subletting

Assignment (a) The Lessor will consider applications for assignment and/or changes to the Control Requirement
(b) The Lessee is not allowed to assign the Property nor change the Control Requirement during the Initial Assignment Prohibition Period and the End Assignment Prohibition Period under any circumstances whatsoever.

Subletting : The Lessor will consider subletting applications only after Temporary Occupation Permit for the Property has been obtained.

Control Requirement

Control Requirement "Control Requirement" will be deemed to be a breach of the Mandatory Condition and paragraph 4.2m of the Offer will apply.

Notice of Mortgage/Charge

Mortgage/Charge : Upon acceptance of the Offer, the Lessee may mortgage the Property by submitting the Lessor a Notice of Mortgage in accordance with their prevailing requirements at the time of mortgage.

2. Pursuant to an Acceptance of Offer for Lease of Megadepot Land known as PTE Lot (To be made known Later) At 30 Tuas South Avenue 10, dated 8 September 2020, Eng Kong Logistic Hub Pte Ltd has accepted the offer of lease terms and conditions from the Party C as captioned in Note 1 above.

3. As advised by the Company, the existing land rent payable in 2023 is SGD 900,800 annually and is subject to year-on-year revision by the Party C.

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4. As advised by the Company, the property was under a planning stage as of the Valuation Date, with an estimated total budgeted construction cost of about SGD 149.2 million. The preliminary planned construction works include container warehouse and its ancillary facilities, general warehouse and open yard.
5. The property is located along 30 Tuas South Avenue 10 in Tuas District, which is located on the west of Singapore. The immediately neighborhood of Tuas is concentrated with factories and industrial plants. The property is located next to the Abbott Manufacturing Singapore Neste West Area Plant.
6. Eng Kong Logistic Hub Pte Ltd is a direct wholly-owned subsidiary of the Company.
7. Our valuation has been made on the following basis and analysis:

Although EKH Limited has no legal title on the property, it has a right to use the property for its depot operation for the remaining term of the land tenure. For your internal reference purpose, we have determined the value of the property based on the provided development scheme of the property provided by the Group as captioned in Note 4 above, and with the consideration of the outstanding costs to complete the proposed development.

We have considered a top-down approach to determine the market value of the property, by estimating its completion value and deduct the corresponding construction cost to arrive at a notional land value.

The warehouse sales comparable are selected as they have characteristics comparable to the subject property. The price range of these comparables is from SGD 2,202 to SGD 2,885 per square metre on gross floor area basis. The salient details of the warehouse comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Building Name	Tuas Cove Industrial Centre	–	Seatown Industrial Centre
Location	Tuas South Avenue 1	Tuas South Avenue 2	Tuas Ave 18 B2 Factory with Office
District	District 22	District 22	District 22
Gross Floor Area (GFA)	862.97	727.98	2,262.73
Permitted Use	Warehouse	Warehouse	Warehouse
Tenure	60 years lease from 1999	60 years from 08/04/2000	–
Nature of Transaction	Asking	Asking	Asking
Date of Information	01-Apr-2024	11-Apr-2024	05-Apr-2024
Asking Price	\$1,900,000	\$2,100,000	\$5,500,000
Unit Rate on GFA	S\$2,202/m ²	S\$2,885/m ²	S\$2,431/m ²

The unit rate arrived by us is consistent with the sale prices of the relevant comparables after due adjustments. These adjustments include nature of transaction, time, location and tenure. In the course of our valuation, we have adopted an average unit rate ranging from SGD 1,096 per square metre to SGD 1,956 per square metre for various uses, the market value of the property upon completion is about SGD 199,600,000.

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After determining the gross development value, we have further deducted the estimated development costs and profit in order to arrive the market value of the land. The wording details are illustrated below:

Gross Development Value ("GDV") by Market Approach (rounded)	SGD199,600,000	
PV for half of the total construction period	0.9637	
Net Sale Value as of the Valuation Date	SGD192,354,520	(A)
Gross Development Cost ("GDC")	SGD168,457,247	(B)
GDV – GDC = (A) – (B)	SGD23,897,273	(C)
Developer's Profit on Land	SGD2,172,479	(D)
Total Site Value (rounded)	SGD21,700,000	(C) – (D)

Based on the above, the market value of the property in its existing state, indicated by the top-down approach as of the Valuation Date is about **SGD21,700,000**.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND SINGAPORE COMPANY LAW

Set out below is a summary of certain provisions of the Constitution of the Company and salient provisions of the laws of Singapore applicable to a Singapore incorporated company.

The Company was incorporated in Singapore under the Singapore Companies Act as a private company limited by shares on 14 October 1994. It was converted to a public company limited by shares on [•]. The Constitution was adopted by special resolution of the Shareholders passed on [•] and took effect upon the conversion of the Company into a public company limited by shares.

A. CONSTITUTION OF THE COMPANY

The discussion below provides information about certain provisions of the Company's Constitution. A summary of the salient provisions of the laws of Singapore is set out in the section entitled "B. Salient Provisions of the Corporate Laws of Singapore" below. This description is only a summary and is qualified by reference to Singapore law and the Constitution. The instrument that constitutes and defines the Company is the Constitution of the Company.

The capitalised terms in the summary of the Constitution of our Company in this Appendix IV shall be defined as follows:

“Act”	means the Companies Act 1967 of Singapore or any modification, amendment or re-enactment thereof for the time being in force and includes every other law or subsidiary legislation incorporated therewith or substituted therefor.
“Auditor”	means the auditor of the Company appointed for the time being under Section 205 or Section 205AF of the Act (if any).
“business day”	means any day which the Designated Stock Exchange is open for the business of dealing in securities in Hong Kong.
“clearing house”	shall have the same meaning as “recognised clearing house” as defined in Part I of Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.
“Company”	means the above-named company or by whatever name from time to time called.
“Constitution”	means the Constitution of the Company as from time to time altered.
“Designated Stock Exchange”	means a stock exchange in respect of which the Shares of the Company are listed or quoted and where such stock exchange deems such listing or quotation to be the primary listing or quotation of the Shares of the Company.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND SINGAPORE COMPANY LAW**

“Directors”	means the directors for the time being of the Company and includes any person duly appointed and acting for the time being as an alternate Director.
“Dividend”	means any dividend (whether interim or final) resolved to be paid on Shares pursuant to the Constitution and includes bonus and payment by way of bonus.
“Elected Shares”	shall have the meaning prescribed to it at regulation 46.12(a)(iv).
“Hong Kong Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and any amendments thereto or re- enactment thereof for the time being in force and includes every other law or subsidiary legislation incorporated therewith or substituted therefor.
“hybrid meeting”	means a general meeting held and conducted by (a) physical attendance and participation by Members and/or proxies at the Principal Meeting Place and where applicable, one (1) or more Meeting Locations, and (b) virtual attendance and participation by Members and/or proxies by means of virtual meeting technology.
“Meeting Location”	shall have the meaning prescribed to it at regulation 26.2.
“Member”	means any registered holder of Shares for the time being, except that, where the Act requires, excludes the Company where it is a member by reason of its holding of its Shares as Treasury Shares.
“month”	means a calendar month.
“Ordinary Resolution”	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or by proxy present at a general meeting. In computing the majority when a poll is demanded on a question that requires an ordinary resolution be passed, reference shall be had to the number of votes cast for and against the resolution and to the number of votes to which each Member is entitled by the Act or the Constitution.
“paid-up”	includes credited as paid up.
“physical meeting”	means a general meeting held and conducted by physical attendance and participation by Members and/or proxies at the Principal Meeting Place and/or where applicable, one (1) or more Meeting Locations.
“Principal Meeting Place”	if there is more than one (1) Meeting Location as determined by the Directors pursuant to regulation 26.2, means the principal place of the meeting as specified in the notice of general meeting.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND SINGAPORE COMPANY LAW**

“Register of Members”	means (a) the register of Members kept and maintained by the Company under Section 190 of the Act, and (b) any branch register of Members kept and maintained by the Company under Section 196 of the Act.
“registered address” or “address”	in relation to any Member, means his physical address for the service or delivery of notices or documents (including any corporate communication) personally or by post, except where otherwise expressly provided in the Constitution.
“Registered Office”	means the registered office for the time being of the Company.
“regulation”	means a regulation of the Constitution, as altered or added to from time to time and any reference to a regulation by number is a reference to the regulation of that number in the Constitution.
“Scheduled Meeting Day”	shall have the meaning prescribed to it at regulation 25.4.
“Seal”	means the common seal of the Company and includes in appropriate cases the official seal or every duplicate common seal.
“Secretary”	means a secretary of the Company appointed for the time being under Section 171 of the Act, and includes any person appointed by the Directors to perform any of the duties of the Secretary of the Company and, where two (2) or more persons are appointed to act as Secretaries, shall include any one (1) or all of those persons.
“Share”	means a share in the capital of the Company.
“Singapore”	means the Republic of Singapore.
“Special Resolution”	means a resolution passed by a majority of not less than three-fourths of Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy present at a general meeting in accordance with Section 184 of the Act.
“S\$”	means the lawful currency of Singapore.
“Treasury Share”	means a Share held in treasury in accordance with the Act.
“virtual meeting”	means a general meeting held and conducted by virtual attendance and participation by Members and/or proxies by means of virtual meeting technology only.
“year”	means a calendar year.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND SINGAPORE COMPANY LAW**

(a) Liability of Members

Regulation 4

The liability of each Member is limited.

(b) Capacity And Powers

Regulation 3.1

Subject to the provisions of the Act (and where applicable, the rules and regulations of the Designated Stock Exchange) and any other written law and the Constitution, the Company shall have full capacity to carry on or undertake any business or activity, do any act or enter into any transaction not prohibited by the laws of the Republic of Singapore and for these purposes has full rights, powers and privileges.

Regulation 3.2

Subject to the provisions of the Act, any branch or kind of business which by the Constitution is either expressly or by implication authorised to be undertaken by the Company may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

(c) Directors

Director's duty to disclose his interest in contracts with the Company

Regulation 37.5

Every Director and any relevant officer of the Company (to whom Section 156 of the Act applies) shall observe the provisions of Section 156 of the Act relating to the disclosure of his interests in transactions or proposed transactions with the Company or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or such officer (as the case may be).

Director's power to vote on a proposal, arrangement or contract in which the director is interested

Regulation 36.1

A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

**APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY
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Regulation 37.1

A Director or the Chief Executive Officer may hold any other office or place of profit under the Company, other than the office of the Auditor (or Secretary in the case of the Company having only one (1) Director), in conjunction with his office for such period and on such terms as to remuneration and otherwise as the Directors may determine.

Regulation 37.3

Subject to the Act, a Director, alternate Director or the Chief Executive Officer may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a vendor, purchaser, shareholder, a contracting party or otherwise, and no such Director, alternate Director or the Chief Executive Officer shall be accountable to the Company for any fees, remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs.

Regulation 37.4

Subject to the Act, no person shall be disqualified from the office of Director, alternate Director, Chief Executive Officer or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director, alternate Director or Chief Executive Officer shall be in any way interested be or be liable to be avoided, nor shall any Director, alternate Director or Chief Executive Officer so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director, alternate Director or Chief Executive Officer holding office or of the fiduciary relationship thereby established.

Regulation 37.5

Every Director and any relevant officer of the Company (to whom Section 156 of the Act applies) shall observe the provisions of Section 156 of the Act relating to the disclosure of his interests in transactions or proposed transactions with the Company or of any office or property held by him which might create duties or interests in conflict with his duties or interests as a Director or such officer (as the case may be). Notwithstanding such disclosure, a Director shall not vote in respect of any transaction, contract or arrangement or any other proposal whatsoever in which he or any of his close associates has any personal material interest, directly or indirectly, and such Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting, but this prohibition shall not apply to any of the following:

- (a) any contract or arrangement or any other proposal for the giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associate(s) or obligations incurred or undertaken by him or any of his close associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

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- (b) any contract or arrangement or any other proposal for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any contract or arrangement or any other proposal concerning an offer of Shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries, including the following:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors or his close associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates; or
- (e) any contract or arrangement or any other proposal in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares or debentures or other securities of the Company by virtue only of his/their interest in Shares or debentures or other securities of the Company.

Regulation 37.6

The provisions of regulation 37.5 may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by the Company in general meeting, and any particular contract, arrangement or transaction carried out in contravention of this regulation may be ratified by Ordinary Resolution of the Company, or as otherwise provided in the Constitution.

Regulation 37.7

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

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Directors' remuneration and a Director's power to vote on remuneration

Regulation 33.3

Subject to the Act, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Regulation 36.1

A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Regulation 37.2

Subject to the Act, a Director or alternate Director may act by himself or by, through or on behalf of his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.

Regulation 37.5

A Director shall not vote in respect of any transaction, contract or arrangement or any other proposal whatsoever in which he or any of his close associates has any personal material interest, directly or indirectly, save for a few exceptions provided in the Constitution (which exceptions include any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries, including the following: (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors or his close associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates).

Regulation 43.1

Subject to Section 169 of the Act, the remuneration to be paid to the Directors, if any, shall be such remuneration as the Company in a general meeting by Ordinary Resolution shall determine and such fees shall (unless such resolution otherwise provides) not be increased except pursuant to an Ordinary Resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Company in a general meeting by Ordinary Resolution, or a combination partly of one (1) such method and partly the other.

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Regulation 43.2

The Company in general meeting may by Ordinary Resolution approve additional remuneration to any Director who holds any executive office or serves on any committee or who otherwise performs or renders services which in the opinion of the Directors go beyond his ordinary routine work as a Director, subject to the provisions of the Act. Such extra remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by a lump sum or by way of salary. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

Director's powers in respect of cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments

Regulation 33.2

All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors may determine by resolution.

Borrowing powers exercisable by the Directors and how such borrowing powers can be varied

Regulation 33.4

Subject to the Act and without prejudice to the generality of the foregoing, the Directors may exercise all the powers of the Company to borrow or otherwise raise money and to mortgage, charge or hypothecate its undertaking, property and assets (present and future) and uncalled capital or called but unpaid capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Appointment, Retirement, Resignation and Removal of Directors

Regulation 32

There shall be a board of Directors consisting of at least one (1) natural person ordinarily resident in Singapore (exclusive of alternate Directors) and until determined by Ordinary Resolution, there shall be no maximum number of Directors. Subject to the provisions of the Act and the rules and regulations of the Designated Stock Exchange (including complying with any minimum number of Directors required by the Act or the rules and regulations of the Designated Stock Exchange), the Company may by Ordinary Resolution place any limits on, or increase or reduce the limits in, the number of Directors.

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Regulation 34.1

Notwithstanding any other provisions in the Constitution, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three (3) years.

Regulation 34.2

The Directors to retire in every year shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Regulation 34.3

The Company at the meeting at which a Director retires under any regulation of the Constitution may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. A retiring Director shall continue to act as a Director throughout the meeting at which he retires. The retirement shall not have effect until the conclusion of the meeting and accordingly a retiring Director who is re-elected will continue in office without a break.

Regulation 34.4

In accordance with the provisions of Section 150 of the Act, a resolution for the appointment of two (2) or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of the aforesaid Section and this regulation shall be void.

Regulation 34.5

The Company may in accordance with and subject to the Act, by Ordinary Resolution remove any Director before the expiration of his period of office, notwithstanding anything in the Constitution or in any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement. Special notice shall be required of any resolution to remove any Director under this regulation 34.5 or appoint some person in place of a Director so removed at the meeting at which he is removed.

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Regulation 34.6

The Company may by Ordinary Resolution appoint another person in place of a Director removed from office under the immediately preceding regulation and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

Regulation 34.7

The Company may by Ordinary Resolution appoint any person to be a Director, either to fill a casual vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Constitution as the maximum number of Directors (if any). Without prejudice thereto the Directors shall have power at any time so to do, but any person so appointed by the Directors shall hold office only until the next annual general meeting. He shall then be eligible for re-election, but shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation at such meeting.

Regulation 35

The office of a Director shall be vacated if:

- (a) subject to Section 145 of the Act, the Director gives notice in writing to the Company that he resigns the office of Director;
- (b) the Director absents himself (for the avoidance of doubt, without being represented by an alternate Director appointed by him) from three (3) consecutive meetings of the board of Directors without special leave of absence from the Directors, and the remaining Directors pass a resolution that he has by reason of such absence vacated office;
- (c) the Director dies, becomes bankrupt (whether adjudged by a Singapore Court or a foreign court having jurisdiction in bankruptcy) unless he has been granted leave of Court or permission from the Official Assignee to be a Director or if he suspends payments or makes any arrangement or composition with his creditors generally;
- (d) the Director becomes mentally disordered and incapable of managing himself or his affairs or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;
- (e) the Director becomes prohibited or otherwise becomes disqualified from being a director by virtue of his disqualification, debarment, removal or revocation as a director by law (including pursuant to any order made under the provisions of the Act);

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- (f) the Director ceases to be a director by virtue of any of the provisions of the Act or the Constitution; or
- (g) the Director is removed by the Company in general meeting pursuant to the Act and/or the Constitution.

Director's powers to act notwithstanding any vacancy

Regulation 36.7

Without prejudice to regulation 24.3, the continuing Directors (or a sole continuing Director, as the case may be) may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to the Constitution as the necessary quorum of Directors, the continuing Directors or Director may, except in an emergency, act for the purpose of increasing the number of Directors to be equal to such fixed number, or of summoning a general meeting of the Company, but for no other purpose. If there are no Directors or Director able or willing to act, then any two (2) Members may summon a general meeting for the purpose of appointing Directors.

Election of Chairman

Regulation 36.8

The Directors or any committee of Directors may from time to time elect a chairman of their board and determine the period for which he is to hold office. The chairman shall preside as chairman at their meetings, but if no such chairman is elected, or if at any meeting the chairman is not present within 15 minutes after the time appointed for the meeting to commence, the Directors present may choose one (1) of their number to be chairman of the meeting. Any Director acting as chairman of a meeting of the Directors shall, in the case of an equality of votes, have the chairman's right to a second or casting vote where applicable.

Chief Executive Officer and Board Committees

Regulation 39.1

The Directors may from time to time appoint one (1) or more of their body or any other person(s) to be Chief Executive Officer(s) of the Company (or any equivalent appointment(s) howsoever described) and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places.

Regulation 39.4

The Directors may entrust to and confer upon a Chief Executive Officer (or any person holding an equivalent appointment) any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of or in substitution for all or any of their own powers, and may from time to time revoke, withdraw, alter, or vary all or any of those powers. A Chief Executive Officer (or any person holding an equivalent appointment) shall be subject to the control of the board of Directors.

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Regulation 40.1

Save as required by the rules and regulations of the Designated Stock Exchange, the Directors may delegate any of their powers, authorities and discretions, including the power to sub-delegate, to any committee consisting of one (1) or more Directors. They may also delegate to any Chief Executive Officer or any Director holding any other executive office such of their powers, authorities and discretions as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors may impose and either collaterally with or to the exclusion of their own powers and any such delegation may be revoked or altered by the Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Constitution regulating the proceedings of Directors, so far as they are capable of applying.

Regulation 40.2

Each of these committees must in the exercise of the powers delegated to them conform with the rules and regulations of the Designated Stock Exchange, and such terms of reference as are put together.

Regulation 40.3

Save as required by the rules and regulations of the Designated Stock Exchange, the Directors may establish any committees, local boards or agencies, or appoint any person to be a manager or agent for managing the affairs of the Company, either in Singapore or elsewhere, and may appoint any person to be a member of such committees, local boards or agencies, and may fix their remuneration and may delegate to any committee, local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate. Any such appointment or delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and any such appointment or delegation may be revoked or altered by the Directors, but no person acting in good faith and without notice of any such revocation or alteration shall be affected thereby. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Constitution regulating the proceedings of Directors, so far as they are capable of applying.

Secretaries and other officers of the Company

Regulation 40.6

The Directors shall appoint one (1) or more Secretaries in accordance with the Act and may appoint such other officers of the Company as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment, a Secretary or officer of the Company may be removed by resolution of the Directors or Members, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company. If thought fit, two (2) or more persons may be appointed as Secretaries. The Directors may also appoint from time to time on such terms as they may think fit, one (1) or more assistant Secretaries. The appointment and duties of the Secretary or assistant Secretaries shall not conflict with the provision of the Act and in particular Section 171 of the Act. Subject to the Act, an officer of the Company may vacate his office at any time if he gives notice in writing to the Company that he resigns his office.

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The number of Shares, if any, required for Director's qualification

Regulation 42

A Director and an alternate Director shall not be required to hold any Shares of the Company by way of qualification. A Director and an alternate Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and attend and speak at general meetings.

(d) Rights, Preferences and Restrictions Attaching to each Class of Shares

Changes in Capital

Regulation 5

The share capital of the Company may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to Dividends, return of capital, voting or otherwise.

Regulation 9.1

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, no Shares (other than Shares issued without formal allotment at incorporation) may be issued by the Directors without the prior approval of the Company in general meeting by Ordinary Resolution but subject thereto (including any direction that may be given by the Company in general meeting) and to the regulations of the Constitution, the Act and the rules and regulations of the Designated Stock Exchange, the Directors may allot, issue, grant options over or otherwise dispose of Shares to such persons, at such times and on such other terms and conditions and for such consideration (if any) and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may in their absolute discretion deem fit.

Regulation 9.2

The Company may issue:

- (a) Shares for which no consideration is payable to the Company; and
- (b) preference Shares which are, or at the option of the Company are to be, liable to be redeemed and the redemption shall be effected only on such terms and in such manner as is provided in the Constitution.

Regulation 9.3

Where the Company issues Shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such Shares and where the equity capital of the Company includes Shares with different voting rights, the designation of each class of Shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

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Regulation 9.4

The rights attached to Shares of a class other than ordinary Shares shall be clearly defined in the Constitution. Without prejudice to any special right previously conferred on the holders of any existing Shares or class of Shares but subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, the Directors may issue Shares with such preferred, deferred, qualified or special rights or other rights or restrictions, whether in regard to Dividend, voting, return of capital or otherwise as the Directors may determine, and preference Shares may be issued which are, or at the option of the Company are, liable to be redeemed, the terms and manner of redemption being determined by the Directors.

Regulation 9.6

Except so far as otherwise provided by the conditions of issue or by the Constitution, all new Shares shall be subject to the provisions of the Act and of the Constitution with reference to allotments, payment of calls, liens, transfers, transmissions, forfeiture and otherwise. No Share shall be issued to bearer.

Regulation 9.7

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports, balance sheets and financial statements and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a 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 (if any) is more than six (6) months in arrears.

Regulation 9.8

If by the conditions of allotment of any Shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the Share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

Registered Member as Absolute Owner

Regulation 16

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not, except only as is otherwise provided by the Constitution, the Act or the rules and regulations of the Designated Stock Exchange, be bound by or compelled to recognise in any way (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or any other rights in respect of any Share, other than an absolute right to the entirety thereof in the registered holder.

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Share Certificate

Regulation 10.1

Every Member whose name is entered as a member in the Register of Members shall be entitled, without payment, to receive within 60 days after allotment of any Shares or within 30 days after the date on which a transfer of Shares is lodged with the Company in accordance with the Act, one (1) certificate (which shall be issued under the Seal) for all the Shares of any one (1) class registered in his name.

Regulation 10.2

The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so, shall be dealt with in accordance with the Constitution *mutatis mutandis*.

Regulation 10.3

The certificate of title to Shares shall be issued under the Seal in such form as prescribed by the Directors from time to time, or executed as a deed in accordance with the Act. Every certificate shall bear the autographic or facsimile signatures of at least two (2) Directors or by one (1) Director and the Secretary or some other person appointed by the Directors, and shall specify the number and the class of Shares to which it relates, whether the Shares are fully or partly paid up, the amount (if any) unpaid on the Shares and any other information as the Act may require. The facsimile signatures may be reproduced by mechanical, electronic or other means provided the method or system of reproducing signatures has first been approved by the Directors. No certificate shall be issued representing more than one (1) class of Shares.

Regulation 10.6

If a Share certificate is defaced, worn out, lost, destroyed or stolen, it may be renewed or replaced:

- (a) on payment of a fee (if any) not exceeding the lower of S\$2 and the relevant maximum amount as the rules and regulations of the Designated Stock Exchange may from time to time determine; or such other fee as the Directors may determine; and
- (b) subject to the Act and the Hong Kong Companies Ordinance, on such evidence (satisfactory to the Directors in their sole discretion) being produced and a letter of indemnity, undertaking and/or statutory declaration (if required) being given by the shareholder or person entitled (whether as transferee, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its/their client(s)) as the Directors shall require, and (in the case of defacement or wearing out) upon delivery of the old certificate. The shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company in respect of the replacement of the share certificate in question.

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Voting

Regulation 27.1

Subject to the Constitution and any rights or restrictions attached to any Shares, each holder of Shares shall be entitled to receive notices of, and attend, speak and vote at, any meetings of the Members (save that any Member that is required under the rules and regulations of the Designated Stock Exchange, to abstain from voting to approve the matter under consideration shall not have the right to speak or vote on such matter at such meeting) and every Member entitled to vote who (being an individual) is present in person or by proxy or, if a corporation or other body corporate is present by its duly authorised representative or by proxy, shall:

- (a) on a show of hands have one (1) vote, provided that:
 - (i) in the case of a Member who is neither a clearing house nor its nominee(s) or a relevant intermediary and who is represented by two (2) proxies, the instrument of proxy shall state which proxy is entitled to vote on a show of hands and/or the proportion of the shareholding of such Member to be represented by each proxy; and
 - (ii) in the case of a Member who is either a clearing house or its nominee(s) or a relevant intermediary and who is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands; and
- (b) on a poll have one (1) vote for every Share of which he is the holder.

Regulation 27.3

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 his committee, receiver, *curator bonis*, or other person on such Member's behalf appointed by that court, and any such committee, receiver, *curator bonis* or other person may vote by proxy, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong) not less than 48 hours before the time appointed for holding the meeting.

