PROSPECTUS DATED 13 JANUARY 2003
(registered with the Monetary Authority of Singapore on 13 January 2003)

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

We have made an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in and for quotation of all the ordinary shares of $0.05 each ("Shares") in the capital of GKE International Limited (the "Company") already issued and the new Shares (the "New Shares") which are the subject of the Invitation. Such permission will be granted when we have been admitted to the Official List of the SGX-ST Dealing and Automated Quotation System ("SGX-SESDAQ").

Our acceptance of applications will be conditional upon, inter alia, permission being granted to deal in and for quotation of all the existing issued Shares of our Company and the New Shares which are subject to the Invitation. If the Invitation is not completed because the said permission is not granted or for any other reasons, moneys paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claim against us or the Manager. No shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-SESDAQ is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares or our New Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act 2001 (Act 42 of 2001), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the Shares or units of Shares, as the case may be, being offered or in respect of which an Invitation is made, for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

Investing in our Shares involves risks which are described in the "Risk Factors" section beginning on page 23 of this Prospectus.

GKE International Ltd

GKE INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore on 8 March 2000)

Invitation in respect of 40,000,000 New Shares of $0.05 each comprising :-

(a) 12,000,000 Offer Shares at $0.20 for each Offer Share by way of public offer; and

(b) 28,000,000 Placement Shares at $0.20 for each Placement Share by way of placement, comprising:-

  (i) 26,000,000 Placement Shares at $0.20 for each Placement Share by way of placement; and

  (ii) 2,000,000 Reserved Shares at $0.20 for each Reserved Share by way of offer to Independent Director, management and employees of our Group,

payable in full on application.

Manager, Underwriter and Placement Agent

UOB ASIA LIMITED

Primary Sub-Underwriters and Primary Sub-Placement Agents

UNITED OVERSEAS BANK LIMITED

UOBKayHian
UOB KAY HIAN PRIVATE LIMITED

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CORPORATE INFORMATION

Board of Directors	:	Neo Kok Ching (Executive Chairman and Director) Azam Essof Kolia (Executive Director and Chief Executive Officer) Lam Ah Seng @ Lam Pang Chuang (Non-Executive Director) Sitoh Yih Pin (Independent Director) Mahtani Bhagwandas (Independent Director) Chin Pang Joo @ Ivan Lam Pang Joo (Alternate Director to Lam Ah Seng @ Lam Pang Chuang) Neo Cheow Hui (Alternate Director to Neo Kok Ching and Executive Officer)
Company Secretary	:	Wee Woon Hong, LLB (Hons) Serene Wee Ai Yin, LLB (Hons)
Registered Office	:	1 Jalan Besut Singapore 619554 Telephone: (65) 6261 7770 Facsimile: (65) 6262 2152 Web-site Address: www.gke.com.sg **(Information contained on our web-site does not constitute part of this Prospectus)**
Share Registrar and Share Transfer Office	:	M & C Services Private Limited 138 Robinson Road #17-00 The Corporate Office Singapore 068906
Auditors and Reporting Accountants	:	KPMG Certified Public Accountants 16 Raffles Quay, #22-00 Hong Leong Building Singapore 048581
Solicitors to the Invitation	:	Loo & Partners 88 Amoy Street, Level Three Singapore 069907
Manager, Underwriter and Placement Agent	:	UOB Asia Limited 80 Raffles Place UOB Plaza Singapore 048624
Primary Sub-Underwriters and Primary Sub-Placement Agents	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 UOB Kay Hian Private Limited 80 Raffles Place #30-01 UOB Plaza 1 Singapore 048624
Principal Banker	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
Receiving Banker	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

DEFINITIONS

For the purpose of this Prospectus and the accompanying Application Forms, the following definitions have, where appropriate, been used:-

Companies Within Our Group

"Company" or "GKE"	:	GKE International Limited
"GKE-PL"	:	GKE Private Limited
"GKE-W&L"	:	GKE Warehousing & Logistics Pte Ltd
"GKE Group" or "Group"	:	The proforma group of companies comprising our Company and our subsidiaries, treated as if the group structure had been in existence throughout the last three financial years or since the respective dates of incorporation
"Mac-Nels Warehousing"	:	Mac-Nels Warehousing Pte Ltd
"Mac-Nels AE"	:	Mac-Nels Air Express Pte. Ltd.
"ICF"	:	International Concept Forwarding Pte Ltd

Other Organisations And Agencies

"CDP" or "Depository"	:	The Central Depository (Pte) Limited
"ISO"	:	International Organisation for Standardisation, a worldwide federation of national standards bodies
"JTC"	:	JTC Corporation
"LME"	:	London Metal Exchange Limited
"MAS" or "Authority"	:	Monetary Authority of Singapore
"PSA"	:	PSA Corporation Limited
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"UOB"		United Overseas Bank Limited
"UOB Asia", "Manager", "Underwriter" or "Placement Agent"	:	UOB Asia Limited
"UOB KayHian"	:	UOB Kay Hian Private Limited