Regulation 27.4

No person shall be entitled to vote at any general meeting either personally or by proxy or other duly authorised representative unless he is registered as a Member not less than 48 hours before the time appointed for holding such meeting nor unless all calls or other monies then payable by him in respect of the Shares have been paid.

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Regulation 27.5

Where the Company has knowledge that any Member is, under the Constitution or the rules and regulations of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

Joint Holders

Regulation 10.4

In the case of a Share registered jointly in the names of several persons, the Company shall not be bound to issue more than one (1) certificate for Shares held jointly by more than one (1) person and delivery of a certificate to one (1) of the registered joint holders shall be a sufficient delivery to all of them.

Regulation 11

Where two (2) or more persons are registered as the holders of any Share, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:

- (a) the Company shall not be bound to register more than four (4) persons as the registered holders of a Share except in the case of executors or administrators (or trustees) of the estate of a deceased Member;
- (b) the joint holders of a Share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such Share;
- (c) on the death of any one (1) of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such Share but the Directors may require such evidence of death as they may deem fit;
- (d) any one (1) of such joint holders may give effectual receipts for any Dividend or other moneys payable or property distributable to such joint holders on or in respect of the Share; and
- (e) only the person whose name stands first in the Register of Members as one (1) of the joint holders of any Share shall be entitled to delivery of the certificate relating to such Share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

Regulation 18.4

The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

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Regulation 27.2

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy (or, in the case of a corporation or other body corporate, by its duly authorised representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members in respect of the Share.

Regulation 46.11

Any Dividend or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members, or, if several persons are entitled to the Share in consequence of the death or bankruptcy of the holder, to any one (1) of such persons, or to such person and to such address as such holder or joint holders may in writing direct or by such means (including, by electronic means) as the Directors may decide at their absolute discretion. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the Share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Any one (1) of two (2) or more joint holders may give effectual receipts for any Dividends or other monies payable in respect of the Share held by them as joint holders. Every Dividend paid by wire transfer, cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Regulation 50.4

All notices, communications and/or documents (including a share certificate) with respect to any Share to which persons are jointly entitled, shall be given to whichever of such persons is named first in the Register of Members, and notice so given shall be sufficient notice to all the holders of such Shares.

(e) Alterations of Capital

Regulation 13.1

Subject to the provisions of the Act and the rules and regulations of the Designated Stock Exchange, the Company may purchase or otherwise acquire its own Shares in such manner and on such other terms as the Company may deem fit and regulation 12 shall apply *mutatis mutandis* in relation to such Share purchases. In the case of purchases of redeemable Shares, purchases not made through the market or by tender shall, subject to the provisions of the Act and the rules and regulations of the Designated Stock Exchange, be limited to a maximum price and if purchases are by tender, tenders shall be available to all Members alike.

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Regulation 13.2

If required by the Act or the rules and regulations of the Designated Stock Exchange, any Share that is so purchased or acquired by the Company shall, unless held as Treasury Share in accordance with the Act and the rules and regulations of the Designated Stock Exchange, be deemed to be cancelled immediately on purchase or acquisition. On the cancellation of a Share as aforesaid, the rights and privileges attached to that Share shall be extinguished and the number of issued Shares shall be diminished by the number of the Shares so cancelled. Where any such cancelled Share was purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

Regulation 13.3

Subject to such rights and restrictions as may be prescribed in the Act and the rules and regulations of the Designated Stock Exchange, the Directors may at any time determine to cancel a Treasury Share or sell, transfer or otherwise use a Treasury Share in any manner permitted by the Act and the rules and regulations of the Designated Stock Exchange.

Regulation 15

The Company may, in so far as the Act and the rules and regulations of the Designated Stock Exchange permit, exercise the powers of paying commissions or brokerage on any issue of Shares at such rate or amount and in such manner as the Directors deem fit. Such commissions or brokerage may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such commission or brokerage as may be lawful. The Company may, in addition to, or in lieu of, such commission, in consideration of any person subscribing or agreeing to subscribe, or of his procuring or agreeing to procure subscriptions, for any Shares, confer on any such person an option call within a specified time for a specified number of Shares at a specified price or on such other terms and conditions as the Directors may deem fit. The requirements of the provisions of the Act shall be observed, as far as applicable.

Regulation 22.1

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange and of any resolution of the Company in a General Meeting passed pursuant thereto, the issue of new Shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Regulation 22.3

- (a) Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, the Company may, from time to time, by Ordinary Resolution:
- (i) consolidate and divide all or any of its share capital;
 - (ii) convert its share capital or any class of Shares from one (1) currency to another currency;

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- (iii) subdivide its Shares or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; and
 - (iv) cancel any Shares that at the date of the passing of the Ordinary Resolution have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the Shares so cancelled.
- (b) Subject to and in accordance with the Act and the rules and regulations of the Designated Stock Exchange, the Company may by Special Resolution convert one (1) class of Shares into another class of Shares.

Regulation 22.4

The Company may by Special Resolution reduce its share capital in accordance with the Act, the rules and regulations of the Designated Stock Exchange and any other applicable law.

(f) Any Change in the Respective Rights of the Various Classes of Shares Including the Action Necessary to Change the Rights

Regulation 14.1

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To any such meeting all the regulations of the Constitution relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be two (2) persons holding or representing by proxy at least one-third of the issued Shares of the class (unless there is only one (1) person holding Shares of that class entitled to vote at such general in which case the quorum shall be one (1)) and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution, the provisions of Section 184 of the Act shall with such adaptations as are necessary apply.

Regulation 14.2

Regulation 14.1 shall apply to the variation or abrogation of the special rights attached to only some of the Shares of any class as if each group of Shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Regulation 14.3

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly authorised by the terms of issue of the Shares of that class or by the Constitution in force at the time the Shares of that class were issued, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

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(g) Dividends and Distribution

Regulation 46.1

The Company may, upon the recommendation of the Directors and with the sanction of an Ordinary Resolution at a general meeting, declare such Dividends as appear to the Directors to be justified by the profits of the Company. No Dividend shall be paid except out of the profits of the Company available for distribution under the provisions of the Act. No higher Dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for Dividends shall be conclusive.

Regulation 46.2

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends (either in cash or *in specie*) on any class of Shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates (if any) prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on Shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Regulation 46.3

Subject to any rights or restrictions attached to any Shares or class of Shares and except as otherwise permitted under the Act, all Dividends in respect of Shares must be declared and paid in proportion to the number of Shares held by a Member but where Shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid Shares during any portion or portions of the period in respect of which the Dividend is paid. For the purposes of this regulation, an amount paid or credited as paid on a Share in advance of a call is to be ignored. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.

Regulation 46.4

No Member shall be entitled to receive any Dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every Share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

Regulation 46.5

The Directors may deduct from any Dividend payable to any Member in respect of any Share held by such member, either alone or jointly with any other Member, any or all sums of money as may be due and payable by him, either alone or jointly with any other person in respect of any debts, liabilities or engagements to the Company on account of calls or otherwise towards satisfaction (in whole or in part) of such debts, liabilities or engagements, or any other account which the Company is required by law to deduct.

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Regulation 46.6

The Directors may retain any Dividend or other moneys payable on or in respect of a Share 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.

Regulation 46.7

The Directors may retain the Dividends payable on Shares in respect of which any person is, under the provisions as to the transmission of Shares hereinbefore contained, entitled to become a Member or which any person under those provisions is entitled to be transferred, until such person shall become a Member in respect of such Shares.

Regulation 46.8

Subject to the Act and the rules and regulations of the Designated Stock Exchange, when declaring a Dividend, the Directors may direct that such Dividend be paid wholly or partly *in specie* by the distribution of specific assets and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one (1) or more of such ways. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees in such manner as may seem expedient to the Directors and no valuation, adjustment or arrangement so made shall be questioned by any Member.

Regulation 46.9

Except as otherwise provided by the rights attached to any Shares or class of Shares, Dividends may be paid in any currency. The Directors may determine the basis of conversion for any currency conversions that may be required and how any costs involved are to be met.

Regulation 46.10

The Directors may, before resolving to pay any Dividend, set aside out of the profits of the Company and carry to reserve, such sums as they think proper which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the discretion of the Directors, be employed in the business of the Company or be invested. The Directors may divide the reserve or reserves into such special funds as they think fit and may consolidate into one (1) fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying such sums to reserve and in applying the same, the Directors shall comply with the provisions (if any) of the Act.

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Regulation 46.11

Any Dividend or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members, or, if several persons are entitled to the Share in consequence of the death or bankruptcy of the holder, to any one (1) of such persons, or to such person and to such address as such holder or joint holders may in writing direct or by such means (including, by electronic means) as the Directors may decide at their absolute discretion. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the Share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Any one (1) of two (2) or more joint holders may give effectual receipts for any Dividends or other monies payable in respect of the Share held by them as joint holders. Every Dividend paid by wire transfer, cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Regulation 46.12

- (a) Whenever the Directors or the Company in general meeting have resolved or proposed that a Dividend (including an interim, final, special or other Dividend) be paid or declared on Shares of a particular class in the capital of the Company, the Directors may further resolve that Members entitled to such Dividend be entitled to elect to receive an allotment of Shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the Dividend as the Directors may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of Shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any Dividend in respect of which the Directors shall have passed such a resolution as aforesaid. The Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular Dividend(s) or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this regulation;
 - (iii) the right of election may be exercised in respect of the whole of that portion of the Dividend in respect of which the right of election has been accorded, provided that the Directors may determine, either generally or in specific cases, that such right shall be exercisable in respect of the whole or any part of that portion; and

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- (iv) the Dividend (or that part of the Dividend in respect of which a right of election has been accorded) shall not be payable in cash on the Shares of the relevant class in respect of which the Share election has been duly exercised (the “**Elected Shares**”) and in lieu of cash and in satisfaction thereof Shares of the relevant class shall be allotted and credited as fully paid to the holders of the Elected Shares on the basis of allotment determined as aforesaid. For such purpose, and notwithstanding the provisions of regulation 47, the Directors shall (A) capitalise and apply out of the amount standing to the credit of any of the Company’s reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sums as may be required to pay up in full the appropriate number of Shares of the relevant class for allotment and distribution to and among the holders of the Elected Shares on such basis, or (B) apply the sum which would otherwise have been payable in cash to the holders of the Elected Shares towards payment of the appropriate number of Shares of the relevant class for allotment and distribution to and among the holders of the Elected Shares on such basis.
- (b) The Shares of the relevant class allotted pursuant to the provisions of paragraph (a) of this regulation shall rank *pari passu* in all respects with the Shares of that class then in issue save only as regards participation in the Dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (c) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (a) of this regulation, with full power to make such provisions as they may think fit in the case of Shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in the Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the Members) and to authorise any person to enter on behalf of the Members interested into agreement(s) with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (d) The Directors may, on any occasion when they resolve as provided in paragraph (a) of this regulation, determine that the rights of election under that paragraph shall not be made available to the Members, or in respect of Shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit and, in such event, the provisions of this regulation shall be read and construed subject to such determination.

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- (e) The Directors may, on any occasion when they resolve as provided in paragraph (a) of this regulation, further determine that:
 - (i) no allotment of Shares or rights of election for Shares under that paragraph shall be made available or made to Members to whom by reason of foreign securities laws such allotment of Shares or right of election for Shares may not be made without registration of the Shares or instruments or a prospectus or other document, or where the Directors consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant foreign jurisdiction or the requirements of the relevant regulatory body or stock exchange in that foreign jurisdiction; and
 - (ii) no allotment of Shares or rights of election for Shares under paragraph (a) of this regulation shall be made available or made to a person, or any persons, if such allotment or rights of election would in the opinion of the Directors cause such person, or such persons, to hold or control voting shares in excess of any shareholding or other limits which may from time to time be prescribed in the Act, without the approval of the applicable regulatory or other authority as may be necessary.
- (f) Notwithstanding the foregoing provisions of this regulation, if at any time after the Directors' resolution to apply the provisions of paragraph (a) of this regulation in relation to any Dividend but prior to the allotment of Shares pursuant thereto, the Directors shall consider that, by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interests of the Company, cancel the proposed application of paragraph (a) of this regulation.

Regulation 46.13

No Dividend or other monies payable on or in respect of a Share shall bear interest as against the Company.

Regulation 46.14

The waiver in whole or in part of any Dividend on any Share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the Share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Regulation 46.15

Any resolution declaring a Dividend on Shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as holders of such Shares in the Register of Members at the close of business on a particular date and thereupon the Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such Dividend of transferors and transferees of any such Shares.

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Regulation 46.16

Any Dividend or other monies payable which cannot be paid to a Member and/or which remains unclaimed after six (6) months from the date on which such Dividend or other distribution becomes payable may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend or other distribution shall remain as a debt due to the Member. All Dividends and other monies payable on or in respect of a Share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any Dividend or any such monies unclaimed after a period of six (6) years from the date they are first payable may be forfeited and if so forfeited, shall revert to the Company. However, the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividends or moneys so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed Dividends or monies, howsoever and whatsoever.

Regulation 46.17

A transfer of Shares shall not pass the right to any Dividend declared on such Shares before the registration of the transfer.

(h) Any Limitation on the Right to Own Shares

Regulation 9.6

Except so far as otherwise provided by the conditions of issue or by the Constitution, all new Shares shall be subject to the provisions of the Act and of the Constitution with reference to allotments, payment of calls, liens, transfers, transmissions, forfeiture and otherwise. No Share shall be issued to bearer.

Regulation 12.1

Subject to the restrictions of the Constitution, any restrictions imposed by law and the rules and regulations of the Designated Stock Exchange, any Member may transfer all or any of his Shares. The Directors may, in their sole discretion, refuse to register any instrument of transfer of Shares unless the following is received by the Company at the offices of its share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of its share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong):

- (a) subject to regulation 12.8, the instrument of transfer in writing and in the usual or common form, or in any form acceptable to the Directors, which is consistent with the standard form of transfer as prescribed by the Designated Stock Exchange, or such other document as may be acceptable to the Directors. The instrument of transfer of any Share shall be executed by or on behalf of the transferor and by or on behalf of the transferee and be witnessed or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Directors may approve from time to time;

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- (b) a fee (if any) not exceeding the lower of S\$2 and the relevant maximum amount as the rules and regulations of the Designated Stock Exchange may from time to time determine; or such other fee as the Directors may determine;
- (c) the certificate(s) of the Shares to which the transfer relates;
- (d) the certificate of payment of stamp duty (if any); and
- (e) such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do.

Upon receipt of the items referred to in regulation 12.1 (if any), the Company shall, subject to regulations 12.5 and 12.6, register (or procure the registration of) the transferee or his nominee as the registered holder of the Shares in the Register of Members. All Share certificates surrendered to the Company shall forthwith be cancelled. The transferor shall be deemed to remain the holder of the Shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Regulation 12.5

No Share shall be transferred to an infant, a bankrupt or a person of unsound mind and incapable of managing himself or his affairs but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.

Regulation 12.6

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, there shall be no restriction on the transfer of all or any of a Member's Shares, but the Directors may, in their absolute discretion, decline to register a transfer of Shares upon which the Company has a lien and in the case of Shares not fully paid-up, may refuse to register a transfer to a transferee of whom they do not approve. If the Directors decline to register a transfer of Shares, they shall, within 30 days after the date on which the transfer was lodged with the Company, send a notice of refusal to register to the transferor and the transferee as required by the Act and, within 30 days after the date on which an application is made to the Company, serve on the applicant a notice in writing stating the facts which are considered to justify refusal in the exercise of that discretion.

Regulation 16

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not, except only as is otherwise provided by the Constitution, the Act or the rules and regulations of the Designated Stock Exchange, be bound by or compelled to recognise in any way (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or any other rights in respect of any Share, other than an absolute right to the entirety thereof in the registered holder.

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Regulation 22.2

Notwithstanding regulation 22.1 above but subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, the Directors shall not be required to offer any new Shares or make or grant any instruments to Members to whom by reason of foreign securities laws such offer of Shares or making or granting of instruments may not be made without registration of the Shares or instruments or a prospectus or other document, or where the Directors consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant foreign jurisdiction or the requirements of the relevant regulatory body or stock exchange in that foreign jurisdiction, but may, at their absolute discretion and on such terms and conditions as the Directors deem fit, sell the entitlements to the new Shares on behalf of such Members in such manner as they think most beneficial to the Company.

(i) Approval for Issue of New Shares

Regulation 9.1

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, no Shares (other than Shares issued without formal allotment at incorporation) may be issued by the Directors without the prior approval of the Company in general meeting by Ordinary Resolution but subject thereto (including any direction that may be given by the Company in general meeting) and to the regulations of the Constitution, the Act and the rules and regulations of the Designated Stock Exchange, the Directors may allot, issue, grant options over or otherwise dispose of Shares to such persons, at such times and on such other terms and conditions and for such consideration (if any) and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may in their absolute discretion deem fit.

(j) Transfer of Shares

Regulation 12.1

Subject to the restrictions of the Constitution, any restrictions imposed by law and the rules and regulations of the Designated Stock Exchange, any Member may transfer all or any of his Shares. The Directors may, in their sole discretion, refuse to register any instrument of transfer of Shares unless the following is received by the Company at the offices of its share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of its share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong):

- (a) subject to regulation 12.8, the instrument of transfer in writing and in the usual or common form, or in any form acceptable to the Directors, which is consistent with the standard form of transfer as prescribed by the Designated Stock Exchange, or such other document as may be acceptable to the Directors. The instrument of transfer of any Share shall be executed by or on behalf of the transferor and by or on behalf of the transferee and be witnessed or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Directors may approve from time to time;
- (b) a fee (if any) not exceeding the lower of S\$2 and the relevant maximum amount as the rules and regulations of the Designated Stock Exchange may from time to time determine; or such other fee as the Directors may determine;

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- (c) the certificate(s) of the Shares to which the transfer relates;
- (d) the certificate of payment of stamp duty (if any); and
- (e) such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do.

Upon receipt of the items referred to in regulation 12.1 (if any), the Company shall, subject to regulations 12.5 and 12.6, register (or procure the registration of) the transferee or his nominee as the registered holder of the Shares in the Register of Members. All Share certificates surrendered to the Company shall forthwith be cancelled. The transferor shall be deemed to remain the holder of the Shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

Regulation 12.2

Shares of different classes shall not be comprised in the same instrument of transfer.

Regulation 12.3

Notwithstanding regulation 12.1 but subject to the Act, transfers of Shares which are listed on the Designated Stock Exchange may be effected by any method of transferring or dealing in securities permitted by the rules and regulations of the Designated Stock Exchange and which has been approved by the Directors for such purpose.

Regulation 12.4

All instruments of transfer registered on the Company's share register(s) shall be retained by the Company, but any instrument of transfer which the Directors refuse to register shall (except in any case of fraud) be returned to the party presenting the same.

Regulation 12.5

No Share shall be transferred to an infant, a bankrupt or a person of unsound mind and incapable of managing himself or his affairs but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.

Regulation 12.6

Subject to the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, there shall be no restriction on the transfer of all or any of a Member's Shares, but the Directors may, in their absolute discretion, decline to register a transfer of Shares upon which the Company has a lien and in the case of Shares not fully paid-up, may refuse to register a transfer to a transferee of whom they do not approve. If the Directors decline to register a transfer of Shares, they shall, within 30 days after the date on which the transfer was lodged with the Company, send a notice of refusal to register to the transferor and the transferee as required by the Act and, within 30 days after the date on which an application is made to the Company, serve on the applicant a notice in writing stating the facts which are considered to justify refusal in the exercise of that discretion.

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Regulation 12.8

Where the right to any Shares has been transferred by operation of law, the Company may register such transfer of such Shares upon the applicant producing evidence of such transfer as the Directors deem sufficient and in accordance with the Act. The merger or amalgamation of the transferor and the transferee under the laws of any foreign countries or states whereby the property, rights and privileges of the transferor shall be transferred to and vest in the transferee upon completion of the merger or amalgamation shall constitute a transfer by operation of law for the purpose of this regulation.

Regulation 12.9

Nothing in the Constitution shall preclude the Directors from recognising a renunciation of the allotment of any Share by the allottee in favour of some other person.

Regulation 12.10

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of Shares apparently made by relevant parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the Shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, trustees, administrators and assigns, alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(k) Register of Members

Regulation 12.7

- (a) The Company shall keep in one (1) or more books a Register of Members and shall enter therein particulars required by the Act. Subject to the Act and the rules and regulations of the Designated Stock Exchange, the Company or the Directors on behalf of the Company may in exercise of the powers in that behalf conferred by the Act cause to be kept a branch register or Register of Members and the Directors may (subject to the provisions of the Act) make and vary such regulations as they may think fit in respect of the keeping of any such branch register or Register of Members. Subject to the Act, the rules and regulations of the Designated Stock Exchange and the Hong Kong Companies Ordinance, any such branch register of the Register of Members maintained in Hong Kong shall be open to inspection during business hours by Members without charge or by any other person, upon a maximum payment of Hong Kong dollars 2.50 (save that said person may elect to pay Singapore dollar 1 in place of any such sum denominated in Hong Kong dollars) or such lesser sum specified by the board of Directors.

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- (b) Subject to the Act, the rules and regulations of the Designated Stock Exchange and the Hong Kong Companies Ordinance, the Register of Members may be closed at any time for any period as the Directors may from time to time determine, but not for more than a total of 30 days in any calendar year (in aggregate) and during such periods the Directors may suspend the registration of transfers. Further provided always that the Company shall give prior notice of such closure in an appointed newspaper and as may be required to the Designated Stock Exchange, stating the period and purpose or purposes for which the closure is to be made.

(1) General Meeting of Shareholders

Regulation 24.1

All general meetings other than annual general meetings shall be called extraordinary general meetings.

Regulation 24.2

The Company shall, subject to and in accordance with the Act and the rules and regulations of the Designated Stock Exchange, hold a general meeting as its annual general meeting after the end of each financial year within six (6) months. The general meeting shall be held at such time and place (whether physical and/or virtual) as the Directors shall fix.

Regulation 24.3

The Directors may, whenever they think fit, convene general meetings, and they shall within two (2) months after the Company receives a valid Members' requisition as provided by Section 176 of the Act, forthwith proceed to convene an extraordinary general meeting of the Company or a general meeting may, in default, be convened by such requisitionist as provided for under the Act.

Regulation 24.4

Unless the Company has only one (1) Member in which case a Members' requisition is a requisition of that Member, a Members' requisition is a requisition of Members in accordance with the Act, including Members holding at the date of deposit of the requisition not less than 10 per cent. (10%) of the total number of paid-up Shares (excluding Treasury Shares) (or such other number as prescribed by the Act) as at that date of the deposit carry the right to vote at general meetings of the Company.

Regulation 24.5

All business transacted at any general meeting shall be deemed special business, with the exception of the following business transacted at an annual general meeting: (a) receiving and adopting the financial statements, the statements of the Directors, the reports of the Auditors and any other documents required to be annexed to the financial statements; (b) the appointment of or re-appointment of Directors; (c) the fixing of the Directors' remuneration (whether in cash, shares or otherwise) proposed to be paid under regulation 43; (d) declaring Dividends; (e) the appointment or re-appointment of the Auditors; and (f) the fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.

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Regulation 25.1

Subject to the provisions of the Act and the Constitution relating to special notice and agreements for shorter notice and the rules and regulations of the Designated Stock Exchange, at least 21 clear days' notice shall be given of any annual general meeting or any other general meeting at which it is proposed to pass a Special Resolution. For every other general meeting, subject to the provisions of the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, at least 14 clear days' notice shall be given. The notice shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the regulations of the Constitution and the Act entitled to receive notice from the Company, provided that, subject to the provisions of the Act and, where applicable, the rules and regulations of the Designated Stock Exchange, a general meeting that has been called by a shorter notice than that specified above shall be deemed to have been duly called if such short notice is so agreed:

- (a) in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; or
- (b) in the case of an extraordinary general meeting, by a majority in number of the Members having a right to attend and vote thereat, being a majority which together holds not less than 95 per cent. (95%) of the total voting rights of all the Members having a right to vote at that general meeting.

Regulation 25.2

- (a) Every notice shall specify (i) the place (whether physical and/or virtual) of the meeting and if there is more than one (1) Meeting Location as determined by the Directors pursuant to regulation 26.2, the Principal Meeting Place, (ii) the day and the hour of the meeting, (iii) if the general meeting is to be a hybrid meeting or virtual meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by virtual meeting technology at the meeting or where such details will be made available by the Company prior to the meeting, (iv) if required under the Act, the electronic means by which an instrument appointing a proxy may be deposited with the Company, and (v) the general nature of the business to be conducted at the general meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy need not also be a Member. Where the Company has one (1) or more classes of Shares that confer special, limited or conditional voting rights, or that confer no voting rights, the notice shall also specify the special, limited or conditional voting rights, or the absence of voting rights, in respect of each such class of Shares.
- (b) In the case of an annual general meeting, the notice shall also specify the meeting as such.
- (c) In the case of any general meeting at which special business is to be transacted, the notice shall specify the general nature of the special business and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

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Regulation 25.3

- (a) The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any person entitled to receive such notice shall not invalidate the proceedings of that general meeting.
- (b) In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to or the non-receipt of such instrument of proxy by any person entitled to receive notice shall not invalidate the proceedings at any general meeting (including the passing of any resolution at such general meeting).

Regulation 25.4

Notwithstanding any contrary provisions in the Constitution and subject to applicable laws, the Directors shall have the power to provide in every notice calling a general meeting that if a black rainstorm warning or a gale warning is in force at a specific time on the day of the general meeting as specified in such notice, the general meeting will not be held on that day (the "**Scheduled Meeting Day**") but will, without further notice be automatically adjourned and by virtue of that same notice, be held instead at a time on an alternative day (as specified in such notice) that falls within seven (7) business days of the Scheduled Meeting Day. It shall not be a ground of objection to the validity of such notice that the notice calls a general meeting contingently on whether a black rainstorm warning or a gale warning is in force at the relevant time as specified in such notice.

Regulation 26.1

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two (2) Members being individuals present in person or by proxy or if a corporation or other body corporate, by its duly authorised representative or proxy, shall be a quorum unless the Company has only one (1) Member entitled to vote at such general meeting in which case the quorum shall be that one (1) Member present in person or by proxy (or in the case of a corporation or other body corporate, by its duly authorised representative or proxy), provided that (a) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; and (b) where a Member is represented by more than one (1) proxy, such proxies shall count as only one (1) Member for the purpose of determining the quorum.

Regulation 26.2

- (a) The Directors may, at their absolute discretion but subject always to the rules and regulations of the Designated Stock Exchange and the Act, arrange for persons entitled to attend a general meeting to do so by simultaneous attendance and participation by means of virtual meeting technology (including but not limited to electronic facilities such as conference telephone or video conference telephone or other similar communications equipment whereby all persons participating in the meeting are able to hear or to be heard by each other) at such location or locations (the "**Meeting Location(s)**") determined by the Directors at their absolute discretion. Any Member or any proxy attending and participating in such manner or any Member or proxy participating in a hybrid meeting or virtual meeting by means of virtual meeting technology shall be present in person at that meeting and shall be counted in the quorum of such meeting. Subject to there being a requisite quorum under the Constitution, all resolutions agreed by the Members in such general meeting shall be deemed to be as effective as a resolution passed at the meeting in person of the Members duly convened and held.

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- (b) Subject to the Act, all general meetings are subject to the following:
- (i) where a Member or proxy is attending a Meeting Location and/or in the case of a hybrid meeting, attending virtually by means of virtual meeting technology, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Place;
 - (ii) in the case of a virtual meeting, where a Member or proxy is attending virtually by means of virtual meeting technology, the meeting shall be treated as having commenced upon the meeting being duly constituted;
 - (iii) Members present in person (or, in the case of a Member being a corporation or other body corporate, by its duly authorised representative) or by proxy at a Meeting Location and/or Members or proxies participating in a hybrid meeting or virtual meeting by means of virtual meeting technology shall be counted in the quorum for and entitled to vote (including by means of virtual meeting technology) at the meeting in question, and that meeting shall be duly constituted and its proceedings valid provided that the chairman of the meeting is satisfied that adequate electronic facilities are available throughout the meeting to ensure that Members at all Meeting Locations and/or Members participating in a hybrid meeting or virtual meeting by means of virtual meeting technology are able to participate in the business for which the meeting has been convened by any means of synchronous communications that the Directors may determine;
 - (iv) subject to regulation 26.4, where Members or proxies attend a meeting by being present at one (1) of the Meeting Locations and/or where Members or proxies attend a hybrid meeting or virtual meeting by means of virtual meeting technology, unless otherwise provided for in the Act, any technological disruption, malfunction or outage of the electronic facilities, or any failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to attend, speak and vote in respect of the business for which the meeting has been convened or in the case of a hybrid meeting or virtual meeting, any technological disruption, malfunction or outage of the electronic facilities, shall not affect the validity of the meeting or the resolutions passed, or any business conducted there or any action taken pursuant to such business provided that there is a quorum present throughout the meeting; and
 - (v) if any of the Meeting Locations is outside Hong Kong and/or in the case of a hybrid meeting, the provisions of the Constitution concerning the time for service and giving of notice for the meeting, and the time for lodging proxies, shall apply by reference to the time zone of the Principal Meeting Place, and in the case of a virtual meeting, the provisions of the Constitution concerning the time for service and giving of notice for the meeting, and the time for lodging proxies, shall apply by reference to Hong Kong time.

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Regulation 26.3

Subject to the rules and regulations of the Designated Stock Exchange and the Act, the Directors and, at any general meeting, the chairman of the meeting may from time to time make arrangements for managing attendance and/or participation and/or voting at the Principal Meeting Place, and/or any Meeting Location(s), and in the case of a hybrid meeting or virtual meeting make arrangements for the verification or authentication of the identity of persons attending the hybrid meeting or virtual meeting and/or participation and/or voting in a hybrid meeting or virtual meeting by means of any method (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as they shall in their absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a Member who, pursuant to such arrangements, is not permitted to attend, in person (or, in the case of a Member being a corporation or other body corporate, by its duly authorised representative) or by proxy, at any Meeting Location shall be entitled so to attend at one (1) of the other Meeting Locations if they comply with such arrangements for the other Meeting Location; and the entitlement of any Member so to attend the meeting or adjourned meeting at such Meeting Location or Meeting Locations shall be subject to any such arrangement as may be for the time being in force and by the notice of meeting or adjourned meeting stated to apply to the meeting.

Regulation 26.4

If it appears to the chairman of the general meeting that:

- (a) the electronic facilities or virtual meeting technology at the Principal Meeting Place or at such other Meeting Location(s) at which the meeting may be attended have become inadequate for the purposes referred to in regulation 26.2 or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the notice of the meeting;
- (b) in the case of a hybrid meeting or virtual meeting, electronic facilities or virtual meeting technology being made available by the Company have become inadequate;
- (c) it is not possible to give all persons entitled to do so a reasonable opportunity to communicate and/or vote at the meeting; or
- (d) there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting,

then, without prejudice to any other power which the chairman of the meeting may have under the Constitution or at common law, but subject to the rules and regulations of the Designated Stock Exchange and the Act, the chairman may, at his/her absolute discretion, without the consent of the meeting, and before or after the meeting has started and irrespective of whether a quorum is present, interrupt or adjourn the meeting (including adjournment for indefinite period). All business conducted at the meeting up to the time of such adjournment shall be valid.

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Regulation 26.5

Subject to the rules and regulations of the Designated Stock Exchange, the Act, and any other applicable law, the Directors and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction the Directors or the chairman of the meeting, as the case may be, considers appropriate to ensure the security and orderly conduct of a meeting (including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place, determining the number and frequency of and the time allowed for questions that may be raised at a meeting). Members shall also comply with all requirements or restrictions imposed by the owner of the premises at which the meeting is held. Any decision made under this regulation shall be final and conclusive and a person who refuses to comply with any such arrangements, requirements or restrictions may be refused entry to the meeting or removed (physically or electronically) from the meeting.

Regulation 26.6

All persons seeking to attend, speak and vote in a hybrid meeting or virtual meeting by means of virtual meeting technology shall be responsible for maintaining adequate facilities (including compliance with any terms and conditions that may be imposed by the Company and notified to such persons) to enable them to do so.

Regulation 26.7

If a quorum is not present within half an hour from the time appointed for the meeting to commence (or such longer interval as the chairman of the meeting may think fit to allow) or if during such a meeting a quorum ceases to be present, the meeting, if convened upon a Members' requisition, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week (or if that day is not a business day, then to the next business day following that day) at the same time and/or place and/or form or to such other day, time and/or place and/or form as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting to commence, then the meeting shall be dissolved.

Regulation 26.10

Subject to and without prejudice to regulation 26.4, the chairman may, with the consent of a general meeting at which a quorum is present (and shall if so directed by the general meeting) adjourn the general meeting from time to time or *sine die* and/or from place to place and/or from one form to another (including, without limitation, a physical meeting, hybrid meeting or virtual meeting), but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned *sine die*, the time, place and form of the adjourned meeting shall be fixed by the Directors.

Regulation 26.11

When a general meeting is adjourned for 30 days or more or *sine die*, not less than seven (7) clear days' notice of the adjourned meeting shall be given in like manner as in the case of an original general meeting. Otherwise it shall not be necessary to give any such notice of an adjournment or of the business to be transacted at an adjourned general meeting.

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Regulation 26.14

If required by the applicable rules of the Designated Stock Exchange, all resolutions at general meetings shall be voted by poll unless such requirement is waived by the Designated Stock Exchange.

Regulation 27.7

On a poll or on a show of hands, votes may be cast either personally or by proxy (or in the case of a corporation or other body corporate by its duly authorised representative or proxy). For voting by a show of hands, the Members or proxy voting at a hybrid meeting or virtual meeting by means of virtual meeting technology must be identified by any method that may be prescribed under the Act relating to the verification or authentication of the identity of persons attending the meeting or if no such method is prescribed, by any method that the Directors may determine.

Regulation 28.1

Save as otherwise provided in the Act or the rules and regulations of the Designated Stock Exchange:

- (a) a Member who is neither a clearing house nor its nominee(s) or a relevant intermediary may appoint up to two (2) proxies to attend, speak and vote at the general meeting. Where such Member's instrument of proxy appoints more than one (1) 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 first-named proxy shall be deemed to represent 100 per cent. (100%) of the shareholding to which the instrument of proxy relates, and the second-named proxy shall be deemed to be an alternate to the first-named proxy; and
- (b) a Member who is either a clearing house or its nominee(s) or a relevant intermediary may appoint two (2) or more proxies to attend, speak and vote at the general meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member, and the number and class of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

Regulation 28.2(a)

- (a) The instrument appointing a proxy shall be in writing and in any usual or common form or in any other form which the Directors may approve (provided that this shall not preclude the use of the two-way form) and:
 - (i) in the case of an individual Member:
 - (A) signed by the appointer or his attorney duly authorised in writing if the instrument of proxy is delivered personally or sent by post; or
 - (B) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

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- (ii) in the case of a Member which is a corporation or body corporate:
 - (A) either given under its common seal, executed as a deed in accordance with the Act, or under the hand of its officers or of its attorney duly authorised in writing if the instrument of proxy is delivered personally or sent by post; or
 - (B) authorised by that corporation or body corporate through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this regulation 28.2 designate procedures for authenticating any such instrument, and any such instrument not so authenticated by the use of such procedures shall be deemed not to have been received by the Company (other than a clearing house or its nominee(s)).

Regulation 28.3

A proxy need not be a Member.

Regulation 28.4(a)

- (a) An instrument appointing a proxy together with the power of attorney under which it is signed (if any):
 - (i) if sent personally or by post, shall be left at such place specified for the purpose in, and by way of note to or in any document accompanying the notice convening the meeting, or if no such place was specified, at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong); or
 - (ii) if submitted by electronic communication, shall be received through such means as may be specified for that purpose in the notice convening the meeting,

and in either case, deposited at such time the Directors may determine (being not later than the time appointed for the commencement of the meeting, to which the proxy relates). In the absence of any such direction from the Directors, the instrument appointing a proxy, together with such power of attorney (if any), shall be deposited not less than 48 hours before the time appointed for the meeting, to commence at which the person named in the instrument proposes to attend and vote.

Regulation 28.6

The instrument appointing a proxy may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked, provided that an instrument of proxy relating to more than one (1) meeting (including any adjournment thereof) having once been so delivered in accordance with regulation 28.4 for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

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Regulation 28.7

Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong) at least one (1) hour before the commencement of the general meeting, at which it is sought to use the proxy.

Regulation 28.8

Without prejudice to the foregoing, a Member (whether an individual, corporation or other body corporate) may, in lieu of appointing a proxy, appoint any person by a power of attorney to act as his representative at any meeting of the Company or of any class of Members, and the attorney so appointed shall, subject to the powers conferred to him in the power of attorney, be entitled to exercise the same powers as a proxy appointed pursuant to an instrument of proxy could exercise on behalf of his appointor. The duly executed power of attorney shall be deposited physically at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong) on or prior to the meeting in which the attorney named therein proposes to attend and vote.

Regulation 30.1

Any corporation or other body corporate which is a Member may in accordance with its constitutional documents and/or by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its duly authorised representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of his appointor as his appointor could exercise if it were an individual Member and such corporation shall for the purposes of the Constitution (but subject to the Act) be deemed to be present in person at any such general meeting if a person so authorised is present thereat. A corporation may execute a form of proxy under the hand of a duly authorised officer.

Regulation 30.2

If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one (1) person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this regulation shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the Shares of the Company held by the clearing house (or its nominee(s)), including, where a show of hands is allowed, the right to vote individually on a show of hands.

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Regulation 50.1

Notices shall be in writing and any notice or document (including any corporate communication) may be sent by the Company to a Member either personally or by sending it by courier or post to him at his address as shown in the Register of Members, or such other address (if any) as supplied by him to the Company as his address for the service of notices, or by delivering it to such address as aforesaid provided always that the service or delivery of such notice or document to any such address shall not, in the opinion of the Directors, be unlawful or impracticable. Without prejudice to the foregoing, but subject otherwise to, and in accordance with, the Constitution, the Act, the rules and regulations of the Designated Stock Exchange and/or any other applicable regulations or procedures relating to electronic communications:

- (a) any notice or document (including, without limitations, any accounts, balance sheets, financial statements, circulars or reports) which is required or permitted to be sent under the Act or under the Constitution by the Company or the Directors to a Member may be sent by electronic means using cable, telex, fax or e-mail to the current address or contact particulars of that person or by making it available on the website of the Designated Stock Exchange and a website prescribed by the Company from time to time;
- (b) for the purposes of regulation 50.1(a), where a notice or document is sent to a Member by making it available on a website, the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one (1) or more of the following means:
 - (i) by sending such separate notice to the Member personally, by courier or by post at his address as shown in the Register of Members;
 - (ii) by sending such separate notice to the Member using electronic communications to his current address or contact particulars;
 - (iii) by way of advertisement in the daily press; and/or
 - (iv) by way of announcement on the website of the Designated Stock Exchange;
- (c) for the purposes of regulation 50.1(a), a Member shall be implied to have agreed to receive such notice or document by way of such electronic communication and shall not have a right to elect to receive a physical copy of such notice or document; and
- (d) notwithstanding regulation 50.1(c), the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time period, and he shall not in such an event have a right to receive a physical copy of such notice or document.

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Regulation 50.2

Any notice or document sent in conformity with regulation 50.1 or where applicable, in any other regulations of the Constitution, shall be deemed to have been duly sent:

- (a) where it is delivered personally to the Member, at the time when it was so delivered;
- (b) where it is sent by courier, the day on which it was delivered to a courier company;
- (c) where it is sent by prepaid mail or airmail (as applicable) to the Member's address, on the day on which it was posted;
- (d) where it is sent by cable, telex, fax or e-mail, the day that it was transmitted; and
- (e) where it is made available on a website, at the time at which it was first made available on the website.

In providing such service or delivery, it shall be sufficient to prove that the letter containing the notice or the document was properly addressed and put into the post office as a prepaid letter or that a telex, facsimile transmission or e-mail was properly addressed and transmitted in full (with no report from the sender's facsimile machine or server or transmitting device that the transmission has in any way failed), or that a cable was properly addressed and handed to the relevant authority for despatch, and it shall not be necessary for the receipt of the notice or the document to be acknowledged by the recipient.

Regulation 50.3

Notwithstanding regulation 50.1(c) and regulation 50.1(d) above, the Company shall send to the Members physical copies of such notices or documents as may be specified by law or, where applicable, the rules and regulations of the Designated Stock Exchange, and shall inform the Members as soon as practicable of how to request a physical copy of such notice or document and provide a physical copy of such notice or document upon such a request.

Regulation 50.7

Notice of every general meeting shall be given in any manner authorised by the Constitution to every holder of Shares carrying an entitlement to receive such notice on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member where the Member but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person (other than the Auditor or his agent) shall be entitled to receive notices of general meetings.

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(m) Voting Rights

Regulation 26.13

Subject to any additional requirements as may be imposed by the Act, the Constitution and the rules and regulations of the Designated Stock Exchange, all resolutions of the Members shall be adopted by Ordinary Resolutions of the Members present at the meeting, whether in person or by proxy.

Regulation 26.14

If required by the applicable rules of the Designated Stock Exchange, all resolutions at general meetings shall be voted by poll unless such requirement is waived by the Designated Stock Exchange.

Regulation 26.15

Subject to regulation 26.14, a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result, a poll is demanded by:

- (a) the chairman of the meeting;
- (b) at least two (2) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or in the case of a corporation or other body corporate, by its duly authorised representative or proxy, and entitled to vote thereat;
- (c) any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or in the case of a corporation or other body corporate, by its duly authorised representative or proxy, and collectively holding at least five per cent. (5%) of the total voting rights of all the Members having a right to vote at the meeting; or
- (d) any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or in the case of a corporation or other body corporate, by its duly authorised representative or proxy, and collectively holding Shares having a right to vote at the meeting, being Shares on which an aggregate sum has been paid up equal to not less than five per cent. (5%) of the total sum paid up on all the Shares conferring that right.

Regulation 26.16

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of the general meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

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Regulation 26.18

If a poll is duly demanded, it shall be taken in such manner (including the use of ballot, voting papers, tickets or by way of virtual meeting technology) and at such time (not being more than 30 days from the date of the meeting) and place (whether physical and/or virtual) as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. In case of any dispute as to the admission or rejection of a vote, the chairman shall determine the same and such determination made in good faith shall be final and conclusive. The chairman of the general meeting may, or if required by the rules and regulations of the Designated Stock Exchange or if so directed by the general meeting shall, appoint scrutineers and may adjourn the meeting to some place (whether physical and/or virtual) and time fixed by him for the purpose of declaring the result of the poll.

Regulation 26.20

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a second or casting vote.

Regulation 26.21

Subject to the rules and regulations of the Designated Stock Exchange (where applicable), if at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, or if votes are not counted which ought to have been counted, the error shall not vitiate the result of the vote unless it is pointed out at the same meeting at which the vote is taken or at any adjournment thereof, and is in the opinion of the chairman of sufficient magnitude to vitiate the result of the voting. The decision of the chairman of the meeting on such matters shall be final and conclusive.

Regulation 27.1

Subject to the Constitution and any rights or restrictions attached to any Shares, each holder of Shares shall be entitled to receive notices of, and attend, speak and vote at, any meetings of the Members (save that any Member that is required under the rules and regulations of the Designated Stock Exchange, to abstain from voting to approve the matter under consideration shall not have the right to speak or vote on such matter at such meeting) and every Member entitled to vote who (being an individual) is present in person or by proxy or, if a corporation or other body corporate is present by its duly authorised representative or by proxy, shall:

- (a) on a show of hands have one (1) vote, provided that:
 - (i) in the case of a Member who is neither a clearing house nor its nominee(s) or a relevant intermediary and who is represented by two (2) proxies, the instrument of proxy shall state which proxy is entitled to vote on a show of hands and/or the proportion of the shareholding of such Member to be represented by each proxy; and
 - (ii) in the case of a Member who is either a clearing house or its nominee(s) or a relevant intermediary and who is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands; and
- (b) on a poll have one (1) vote for every Share of which he is the holder.

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Regulation 27.2

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy (or, in the case of a corporation or other body corporate, by its duly authorised representative or proxy), shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members in respect of the Share.

Regulation 27.3

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 his committee, receiver, *curator bonis*, or other person on such Member's behalf appointed by that court, and any such committee, receiver, *curator bonis* or other person may vote by proxy, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the offices of the Company's share registrar in Singapore (in respect of Shares registered on the Company's main Register of Members in Singapore) or at the offices of the Company's share registrar in Hong Kong (in respect of Shares registered on the Company's branch Register of Members in Hong Kong) not less than 48 hours before the time appointed for holding the meeting.

Regulation 27.4

No person shall be entitled to vote at any general meeting either personally or by proxy or other duly authorised representative unless he is registered as a Member not less than 48 hours before the time appointed for holding such meeting nor unless all calls or other monies then payable by him in respect of the Shares have been paid.

Regulation 27.5

Where the Company has knowledge that any Member is, under the Constitution or the rules and regulations of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

Regulation 27.8

On a poll, a Member holding more than one (1) Share need not cast all the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one (1) or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting a Share or some or all of the Shares in respect of which he is appointed.

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(n) Capitalisation and Rights Issues

Regulation 47.1

The Company may, upon the recommendation of the Directors and with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or funds or any sum standing to the credit of the profit and loss account by appropriating such sum to Members in the proportions in which such sum would have been divisible amongst such Members had the same been a distribution of profits by way of Dividend and applying such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

Regulation 47.2

In addition and without prejudice to the powers provided for by regulation 47.1, the Directors may, with the sanction of an Ordinary Resolution of the Company, issue bonus Shares for which no consideration is payable to the Company to all Members in proportion to the number of Shares held.

Regulation 47.3

The Directors may do all acts and things considered necessary or expedient to give effect to such capitalisation or bonus issue, with full power given to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby the fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation or bonus issue and matters incidental or relating thereto and any agreement made under such authority shall be effective and binding on all such Members and the Company.

Regulation 47.4

In addition and without prejudice to the powers provided for by this regulation 47, the Directors shall in accordance with the provisions of the Act have power to issue Shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any Shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new Shares, in each case on terms that such Shares shall, upon issue:

- (a) be held by or for the benefit of participants of the share option plan and the share incentive plan of the Company (as amended from time to time) and/or any share incentive or option scheme or plan implemented by the Company and approved by a resolution of the Directors or the Members in a general meeting, in such manner and on such terms as the Directors shall think fit; or
- (b) be held by or for the benefit of non-executive Directors as part of their remuneration under regulation 43 approved by Members in general meeting in such manner and on such terms as the Directors shall think fit.

The Directors may do all such acts and things considered necessary or expedient to give effect to the foregoing.

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(o) Indemnity

Regulation 52.1

Subject to the provisions of and insofar as permitted by the Act, every Director and other officer for the time being of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto.

Regulation 52.2

Without prejudice to the generality of the foregoing and to the fullest extent as may be permitted under the Act, no Director, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

Regulation 52.3

To the extent permitted under the Act, the Directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, wilful default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

(p) Accounts and Audit

Regulation 48.1

The Directors shall cause to be kept proper financial statements (including, where applicable, material underlying documentation including contracts and invoices) with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company, as well as such accounting and other records as are necessary to comply with the provisions of the Act and the rules and regulations of the Designated Stock Exchange. Such financial statements shall be kept at the Registered Office or at such other place as the Directors think fit, shall always be open to inspection by Directors and must be retained for a minimum period of five (5) years from the date on which they are laid before the Company at its annual general meeting. Proper financial statements shall not be deemed to be kept unless the financial statements comply with the requirements of, subject to the Act, the Accounting Standards as defined in the Act and give a true and fair view of the financial position and performance of the Company and to explain its transactions and financial position.

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Regulation 48.2

The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) or other person shall have any right of inspecting any account or book or document of the Company except as conferred by the Act or ordered by a court of competent jurisdiction or authorised by the Directors or by the Company in general meeting by Ordinary Resolution.

Regulation 48.3

In accordance with the provisions of the Act, the Directors shall from time to time in accordance with the Act cause to be prepared and to be laid before the Company in general meeting such financial statements, balance sheets, reports, statements and other documents as may be necessary.

Regulation 48.4

A copy of the financial statements and, if required, the balance sheet (including every document required by law to be attached thereto), which is duly audited and which is to be laid before the Company in general meeting accompanied by a copy of the Auditor's report thereon and the Directors' statement, shall not less than 21 clear days before the date of the meeting be sent to every Member and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Act or of the Constitution, provided that (a) these documents may, subject to the rules and regulations of the Designated Stock Exchange, be sent with a shorter period before the date of the meeting if all persons entitled to receive notices of meetings from the Company so agree; and (b) this regulation shall not require a copy of these documents to be sent to more than one (1) of any joint holders, the several persons entitled to Shares in consequence of the death or bankruptcy of the holder or otherwise, or to any person of whose address the Company is not aware, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Registered Office or the Company's place of business in Hong Kong as registered under the Hong Kong Companies Ordinance.

Regulation 49.1

Subject to the provisions of the Act, the Company shall at each annual general meeting appoint an Auditor to hold office from the conclusion of that, until the conclusion of the next, annual general meeting. Such appointment shall be by Ordinary Resolution of the Members. The Members may also, in accordance with and subject to the Act, by Ordinary Resolution remove the Auditor at any time before the expiration of his term of office at any general meeting convened and held in accordance with the Constitution and the Act, and may by Special Resolution at that meeting appoint another Auditor in his stead until the conclusion of the next annual general meeting. The remuneration of the Auditor shall be fixed by an Ordinary Resolution passed at a general meeting or in such manner as the Members may by Ordinary Resolution determine in accordance with and subject to the Act.

Regulation 49.2

The Auditor shall be appointed (unless the Company is exempted from such requirement under the Act) and their duties regulated in accordance with the provisions of the Act. Every Auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act.

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Regulation 49.3

At least once every year the accounts of the Company shall be examined and the correctness of the financial statements and consolidated financial statements (if any) ascertained by the Auditor, and the provisions of the Act in regard to audit and the Auditor (including the Auditor's powers and duties) shall be observed.

Regulation 49.4

Subject to the provisions of the Act, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

(q) Alteration of Constitution and the Company's Name

Regulation 53

No regulation under the Constitution shall be rescinded, altered or amended and no new regulation shall be included except as permitted pursuant to the Act and the rules and regulations of the Designated Stock Exchange (or pursuant to any written approval required thereunder), which shall be approved by the Directors and confirmed by a Special Resolution of the Members. A Special Resolution shall be required to change the name of the Company.

(r) Liquidation

Regulation 51.1

A resolution that the Company be voluntarily wound up shall be passed by way of a Special Resolution. Subject to the foregoing, the Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

Regulation 51.2

If the Company shall be wound up, subject to due provision being made for satisfying the claims of any holders of Shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the Shares at the commencement of the winding up.

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Regulation 51.3

If the Company shall be wound up (whether the liquidation is voluntary or under the supervision of the Court), the liquidator may, subject to the rights attaching to any Shares and with the sanction of a Special Resolution of the Company and any other sanction required by the rules and regulations of the Designated Stock Exchange and/or any other applicable regulations or procedures relating to insolvency, divide amongst the Members *in specie* or in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members as he deems fair, but if any division is resolved otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 178 of the Insolvency, Restructuring and Dissolution Act 2018. A Special Resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any Shares or other consideration receivable by the liquidator amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but no Member shall be compelled to accept any asset upon which there is a liability.

Regulation 51.4

In the event of a winding up of the Company every Member of the Company who is not for the time being in Singapore shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some householder, whether within Singapore or outside Singapore, upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served provided always that such householder shall be a person to whom service of such summonses, notices, processes, orders and judgments shall not, in the opinion of the Directors, be unlawful or impracticable. In default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such Member for all purposes, and where the liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such Member by advertisement in any leading daily newspaper in the English language in circulation in Singapore and Hong Kong, as the case may be, or by a registered letter sent through the post and addressed to such Member at his address as appearing in the Register of Members, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.