General

"Act"	:	The Companies Act, Chapter 50 of Singapore
"Application Forms"	:	The printed application forms for the New Shares which are the subject of the Invitation and which form part of this Prospectus
"Application List"	:	The list of applications for subscription of the New Shares
"ATM"	:	Automated teller machine of a Participating Bank
"Audit Committee"	:	Our audit committee as at the date of this Prospectus
"Board"	:	Our board of Directors
"CAGR"	:	Compounded annual growth rate
"CEO"	:	Chief executive officer
"Controlling Shareholder"	:	A person who holds directly or indirectly 15 per cent. or more of the nominal amount of all voting shares in our Company or a person who exercises actual control of our Company (as defined under the Listing Manual)
"CPF"	:	The Central Provident Fund
"Directors"	:	The directors of our Company as at the date of this Prospectus
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM or IB Website of one of the Participating Banks in accordance with the terms and conditions set out in the Prospectus
"EPS"	:	Earnings per Share
"Executive Officers"	:	The executive officers of our Group as at the date of this Prospectus which include key executives (as defined in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2002)
"FY"	:	Financial year ended or ending 31 May
"GST"	:	Goods and services tax of Singapore
"Independent Directors"	:	Our independent directors, namely Mr Mahtani Bhagwandas and Mr Sitoh Yih Pin
"IB Websites"	:	Internet websites of DBS and UOB
"Interested Person"	:	A Director, CEO, or Controlling Shareholder of our Company, or an associate of any such Director, CEO or Controlling Shareholder (as defined under the Listing Manual)
"Invitation"	:	The invitation to the public in respect of the New Shares, subject to and on the terms and conditions set out in this Prospectus
"ISO 9002 Certification"	:	A constituent part of the ISO 9000 series which states the requirement for a quality management system and covers the following eight management principles: customer focus, leadership, involvement of people, process approach, system approach management, continual improvement, factual approach to decision making and mutually beneficial supplier relationship.

"Issue Price"	:	$0.20 for each New Share
"Latest Practicable Date"	:	The latest practicable date prior to the lodgement of this Prospectus with the Authority, being 17 December 2002
"Listing Manual"	:	Listing Manual of the SGX-ST
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NA"	:	Not applicable
"NBV"	:	Net book value
"New Shares"	:	The 40,000,000 new Shares for which our Company invites applications to subscribe, subject to and on the terms and conditions set out in this Prospectus
"NM"	:	Not meaningful
"Nominating Committee"	:	Our nominating committee as at the date of this Prospectus
"NTA"	:	Net tangible asset
"Offer"	:	The offer by our Company to the public for subscription of the Offer Shares at the Issue Price, subject to and on the terms and conditions set out in this Prospectus
"Offer Shares"	:	The 12,000,000 New Shares which are the subject of the Offer
"Participating Banks"	:	United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("UOB Group"); The Development Bank of Singapore Ltd (including its POSBank Services division) ("DBS"); and Oversea-Chinese Banking Corporation Limited ("OCBC")
"PER"	:	Price earnings ratio
"Placement"	:	The placement by the Placement Agent on behalf of our Company of the Placement Shares for subscription at the Issue Price, subject to and on the terms and conditions set out in this Prospectus
"Placement Shares"	:	The 28,000,000 New Shares which are the subject of the Placement
"PRC" or "China"	:	The People's Republic of China
"Prospectus"	:	This prospectus dated 13 January 2003 and registered by the Authority
"Receiving Banker"	:	UOB
"Remuneration Committee"	:	Our remuneration committee as at the date of this Prospectus
"Reserved Shares"	:	2,000,000 of the Placement Shares reserved for the Independent Director, management and employees of our Group

"Restructuring Agreement"	:	The restructuring agreement dated 1 June 2000 entered into between our Company and the shareholders of GKE-PL, GKE-W&L and Mac-Nels Warehousing, in which our Company acquired the entire issued and paid-up capital of the aforesaid companies
"Securities Account"	:	Securities account maintained by a depositor with CDP
"SGX-SESDAQ"	:	SGX-ST Dealing and Automated Quotation System
"Share Sale Agreements"	:	The share sale agreements entered into between our Company and the shareholders of Mac-Nels AE dated 1 June 2001 and between our Company and the shareholders of ICF dated 20 February 2002 in which our Company acquired the entire issued and paid-up capital of the aforesaid companies
"Shares"	:	Ordinary shares of $0.05 each in the capital of our Company
"Singapore Securities and Futures Act" or "SFA"	:	Singapore Securities and Futures Act 2001 (Act 42 of 2001)
"Substantial Shareholder"	:	A person who has an interest in Shares the nominal amount of which is not less than five per cent. (5%) of the nominal amount of all the voting shares of our Company
"USA"	:	The United States of America