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(s) Call on Shares and Forfeiture of Shares

Regulation 17.1

The Company shall have a first and paramount lien and charge on all the Shares that are not fully paid-up registered in the name of a Member (whether solely or jointly with others) and all Dividends, interest and any other distribution from time to time declared in respect of such Shares. Such lien shall be restricted to unpaid calls and instalments upon the specific Shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the Shares of the Member. Subject to the Act, the Directors may at any time waive any lien which has arisen and may declare any Share to be wholly or in part exempt from the provisions of this regulation.

Regulation 17.2

The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within 14 clear days after notice has been given or deemed to have been given to the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.

Regulation 17.3

To give effect to any such sale, the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser and regulation 12 shall apply *mutatis mutandis* to any such sale. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under the Constitution. After his name has been entered in the Register of Members the validity of the sale shall not be impeached by any person.

Regulation 17.4

The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and accrued interest and expenses, and any balance shall be paid to the person entitled to the Shares at the date of the sale or his executors, trustees, administrators or assignees or as he directs; provided always that the Company shall be entitled to a lien upon such residue in respect of any money due to the Company but not presently payable like to that which it had upon the Shares immediately before the sale thereof.

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Regulation 17.5

A statutory declaration in writing by a Director or the Secretary that the declarant is a Director or the Secretary of the Company, and that a Share has been sold to satisfy a lien on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the Share. Such declaration and the receipt of the Company for the consideration (if any) given for the Share on the sale or disposal thereof together (where the same be required) with the Share certificate delivered to a purchaser thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the Share and the Share shall be registered in the name of the person to whom the Share is sold or disposed of, and the person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the Share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the Share.

Regulation 18.1

No Member shall be entitled to receive any Dividends or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every Share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

Regulation 18.2

Subject to the terms of the allotment and issue of any Shares, the Directors may make calls upon the Members in respect of any monies unpaid on their Shares, and each Member shall (subject to being given at least 14 clear days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on the Shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

Regulation 18.3

A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

Regulation 18.5

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate not exceeding eight per cent. (8%) per annum as well before as after judgement as the Directors may determine (and in addition all costs, charges and expenses that have been incurred by the Company or which the Company may become liable for in order to procure payment of or by reason of such non-payment), but the Directors may waive payment of the interest, costs, charges or expenses wholly or in part.

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Regulation 18.6

Any sum which, by the terms of issue of a Share, becomes payable on allotment or at any fixed date and any instalment of a call shall for all purposes of the Constitution be deemed to be a call duly made and payable on the date on which, by the terms of issue of the Share, the sum becomes payable. In the case of non-payment, all the regulations of the Constitution as to payment of interest and expense, forfeiture or otherwise shall apply as if such amount had become due and payable by virtue of a call duly made and notified.

Regulation 18.7

The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.

Regulation 18.8

The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate not exceeding (unless the Company in a general meeting shall otherwise direct) eight per cent. (8%) per annum as well before as after judgement as the Member paying such sum and the Directors may agree upon. Such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the Shares in respect of which it is made. Capital paid on Shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

Regulation 18.9

No such amount paid in advance of calls shall entitle the Member paying such amount to participate in respect thereof in a Dividend and any other distribution subsequently declared.

Regulation 19.1

If a call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify a further day (not being less than 14 clear days from the date of service of the notice) on or before which the payment required by the notice is to be made. The notice shall also specify where payment is to be made and shall state that if the notice is not complied with, the Shares in respect of which the call was made will be liable to be forfeited.

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Regulation 19.2

If the requirements of any such notice is not complied with, any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all Dividends or other monies payable in respect of the forfeited Share and not actually paid before the forfeiture notwithstanding that they shall have been declared. The Directors may accept a surrender of any Share liable to be forfeited hereunder.

Regulation 19.3

The forfeiture or surrender of a Share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the Share, and all other rights and liabilities incidental to the Share as between the Member whose Share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by the Constitution expressly saved, or as are by the Act given or imposed in the case of past Members.

Regulation 19.4

Notwithstanding any such forfeiture, the Directors may, at any time before the forfeited Share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the Share and upon such further terms (if any) as they shall see fit.

Regulation 19.5

A Share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person, the Directors may, if necessary, authorise some person to execute an instrument of transfer of the Share in favour of that other person as aforesaid and regulation 12 shall apply *mutatis mutandis* to any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale, forfeiture or disposal under the Constitution.

Regulation 19.6

The Company may receive the consideration, if any, given for the Share on any sale or disposition thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed and he shall thereupon be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

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Regulation 19.7

If any Shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose Shares have been forfeited, or his executors, trustees, administrators or assignees or as he directs.

Regulation 19.8

A person any of whose Shares have been forfeited or surrendered shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest thereon at eight per cent. (8%) per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares. The Directors may at their absolute discretion enforce payment without any allowance for the value of the Shares at that time of forfeiture or surrender or waive payment in whole or in part.

Regulation 19.9

Notice of any forfeiture shall forthwith be given to the holder of the Share forfeited or to the person entitled by transmission to the Share forfeited as the case may be. An entry of the forfeiture with the date thereof and the fact of the notice given shall be made in the Register of Members opposite the Share. The provisions of this regulation are directory only, and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid.

Regulation 19.10

A statutory declaration in writing by a Director or the Secretary that the declarant is a Director or the Secretary of the Company, and that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The declaration and the receipt of the Company of the consideration (if any) given for the Share on the sale, re-allotment or disposal thereof together (where the same be required) with the Share certificate delivered to the purchaser or allottee thereof shall (subject to the execution of an instrument of transfer) constitute a good title to the Share.

Regulation 19.11

The regulations of the Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, as if it had been payable by virtue of a call duly made and notified.

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Regulation 27.4

No person shall be entitled to vote at any general meeting either personally or by proxy or other duly authorised representative unless he is registered as a Member not less than 48 hours before the time appointed for holding such meeting nor unless all calls or other monies then payable by him in respect of the Shares have been paid.

(t) Transmission of Shares

Regulation 20.1

If a Member dies, the survivor or survivors (where he was a joint holder) or the legal personal representatives, executors, trustees or administrators of the deceased (where he was a sole holder), shall be the only persons recognised by the Company as having any title to his interest in his Shares but nothing herein shall release the estate of a deceased Member from any liability in respect of any Share, for which he was a joint or sole holder.

Regulation 20.2

Any person becoming entitled to the legal title in a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer), and any guardian of an infant becoming entitled to the legal title in a Share of a Member, and any person as properly has the management of the estate of a Member who is mentally disordered and incapable of managing himself or his affairs or any person becoming entitled to a Share by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that Share may, upon such evidence being produced as may be required by the Directors, elect, by a notice in writing sent by him to the Company, either to become the holder of such Share in the Register of Members or to have some person nominated by him registered as the holder of such Share in the Register of Members, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by a Member. If he elects to have another person registered as the holder of such Share, he shall testify his election by executing to that person a transfer of such Share. All the limitations, restrictions and provisions of the Constitution relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid, as if the event upon which transmission took place had not occurred and the transfer were a transfer executed by the relevant Member from whom the title by transmission is derived.

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Regulation 20.3

Subject as hereinafter provided, a person becoming entitled to a Share pursuant to regulation 20.2 shall be, upon production of such evidence as may from time to time be properly required by the Directors, entitled to, and may give a discharge for, the same Dividends and other monies payable to which he would be entitled if he were the holder of such Share. However, he shall not, before becoming registered in the Register of Members in respect of a Share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him be registered as the holder of the Share (but all the limitations, restrictions and regulations of the Constitution relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such transfer as aforesaid, as if the event upon which transmission took place had not occurred and the transfer were a transfer executed by the relevant Member from whom the title by transmission is derived). If the notice is not complied with within 90 days of being given or deemed to be given (as determined pursuant to the Constitution) the Directors may thereafter withhold payment of all Dividends or other monies payable in respect of the Share until the requirements of the notice have been complied with.

Regulation 20.4

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Shares, such fee not exceeding the lower of S\$2 or the relevant maximum amount as the Designated Stock Exchange may from time to time determine or such other fee as the Directors may determine.

Regulation 50.6

A person entitled to a Share in consequence of the death or bankruptcy of a Member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the Share, and upon supplying also to the Company an address for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the Member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any Member or sent to any Member using electronic communications in pursuance of the Constitution shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company shall have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any Share registered in the name of such Member in the Register of Members as sole or first-named joint holder.

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(u) Untraceable Members

Regulation 23.1

Without prejudice to the rights of the Company under regulation 23.2, the Company may cease sending cheques for Dividend entitlements or Dividend warrants by post if such cheques or warrants have been left uncashed on two (2) consecutive occasions. However, the Company may exercise the power to cease sending cheques for Dividend entitlements or Dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

Regulation 23.2

The Company shall have the power to sell, in such manner as the Directors think fit and in accordance with the requirements of any applicable law, any Shares of a Member who is untraceable, but no such sale shall be made unless:

- (a) all cheques or warrants in respect of Dividends of the Shares in question, being not less than three (3) in total number, for any sum payable in cash to the holder of such Shares in respect of them sent during the relevant period in the manner authorised by the Constitution have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such Shares or of a person entitled to such Shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules and regulations of the Designated Stock Exchange, has given notice to the Designated Stock Exchange, and caused advertisement to be made in newspapers in accordance with the requirements of the Designated Stock Exchange, of its intention to sell such Shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing 12 years before the date of publication of the advertisement referred to in regulation 23.2(c) and ending at the expiry of the period referred to in regulation 23.2(c).

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Regulation 23.3

To give effect to any such sale the Directors may authorise some person to transfer the said Shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such Shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this regulation shall be valid and effective notwithstanding that the Member holding the Shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

(v) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Regulation 33.1

The business and affairs of the Company shall be managed or supervised by the Directors who may exercise all the powers of the Company except any power that the Act or the Constitution requires the Company to exercise in general meeting, provided that the Directors shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved by the Company in a general meeting. The general powers given by this regulation 33.1 shall not be limited or restricted by any special authority or power given to the Directors by any other regulation.

(w) Proceedings of the Board

Regulation 36.1

The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be two (2) if there are two (2) or more Directors, and shall be one (1) if there is only one (1) Director. Subject to regulation 41.4, a person, who holds office as an alternate Director shall, if his appointor is not present, be counted in the quorum. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. A meeting of the Directors or any committee of Directors at which a quorum is present at the time the meeting proceeds to business shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors or such committee of Directors.

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Regulation 36.2

Subject to the regulations of the Constitution, the Directors or any committee of Directors may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes and a determination by a majority of Directors is for all purposes treated as a determination of the Directors. In the case of an equality of votes, the chairman shall not have a second or casting vote.

Regulation 36.3

A person may participate in a meeting of the Directors or any committee of Directors by conference telephone or video conference telephone or other communications equipment by means of which all the persons participating in the meeting are able to communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum in accordance with the Constitution, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held on the day and at the time at which the conference was held, and all Directors participating at that meeting shall be deemed for all purposes of these regulations to be present at that meeting. The minutes of such a meeting signed by the Chairman of the meeting shall be conclusive evidence of any resolution of any meeting so conducted. Unless otherwise determined by the Directors, the meeting shall be deemed to be held at the place where the chairman is located at the start of the meeting.

Regulation 36.9

All acts done by any meeting of the Directors or of a committee of the Directors or by any person acting as Director or as a member of any such committee (including any person acting as an alternate Director) shall, as regards all persons dealing in good faith with the Company, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or alternate Director, and/or that they or any of them were disqualified, and/or had vacated their office and/or were not entitled to vote, be as valid as if every such person had been duly appointed and/or not disqualified to be a Director or alternate Director and/or had not vacated their office and/or had been entitled to vote, as the case may be.

(x) Personal Data and Secrecy

Regulation 54

No Member shall be entitled to require discovery of or any information relating to any detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Members to communicate to the public save as may be authorised by law or the rules and regulations of the Designated Stock Exchange.

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Personal Data

Regulation 55.1

Each Member who is a natural person consents to the collection, use, disclosure, and/or processing of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:

- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
- (b) internal analysis and/or market research by the Company (or its agents or service providers);
- (c) investor relations communications by the Company (or its agents or service providers);
- (d) administration by the Company (or its agents or service providers) of that Member's holding of Shares in the capital of the Company;
- (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;
- (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any general meeting (including any adjournment thereof);
- (g) implementation and administration of, and compliance with, any provision of the Constitution;
- (h) compliance with any applicable laws (including without limitation the Personal Data Protection Act 2012 of Singapore), listing rules, take-over rules, regulations and/or guidelines, as well as provision of assistance and information in connection with regulatory inquiries and investigations by relevant authorities;
- (i) any other purposes specified in the Company's prevailing privacy or data protection policies; and
- (j) purposes which are reasonably related to any of the above purpose.

The aforesaid is in addition to any other legal basis upon which the Company may collect, use, disclose or process the personal data of the Member.

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Regulation 55.2

Without prejudice to the generality of regulation 55.1, any Member who appoints a proxy and/or representative for any general meeting and/or any adjournment thereof warrants that where such Member discloses the personal data of any natural person (such as a proxy, attorney, representative to the Company (or its agents or service providers), and/or any third party), such Member has obtained the prior consent of the relevant individual (such as the proxy, attorney, representative to the Company (or its agents or service providers), and/or any third party, as the case may be) to whom the data relates for the collection, use, disclosure, and/or processing by the Company (or its agents or service providers) of the personal data of such individual for the purposes specified in regulation 55.1(f) and for any purposes reasonably related to regulation 55.1(f), and the Member shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of or in connection with such Member's breach of warranty.

Regulation 55.3

For the purposes of regulations 55.1 and 55.2, the expressions "personal data" and "processing" shall have the meanings respectively ascribed to them in the Personal Data Protection Act 2012 of Singapore.

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B. SALIENT PROVISIONS OF THE CORPORATE LAWS OF SINGAPORE

The following is a summary of the salient provisions of the corporate laws of Singapore as at the date of this document which are generally applicable to a Singapore incorporated company. The summaries below are for general guidance only and do not constitute legal advice, nor shall they be used as a substitute for specific legal advice on the corporate laws of Singapore. The summaries below are not meant to be a comprehensive or exhaustive description of all (i) the obligations, rights and privileges of shareholders imposed or conferred by the corporate laws of Singapore and (ii) the conditions, procedures, prohibitions, restrictions, exemptions, or exceptions which may be applicable in particular circumstances. In addition, [REDACTED] and/or shareholders should also note that the laws applicable to shareholders or to Singapore companies may change, whether as a result of proposed legislative reforms to the laws of Singapore or otherwise. [REDACTED] and/or shareholders should consult their own legal advisers for specific and independent legal advice concerning their legal obligations and rights under the relevant laws of Singapore. Whilst every effort has been made to ensure that the information given below is accurate, the Company accepts no liability for any error, omission or inaccuracy in the information furnished herein, and is under no obligation to update the information furnished herein following the date of the document.

The relevant Singapore legislations cited in the summaries below as at the date of the document are on display on the websites of the Stock Exchange and the Company as specified in "*Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display*" in Appendix VI to this document.

Reporting Obligations of Shareholders

Subdivision (2) of Division 1 to Part 7 of the Securities and Futures Act 2001 of Singapore ("SFA") regulates disclosure by substantial shareholders in a (i) company any or all of the shares in which are listed for quotation on the official list of an "approved exchange", or (ii) to a corporate (not being a company, or a collective investment scheme constituted as a corporation) any or all of the shares in which are listed for quotation on the official list of an "approved exchange", such listing being a primary listing. An "approved exchange" refers to a corporation that is approved by the Monetary Authority of Singapore under section 9(1)(a) of the SFA as an approved exchange, and does not, as of the date of this document, include the Stock Exchange.

Prohibited Conduct in Relation to Trading in the Securities of the Company under Part 12 of the SFA

Prohibition against False Trading and Market Manipulation

Sections 197 of the SFA

Sections 197(1), (1A) and (2) of the SFA provides that:

- (a) A person must not do any thing, cause any thing to be done or engage in any course of conduct, if the person's purpose, or any of the person's purposes, for doing that thing, causing that thing to be done or engaging in that course of conduct (as the case may be) is to create a false or misleading appearance:

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- (i) of active trading in any capital markets products on an organised market; or
- (ii) with respect to the market for, or the price of, any capital markets products traded on an organised market;
- (b) A person must not do any thing, cause any thing to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any capital markets products traded on an organised market, or with respect to the market for, or the price of, any capital markets products traded on an organised market, if:
 - (i) the person knows that doing that thing, causing that thing to be done or engaging in that course of conduct (as the case may be) will create, or will be likely to create, that false or misleading appearance; or
 - (ii) the person is reckless as to whether doing that thing, causing that thing to be done or engaging in that course of conduct (as the case may be) will create, or will be likely to create, that false or misleading appearance; and
- (c) A person must not maintain, inflate, depress, or cause fluctuations in, the market price of any capital markets products:
 - (i) by means of any purchase or sale of any capital markets products that does not involve a change in the beneficial ownership of the capital markets products; or
 - (ii) by any fictitious transaction or device.

Under Section 197(3) of the SFA, without limiting Section 197(1) of the SFA, it is presumed that a person's purpose, or one of a person's purposes, is to create a false or misleading appearance of active trading in capital markets products on an organised market if the person:

- (a) effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of the capital markets products, being a transaction that does not involve any change in the beneficial ownership of the capital markets products;
- (b) makes or causes to be made an offer to sell the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the firstmentioned price; or
- (c) makes or causes to be made an offer to purchase the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the firstmentioned price.

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Section 197(4) of the SFA provides that the presumption under Section 197(3) of the SFA may be rebutted if the defendant establishes that the purpose or purposes for which the defendant did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in the capital markets products on the organised market.

Section 197(5) of the SFA provides that for the purposes of Section 197 of the SFA, a purchase or sale of capital markets products does not involve a change in the beneficial ownership if any of the following persons has an interest in the capital markets products after the purchase or sale:

- (a) a person who had an interest in the capital markets products before the purchase or sale;
- (b) a person associated with the person mentioned in paragraph (a).

Section 197(6) of the SFA provides that in any proceedings against a person for a contravention of Section 197(2) of the SFA in relation to a purchase or sale of capital markets products that did not involve a change in the beneficial ownership of the capital markets products, it is a defence if the defendant establishes that the purpose or purposes for which the defendant purchased or sold the capital markets products was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, the capital markets products.

Prohibition against Market Manipulation in relation to Securities and Securities-based Derivatives Contracts

Section 198 of the SFA

Under Section 198(1) of the SFA, a person must not effect, take part in, be concerned in or carry out, directly or indirectly, 2 or more transactions in securities, or securities-based derivatives contracts, of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts (as the case may be) of the corporation on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts (as the case may be) of the corporation or of a related corporation.

Section 198(3) of the SFA provides that under Section 198 of the SFA:

- (a) a reference to transactions in securities or securities-based derivatives contracts of a corporation includes:
 - (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
 - (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
- (b) a reference to transactions in securities or securities-based derivatives contracts of a business trust includes:

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- (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and
- (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be.

Prohibition against the Manipulation of the Market Price of Securities by the Dissemination of False or Misleading Information and the Dissemination of Information about Illegal Transactions

Sections 199 and 202 of the SFA

Section 199 of the SFA provides that a person must not make a statement, or disseminate information, that is false or misleading in a material particular and is likely:

- (a) to induce other persons to subscribe for securities, securities-based derivatives contracts or units in a collective investment scheme;
- (b) to induce the sale or purchase of securities, securities-based derivatives contracts or units in a collective investment scheme, by other persons; or
- (c) to have the effect (whether significant or otherwise) of raising, lowering, maintaining or stabilising the market price of securities, securities-based derivatives contracts or units in a collective investment scheme,

if, when the person makes the statement or disseminates the information:

- (d) the person does not care whether the statement or information is true or false; or
- (e) the person knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

Section 202(1) of the SFA provides that a person must not circulate or disseminate, or authorise or be concerned in the circulation or dissemination of, any statement or information to any of the following effect if any condition in Section 202(2) of the SFA is satisfied:

- (a) the price of any securities or securities-based derivatives contract, of a corporation will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that corporation (or of a related corporation) which to the person's knowledge was entered into or done in contravention of Section 197, 198, 199, 200 or 201 of the SFA, or if entered into or done would be in contravention of Section 197, 198, 199, 200 or 201 of the SFA;

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- (b) the price of any securities or securities-based derivatives contract, of a business trust will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that business trust which to the person's knowledge was entered into or done in contravention of Section 197, 198, 199, 200 or 201 of the SFA, or if entered into or done would be in contravention of Section 197, 198, 199, 200 or 201 of the SFA;
- (c) the price of a class of derivatives contracts will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of derivatives contracts by one or more persons which to the person's knowledge was entered into, or done, in contravention of Section 197, 200, 201, 201A or 201B of the SFA, or if entered into, or done, would be in contravention of Section 197, 200, 201, 201A or 201B of the SFA;
- (d) the price of a class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of spot foreign exchange contracts for purposes of leveraged foreign exchange trading, by one or more persons which to the person's knowledge was entered into, or done, in contravention of Section 197, 200, 201, 201A or 201B of the SFA, or if entered into, or done, would be in contravention of Section 197, 200, 201, 201A or 201B of the SFA.

Section 202(2) of the SFA provides that for the purpose of Section 202(1) of the SFA, the condition is either:

- (a) the person mentioned in Section 202(1) of the SFA, or a person associated with that person, has entered into or purports to enter into any such transaction, or has done or purports to do any such act or thing; or
- (b) the person mentioned in Section 202(1) of the SFA, or a person associated with that person, has received, or expects to receive, directly or indirectly, any consideration or benefit for circulating or disseminating, or authorising or being concerned in the circulation or dissemination of, the statement or information.

Prohibition against Fraudulently Inducing Persons to Deal in Securities

Section 200 of the SFA

Section 200(1) of the SFA provides that a person must not:

- (a) by making or publishing any statement, promise or forecast that the person knows or ought reasonably to have known to be misleading, false or deceptive;
- (b) by any dishonest concealment of material facts;

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- (c) by the reckless making or publishing of any statement, promise or forecast that is misleading, false or deceptive; or
- (d) by recording or storing in, or by means of, any mechanical, electronic or other device information that the person knows to be false or misleading in a material particular,

induce or attempt to induce another person to deal in capital markets products.

Section 200(2) of the SFA provides that in any proceedings against a person for a contravention of Section 200(1) of the SFA constituted by recording or storing information as mentioned in Section 200(1)(d) of the SFA, it is a defence if it is established that, at the time when the defendant so recorded or stored the information, the defendant had no reasonable grounds for expecting that the information would be available to any other person.

Prohibition against Employment of Manipulative and Deceptive Devices

Section 201 of the SFA

Section 201 of the SFA provides that a person must not, directly or indirectly, in connection with the subscription, purchase or sale of any capital markets products:

- (a) employ any device, scheme or artifice to defraud;
- (b) engage in any act, practice or course of business which operates as a fraud or deception, or is likely to operate as a fraud or deception, upon any person;
- (c) make any statement the person knows to be false in a material particular; or
- (d) omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

Prohibition against Insider Trading

Sections 218 and 219 of the SFA

Section 218(1) of the SFA provides that subject to Division 3 of Part 12 of the SFA, where:

- (a) a person who is connected to a corporation possesses information concerning that corporation that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation; and
- (b) the connected person knows or ought reasonably to know that:
 - (i) the information is not generally available; and
 - (ii) if it were generally available, it might have a material effect on the price or value of those securities or securities-based derivatives contracts of that corporation,

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Sections 218(2), 218(3), 218(4), 218(5) and 218(6) of the SFA apply.

Section 218(1A) of the SFA provides that Sections 218(2), 218(3), 218(4A), 218(5) and 218(6) of the SFA apply if:

- (a) a person is connected to:
 - (i) a corporation that is the trustee of, or manages or operates, a business trust; or
 - (ii) a corporation that is the trustee or manager of a collective investment scheme:
 - (A) that invests primarily in real estate and real estate-related assets specified by the Authority in the Code on Collective Investment Schemes; and
 - (B) all or any units of which are listed on an approved exchange;
- (b) the connected person possesses:
 - (i) where the person is connected to a corporation mentioned in paragraph (a)(i), any information concerning the corporation or business trust that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
 - (ii) where the person is connected to a corporation mentioned in paragraph (a)(ii), any information concerning the corporation or collective investment scheme that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of the corporation, or the price or value of CIS units in the scheme; and
- (c) the connected person knows or ought reasonably to know that:
 - (i) the information is not generally available; and
 - (ii) if it were generally available, it might have a material effect on:
 - (A) where the person is connected to a corporation mentioned in paragraph (a)(i), the price or value of securities or securities-based derivatives contracts of the corporation or business trust; or
 - (B) where the person is connected to a corporation mentioned in paragraph (a)(ii), the price or value of securities or securities-based derivatives contracts of the corporation, or the price or value of CIS units in the collective investment scheme.

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Section 218(2) of the SFA provides that the connected person must not (whether as principal or agent):

- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell:
 - (i) the securities or securities-based derivatives contracts mentioned in Section 218(1) of the SFA; or
 - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in Section 218(1A) of the SFA; or
- (b) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell:
 - (i) the securities or securities-based derivatives contracts mentioned in Section 218(1) of the SFA; or
 - (ii) the securities, securities-based derivatives contracts or CIS units mentioned in Section 218(1A) of the SFA.

Section 218(5) of the SFA provides that under Division 3 of Part 12 of the SFA:

- (a) “connected person” means a person referred to in Section 218(1) or 218(1A) of the SFA who is connected to a corporation; and
- (b) a person is connected to a corporation if:
 - (i) the person is an officer of that corporation or of a related corporation;
 - (ii) the person is a substantial shareholder in that corporation or in a related corporation; or
 - (iii) the person occupies a position that may reasonably be expected to give the person access to information of a kind to which this section applies by virtue of:
 - (A) any professional or business relationship existing between the person (or the person’s employer or a corporation of which the person is an officer) and that corporation or a related corporation; or
 - (B) being an officer of a substantial shareholder in that corporation or in a related corporation.

Section 219(1) of the SFA provides that subject to Division 3 of Part 12 of the SFA, where:

- (a) a person who is not a connected person referred to in Section 218 of the SFA (called in this section the insider) possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities, securities-based derivatives contracts or CIS units; and

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- (b) the insider knows that:
 - (i) the information is not generally available; and
 - (ii) if it were generally available, it might have a material effect on the price or value of those securities, securities-based derivatives contracts or CIS units, as the case may be,

Sections 219(2) and 219(3) of the SFA apply.

Section 219(2) of the SFA provides that the insider must not (whether as principal or agent):

- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such securities, securities-based derivatives contracts or CIS units, as the case may be; or
- (b) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, any such securities, securities-based derivatives contracts or CIS units, as the case may be.

Section 219(3) of the SFA provides that the insider must not, directly or indirectly, communicate the information mentioned in Section 219(1) of the SFA, or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, the securities, securities-based derivatives contracts or CIS units mentioned in Section 219(1) of the SFA; or
- (b) procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, the securities, securities-based derivatives contracts or CIS units mentioned in Section 219(1) of the SFA.

Section 216 of the SFA

Section 216 of the SFA provides that for the purposes of Division 3 of Part 12 of the SFA, a reasonable person would be taken to expect information to have a material effect on the price or value of securities, securities-based derivatives contracts or CIS units, if the information would, or would be likely to, influence any of the following persons in deciding whether or not to subscribe for, buy or sell those securities, securities-based derivatives contracts or CIS units:

- (a) the persons who commonly invest in the securities, securities-based derivatives contracts or CIS units;
- (b) any one or more classes of persons who constitute the persons mentioned in paragraph (a).

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Penalties

Section 232 of the SFA

Section 232(1) of the SFA provides that whenever it appears to the Monetary Authority of Singapore that any person has contravened any provision in Part 12 of the SFA, the Monetary Authority of Singapore may, with the consent of the Public Prosecutor, bring an action in a court against the person to seek an order for a civil penalty in respect of that contravention.

Section 232(2) of the SFA provides that if the court is satisfied on a balance of probabilities that the person has contravened a provision in Part 12 of the SFA, the court may make an order against the person for the payment of a civil penalty of a sum not exceeding the greater of the following:

- (a) 3 times:
 - (i) the amount of the profit that the person gained as a result of the contravention; or
 - (ii) the amount of the loss that the person avoided as a result of the contravention;
- (b) S\$2 million.

Section 232(3) of the SFA provides that the civil penalty ordered under Section 232(2) of the SFA must not be less than:

- (a) in the case where the person is a corporation, \$100,000; and
- (b) in any other case, \$50,000.

Section 232(5) of the SFA provides that nothing in Section 232 of the SFA prevents the Monetary Authority of Singapore from entering into an agreement with any person to pay, with or without admission of liability, a civil penalty within the limits referred to in Section 232(2) or 232(3) of the SFA for a contravention of any provision in Part 12 of the SFA.

Section 204 of the SFA

Under Section 204(1) of the SFA, any person who contravenes any of the provisions under Division 1 of Part 12 of the SFA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding 7 years or to both.

Section 204(2) of the SFA provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of any of the provisions under Division 1 of Part 12 of the SFA after:

- (a) a court has made an order against the person for the payment of a civil penalty under Section 232 of the SFA; or
- (b) the person has entered into an agreement with the Monetary Authority of Singapore to pay, with or without admission of liability, a civil penalty under Section 232(5) of the SFA,

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in respect of that contravention.

Section 221 of the SFA

Under Section 221(1) of the SFA, a person who contravenes Section 218 or 219 of the SFA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding 7 years or to both.

Section 221(2) of the SFA provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of Section 218 or 219 of the SFA after:

- (a) a court has made an order against the person for the payment of a civil penalty under Section 232 of the SFA; or
- (b) the person has entered into an agreement with the Monetary Authority of Singapore to pay, with or without admission of liability, a civil penalty under Section 232(5) of the SFA,

in respect of that contravention.

Civil Liability

Section 234 of the SFA

Section 234(1) of the SFA provides that a person who has acted in contravention of any of the provisions in Part 12 of the SFA (called in this section and Sections 235 and 236 of the SFA the contravening person) is, if the contravening person had gained a profit or avoided a loss as a result of that contravention, whether or not the contravening person had been convicted or had a civil penalty imposed on the contravening person in respect of that contravention, liable to pay compensation to any person (called in this section and Sections 235 and 236 of the SFA the claimant) who:

- (a) had been dealing in capital markets products of the same description contemporaneously with the contravention; and
- (b) had suffered loss by reason of the difference between:
 - (i) the price at which the capital markets products were dealt in contemporaneously with the contravention; and
 - (ii) the price at which the capital markets products would have been likely to have been so dealt in at the time of the contemporaneous dealing if:
 - (A) in the case where the contravening person had acted in contravention of Section 218 or 219 of the SFA, the information mentioned in Section 218(1) or 218(1A) or 219(1) of the SFA (as the case may be) had been generally available; or
 - (B) in any other case, the contravention had not occurred.

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Extra-territoriality of the SFA

Section 339 of the SFA

Section 339(1) of the SFA provides that where a person does an act partly in and partly outside Singapore which, if done wholly in Singapore, would constitute an offence against any provision of the SFA, that person shall be guilty of that offence as if the act were carried out by that person wholly in Singapore, and may be dealt with as if the offence were committed wholly in Singapore.

Section 339(2) of the SFA provides that where:

- (a) a person does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore; and
- (b) that act would, if carried out in Singapore, constitute an offence under any provision of Part 2, 2A, 3, 4, 6AA, 8, 12, 13 or 15 of the SFA, which includes prohibited conduct in relation to trading in capital markets products of the company and the insider trading provisions described above,

that person shall be guilty of an offence as if the act were carried out by that person in Singapore, and may be dealt with as if the offence were committed in Singapore.

Section 339(2A) of the SFA provides that for the purposes of an action under Section 232 or 234 of the SFA, where a person:

- (a) does an act partly in and partly outside Singapore which, if done wholly in Singapore, would constitute a contravention of any provision of Part 12 of the SFA; or
- (b) does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore and that act, if carried out in Singapore, would constitute a contravention of any provision of Part 12 of the SFA,

the act is treated as being carried out by that person in Singapore.

Alteration of Constitution and Name Change

Section 26 of the Companies Act 1967 of Singapore (the "Singapore Companies Act")

Under Section 26(1) of the Singapore Companies Act, unless otherwise provided in the Singapore Companies Act, the constitution of a company may be altered or added to by special resolution.

This is subject to Section 26A of the Singapore Companies Act, which provides that an entrenching provision in the constitution of a company may be removed or altered only if all members of the company agree. An "entrenching provision" means a provision of the constitution of a company to the effect that other specified provisions in the constitution (a) may not be altered in the manner provided by the Singapore Companies Act; or (b) may not be so altered except (i) by a resolution passed by a specified majority greater than 75%; or (ii) where other specified conditions are met.

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Section 28 of the Singapore Companies Act

Under Section 28(1) of the Singapore Companies Act, a company may by special resolution resolve that its name should be changed to a name that is permissible to be registered under the Singapore Companies Act.

Share Capital

Section 161 of the Singapore Companies Act

Under Section 161 of the Singapore Companies Act, despite anything in a company's constitution, the directors of a company must not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.

Such approval may be confined to a particular exercise of that power or may apply to the exercise of that power generally; and any such approval may be unconditional or subject to conditions. Any approval, once given, continues in force until (a) the conclusion of the next annual general meeting commencing next after the date on which the approval was given; or (b) the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting. The directors may issue shares even though an approval has ceased to be in force if the shares are issued pursuant to an offer, agreement or option made or granted by them while the approval was in force and they were authorised by the approval to make or grant an offer, agreement or option which would or might require shares to be issued after the expiration of the approval.

Section 64A of the Singapore Companies Act

Pursuant to Section 64A of the Singapore Companies Act, and subject to the approval of the shareholders of a public company incorporated in Singapore by special resolution, different classes of shares in the public company may be issued only if (a) the issue of the class or classes of shares is provided for in the constitution of the public company; and (b) the constitution of the public company sets out in respect of each class of shares the rights attached to that class of shares. Such class or classes of shares may confer special, limited or conditional voting rights, or not confer any voting rights.

Section 71 of the Singapore Companies Act

Under Section 71 of the Singapore Companies Act, a company, if so authorised by its constitution, may in general meeting alter its share capital in any one or more of the following ways: (a) consolidate and divide all or any of its share capital; (b) convert all or any of its paid-up shares into stock and reconvert that stock into paid-up shares; (c) subdivide its shares or any of them, so however that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share is the same as it was in the case of the share from which the reduced share is derived; and (d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

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Financial Assistance to Purchase Shares of a Company or its Holding Company

Generally, pursuant to Section 76 of the Singapore Companies Act, a public company or a company whose holding company or ultimate holding company is a public company must not, whether directly or indirectly, give any financial assistance for the purpose of, or in connection with, the acquisition or proposed acquisition by any person of shares or units of shares in the company or its holding company or ultimate holding company (as the case may be) of the company.

Examples of financial assistance include the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise. Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited, including but not limited to: (a) a distribution of a company's assets by way of dividends; (b) a distribution in the course of a company's winding up; (c) a payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act; (d) the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares or units of shares in the company; (e) the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments; (f) an allotment of bonus shares; (g) a redemption of redeemable shares of a company in accordance with the company's constitution; or (h) the payment of some or all of the costs by a company listed on an approved exchange in Singapore or any securities exchange outside Singapore associated with a scheme, an arrangement or a plan under which any shareholder of the company may purchase or sell shares for the sole purpose of rounding off any odd-lots which the shareholder owns.

The Singapore Companies Act further provides that a company can give financial assistance for the purpose of, or in connection with, an acquisition or proposed acquisition by a person of shares or units of shares in the company or in a holding company or ultimate holding company (as the case may be) in certain limited circumstances, and subject to compliance with the applicable conditions and procedures. One such example is where (i) the giving of financial assistance does not materially prejudice the interests of the company or its shareholders or, the company's ability to pay its creditors and (ii) the board of directors of the company passes a resolution that the company should give the assistance and that the terms and conditions under which the assistance is proposed to be given are fair and reasonable to the company.

Purchase or Acquisition by a Company of its Shares

The Singapore Companies Act generally prohibits a company from acquiring its own shares, subject to certain exceptions. Any contract or transaction by which a company acquires or purports to acquire its own shares is void, subject to the exceptions below. Provided that it is expressly permitted to do so by its constitution and subject to the special conditions of each permitted acquisition contained in the Singapore Companies Act, a company may:

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- (a) issue preference shares which are, or at the option of the company are to be, liable to be redeemed. Preference shares may be redeemed out of capital if all the directors make a solvency statement in relation to such redemption in accordance with the Singapore Companies Act and lodge a copy of the statement with the Registrar of Companies;
- (b) make an off-market purchase of its own shares in accordance with an equal access scheme authorised in advance by the company in general meeting;
- (c) make a selective off-market purchase of its own shares in accordance with an agreement authorised in advance by a special resolution of the company where persons whose shares are to be acquired and their associated persons abstain from voting on such resolution;
- (d) make an acquisition of its own shares under a contingent purchase contract which has been authorised in advance by a special resolution of the company; and
- (e) make a market purchase of its own shares which has been authorised in advance by the company in general meeting.

The categories of securities that may be repurchased by companies include ordinary shares, stocks and preference shares. During the period (a) commencing from the date of the resolution passed to authorise the purchase of its own shares under any of the four (4) methods of share buybacks set out at paragraphs (b) to (e) of this section above (“**share buyback resolution**”); and (b) expiring on the date the next annual general meeting of the company is or is required by law to be held, whichever is the earlier (the “**relevant period**”), the total number of ordinary shares and stocks in any class that may be purchased by a company in such relevant period must not exceed 20.0% (or such other percentage as may be prescribed) of the total number of ordinary shares and stocks of the company in that class as of the date of the share buyback resolution. Where, however, the company has, at any time during the relevant period, reduced its share capital by a special resolution or a Singapore court has, at any time during the relevant period, made an order approving the reduction of share capital of the company, the total number of ordinary shares and stocks of the company in any class shall be taken to be the total number of ordinary shares and stocks in that class as altered by the special resolution or the order of the Singapore court, as the case may be.

During the relevant period, companies that have issued preference shares can also buy back up to 20.0% (or such other percentage as may be prescribed) of the total number of non-redeemable preference shares of the company in that class ascertained as at the date that the share buyback resolution was passed, unless the company has, at any time during the relevant period, reduced its share capital by a special resolution or a Singapore court has, at any time during the relevant period, made an order approving the reduction of share capital of the company in which case, the total number of non-redeemable preference shares of the company in any class is taken to be the total number of non-redeemable preference shares of the company in that class as altered by the special resolution of the company or the order of the Singapore court, as the case may be.

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A payment by the company in consideration of:

- (i) acquiring any right with respect to the purchase or acquisition of its own shares;
- (ii) the variation of an agreement in connection with the purchase or acquisition of its own shares;
or
- (iii) the release of any of the company's obligations with respect to the purchase or acquisition of any of its own shares under an agreement,

may be made out of the company's profits or capital, provided that the company is solvent. Such a payment includes any expenses (including brokerage or commission) incurred directly in the purchase or acquisition by the company of its own shares.

Where ordinary shares are purchased or acquired by the company, such shares shall, unless held in treasury, be deemed to be cancelled immediately on purchase or acquisition. Treasury shares may be dealt with in such manner as may be permitted under the Singapore Companies Act. On the cancellation of the shares, the rights and privileges attached to those shares will expire.

Treasury Shares

Pursuant to Sections 76H and 76I of the Singapore Companies Act, a company may hold its own shares which it has purchased or acquired (and has not otherwise dealt with) as treasury shares, subject to the limits specified in the Singapore Companies Act. Pursuant to Section 76J(2), read with Section 76J(3), of the Singapore Companies Act, a company must not exercise any right in respect of the treasury shares (including any right to attend or vote at meetings) and any purported exercise of such a right is void.

Pursuant to Section 76J(4) of the Singapore Companies Act, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, to the company in respect of the treasury shares. However, this does not prevent: (a) an allotment of shares as fully paid bonus shares in respect of the treasury shares; or (b) the subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Subsidiary Holdings

Pursuant to Section 21 of the Singapore Companies Act, subject to certain limited exceptions, a corporation cannot be a member of a company which is its holding company, and any allotment or transfer of shares in a company to its subsidiary in contravention of this requirement is void.

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Reduction of Capital

Section 78A of the Singapore Companies Act provides that, unless excluded or restricted under its constitution, a company may reduce its share capital under and in compliance with procedures provided for it by the provisions of Division 3A of the Singapore Companies Act, in any way, and, in particular, do all or any of the following: (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; (b) cancel any paid-up share capital which is lost or unrepresented by available assets; (c) return to shareholders any paid-up share capital which is more than it needs.

Takeovers

Offences and Obligations relating to Takeovers

Section 140 of the SFA

Section 140(1) of the SFA provides that a person who has no intention to make an offer in the nature of a take-over offer must not give notice or publicly announce that the person intends to make a take-over offer.

Section 140(2) of the SFA provides that a person must not make a take-over offer or give notice or publicly announce that the person intends to make a take-over offer if the person has no reasonable or probable grounds for believing that the person will be able to perform the person's obligations if the take-over offer is accepted or approved, as the case may be.

Section 140(3) of the SFA provides that where a person contravenes Section 140(1) or 140(2) of the SFA, the person and, where the person is a corporation, every officer of the corporation who is in default shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$250,000 or to imprisonment for a term not exceeding 7 years or to both.

Obligations under the Singapore Takeover Code

The Singapore Takeover Code, issued by the Monetary Authority of Singapore pursuant to Section 321 of the SFA, regulates the acquisition of voting shares of, amongst others, public companies and contains certain provisions that may affect, delay, deter or prevent a future takeover or change in control of the Company. Pursuant to Section 139 of the SFA, the Singapore Takeover Code applies to a takeover offer and to matters connected therewith, and all parties concerned in a takeover offer or a matter connected therewith must comply with its provisions. The Singapore Takeover Code is administered by the Securities Industry Council of Singapore, an advisory body which is given statutory recognition under Section 138 of the SFA.

Under the Singapore Takeover Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

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Except with the consent of the Securities Industry Council of Singapore, where:

- (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0% of the voting rights of a company,

such person shall extend immediately a takeover offer (a “**mandatory offer**”) for the remaining shares of the holders of any class of shares in the capital of the company which carries votes and in which such person or persons acting in concert with him hold shares, in accordance with the provisions of the Singapore Takeover Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, also have the obligation to extend an offer. Responsibility for ensuring compliance with the Singapore Takeover Code rests with parties (including company directors) to a takeover and their advisers.

“**Persons acting in concert**” comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Without prejudice to the general application of this definition, the following individuals and companies are presumed to be acting in concert with each other (unless the contrary is established):

- (a) a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

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- (g) partners; and
- (h) an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

In the event that one of the abovementioned trigger points is reached, the person acquiring an interest (the "**Offeror**") must make a public announcement of its firm intention to make an offer (the "**Offer Announcement**") stating, *inter alia*, the terms of the offer and the identity of the Offeror. The Offeror must post an offer document (the "**Offer Document**") not earlier than 14 days and not later than 21 days from the date of the Offer Announcement. An offer must be kept open for at least 28 days after the date on which the Offer Document was posted.

If a revised offer is proposed, the Offeror is required to give a written notice to the shareholders of the offeree company, stating the modifications made to the matters set out in the Offer Document. The revised offer must be kept open for at least 14 days from the date of posting of the written notification of the revision to shareholders. Where the consideration is increased, shareholders who agreed to accept the offer before the increase are also entitled to receive the increased consideration.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the Offeror or parties acting in concert with the Offeror during the offer period and within the six (6) months prior to commencement of the offer period.

Consequence of non-compliance with the requirements under the Singapore Takeover Code

The Singapore Takeover Code is non-statutory in that it does not have the force of law. Therefore, as provided in Section 139(8) of the SFA, a failure of any party concerned in a takeover offer or a matter connected therewith to observe any of the provisions of the Singapore Takeover Code does not of itself render that party liable to criminal proceedings but any such failure may, in any proceedings whether civil or criminal, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings.

Notwithstanding the foregoing, Section 139(9) of the SFA provides that nothing in Section 139(8) of the SFA is to be construed as preventing the Securities Industry Council of Singapore from invoking such sanctions (including public censure) as it may decide in relation to breaches of the Singapore Takeover Code by any party concerned in a take-over offer or a matter connected therewith.

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Sections 139(10) and 139(11) of the SFA further provides that where the Securities Industry Council of Singapore has reason to believe that any party concerned in a takeover offer or a matter connected therewith, or any person advising on a takeover offer or a matter connected therewith, is in breach of the provisions of the Singapore Takeover Code or is otherwise believed to have committed acts of misconduct in relation to such takeover offer or matter, the Securities Industry Council of Singapore has power to enquire into the suspected breach or misconduct and may, for this purpose, summon any person to give evidence on oath or affirmation, which it is authorised to administer, or produce any document or material necessary for the purpose of the enquiry.

Compulsory Acquisition

Section 215 of the Singapore Companies Act

Under Section 215(1) of the Singapore Companies Act, where a scheme or contract (“**Offer**”) involving the transfer of all of the shares in any particular class in a company (“**Offeree Company**”) to the Offeror has, within four (4) months after the making of the Offer by the Offeror, been approved by the holders of not less than 90.0% of the total number of those shares (excluding treasury shares) or of the shares of that class (other than the shares already held by the Offeror at the date of the Offer or treated to be held or acquired by the Offeror (the “**Offeror Deemed Holdings**”) at the date of the Offer), the Offeror may at any time within two (2) months after the approval of the Offer give notice to any dissenting shareholder of the Offeree Company (each, a “**Dissenting Shareholder**”) that it desires to acquire the Dissenting Shareholder’s shares.

The Offeror Deemed Holdings include shares held by (a) the Offeror’s nominees and related corporations and such related corporations’ nominees; (b) a person who is accustomed or obligated to act in accordance with the directions or wishes of the Offeror in respect of the Offeree Company; (c) the Offeror’s immediate family members; (d) a person whose directions or wishes the Offeror is accustomed or obligated to act in accordance with, in respect of the Offeree Company; or (e) a body corporate that is controlled by the Offeror or any of the foregoing persons.

When such a notice is given to the Dissenting Shareholder, the Offeror shall, unless a Singapore court otherwise orders on an application made by the Dissenting Shareholder within the stipulated time period, be entitled and bound to acquire those shares on the terms of the original Offer (or if the Offer contained two (2) or more alternative sets of terms, the terms which were specified in the Offer as being applicable to Dissenting Shareholders).

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Under Section 215(3) of the Singapore Companies Act, where pursuant to an Offer, shares in the company are transferred to the Offeror or its nominee and those shares together with any other shares held by the Offeror (which shall include the Offeror Deemed Holdings as well as treasury shares which are treated as having been acquired by the Offeror) as at the date of transfer comprise or include 90.0% of the total number of shares or any class of shares in the Offeree Company, the Offeror must, within one (1) month from the date of the transfer (unless on a previous transfer pursuant to the Offer it has already complied with this requirement), give notice to the holders of the remaining shares or of the remaining shares of that class who have not assented to the Offer, who may, within three (3) months from the giving of the notice to such holders, require the Offeror to acquire their shares. When such a notice is given, the Offeror is entitled and bound to acquire those shares on the terms of the original Offer, or on such other terms as are agreed or as the court on application of either the Offeror or the shareholder thinks fit to order.

Dividends and Distributions

Section 403 of the Singapore Companies Act provides that no dividends may be paid to shareholders of a company except out of the company's profits. Section 76J(4) of the Singapore Companies Act also provides that no dividend may be paid, and no other distribution (whether in cash or otherwise) of a company's assets (including any distribution of assets to members on a winding up) may be made to the company in respect of shares held by a company as treasury shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Singapore Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder or holder of debenture of the company, as they think fit with a view to bringing to an end or remedying any of the following matters complained of:

- (a) that the affairs of the company are being conducted or the powers of the directors are being exercised in a manner oppressive to one or more of the shareholders or holders of debentures including the applicant, or in disregard of his, her or their interests as shareholders or holders of debentures of the company; or
- (b) that some act of the company has been done or is threatened, or that some resolution of the shareholders, holders of debentures or any class of them has been passed or is proposed, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and may make such order as it thinks fit with the view to bringing to an end or remedying the matters complained of. Without limiting the foregoing, the order may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of the affairs of the company in the future;

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- (c) authorise civil proceedings to be brought in the name of, or on behalf of, the company by a person or persons and on such terms as the Singapore court may direct;
- (d) provide for the purchase of the shares of the company by other members of the company or by the company itself;
- (e) in the case of a purchase of shares by the company provide for a reduction accordingly of the company's capital; or
- (f) provide that the company be wound up.

Where an order made by the Singapore courts makes any alteration in or addition to any company's constitution, then, despite anything in any other provision of the Singapore Companies Act, but subject to the provisions of the order, the company concerned does not have power, without the permission of the Court, to make any further alteration in or addition to the constitution inconsistent with the provisions of the order.

Disposal of Assets

Under Section 160 of the Singapore Companies Act, despite anything in a company's constitution, the directors must not carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property unless those proposals have been approved by the company in general meeting.

Accounting and Auditing Requirements

Section 199(1) of the Singapore Companies Act provides that every company must keep accounting and other records that will sufficiently explain the transactions and financial position of the company and enable true and fair financial statements and any documents required to be attached thereto to be prepared from time to time, and must cause those records to be kept in such manner as to enable them to be conveniently and properly audited. Section 199(2A) of the Singapore Companies Act provides that every public company and every subsidiary company of a public company must devise and maintain a system of internal accounting controls sufficient to provide a reasonable assurance that: (a) assets are safeguarded against loss from unauthorised use or disposition; and (b) transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Section 201 of the Singapore Companies Act provides that the directors of every company must lay before the company at its annual general meeting the financial statements for the financial year in respect of which the annual general meeting is held, and generally speaking, such financial statements must comply with the requirements of the applicable accounting standards, and give a true and fair view of the financial position and performance of the company.

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Exchange Controls

As at the date of this document, no exchange control restrictions are in effect in Singapore.

Extraordinary General Meetings Convened on Members' Requisition or by Members

Section 176 of the Singapore Companies Act

Section 176 of the Singapore Companies Act provides that, despite anything in its constitution, the directors of a company must, on the requisition of members holding at the date of the deposit of the requisition not less than 10.0% of the total number of paid-up shares as at the date of the deposit carries the right of voting at general meetings or, in the case of a company not having a share capital, of members representing not less than 10.0% of the total voting rights of all members having at that date a right to vote at general meetings, immediately proceed duly to convene an extraordinary general meeting of the company to be held as soon as practicable but in any case not later than two (2) months after the receipt by the company of the requisition. If the directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting, the requisitionists, or any of them representing more than 50.0% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by directors convene a meeting, but any meeting so convened must not be held after the expiration of three (3) months from that date.

For the purpose of Section 176 of the Singapore Companies Act, any of the company's paid-up shares held as treasury shares are to be disregarded.

Section 177 of the Singapore Companies Act

Section 177(1) of the Singapore Companies Act provides that two or more members holding not less than 10.0% of the total number of issued shares of the company (excluding treasury shares) or, if the company has not a share capital, not less than 5.0% in number of the members of the company or such lesser number as is provided by the constitution may call a meeting of the company. A meeting of a company or of a class of members, other than a meeting for the passing of a special resolution, must be called by written notice of not less than 14 days or such longer period as is provided in the constitution.

Section 183 of the Singapore Companies Act

Section 183 of the Singapore Companies Act provides that a company must on requisition of (a) such number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates; or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500:

- (a) give to members of the company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting or (if the resolution is proposed to be passed by written means under Section 184A of the Singapore Companies Act) for which agreement is sought; and

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- (b) circulate to members entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Loans to Directors and Director Connected Persons

Section 162 of the Singapore Companies Act provides that, subject to certain limited exceptions, a company (which is not an exempt private company) is generally prohibited from making a restricted transaction without the requisite prior approval of the company in general meeting. Restricted transactions include the company: (a) making a loan or quasi-loan to a director of the company or a related company ("**relevant director**"); (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to a relevant director by any other person; (c) entering into a credit transaction as creditor for the benefit of a relevant director; (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of a relevant director; (e) taking part in an arrangement under which another person enters into a transaction that, if it had been entered into by the company, would have been a restricted transaction, and that person, pursuant to the arrangement, obtains a benefit from the company or a related company; or (f) arranging the assignment to the company, or assumption by the company, of any rights, obligations or liabilities under a transaction that, if entered into by the company, would have been a restricted transaction. A reference to a director or relevant director in the foregoing paragraph includes a reference to the director's spouse, son, adopted son, stepson, daughter, adopted daughter and stepdaughter. In seeking the requisite prior approval of the company in general meeting, the interested director or directors, and his, her or their family members, must abstain from voting.

For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.

Section 163 of the Singapore Companies Act provides that subject to certain limited exceptions, a company (the "**first-mentioned company**") (which is not an exempt private company) is generally prohibited from (a) making loans or quasi-loan to connected persons; (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to connected persons by a person other than the first-mentioned company; (c) entering into a credit transaction for the benefit of connected persons; or (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of connected persons, unless there is prior approval by the first-mentioned company in general meeting for the making of, provision for or entering into the loan, quasi-loan, credit transaction, guarantee or security (as the case may be) at which the interested director or directors, and his, her or their family members, abstained from voting.

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A "connected person" of the first-mentioned company is:

- (i) any company, limited liability partnership, or variable capital company incorporated or formed (as the case may be) in Singapore in which the director(s) of the first-mentioned company, individually or collectively, have an interest in 20.0% or more (as determined in accordance with the Singapore Companies Act) of the total voting power of the other company, limited liability partnership or the variable capital company, as the case may be; and
- (ii) any company or limited liability partnership incorporated or formed (as the case may be) outside Singapore: (in the case of a company with a share capital or a limited liability partnership) in which the director(s) of the first-mentioned company, individually or collectively, have an interest in 20.0% or more of the total voting power, or (in the case of a company without share capital) over which the director(s) of the first-mentioned company, individually or collectively, exercises control (whether by reason of having the power to appoint directors or otherwise).

The prohibition under Section 163 of the Singapore Companies Act does not apply to:

- (a) anything done by a company where the other company or variable capital company is its subsidiary, its holding company, or a subsidiary of its holding company; or
- (b) a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the company in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.

Register of Members

Pursuant to Sections 190 and 191 of the Singapore Companies Act, a public company must keep a register of members at its registered office (the "**Principal Register**") but if the work of making up the register is done at another office of the company in Singapore, they may be kept at that other office or if the company arranges with some other person to make up the register on its behalf, they may be kept at the office of that other person at which the work is done if that office is in Singapore. In addition, Section 196 of the Singapore Companies Act provides that a public company having a share capital may keep a branch register of members (the "**Branch Register**") in any place outside Singapore.

Such Branch Register is deemed to be part of the company's Principal Register and a duplicate of the Branch Register will be kept at the same office at which the Principal Register is kept.

Inspection of Corporate Records

Pursuant to Section 192(2) of the Singapore Companies Act, the register of members of a public company incorporated in Singapore shall be open to the inspection of any member without charge.

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Register of Directors, Chief Executive Officers, Secretaries and Auditors

Pursuant to Section 173 of the Singapore Companies Act, the register of a company's directors, chief executive officers, secretaries and auditors, if any, must be kept by the Registrar of Companies under the Singapore Companies Act.

Winding Up and Dissolution

The winding up of a company may be done in the following ways:

- (a) members' voluntary winding up;
- (b) creditors' voluntary winding up; or
- (c) compulsory winding up pursuant to an order of the court.

The key difference between a members' voluntary winding up and a creditors' voluntary winding up is that the former can only be initiated when the company is solvent. The court can order a winding up of the company in any of the circumstances set out under Section 125(1) of the Insolvency, Restructuring and Dissolution Act 2018 (the "IRDA").

A company may be dissolved *inter alia*:

- (a) following the winding up of the company;
- (b) following its name being struck off the register by the Registrar of Companies on the ground that it is a defunct company or on the application by a company on such grounds and subject to such conditions as may be prescribed. Within 6 years after the name of the company is struck off from the register, an aggrieved party can apply for the name of the company to be restored to the register and the court may do so if it is satisfied that at the time of the striking off, the company was carrying on business or in operation or that it would be just that the name of the company be restored to the register.

Mergers and Similar Arrangements

Section 212 of the Singapore Companies Act provides that where an application is made to the Singapore court under Part 7 of the Singapore Companies Act or section 71 of the IRDA for the approval of a compromise or arrangement and it is shown to the Singapore court that such compromise or arrangement has been proposed for the purposes of or in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two (2) or more companies, and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the "transferor company") is to be transferred to another company (the "transferee company"), the Singapore court may either by the order approving the compromise or arrangement or by any subsequent order provide for among others, the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company.

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Sections 215A to 215K of the Singapore Companies Act further provide for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two (2) or more companies may amalgamate and continue as one (1) company, which may be one (1) of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. The Singapore Companies Act provides for both a standard amalgamation and a short-form amalgamation. A short-form amalgamation is only applicable for amalgamations between a holding company and its wholly-owned subsidiaries, or between wholly-owned subsidiaries of the same holding company. If the proposed amalgamation is between two (2) unrelated Singapore incorporated companies, the short-form amalgamation process will not be applicable. For a standard amalgamation, the board of directors of each amalgamating company must make a solvency statement in relation to its respective amalgamating company and the amalgamated company. For a short-form amalgamation, the board of directors of each amalgamating company must make a solvency statement in relation to the amalgamated company only.

Indemnification of Officers

Subject to certain limited exceptions, Section 172 of the Singapore Companies Act prohibits a company from exempting or indemnifying its officers (to any extent) against any liability attaching to them in connection with any negligence, default, breach of duty, or breach of trust in relation to that company. A company is generally not prohibited from (a) purchasing and maintaining for its officers insurance against any such liability; and (b) indemnifying its officers against liability incurred by the officer to a person other than the company, except where such liability of the officer is to pay a fine in criminal proceedings or a sum to a regulatory authority by way of a penalty in respect of a non-compliance with a regulatory requirement (howsoever arising), or where any liability is incurred by the officer (i) in defending criminal proceedings in which he or she is convicted; (ii) in defending civil proceedings brought by the company or a related company in which judgment is given against him or her; or (iii) in connection with any application for relief under Section 76A(13) or Section 391 of the Singapore Companies Act in which the court refuses to grant the officer relief. This prohibition applies to any provision, whether contained in a company's constitution, or in any contract with the company, or otherwise.

Application of the Singapore Takeover Code and the Hong Kong Takeovers Code

Upon the Listing, as a public company incorporated in Singapore with more than 50 shareholders and net tangible assets of at least \$5 million with a listing on the Stock Exchange, both the Singapore Takeover Code and the Hong Kong Takeovers Code will apply to the Company. There are certain differences between the Singapore Takeover Code and the Hong Kong Takeovers Code. Shareholders and potential investors in the Company should be aware that any person contemplating an offer for the Shares will need to comply with the requirements relating to offers under both the Singapore Takeover Code and the Hong Kong Takeovers Code. Unless the Securities Industry Council of Singapore disapplies the relevant provisions of the Singapore Takeover Code or the SFC grants a waiver from strict compliance with the relevant provisions of the Hong Kong Takeovers Code, Shareholders and potential investors of the Company will need to comply with the requirements under both codes.

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Differences between the Singapore Takeover Code and the Hong Kong Takeovers Code

The following table summarises the key requirements and differences between the Singapore Takeover Code and the Hong Kong Takeovers Code for a cash tender offer by a third party.

Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 6 and Rule 3	Announcements An offeror should announce an offer only after the most careful consideration. Before taking any action which may lead to an obligation to make a general offer, a person and his financial advisers should be satisfied that he can and will continue to be able to implement the offer in full.	Rule 3	Timing and Contents of Announcements The responsibility for making an announcement will normally rest on the offeror if the board of the offeree company has not been approached. The responsibility for making an announcement will normally rest on the offeree company if its board has been approached.

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	<p>Timing and Contents of Announcements</p> <p>The responsibility for making an announcement will normally rest on the offeror if the board of the offeree company has not been approached. The responsibility for making an announcement will normally rest on the offeree company if its board has been approached.</p> <p>The offeror must make an announcement (a) when, before the offeree board has been approached, the offeree company is the subject of rumour about a possible offer, or there is undue movement in its share price or share turnover; or (b) immediately upon an acquisition of shares which gives rise to an obligation to make a mandatory offer.</p> <p>The offeree board must make an announcement (a) when the offeree board receives notification of a firm intention to make an offer; (b) when, following an approach to the offeree company or in certain other instances, the offeree company is the subject of rumour about a possible offer, or there is undue movement in its share price or share turnover; or (c) when the offeree is about to approach more than a restricted number of potential offerors in a sale process or any negotiations between the offeror and the offeree are about to be extended to more than a very restricted number of people.</p>		<p>The offer announcement must set out, <i>inter alia</i>, the terms and conditions of the offer, the identities of the offeror and its ultimate parent company, details of the securities subject to the offer, details of any existing holding of voting rights and rights over shares in the offeree company owned or controlled by the offeror or any of its concert parties and details of any arrangements in relation to shares of the offeror or offeree company which may be material to the offer.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
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The offer announcement must set out, *inter alia*, the terms and conditions of the offer, the identities of the offeror and its ultimate controlling shareholder(s), details of the securities subject to the offer which is owned or controlled by the offeror and/or its concert parties or in respect of which the offeror and/or its concert parties have received an irrevocable commitment to accept the offer, and details of any arrangements in relation to shares of the offeror or offeree company which may be material to the offer.

If the obligation to make a mandatory offer is incurred, the offeror must, within 30 minutes of incurring such obligation, either make an announcement, stating, *inter alia*, the number of voting rights acquired, the price paid, any revisions to the terms (if applicable), or request for a temporary halt in trading of the offeree company's shares and make such announcement before the trading suspension is lifted.

Rule 4 No Withdrawal of an Offer

Where the offeror has announced a firm intention to make an offer (as opposed to an announcement that talks are taking place which may lead to an offer), it cannot withdraw the offer without the consent of the Securities Industry Council ("**Council**"), unless the posting of the offer was expressed as being subject to the prior fulfilment of a specific condition and that condition has not been met.

Rule 5 No Withdrawal of an Offer

When there has been an announcement of a firm intention to make an offer, except with the consent of the Executive Director of the Corporate Finance Division of the SFC (the "**Executive**"), the offeror must proceed with the offer unless the offer is subject to the fulfilment of a specific condition and that condition has not been met.

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 7 and Rule 5	<p>No Frustration of Offers by an Offeree Board</p> <p>If the board of the offeree company has reason to believe that a <i>bona fide</i> offer is imminent, the board must not take any action without the approval of its shareholders that may result in any <i>bona fide</i> offer being frustrated or the shareholders being denied an opportunity to decide on its merits.</p>	Rule 4	<p>No Frustration of Offers by an Offeree Board</p> <p>Once a <i>bona fide</i> offer has been communicated to the board of the offeree company or if the board of the offeree company has reason to believe that a <i>bona fide</i> offer is imminent, the board of the offeree company must not take any action (save with the approval of its shareholders in general meeting) which could effectively result in an offer being frustrated or in the shareholders of the offeree company being denied an opportunity to decide on the merits of the offer.</p>
General Principles 2 and 13 and Rule 6	<p>Limitations on Directors' Action</p> <p>While the boards of the offeror and the offeree company and their respective advisers and associates have a primary duty to act in the best interests of their respective shareholders, the General Principles and Rules will inevitably impinge on the freedom of action of boards and persons involved in take-over and merger transactions. They must therefore accept that there are limitations on the manner in which those interests can be pursued in a take-over or merger transaction.</p>	Introduction to General Principles, General Principle 8, Rule 9 and Schedule 2	<p>Limitations on Directors' Actions</p> <p>While the boards of an offeror and the offeree company and their respective advisers have a duty to act in the best interests of the shareholders of the offeror and offeree company respectively, these General Principles and the Rules will, inevitably, impinge on the freedom of action of boards and persons involved in offers. They must, therefore, accept that there are limitations, in connection with transactions which are the subject of the Hong Kong Takeovers Code on Takeovers and Mergers and Share Buy-backs, on the manner in which the pursuit of those interests can be carried out.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	Duties of Directors with Personal Interests Directors of an offeror or offeree company should, in advising their shareholders, have regard to the interests of shareholders as a whole, and not to their own interests or those derived from personal or family relationships.		Duties of Directors with Personal Interests Directors of an offeror and the offeree company must always, in advising their shareholders, act only in their capacity as directors and not have regard to their personal or family shareholdings or to their personal relationships with the companies. They should only consider the shareholders' interests taken as a whole when they are giving advice to shareholders.
	Directors' Responsibilities While the board of directors may delegate the conduct of an offer to individual directors or a committee of directors, proper arrangements must be put in place to enable the board to monitor the offer. Directors who believe they may be conflicted should consult the Council on whether it is appropriate for them to assume responsibility for any recommendation on the offer.		Directors' Responsibilities While the board of directors may delegate the conduct of an offer to individual directors or a committee of directors, proper arrangements must be put in place to enable the board to monitor the offer. Where a director has a conflict of interest, such a director may, subject to the consent of the Executive, choose not to assume responsibility for the views of the board of the offeree company on the offer. In such a scenario, the nature of the relevant director's conflict of interest and the reasons for not assuming responsibility should be clearly explained to the offeree company's shareholders.

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 8 and Rule 7	Independent Advice <p>The board of the offeree company must make a recommendation as to whether the offer is, or is not, fair and reasonable and as to acceptance or voting. The board must obtain competent independent advice on any offer and the substance of such advice, including reasons, must be made known to its shareholders. It will not be appropriate for a person who is in the same group as the financial or professional adviser (including a stockbroker) to the offeror or who has a substantial interest in or financial connection with either the offeror or the offeree company of such a kind as to create a conflict of interests for that person to provide the independent advice.</p>	Rule 2	Independent Advice <p>The board of the offeree company must establish an independent committee to make a recommendation as to whether the offer is, or is not, fair and reasonable and as to acceptance or voting. The independent board committee must obtain competent independent advice on any offer and the substance of such advice, including reasons, must be made known to its shareholders. It will not be appropriate for a person who is in the same group as the financial/professional adviser to the offeror or the offeree company (or who otherwise has, or had, a significant connection with either the offeror or the offeree company, or the controlling shareholder(s) of either of them, of a kind reasonably likely to create, or create the perception of, a conflict of interest or reasonably likely to affect objectivity) to provide the independent advice.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principles 10, 11 and 12 and Rule 8	Sufficient Information and Time to Shareholders Shareholders should be given sufficient information, advice and time to enable them to reach an informed decision on an offer, and no relevant information should be withheld from them.	Rule 9	Information Shareholders must be given sufficient information and advice to enable them to reach a properly informed decision as to the merits or demerits of an offer. Such information must be available to shareholders early enough to enable them to make a decision in good time. Each document published in connection with an offer must satisfy the highest standards of accuracy and information must be adequately and fairly presented. Any material changes in any information previously published by or on behalf of the offeror or the offeree company during the offer period must be notified to the offeree company's shareholders as soon as possible.

Standards of Care in Documents

Any document or advertisement addressed to shareholders containing information, opinions or recommendations from the board of an offeror or offeree company or its advisers, should, as with a prospectus, meet the highest standards of care and accuracy and present the information contained therein adequately and fairly. Profit forecasts require special care.

Standards of Care in Documents

Each director must provide a "responsibility statement" in each document or advertisement addressed to shareholders and in each announcement issued in connection with an offer. The Executive's consent is required if any director wishes to be excluded from such a statement.

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
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Each director must provide a “responsibility statement” in each document or advertisement addressed to shareholders and in each announcement issued in connection with an offer. The Council’s consent is required if any director wishes to be excluded from such a statement.

Prevention of a False Market

All parties to a take-over should make full and prompt disclosure of all relevant information and use every endeavour to prevent the creation of a false market in the shares of an offeror or offeree company.

They must take care not to make statements which may mislead shareholders or the market.

Information

Shareholders must be given all the facts necessary to make an informed judgment on the merits or demerits of an offer. Such facts require accurate and fair presentation and must be given to the shareholders early enough to enable them to make a decision in good time. The relevant company must promptly announce (a) any material changes to information previously published in connection with the offer; and (b) any material new information which would have been required to be disclosed in any previous document or announcement published during an offer period, had it been known at the time.

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	<p>Parties to an offer or potential offer and their advisers must take care not to issue statements which, while not factually inaccurate, may mislead shareholders and the market or may create uncertainty. In particular, an offeror must not make a statement to the effect that it may improve its offer without committing itself to doing so and specifying the improvement.</p>		
General Principle 9 and Rule 9	<p>Equality of Information</p> <p>Information about companies involved in an offer must be made equally available to all shareholders as nearly as possible at the same time and in the same manner.</p> <p>Any information, including particulars of shareholders, given to one offeror or potential offeror must, on request, be furnished equally and promptly to any other <i>bona fide</i> offeror or potential offeror, who should specify the questions to which it requires answers.</p>	Rules 6 and 8	<p>Equality of Information</p> <p>Information about companies involved in an offer must be made equally available to all shareholders as nearly as possible at the same time and in the same manner.</p> <p>Any information, including particulars of shareholders, given to one offeror or potential offeror must, on request, be furnished equally and promptly to any other <i>bona fide</i> offeror or potential offeror, who should specify the questions to which it requires answers.</p>
General Principles 3 and 4 and Rule 10	<p>Equality of Treatment</p> <p>All shareholders of the same class must be treated equally by the offeror.</p>	Rule 25	<p>No Special Deals</p> <p>Except with the Executive's consent, neither the offeror nor persons acting in concert with it may make any arrangements with selected shareholders or enter into arrangements to purchase or sell securities of the offeree company, or enter into arrangements concerning acceptance of an offer, either during an offer or when one is reasonably in contemplation or for six months after the close of such offer, if there are favourable conditions attached which are not being extended to all shareholders.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	<p>Oppression of Minority</p> <p>Rights of control must be exercised in good faith and oppression of the minority is wholly unacceptable.</p> <p>No Special Deals</p> <p>Except with the Council's consent, the offeror or persons acting in concert with it may not make any arrangements with selected shareholders and may not deal or enter into arrangements to deal or make purchases or sales of shares of the offeree company, or enter into arrangements concerning acceptance of an offer, either during an offer or when one is reasonably in contemplation, if there are favourable conditions attached which are not being extended to all shareholders.</p>		
Rule 11	<p>Restrictions on Dealings before and During the Offer</p> <p>There should be no dealing in the securities of the offeree company by any person who has confidential price-sensitive information concerning an actual or contemplated offer before the announcement of such an offer is made. This restriction does not apply to the offeror or to persons acting in concert with an offeror in respect of such dealings where the securities the subject of such dealings are excluded from the offer or where there are no-profit arrangements in place.</p>	Rule 21	<p>Restrictions on Dealings before and During the Offer</p> <p>There should be no dealing in the securities of the offeree company by any person who has confidential price-sensitive information concerning an actual or contemplated offer (or revised offer) before the announcement of such an offer (or revised offer) is made.</p> <p>This restriction does not apply to the offeror or to persons acting in concert with an offeror in respect of such dealings where the securities the subject of such dealings are excluded from the offer or where there are no-profit arrangements in place.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	<p>The offeror and its concert parties cannot sell any securities of the offeree company before the offer has become or been declared unconditional as to acceptances unless 24 hours' advance notice by public announcement of the intention to sell has been given, it has the prior consent of the Council, and the sale is not at below the offer price. Where the offer has become or been declared unconditional, the intention to sell offeree company securities must have been disclosed in the offer document and 24 hours' advance notice by public announcement must be given before the sale.</p> <p>Where the consideration for an offer includes securities of the offeror or any other body corporate, neither the offeror nor its concert parties may deal in any such securities (whether through share repurchases or otherwise) during the offer period.</p>		<p>The offeror cannot sell any securities of the offeree company during the offer period unless 24 hours' advance notice by public announcement of the intention to sell has been given, it has the prior consent of the Executive, and the sale price is not below the offer price.</p> <p>Where the consideration for an offer includes securities of the offeror or any other body corporate, neither the offeror nor its concert parties may deal in any such securities (whether through share buybacks or otherwise) during the offer period.</p>
Rule 12	Disclosure of Dealings During the Offer	Rule 22	Disclosure of Dealings During the Offer
	<p>All dealings in relevant securities by the offeror and the offeree company (or any of their associates) for their own accounts or for the accounts of discretionary investment clients during the offer period must be publicly disclosed by 12:00 noon on the next trading day. Disclosure must include, <i>inter alia</i>, the number of securities and the trading price, and the resultant total number of securities owned or controlled.</p>		<p>All dealings in relevant securities by the offeror and the offeree company (or any of their associates) for their own accounts or for the accounts of discretionary investment clients during the offer period must be publicly disclosed by 12:00 noon on the next business day. Disclosure must include, <i>inter alia</i>, the number of securities and the trading price, and the resultant total number of securities owned or controlled.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	<p>Except with the Council's consent, all dealings in relevant securities by the offeror and the offeree company (or any of their associates) for the account of non-discretionary investment clients during the offer period must be privately disclosed by 12:00 noon on the next trading day. Disclosure must include, <i>inter alia</i>, the number of securities and the trading price.</p>		<p>All dealings in relevant securities by the offeror and the offeree company (or any of their associates) for the account of nondiscretionary investment clients must be privately disclosed to the Executive.</p>
Rule 13	Break Fees	Rule 33	Inducement and Break Fees
	<p>The Council must be consulted where any break fee or similar arrangement is proposed, and such arrangement must be fully disclosed to the public. In all cases where a break fee is proposed, certain safeguards must be observed; in particular, a break fee must be minimal (normally no more than 1% of the value of the offeree company calculated by reference to the offer price).</p>		<p>The Executive must be consulted where any inducement fee or break fee is proposed, and such arrangement must be fully disclosed to the public. In all cases where an inducement fee or break fee is proposed, certain safeguards must be observed; in particular, an inducement fee or a break fee must be de minimis (normally no more than 1% of the offer value) and the offeree company board and its financial adviser must confirm to the Executive in writing that each of them believes that the fee is in the best interests of shareholders.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
General Principle 5, Rule 14	Acquisition or Consolidation of Effective, Control	Rule 26	Acquisition or Consolidation of Control Mandatory Offer
	<p>Where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all shareholders is normally required.</p> <p>Mandatory Offer</p> <p>Except with the Council's consent, where:</p> <p>(a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by his concert parties) carry 30% or more of the voting rights of a company; or</p> <p>(b) any person who, together with his concert parties, holds not less than 30% but not more than 50% of the voting rights and such person, or his concert parties, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights,</p> <p>such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person or its concert parties holds shares.</p>		<p>Subject to the granting of a waiver by the Executive, when:</p> <p>(a) any person acquires, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company;</p> <p>(b) two or more persons are acting in concert, and they collectively hold less than 30% of the voting rights of a company, and any one or more of them acquires voting rights and such acquisition has the effect of increasing their collective holding of voting rights to 30% or more of the voting rights of the company;</p> <p>(c) any person holds not less than 30%, but not more than 50%, of the voting rights of a company and that person acquires additional voting rights and such acquisition has the effect of increasing that person's holding of voting rights of the company by more than 2% from the lowest percentage holding of that person in the 12-month period ending on and inclusive of the date of the relevant acquisition; or</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	<p>Except with the Council’s consent, such offers made must be conditional upon (and only upon) the offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and its concert parties holding more than 50% of the voting rights.</p> <p>Minimum Offer Price in a Mandatory Offer</p> <p>The minimum offer price shall be not less than the highest price paid by the offeror and its concert parties for voting rights in the offeree company during the offer period and within 6 months prior to its commencement.</p>		<p>(d) two or more persons are acting in concert, and they collectively hold not less than 30%, but not more than 50%, of the voting rights of a company, and any one or more of them acquires additional voting rights and such acquisition has the effect of increasing their collective holding of voting rights of the company by more than 2% from the lowest collective percentage holding of such persons in the 12-month period ending on and inclusive of the date of the relevant acquisition,</p> <p>that person shall extend offers, on the basis set out above to the holders of each class of equity share capital of the company, whether the class carries voting rights or not, and also to the holders of any class of voting non-equity share capital in which such person, or persons acting in concert with him, hold shares.</p> <p>Except with the Council’s consent, such offers made must be conditional upon (and only upon) the offeror having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and its concert parties holding more than 50% of the voting rights.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
			<p>Minimum Offer Price in a Mandatory Offer</p> <p>The minimum offer price shall be not less than the highest price paid by the offeror and its concert parties for voting rights in the offeree company during the offer period and within 6 months prior to its commencement.</p>
Rule 15	Voluntary Offer	Rules 24 and 30	Voluntary Offer
	<p>A voluntary offer is an offer made for the voting shares of a company when the person has not incurred an obligation to make a mandatory offer. A voluntary offer must be conditional upon the offeror receiving acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and its concert parties holding more than 50% of the voting rights.</p>		<p>Minimum Offer Price in Voluntary Offer</p> <p>A voluntary offer is an offer made for the voting shares of a company when the person has not incurred an obligation to make a mandatory offer. A voluntary offer must be conditional upon the offeror having received acceptances in respect of shares which, together with shares acquired or agreed to be acquired before or during the offer, will result in the offer and persons acting in concert with it holding more than 50% of the voting rights of the offeree company.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	Minimum Offer Price in Voluntary Offer		Minimum Offer Price in Voluntary Offer
	Save in certain specified situations, the offer must be in cash or securities or a combination thereof at not less than the highest price paid by the offeror and its concert parties for voting rights in the offeree company during the offer period and within 3 months prior to its commencement.		The offer must be in cash or securities or a combination thereof at not less than the highest price paid by the offeror and its concert parties for voting rights in the offeree company during the offer period and within 3 months prior to its commencement.
Rule 16	Partial Offer	Rule 28	Partial Offer
	The Council's consent is required for any partial offer and certain safeguards must be observed. Generally:		The Executive's consent is required for any partial offer. Consent will normally be granted in the case of an offer (a) which could not result in the offeror and persons acting in concert with it holding 30% or more of the voting rights of a company; or (b) where the offeror and persons acting in concert with it hold more than 50% of the voting rights of a company and the offer is for up to such number of shares as would take the holding of voting rights to not more than 75% of the voting rights of the company, or such higher percentage as the Listing Rules may permit.
	(a) the Council will not give its consent if the partial offer would result in the offeror and its concert parties holding shares carrying not less than 30% but not more than 50% of the voting rights of the offeree company; and		
	(b) the Council may grant consent to a partial offer that would result in the offeror and its concert parties holding less than 30% or more than 50% of the voting rights of the offeree company, if certain conditions set out in the Singapore Takeover Code are fulfilled.		

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 19	Appropriate Offers to Holders of Convertibles, etc. Where an offer is made for equity share capital and the offeree company has instruments convertible into, rights to subscribe for and options in respect of securities being offered for or which carry voting rights outstanding, the offeror must make an appropriate offer or proposal to the holders of such securities. Equality of treatment is required. The "see-through" price is normally used to determine the appropriate offer price.	Rule 13	Appropriate Offers to Holders of Convertibles, etc. Where an offer is made for equity share capital and the offeree company has instruments convertible into, rights to subscribe for and options in respect of securities being offered for or which carry voting rights outstanding, the offeror must make an appropriate offer or proposal to the holders of such securities. Equality of treatment is required. The "see-through" price is normally used to determine the appropriate offer price.
Rule 21	Purchases at Above Offer Price If an offeror or any person acting in concert with it buys securities in the offeree company at above the offer price (being the then current value of the offer during the offer period), it must increase its offer to not less than the highest price paid for any securities so acquired. Within 30 minutes after the purchase of securities at above the offer price, it must be announced that a revised offer will be made in accordance with this Rule.	Rule 24	Purchases at Above Offer Price If an offeror or any person acting in concert with it buys securities in the offeree company at above the offer price (being the then current value of the offer during the offer period), it must increase its offer to not less than the highest price paid for any securities so acquired. Immediately after the purchase of securities at above the offer price, it must be announced that a revised offer will be made in accordance with the Hong Kong Takeovers Code.

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 22	Offer Timetable	Rules 8 and 15	Offer Timetable
	<p>(a) The offer document should normally be posted not earlier than 14 days but not later than 21 days from the date of the offer announcement.</p> <p>(b) The board of the offeree company should advise its shareholders of its views of the offer within 14 days of the posting of the offer document.</p> <p>(c) An offer must initially be open for at least 28 days after the date on which the offer document is posted.</p> <p>(d) After an offer has become or is declared unconditional as to acceptances, the offer must remain open for acceptance for not less than 14 days after the date on which the offer would otherwise have been closed, except where before the offer becomes or is declared unconditional as to acceptances, the offeror has given notice in writing to shareholders of the offeree company at least 14 days before the specified closing date that the offer will not be open for acceptance beyond such date.</p>		<p>(a) The offer document should normally be posted within 21 days (or, in the case of a securities exchange offer, 35 days) of the date of the offer announcement.</p> <p>(b) The offeree company should send to its shareholders within 14 days of the posting of the offer document the offeree board circular.</p> <p>(c) Where an offer document and the offeree board circular are posted on the same day or are combined in a composite document, the offer must initially be open for acceptance for at least 21 days following the date on which the offer document is posted. Where the offeree board circular is posted after the date on which the offer document is posted, the offer must be open for acceptance for at least 28 days following the date on which the offer document is posted.</p> <p>(d) Where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. When an offer becomes or is declared unconditional in all respects, at least 14 days' notice in writing must be given before the offer is closed to those shareholders who have not accepted the offer.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
	<p>(e) No offer (whether revised or not) will be capable of becoming or being declared unconditional as to acceptances after 5:30 p.m. on the 60th day after the date the offer document is initially posted nor of being kept open after the expiry of such period unless it has previously become or been declared unconditional as to acceptances. An offer may be extended beyond such 60-day period with the Council's consent.</p>		<p>(e) Except with the consent of the Executive, an offer (whether revised or not) may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day the initial offer document was posted.</p>
Rule 23	Offer Documents	Schedule 1	Offer Documents
	<p>The offer document should, <i>inter alia</i>, disclose the intentions of the offeror in relation to the offeree company and its employees, the offeror's and its directors' and concert parties' interests and dealings in the offeree company's securities, financial information of the offeror, the offer price and conditions of the offer, the existence of any special arrangements, historical market price of the offeree company's securities, and an unconditional confirmation by an appropriate third party that resources are available to the offeror sufficient to satisfy full acceptance of the offer.</p>		<p>The offer document should, <i>inter alia</i>, disclose the intent of the offeror in relation to the offeree company and its employees, the offeror's interests and dealings in the offeree company's securities, financial information of the offeror, the conditions of the offer, the existence of any special arrangements or directors' service contracts, historical market price of the offeree company's securities, and an unconditional confirmation by an appropriate third party that resources are available to the offeror sufficient to satisfy full acceptance of the offer.</p>

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Rule in the Singapore Takeover Code	Summary of Requirements under the Singapore Takeover Code	Equivalent rule(s) in the Hong Kong Takeovers Code	Equivalent Requirements under the Hong Kong Takeovers Code
Rule 24	Offeree Board Circulars The offeree board circular should, <i>inter alia</i> , indicate whether or not the board of directors of the offeree company recommends to shareholders the acceptance or rejection of the offer made, disclose the independent advice obtained in relation to the offer, views of the board on the offeror's plans for the company and its employees (if relevant), the offeree company's and its directors' interests and dealings in the offeree company's securities and offeror securities, financial information and share capital of the offeree company, details of material contracts with interested persons entered into in the previous three years by the offeree company or its subsidiaries not in the ordinary course of business, and arrangements affecting the offeree company's directors including any compensation for loss of office or arrangements conditional upon the outcome of the offer.	Schedule 2	Offeree company Board Circulars The offeree company board circular should, <i>inter alia</i> , indicate whether or not the board of directors of the offeree company recommends to shareholders the acceptance or rejection of the offer made, disclose the independent advice obtained in relation to the offer, views of the board on the offeror's plans for the offeree company and its employees (if relevant), offeree company and its directors' interests and dealings in the offeree company's securities and offeror securities, financial information and share capital of the offeree company, summaries of material contracts entered into in the previous two years by the offeree company or its subsidiaries not in the ordinary course of business, and arrangements affecting the offeree company's directors including any compensation for loss of office or arrangements conditional upon the outcome of the offer.
Rule 30	Settlement of Consideration Where an offer (other than a partial offer) has become or been declared unconditional in all respects, the shares must be paid for by the offeror as soon as practicable, but in any event within seven business days after (i) the offer becomes or is declared unconditional in all respects, or (ii) receipt of valid acceptances where such acceptances were tendered after the offer has become or been declared unconditional in all respects.	Rule 20	Settlement of Consideration Where an offer (other than a partial offer) has become or been declared unconditional in all respects, the shares must be paid for by the offeror as soon as possible, but in any event within seven business days following the later of (i) the date on which the offer becomes or is declared unconditional in all respects, and (ii) the date of receipt of a duly completed acceptance.

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Important Notice to Shareholders and Potential [REDACTED]

Shareholders and potential [REDACTED] in the Company should be aware that any person contemplating an [REDACTED] for the shares of the Company will need to comply with the requirements relating to [REDACTED] under both the Singapore Takeover Code and the Hong Kong Takeovers Code. As noted above, there are certain differences between the provisions of both codes and the Company, shareholders and potential [REDACTED] in the Company would need to comply with the requirements under both codes, unless a waiver is granted by the Securities Industry Council of Singapore and/or the Executive (as the case may be).

In this regard, any potential [REDACTED] must not acquire any shares or voting rights in the Company which would give rise to a requirement to make a mandatory general [REDACTED] under the Singapore Takeover Code and/or the Hong Kong Takeovers Code unless it is satisfied that the making or implementation of such an [REDACTED] would comply with the provisions of both the Singapore Takeover Code and the Hong Kong Takeovers Code. Failure to do so would result in a breach of the Singapore Takeover Code and/or the Hong Kong Takeovers Code unless dispensation(s) under the Singapore Takeover Code and/or the Hong Kong Takeovers Code is granted by the Securities Industry Council of Singapore or the Executive (as the case may be), which will be granted only in exceptional circumstances. There is no assurance that the Securities Industry Council of Singapore and/or the Executive will grant such dispensation(s). In case of any doubt, the Securities Industry Council of Singapore and the Executive should be consulted at the earliest opportunity and in any event before a mandatory general [REDACTED] is triggered for the Company.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in Singapore under the Singapore Companies Act as a private company limited by shares on 14 October 1994 under the name EKH (Pte) Ltd. Our Company was converted into a public company and changed its name to EKH Limited on 28 February 1997, and subsequently converted back into a private company and changed its name to Eng Kong Holdings Pte. Ltd. on 24 November 2010 and to EKH Pte. Ltd. on 14 March 2024. Our Company was converted into a public company again and changed its name to EKH Limited on [•].

Our Company has established a place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 20 September 2023. Mr. LI Hung and Ms. AU-YEUNG, Nelly have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our registered place of business in Hong Kong as set out above.

As our Company was incorporated in Singapore, our operations are subject to the laws and regulations of Singapore and the Constitution of our Company. A summary of the Constitution of our Company and the relevant aspects of Singapore laws is set out in “Appendix IV – Summary of the Constitution of our Company and Singapore Company Law” to this document.

2. Changes in the share capital of our Company

On 25 August 2023, our Company canceled 1,300,000 ordinary Shares that were held as treasury Shares, and as a result of which, there is no outstanding treasury Share in our share capital.

On 12 June 2024, we entered into a share swap agreement through which we acquired the remaining 20% shares in (HK) Gold Prime from Perfect Greenery, at a consideration of 23,447,153 Shares (representing approximately 8.2% of our total issued Shares immediately after completion of such share swap) allotted and issued to King Card (an investment holding company wholly-owned by Mr. Fan). Such share swap was completed on [•].

On [•] and pursuant to the Pre-[REDACTED] Share Award Scheme, our Company awarded a total of [REDACTED] Shares to certain Directors (namely, Mr. Li, Mr. Ng and Mr. Leung), senior management and employees, which will be issued and vest upon completion of the [REDACTED].

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

All of our subsidiaries are listed in the sections headed “History, Reorganisation and Corporate Structure” and “Appendix I – Accountants’ Report” to this document.

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Save for the changes as mentioned in the section headed "History, Reorganisation and Corporate Structure" in this document, there have been no changes in the share capital or registered capital of our subsidiaries during the two years preceding the date of this document:

4. Written resolutions of our Shareholders passed on [•] 2024

Our Shareholders passed written resolutions on [•], 2024 to resolve that, amongst other things:

- (a) the Constitution was approved and conditionally adopted in substitution for and to the exclusion of the then existing constitution of the Company with effect from the [REDACTED];
- (b) conditional on (i) the Listing Committee of the Stock Exchange granting [REDACTED] of, and permission to [REDACTED], the Shares in issue and to be issued as mentioned in this document; (ii) the [REDACTED] having been determined; (iii) the execution and delivery of the [REDACTED] on or around the respective dates as mentioned in this document; (iv) the obligations of the [REDACTED] under the [REDACTED] becoming and remaining unconditional and not being terminated in accordance with the terms of the [REDACTED] Agreement or otherwise, in each case on or before the day falling 30 days after the date of this document:
 - (i) the [REDACTED] and the [REDACTED] were approved and our Directors were authorized to allot and issue the [REDACTED] pursuant to the [REDACTED] and such number of Shares as may be allotted and issued upon the exercise of the [REDACTED];
 - (ii) the [REDACTED] was approved;
 - (iii) the Post-[REDACTED] Share Option Scheme, the principal terms of which are set out in "-E. Post-[REDACTED] Share Option Scheme" in this appendix below, were approved and adopted and our Directors or any committee established by our Board were authorized, at their sole discretion, to (aa) administer the Post-[REDACTED] Share Option Scheme; (bb) modify/amend the Post-[REDACTED] Share Option Scheme from time to time as required by the Stock Exchange; (cc) grant Post-[REDACTED] Share Options to subscribe for Shares under the Post-[REDACTED] Share Option Scheme before up to the limits referred to in the Post-[REDACTED] Share Option Scheme; (dd) allot, issue and deal with the Shares pursuant to the exercise of any of the Post-[REDACTED] Share Options which may be granted under the Post-[REDACTED] Share Option Scheme; (ee) make application at the appropriate time or times to the Stock Exchange for the [REDACTED] of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the Post-[REDACTED] Share Options granted under the Post-[REDACTED] Share Option Scheme; and (ff) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Post-[REDACTED] Share Option Scheme;

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- (iv) the Pre-[REDACTED] Share Award Scheme, the principal terms of which are set out in “-D. Pre-[REDACTED] Share Award Scheme” in this appendix below, were approved and adopted and our Directors or any committee established by our Board were authorized, at their sole discretion, to (aa) administer the Pre-[REDACTED] Share Award Scheme; (bb) grant Pre-[REDACTED] Share Options to subscribe for Shares under the Pre-[REDACTED] Share Award Scheme before up to the limits referred to in the Pre-[REDACTED] Share Award Scheme; (cc) allot, issue and deal with the Shares pursuant to the exercise of any Pre-[REDACTED] Share Options which may be granted under the Pre-[REDACTED] Share Award Scheme; and (dd) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Pre-[REDACTED] Share Award Scheme;
- (v) a general unconditional mandate (the “**Issuing Mandate**”) was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Constitution, or pursuant to the exercise of any Post-[REDACTED] Share Options or other arrangements regulated by Chapter 17 of the Listing Rules or any specific authority granted by the Shareholders in general meetings, Shares with an aggregate number not exceeding the sum of 20% of the aggregate number of Shares in issue immediately following completion of the [REDACTED] (but excluding any shares that may be issued upon exercise of the [REDACTED]), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Constitution or any applicable Singapore law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever is the earliest;
- (vi) a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors to exercise all powers of our Company to purchase Shares with total number not exceeding 10% of the total number of Shares in issue and to be issued immediately following the completion of the [REDACTED] (but excluding any shares that may be issued upon exercise of the [REDACTED]), until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Constitution or any applicable Singapore law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever is the earliest; and
- (vii) the extension of the Issuing Mandate by the addition to the aggregate number of Shares of our Company which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares of our Company repurchased by our Company pursuant to the Repurchase Mandate.

5. Repurchases by our Company of its own securities

This section sets out information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of our own securities.

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(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Constitution of our Company and the Listing Rules and the applicable laws of Singapore. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, under the Singapore Companies Act any repurchases by our Company may be made out of our Company's profits, out of our Company's share premium account, out of the proceeds of a new issue of Shares made for the purpose of the repurchase or, if authorised by the Constitution and subject to the Singapore Companies Act, out of capital. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits or from sums standing to the credit of our Company's share premium account or, if authorised by the Constitution, and subject to the Singapore Companies Act, out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue and to be issued immediately following the completion of the [REDACTED]. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase, whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which would result in the number of the listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may request.

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(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchase

A listed company shall not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or Substantial Shareholder of our Company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to our Company.

(b) Reasons for repurchases

Our Directors believe that it is in the interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

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(c) Funding of repurchases and impact on working capital or gearing position

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Constitution, the Listing Rules and the applicable laws of Singapore.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this document) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

However, our Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately following the completion of the [REDACTED], could accordingly result in up to approximately [REDACTED] Shares being repurchased by our Company during the period prior to the earliest occurrence of any of the following:

- (i) the conclusion of our next annual general meeting; or
- (ii) the end of the period within which we are required by any applicable law or the Constitution to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Singapore and the Constitution.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

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No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

- (a) the Deed of Indemnity;
- (b) the share swap agreement dated 12 June 2024 entered into between our Company, NEKCG, Perfect Greenery, King Card and Mr Fan; and
- (c) the [REDACTED].

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2. Intellectual property rights of our Group

(a) Trademarks






As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Place of Registration	Class	Name of Registered Proprietor	Registration Number	Date of Registration	Expiry Date
1.		China	37	Our Company	72243732	14 February 2024	13 February 2034
2.		China	09	Our Company	72248608	14 February 2024	13 February 2034
3.	Eng Kong	China	09	Our Company	72236792	28 December 2023	27 December 2033
4.	Eng Kong	China	37	Our Company	72242003	14 February 2024	13 February 2034
5.	Eng Kong	China	39	Our Company	72245447	07 January 2024	06 January 2034
6.		Hong Kong	9, 16, 37, 39	Our Company	306264568	08 June 2023	07 June 2033
7.		Hong Kong	9, 16, 37, 39	Our Company	306264559	08 June 2023	07 June 2033
8.		Hong Kong	9, 16, 37, 39	Our Company	306264577	08 June 2023	07 June 2033
9.		Singapore	09, 37, 39	Our Company	40202312752V	09 June 2023	09 June 2033
10.	Eng Kong ENG KONG	Singapore	09, 37, 39	Our Company	40202312750U	09 June 2023	09 June 2033
11.		Singapore	09, 37, 39	Our Company	40202312751X	09 June 2023	09 June 2033
12.	Eng Kong ENG KONG	Malaysia	09, 37, 39	Our Company	TM2023016500	12 June 2023	12 June 2033
13.		Malaysia	09, 37, 39	Our Company	TM2023016504	12 June 2023	12 June 2033

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As of the Latest Practicable Date, applications have been made for the registration of the following trademarks which are material to our business:


No.	Trademark	Place of Application	Class	Name of Applying Proprietor	Application Number	Date of Application
1.	永康	China	39	Our Company	(Note)	4 June 2024
2.		China	37	Our Company	72248034	15 June 2023
3.		China	37	Our Company	74328208	27 September 2023
4.		China	39	Our Company	72259447	15 June 2023
5.		China	39	Our Company	74333950	27 September 2023
6.	永康	Malaysia	09, 37, 39	Our Company	TM2023016503	12 June 2023
7.	Eng Kong	Thailand	09, 37, 39	Our Company	230121542	19 June 2023
8.	永康	Thailand	09, 37, 39	Our Company	230121543	19 June 2023
9.		Thailand	09, 37, 39	Our Company	230121544	19 June 2023
10.	Eng Kong	Vietnam	09, 37, 39	Our Company	4-2023-25337	15 June 2023
11.	永康	Vietnam	09, 37, 39	Our Company	4-2023-25338	15 June 2023
12.		Vietnam	09, 37, 39	Our Company	4-2023-25336	15 June 2023

Note: As at the Latest Practicable Date, this trademark application has been filed with the Trademark Office of China National Intellectual Property Administration and we are in the process of obtaining the application number.

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As of the Latest Practicable Date, we have obtained the license to use the following trademarks which is material to our business:

No.	Trademark	Place of Registration	Class	Name of Registered Proprietor	Registration Number	Date of Registration	Expiry Date
1.		PRC	39	Tianjin Keyun Cargo	11513719	14 March 2014	13 March 2034

(b) Domain names

As of the Latest Practicable Date, we registered the following domain name which is material to our business:

No.	Domain name	Place of Registration	Name of Registered Proprietor	Date of Registration	Expiry Date
1.	engkong.com	Singapore	Our Company	7 July 1997	6 July 2029

As of the Latest Practicable Date, we have obtained the license to use the following domain name which is material to our business:

No.	Domain name	Place of Registration	Name of Registered Proprietor	Date of Registration	Expiry Date
1.	keyun.com.cn	PRC	Tianjin Keyun Cargo	20 August 1999	20 August 2026

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' service contracts and letters of appointment

Our executive Directors' service contracts have a term of three years commencing from the [REDACTED] (subject to termination in certain circumstances as stipulated in the relevant service agreement). In certain other circumstances, the service contract can also be terminated by us, including but not limited to certain breaches of our Directors' obligations under the contract or certain misconducts. The appointments of our executive Directors are also subject to the provisions of retirement and rotation of Directors under the Constitution. The salary of each executive Director after each financial year is subject to adjustment as determined by our Company's remuneration committee and approved by a majority of the members of the Board (excluding our Director whose salary is under review).

The annual remuneration payable to our executive Director by our Group (excluding any discretionary bonus) is as follows:

Executive Director	Remuneration <i>(per annum)</i>
Mr. LI Hung	HK\$3.3 million
Mr. NG Kam Ming	HK\$3.3 million
Mr. LEUNG Wai Kuen Godfrey (acting as the alternate Director to Mr. Ng)	HK\$125,000

Each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years commencing from the [REDACTED] (subject to termination in certain circumstances as stipulated in the relevant service agreement). The appointments of the non-executive Directors and independent non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Constitution.

The annual remuneration payable to each of our non-executive Directors and independent non-executive Directors under the relevant letters of appointment is as follows:

Non-executive Director	Remuneration <i>(per annum)</i>
Mr. Jean-Christophe Michel MARTI	HK\$250,000
Ms. FOO Lih Huoy	HK\$250,000

Independent non-executive Director	Remuneration <i>(per annum)</i>
Ms. LAM Shiao Ning	HK\$250,000
Mr. FONG Heng Boo	HK\$250,000
Mr. YANG Victor	HK\$250,000

Save for the above director's fee, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

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Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

2. Directors' remuneration

- (i) For the years ended 31 December 2021, 2022 and 2023, the aggregate amount of emoluments, salaries, allowances, discretionary bonus, defined contribution retirement plans and other benefits in kind (if applicable) paid by us to our Directors (in their role as senior management and employee before their appointment as Directors) were approximately S\$2.6 million, S\$2.9 million and S\$4.2 million, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (including estimated performance related bonus and share-based payment under any MIP) payable by our Group to and benefits in kind receivable by our Directors for the year ended 31 December 2024 are expected to be approximately S\$3.2 million.
- (iii) For the years ended 31 December 2021, 2022 and 2023, none of our Directors at the time or any past directors of any member of our Group has been paid any sum of money (i) as an inducement to join or upon joining our Group; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director at the time has waived or agreed to waive any emoluments for the three years ended 31 December 2021, 2022 and 2023.

3. Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations

Immediately following the completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and the Post-[REDACTED] Share Options), the interests and/or short positions (as applicable) of our Directors and the chief executive of our Company in our Shares or underlying Shares or debentures of our Company and any interests and/or short positions (as applicable) in the shares or underlying shares or debentures of any of our Company's associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, in each case once our Shares are [REDACTED], will be as follows:

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(i) *Long position in our Shares*

Name of Director	Nature of Interest/ Capacity	Class and number of Shares held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(%)</i>
Mr. Li	Beneficial owner, interests held jointly with another person	[REDACTED]	[REDACTED]
Mr. Ng	Beneficial owner, interests held jointly with another person	[REDACTED]	[REDACTED]
Mr. Leung	Beneficial owner, interests held jointly with another person	[REDACTED]	[REDACTED]

Notes:

- The letter “L” denotes the person’s long position in the Shares.

(ii) *Long position in the shares of our associated corporation*

Name of Director	Name of associated corporation	Nature of interest	Class and number of securities held	Percentage of interests in the associated corporation <i>(%)</i>
Mr. Li	NEKCG	Beneficial owner	19,109,237	7.3
Mr. Ng	NEKCG	Beneficial owner	16,766,611	6.4
Mr. Leung	NEKCG	Beneficial owner	3,498,212	1.3

4. Substantial shareholders

Save as disclosed in “Substantial Shareholders-(a) Interest in our Company” and “Substantial Shareholders-(b) Interest in our subsidiaries”, so far as our Directors are aware, immediately following the completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and the Post-[REDACTED] Share Options), no person will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

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5. Disclaimers

- (a) save as disclosed in the paragraph headed “C. Further Information about Our Directors and Substantial Shareholders - 3. Interests and short position of our Directors and the chief executive in the shares or debentures of our Company and the associated corporations” in this section, none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once the Shares are [REDACTED] on the Stock Exchange;
- (b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in the Shares and underlying shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the number of shares carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in the sub-section headed “Qualifications and consents of experts” below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the persons listed in the sub-section headed “Qualifications and consents of experts” below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group;
- (e) none of the persons listed in the sub-section headed “Qualifications and consents of experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) save as disclosed in the paragraph headed “C. Further Information about Our Directors and Substantial Shareholders – 1. Directors – (b) Particulars of service agreements and letters of appointment” in this section, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

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- (g) so far as is known to our Directors, none of our Directors or their associates or any shareholder of our Company (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest customers of our Group.

D. PRE-[REDACTED] SHARE AWARD SCHEME

The following is a summary of the principal terms of the Pre-[REDACTED] Share Award Scheme conditionally approved and adopted by written resolutions of our Shareholders on [•].

(a) Purpose

The purpose of the Pre-[REDACTED] Share Award Scheme is to reflect, at the level of our Company, the substance of the MIP previously adopted by NEKCG (being our direct holding company), and ultimately to recognise past contributions made by certain Directors and employees (having already achieved performance targets previously set for them), to encourage and retain such Directors and employees to continue to work with our Company, and to align the interests of such Directors and employees directly to our Shareholders through ownership of Shares.

(b) Term

Subject to all the below conditions having been satisfied, the Pre-[REDACTED] Share Award Scheme shall remain in effect for three years and shall automatically terminate when all Shares that may be awarded under the Scheme have been fully issued by our Company and vested with the relevant Directors and employees.

The Pre-[REDACTED] Share Award Scheme will take effect when all the conditions set out below have been satisfied:

- (ii) approval of Shareholders is obtained to adopt the Pre-[REDACTED] Share Award Scheme and to authorise the Board to grant awards under the Pre-[REDACTED] Share Award Scheme and to allot, issue and deal with Shares pursuant to the grant of any awards in accordance with the terms and conditions of the Pre-[REDACTED] Share Award Scheme; and
- (iii) the Listing Committee of the Stock Exchange grants approval for the [REDACTED] of and permission to [REDACTED] such number of Shares to be allotted and issued by our Company pursuant to the grant of any awards in accordance with the terms and conditions of the Pre-[REDACTED] Share Award Scheme.

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(a) Implementation

On [•] and pursuant to the Pre-[REDACTED] Share Award Scheme, certain Directors and employees of our Group (each, a “Grantee”) were awarded an aggregate of [REDACTED] Shares, all of which will be issued to the Grantees and immediately vest upon completion of the [REDACTED]. Such awarded Shares were granted for nil consideration.

A summary of the Grantees is set out below:

Name of Grantee	Position held within our Group	Residential address	Number of awarded Shares	Shareholding percentage in our Company Immediately following the completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and the Post-[REDACTED] Share Options) (%)
Mr. Li	Co-Chairman and executive Director	67D Namly Drive, Singapore 267477	[REDACTED]	[REDACTED]
Mr. Ng	Co-Chairman and executive Director	98B, Coronation Road West, Singapore 269319	[REDACTED]	[REDACTED]
Mr. Leung	Alternate director to Mr. Ng	Flat C, 27/F, Block 15, Lagune Verde Costa Del Sol, Hung Hom, Kowloon, Hong Kong	[REDACTED]	[REDACTED]
Individuals who are not Directors	-	-	[REDACTED]	[REDACTED]
			Total	[REDACTED]

Save for the above, no further Shares will be awarded under the Pre-[REDACTED] Share Award Scheme.

E. POST-[REDACTED] SHARE OPTION SCHEME

A summary of the principal terms of the Post-[REDACTED] Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by written resolutions of our Shareholders on [•] is as follows. The following summary does not form, nor is intended to be, part of the Post-[REDACTED] Share Option Scheme nor should it be taken as affective the interpretation of the rules of the Post-[REDACTED] Share Option Scheme.

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(a) Purpose

The purpose of the Post-[REDACTED] Share Option Scheme is to incentivize and reward the Eligible Persons for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

(b) Who may participate

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-[REDACTED] Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of our Group (“**Eligible Persons**”).

(c) Maximum number of Shares in respect of which options may be granted

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-[REDACTED] Share Option Scheme and any other share option schemes (the “**Other Schemes**”) of our Company must not in aggregate exceed 10% of the total number of Shares in issue as at the [REDACTED] (the “**Scheme Mandate Limit**”). On the basis of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and assuming the [REDACTED] is not exercised, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-[REDACTED] Share Option Scheme is [REDACTED] Shares. Options lapsed in accordance with the terms of the Post-[REDACTED] Share Option Scheme and any Other Scheme of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Board may, with the approval of the Shareholders in general meeting refresh, the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Post-[REDACTED] Share Option Scheme and any Other Schemes of our Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of on which the Shareholders approve the refreshment of the Scheme Mandate Limit. Options previously granted under the Post-[REDACTED] Share Option Scheme and any Other Schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed.” The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Person specifically identified by them which would cause the Scheme Mandate Limit to be exceeded. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Post-[REDACTED] Share Option Scheme and any Other Schemes of our Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

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The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of our Company whether by way of capitalization of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of our Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

(d) Maximum entitlement of each individual

No options shall be granted to any Eligible Person under the Post-[REDACTED] Share Option Scheme and any Other Schemes of our Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date.

Any further grant of options to an Eligible Person in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of our Company, his associates) abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such Eligible Person) and such other information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

(e) Grant of options to connected persons

Each grant of options to a Director (including an independent non-executive Director) of any member of our Group, chief executive or Substantial Shareholder of our Company, or any of their respective associates, under the Post-[REDACTED] Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

Where any grant of options to a Substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Post-[REDACTED] Share Option Scheme (including options exercised, canceled and outstanding) to such person in the 12 month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and

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- (ii) having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of options by the Board must be approved by the Shareholders in general meeting (the vote on such approval to be taken on a poll). Any Shareholder who is a connected person of our Company must abstain from voting on the resolution to approve such further grant of options, except that such a connected person may vote against such resolution subject to the requirements of the Listing Rules. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

(f) Acceptance of an offer of options

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Post-[REDACTED] Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HK\$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

(g) Option price

Subject to any adjustment made as described in sub-paragraph (u) below, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date on which the offer to grant such options is approved by the Board (or where that is not a trading day, the last trading day prior to such date);
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date on which the offer to grant such options is approved by the Board; and
- (iii) the nominal value of the Shares.

(h) Duration of Post-[REDACTED] Share Option Scheme

The Post-[REDACTED] Share Option Scheme shall be valid and effective for a period of ten years commencing on the [REDACTED], after which period no further options will be granted but the provisions of the Post-[REDACTED] Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Post-[REDACTED] Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Post-[REDACTED] Share Option Scheme.

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(i) Time of vesting and exercise of options

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfilment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option (the "**Option Period**").

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised. Such terms and conditions determined by the Board must not be contrary to the purpose of the Post-[REDACTED] Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

(j) Restriction on the time of grant of options

A grant of options may not be made after inside information has come to our knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

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(k) Ranking of the Shares

No dividends (including distributions made upon the liquidation of our Company) will be payable and no voting rights will be exercisable in relation to an option that has not been exercised. Shares allotted and issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(l) Restrictions on transfer

Except for the transmission of an option on the death of an option-holder to his personal representatives, neither the option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any option-holder to any other person or entity. If an option-holder transfers, assigns or disposes of any such option or rights, whether voluntarily or involuntarily, then the relevant option will immediately lapse.

(m) Rights on voluntary resignation

If an option-holder ceases to be an Eligible Person by reason of his voluntary resignation (other than in circumstances where he is constructively dismissed), any outstanding offer of options shall continue to be open for acceptance for such period as determined by the Board at its absolute discretion and notified to such Eligible Person, and all options (to the extent vested but not already exercised) will continue to be exercisable for such period as the Board may determine at its absolute discretion and notify to such Eligible Person on the date of cessation of employment of such Eligible Person.

(n) Rights on termination of employment

If an option-holder ceases to be an Eligible Person by reason of (i) his employer terminating his contract of employment in accordance with its terms or any right conferred on his employer by law, or (ii) his contract of employment, being a contract for a fixed term, expiring and not being renewed, or (iii) his employer terminating his contract for serious or gross misconduct, then any outstanding offer of an option and all options, vested or unvested, will lapse on the date the option-holder ceases to be an Eligible Person.

(o) Rights on death, disability, retirement and transfer

If an option-holder ceases to be an Eligible Person by reason of:

- (i) his death; or
- (ii) his serious illness or injury which in the opinion of the Board renders the option-holder concerned unfit to perform the duties of his employment and which in the normal course would render the option-holder unfit to continue performing the duties under his contract of employment for the following 12 months provided such illness or injury is not self-inflicted; or

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- (iii) his retirement in accordance with the terms of an option-holder's contract of employment; or
- (iv) his early retirement by agreement with the option-holder's employer; or
- (v) his employer terminating his contract of employment by reason of redundancy; or
- (vi) his employer ceasing to be a member of our Group or under the control of our Company; or
- (vii) a transfer of the business, or the part of the business, in which the option-holder works to a person who is neither under the control of our Company nor a member of our Group or associated companies of our Company; or
- (viii) if the Board determines in its absolute discretion that circumstances exist which mean that it is appropriate and consistent with the purpose of the Post-[REDACTED] Share Option Scheme to treat an option-holder whose options would otherwise lapse so that such options do not lapse but continue to subsist in accordance with (and subject to) the provisions of the Post-[REDACTED] Share Option Scheme,

then, any outstanding offer of an option which has not been accepted and any unvested option will lapse and the option-holder or his personal representatives (if appropriate) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of cessation of employment. Any option not exercised prior to the expiry of this period shall lapse.

If the Board determines that an option-holder who ceases to be an Eligible Person in circumstances such that his options continue to subsist in accordance with (viii) above:

- (a) is guilty of any misconduct which would have justified the termination of his contract of employment for cause but which does not become known to our Company until after he has ceased employment with any member of our Group; or
- (b) is in breach of any material term of contract of employment (or other contract or agreement related to his contract of employment), without limitation, any confidentiality agreement or agreement containing non-competition or non-solicitation restrictions between him and any member of our Group; or
- (c) has disclosed trade secrets or confidential information of any member of our Group; or
- (d) has entered into competition with any member of our Group or breached any non-solicitation provisions in his contract of employment,

then it may, in its absolute discretion, determine that any unexercised options, vested or not vested, held by the option-holder shall immediately lapse upon the Board resolving to make such determination (whether or not the option-holder has been notified of the determination).

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(p) Rights on cessation to be a director

In the event that any director ceases to be a director of any member of our Group, our Company shall, as soon as practicable thereafter, give notice to the relevant option-holder who as a result ceases to be an Eligible Person. Any outstanding offer of an option which has not been accepted and any unvested option will lapse on the date the option-holder ceases to be an Eligible Person. The option-holder (or his personal representative) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of the notification by the Board. Any option not exercised prior to the expiry of this period shall lapse.

(q) Rights on a general offer

If as a result of any general offer made to the holders of Shares, the Board becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of our Company has or will become vested in the offeror, any company controlled by the offeror and any person associated with or acting in concert with the offeror (a “**Change of Control**”), the Board will notify every option-holder of this within 14 days of becoming so aware or as soon as practicable after any legal or regulatory restriction on such disclosure no longer applies. Each option-holder will be entitled to exercise his options (to the extent vested but not already exercised) during the period of one month starting on the date of the Board’s notification to the option-holders. All options, vested or unvested, not exercised before the end of such period will lapse.

(r) Rights on company reconstructions

In the event of a compromise or arrangement, our Company shall give notice to all option-holders on the same date as it gives notice of the meeting to the Shareholders or creditors to consider such a compromise or arrangement and each option-holder (or his personal representative) may at any time thereafter, but before such time as shall be notified by our Company, exercise all or any of his options (to the extent vested but not already exercised), and subject to our Company receiving the exercise notice and the exercise price, our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

(s) Rights on winding up

In the event a notice is given by our Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall on the same date as or soon after we dispatch such notice to the Shareholders give notice thereof to all option-holders and each option-holder (or his personal representative) shall be entitled to exercise all or any of his options (to the extent vested but not already exercised) at any time no later than seven days prior to the proposed general meeting of our Company, and subject to our Company receiving the exercise notice and the exercise price, our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

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(t) Lapse of option

An option will lapse on the earlier of:

- (i) the expiry of the option period as determined by the Board;
- (ii) the date on which an option-holder is in breach of sub-paragraph (l); or
- (iii) the expiry of the time provided for in the applicable rule where any of the circumstances provided in sub-paragraphs (m) to (s) above apply.

(u) Effect of alteration to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalization of profits or reserves, further rights issues of Shares, consolidation or subdivision of shares, or reduction of the share capital of our Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to the number of Shares, the subject matter of the option (insofar as it is unexercised) and/or the price at which the options are exercisable, as the auditors of our Company or an independent financial adviser appointed by the Board shall certify in writing to the Board to be in their opinion fair and reasonable. Notice of any adjustments shall be given by our Company to an option-holder.

Any such adjustments shall be made on the basis that an option-holder shall have the same proportion of the issued share capital of our Company as that to which he was entitled before such adjustment. No such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of our Company for which any option-holder would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustments.

The auditors of our Company or the independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the Note to paragraph 17.03(13) of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the "Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule" attached to the letter of the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes), except where such adjustment is made on a capitalization issue.

The capacity of the auditors or independent financial advisers is that of experts and not of arbitrators and their certification shall be final and binding on our Company and the option-holders in the absence of fraud or manifest error. The costs of the auditors or independent financial advisers shall be borne by our Company.

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(v) Cancellation of option

Unless the option-holder agrees, the Board may only cancel an option (which has been granted but not yet exercised) if, at the election of the Board, either:

- (i) our Company pays to the option-holder an amount equal to the fair market value of the option at the date of cancellation as determined by the Board at its absolute discretion, after consultation with the auditors of our Company or an independent financial adviser appointed by the Board; or
- (ii) the Board offers to grant to the option-holder replacement options (or options under any other share option scheme of any member of our Group) or makes such arrangements as the option-holder may agree to compensate him for the loss of the option; or
- (iii) the Board makes such arrangements as the option-holder may agree to compensate him for the cancellation of the option.

(w) Termination of the Post-[REDACTED] Share Option Scheme

The Post-[REDACTED] Share Option Scheme will expire automatically on the day immediately preceding the tenth anniversary of the [REDACTED]. The Board may terminate the Post-[REDACTED] Share Option Scheme at any time without Shareholders' approval by resolving that no further options shall be granted under the Post-[REDACTED] Share Option Scheme and in such case, no new offers to grant options under the Post-[REDACTED] Share Option Scheme will be made and any options which have been granted but not yet exercised shall either (i) continue subject to the Post-[REDACTED] Share Option Scheme, or (ii) be canceled in accordance with subparagraph (v).

(x) Amendments to the Post-[REDACTED] Share Option Scheme

The Board may amend any of the provisions of the Post-[REDACTED] Share Option Scheme (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any option-holder at that date), except that amendments which are to the advantage of present or future option-holders in respect of matters contained in Rule 17.03 of the Listing Rules must be approved by the Shareholders in general meeting.

Any amendments to the terms and conditions of the Post-[REDACTED] Share Option Scheme which are of a material nature or any amendments to the terms of any options granted may only be made with the approval of the shareholders of our Company save where the amendments take effect automatically under the existing terms of the Post-[REDACTED] Share Option Scheme.

Any amendments to the terms of options granted to an option-holder who is a substantial shareholder of our Company or an independent non-Executive Director, or any of their respective associates, must be approved by the Shareholders in general meeting. The resolution to approve the amendment must be taken on a poll and any connected person of our Company must abstain from voting on the resolution to approve such amendment, except that such a connected person may vote against such resolution.

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Any change to the authority of the Board in relation to any amendment of the rules of the Post-[REDACTED] Share Option Scheme may only be made with the approval of the Shareholders in general meeting.

(y) Conditions of the Post-[REDACTED] Share Option Scheme

The adoption of the Post-[REDACTED] Share Option Scheme is conditional on:

- (i) the [REDACTED] granting (or agreeing to grant) approval (subject to such conditions as the Stock Exchange may impose) for the [REDACTED] of, and permission to [REDACTED], the Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Post-[REDACTED] Share Option Scheme; and
- (ii) the commencement of the dealings in the Shares on the Stock Exchange.

If the conditions above are not satisfied on or before the date following six months after the date the Post-[REDACTED] Share Option Scheme was conditionally adopted:

- (a) the Post-[REDACTED] Share Option Scheme shall forthwith determine;
- (b) any option granted or agreed to be granted pursuant to the Post-[REDACTED] Share Option Scheme and any offer of such a grant shall be of no effect; and
- (c) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Post-[REDACTED] Share Option Scheme or any option.

(z) General

An application has been made to the [REDACTED] to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the new Shares which may be issued pursuant to the exercise of the options which may be granted pursuant to the Post-[REDACTED] Share Option Scheme.

As of the Latest Practicable Date, no option had been granted or agreed to be granted by our Company pursuant to the Post-[REDACTED] Share Option Scheme.

Details of the Post-[REDACTED] Share Option Scheme, including particulars and movements of the options granted during each financial year of our Company, and our employee costs arising from the grant of the options will be disclosed in our annual report.

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F. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders have entered into the Deed of Indemnity with and in favour of our Company (for itself and on behalf of its subsidiaries) (being the contract referred to in paragraph (a) of "B. Further information about our business - 1. Summary of material contracts" above) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim or estate duty to which any member of our Group may be subject and payable on or before the [REDACTED] and any expenses, costs, fines, penalties or other liabilities which any member of our Group may suffer.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in "Business – Legal Proceedings and Compliance" in this document no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive an aggregate fee of S\$1,450,000 for acting as the sponsor for the [REDACTED].

The Sole Sponsor has made an application on our Company's behalf to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED], all the Shares in issue and to be issued as mentioned in this document (including any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and the Post-[REDACTED] Share Options). All necessary arrangements have been made for the Shares to be admitted into [REDACTED].

4. Preliminary expenses

No material preliminary expenses were incurred in relation to the incorporation of our Company.

5. No material adverse change

Our Directors confirm that there has been no material adverse change in our Group's financial or trading position since 31 December 2023 (being the date on which the latest audited consolidated financial information of our Group was prepared).

6. Promoter

Our Company has no promoter. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

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7. Taxation of holders of Shares

The sale, purchase and transfer of Shares registered with our Company's [REDACTED] of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

See "Regulatory Overview and Taxation – D. Taxation" for further details.

8. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualifications
Alliance Capital Partners Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) regulated activities (as defined in the SFO), acting as the Sole Sponsor of the [REDACTED]
Deloitte Touche Tohmatsu	Certified public accountants under the Professional Accountant Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588)
WongPartnership LLP	Singapore legal advisers to our Company
JunHe LLP	PRC legal advisers to our Company
Grandall Law Firm (Shanghai)	PRC legal advisers (in relation to social insurance and housing provident fund matters) to our Company
LNT & Partners	Vietnam legal advisers to our Company
ONC Lawyers	Hong Kong legal adviser to our Company
Euromonitor International Limited	Industry consultant
Kroll (HK) Limited	Property Valuer

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with copies of its reports, letters, opinions, summaries of opinions and/or references to its names included herein in the form and context in which they respectively appear.

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9. Binding effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

11. Miscellaneous

- (a) Within the two years immediately preceding the date of this document:
 - (i) save as disclosed in the section headed "History, Reorganization and Corporate Structure", no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
 - (iv) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of our subsidiaries;
- (b) no founder, management or deferred Shares nor any debenture in our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (d) the principal register of members of our Company will be maintained in the Singapore and a branch register of members of our Company will be maintained in Hong Kong. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in Singapore. All necessary arrangements have been made to enable the Shares to be admitted to [REDACTED];

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- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) our Company has no outstanding convertible debt securities or debentures;
- (g) none of the persons whose names are listed in the paragraph headed "8. Qualifications and consents of experts" under this Appendix V:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and
- (h) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

APPENDIX VI

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in the section headed “Appendix V – F. Other Information – 8. Qualifications and consents of experts” in this document; and
- (b) a copy of each of the material contracts referred to in the section headed “Appendix V – B. Further Information about our Business – 1. Summary of material contracts” in this document.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.engkong.com during a period of 14 days from the date of this document:

- (a) the Constitution;
- (b) the Accountants’ Report on our Group for the years ended 31 December 2021, 2022 and 2023 issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;
- (c) the report from Deloitte Touche Tohmatsu on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of our Group for the years ended 31 December 2021, 2022 and 2023;
- (e) the letter from WongPartnership LLP, our legal advisers as to Singapore law, in relation to the Constitution and salient provisions of Singapore company law referred to in Appendix IV to this document;
- (f) the legal opinion issued by ONC Lawyers, our legal advisers as to Hong Kong law in relation to our Hong Kong subsidiaries in respect of certain aspects of our Group in Hong Kong;
- (g) the legal opinion issued by JunHe LLP, our legal advisers as to PRC law, in respect of certain aspects of our Group in PRC;
- (h) the legal opinion issued by Grandall Law Firm (Shanghai), our legal advisers as to PRC law, in respect of housing providence and social insurance matters of our Group;
- (i) the legal opinion issued by LNT & Partners, our legal advisers as to Vietnam law, in respect of certain aspects of our Group in Vietnam;

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DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

- (j) the valuation report prepared by Kroll (HK) Limited, the text of which is set out in Appendix III to this document;;
- (k) the industry report on commissioned by our Company and prepared by Euromonitor, our industry consultant, as referred to in the section headed "Industry Overview" in this document;
- (l) the Singapore Companies Act, the Singapore Securities and Futures Act 2001 and the Singapore Takeover Code;
- (m) the written consents referred to in the section headed "Appendix V – Statutory and General Information – F. Other Information – 8. Qualifications and consents of experts" in this document;
- (n) the material contracts referred to in the section headed "Appendix V – Statutory and General Information – B. Further Information About Our Business – 1. Summary of material contracts" in this document;
- (o) the service contracts and letters of appointment referred to in the section headed "Appendix V – Statutory and General Information – C. Further Information About Our Directors and Substantial Shareholders – 1. Particulars of Directors' service contracts and letters of appointment" in this document; and
- (p) this document.

APPENDIX VII LICENCES, PERMITS AND APPROVALS OF THE GROUP

As at the Latest Practicable Date, our Group has obtained the following material licences, permits and approvals in relation to our businesses:

Licence/Permit/Approval	Issuing Authority	Entity Concerned	Date of Grant	Expiry Date of Licence/Permit/Approval
<i>Singapore</i>				
Petroleum & Flammable Materials Storage Licence	Singapore Civil Defence Force	(SG) EK Container	13 October 2022	30 April 2025
Petroleum & Flammable Materials Storage Licence	Singapore Civil Defence Force	(SG) EK Container	12 October 2023	31 October 2025
Petroleum & Flammable Materials Storage Licence	Singapore Civil Defence Force	(SG) EK Container	22 December 2023	31 December 2024
Confirmation of Factory Notification – Repair of Container	Ministry of Manpower	(SG) EK Container	2 December 2017	Expire upon cessation of operation at workplace
Confirmation of Factory Notification – Refurbishing & Repair of Container	Ministry of Manpower	(SG) EK Container	2 December 2017	Expire upon cessation of operation at workplace
Confirmation of Factory Notification – Container Depot	Ministry of Manpower	(SG) EK Container	12 October 2016	Expire upon cessation of operation at workplace
Confirmation of Factory Notification – Mechanical Engineering Work & Container Depot for Storage	Ministry of Manpower	(SG) EK Container	24 July 2018	Expire upon cessation of operation at workplace
Confirmation of Factory Notification – Container Depot, ISO Tank Cleaning/ Repairs	Ministry of Manpower	(SG) EK Container	12 October 2016	Expire upon cessation of operation at workplace
Confirmation of Factory Notification – Engineering Work & Storage	Ministry of Manpower	(SG) Reefertec	13 October 2016	Expire upon cessation of operation at workplace
bizSAFE Level 4	Workplace Safety and Health Council	(SG) EK Container	12 December 2022	11 December 2025

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Licence/Permit/Approval	Issuing Authority	Entity Concerned	Date of Grant	Expiry Date of Licence/Permit/Approval
Certificate of Completion for the Forklift Driver's Training Course	Singapore Manufacturers' Federation/PSA Institute	(SG) Reefertec ⁽¹⁾	–	–
WSQ Operate Forklift	Various institutions- (Note 2)	(SG) Smartz Pte/ Reefertec ⁽¹⁾	–	–
PRC				
Registration Certificate for Customs Declaration Entities* (報關單位註冊登記證書)	Tianjin Customs of the PRC* (中華人民共和國天津海關)	(PRC) TJ Keyun	6 September 2014	–
Port Operating Licence* (港口經營許可證)	Tianjin Port and Administrative Bureau* (天津市港航管理局)	(PRC) TJ Keyun	23 December 2022	22 December 2025
Registration Form of Enterprises Applying for Entry-Exit Inspection and Quarantine* (出入境檢驗檢疫報檢企業備案表)	Tianjin Entry-Exit Inspection And Quarantine Bureau of the PRC* (中華人民共和國天津出入境檢驗檢疫局)	(PRC) TJ Keyun	1 September 2016	–
Road Transport Operator's Permit of the PRC* (中華人民共和國道路運輸經營許可證)	Shanghai Pudong New District Municipal Road Transport Administrative Bureau* (上海市浦東新區城市交通運輸管理局)	(PRC) SH Keyun	21 October 2022	20 October 2026

APPENDIX VII LICENCES, PERMITS AND APPROVALS OF THE GROUP

Licence/Permit/Approval	Issuing Authority	Entity Concerned	Date of Grant	Expiry Date of Licence/Permit/Approval
<i>Hong Kong</i>				
Certificate of Registration of Electrical Contractor	Electrical and Mechanical Services Department	(HK) MF Reefer	3 April 2023	27 April 2026
<i>Malaysia</i>				
Licence to carry out port ancillary service activities within the port limit of Port Klang	Port Klang Authority	(MY) Tricool	10 October 2023	31 December 2024
Business and Advertisement Licence	Klang Municipal Council	(MY) Tricool	3 November 2023	31 December 2024
Scheduled Controlled Goods Permit	The Ministry of Domestic Trade and Consumer Affairs	(MY) EK Penang	3 October 2021	4 October 2024
Business and Advertisement Licence	Seberang Perai City Council	(MY) EK Penang	4 January 2024	31 December 2024
Industrial and Advertisement Licence	Pasir Gudang City Council	(MY) EK Johor	9 November 2023	31 December 2024
Industrial and Advertisement Licence	Klang Municipal Council	(MY) EK Logistics	2 January 2024	31 December 2024
Business and Advertisement Licence	Klang Municipal Council	(MY) EK Logistics	2 January 2024	31 December 2024
Licence to carry out “on dock depot” activities within the port limit of Port Klang	Port Klang Authority	(MY) NEK	20 December 2023	31 December 2024
Business and Advertisement Licence	Klang Municipal Council	(MY) NEK	12 January 2023	31 December 2024
Business and Advertisement Licence	Pasir Gudang City Council	(MY) Reefertec	9 November 2023	31 December 2024

APPENDIX VII LICENCES, PERMITS AND APPROVALS OF THE GROUP

Licence/Permit/Approval	Issuing Authority	Entity Concerned	Date of Grant	Expiry Date of Licence/Permit/Approval
<i>Thailand</i>				
Multi Modal Transportation Operator Certificate	Director-General of the Marine Department	(TH) CKT	4 February 2020	3 February 2025

Notes:

1. These certificates are obtained by our employees in the respective entities.
2. WSQ Operate Forklift Licences obtained by our employees are separately issued by Tat Hong Training Services Pte Ltd, NTUC LearningHub Pte Ltd and PSA Institute.