Currencies And Units Of Measurement

"sq. m."	:	Square metres
"%" or "per cent."	:	Percentage or per centum
"£"	:	Sterling Pounds
"$" or "S$" and "Cents"	:	Singapore dollars and cents respectively
"RMB"	:	PRC renminbi
"US$" or "USD" and "US Cents"	:	United States dollars and cents respectively

The expressions "our", "ourselves", "us", "we" or other grammatical variations thereof shall, unless otherwise stated, mean our Company and our subsidiaries.

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them, respectively, in the Act.

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

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

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

Any reference to a time of day in this Prospectus will be a reference to Singapore time, unless otherwise stated.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides an explanation on some of the technical terms and abbreviations used in this Prospectus.

"FOT"	:	Free on Truck. The transfer of cargoes from a warehouse onto a truck
"Bonded Warehouse"	:	A designated warehouse area approved and licensed by the Singapore Customs and Excise Department for storing imported non-dutiable goods chargeable with GST. GST is only charged when the goods are released into the local market and not when the goods are re-exported
"Delivery Point" or "Good Delivery Point"	:	A geographical location approved by the LME for the delivery of non-ferrous metals under LME Warrant which are traded on the LME
"General Logistics"	:	The provision of supply-chain logistics and fulfillment services including logistics activities such as warehousing, transportation, container packing and unpacking, labelling, distribution, inventory management and air freight forwarding
"LME Approved Warehouse"	:	A warehouse which has been approved by the LME for the purpose of storing non-ferrous metal commodities being dealt on the LME
"LME Approved Warehouse Company"	:	A company approved by the LME to operate LME Approved Warehouses
"LME Member(s)"	:	Member(s) of LME, consisting of ring dealing members, associate broker clearing members, associate trade clearing members, associate broker members, associate trade members, and honorary members
"LME Warrant(s)"	:	Warrant(s) issued by a LME Approved Warehouse Company, either directly or via its London Agent, in respect of the non-ferrous metal being stored in a LME Approved Warehouse and traded on the LME. The warrant represents legal title to a given lot of non-ferrous metal in that LME Approved Warehouse
"London Agent"	:	A London-based agent appointed by a LME Approved Warehouse Company and approved by the LME for, *inter alia*, the issue, delivery and cancellation of LME Warrants on the LME Approved Warehouse Company's behalf
"Metal Logistics"	:	The provision of logistics services for non-ferrous metals, involving warehousing and related logistics services
"SWORD"	:	The system for, *inter alia*, the electronic transfer of titles to LME Warrants, governed and constituted by the SWORD Regulations
"SWORD Regulations"	:	The regulations governing the operation of SWORD issued by the LME, as supplemented by its operating procedures. The operating procedures set out detailed procedures and information relating to the operation of SWORD

"TradeNet"	:	A nation-wide electronic data interchange (EDI) system implemented by the Singapore Customs and Excise Department for the electronic submission of custom declarations for imports, exports and transshipments
"Warehouse Agreement"	:	An agreement between the LME and a LME Approved Warehouse Company setting out the warehouse company's obligations as a LME Approved Warehouse Company and the associated terms, conditions and requirements under which the LME Approved Warehouse Company shall operate

DETAILS OF THE INVITATION

LISTING ON THE SGX-SESDAQ

We have applied to the SGX-ST for permission to deal in and for quotation of all our Shares already issued and the New Shares which are the subject of the Invitation. Such permission will be granted when we have been admitted to the Official List of the SGX-SESDAQ. Our acceptance of applications will be conditional upon, *inter alia*, permission being granted to deal in and for quotation of all our existing issued Shares and the New Shares which are the subject of the Invitation. If the Invitation is not completed because the said permission is not granted or for any other reasons, moneys paid in respect of any allocation will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claim against us or the Manager. No shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-SESDAQ is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares or our New Shares.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Singapore Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not in any way, considered the merits of the Shares or units of Shares, as the case may be, being offered or in respect of which an Invitation is made, for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

Where the Authority issues a stop order pursuant to Section 242 of the Singapore Securities and Futures Act, and

(a) in the case where the New Shares have not been issued to the applicants, the applications of the New Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the stop order, pay to the applicants all moneys the applicants have paid on account of their applications for the New Shares; or

(b) in the case where the New Shares have been issued to the applicants, the issue of the New Shares pursuant to the Invitation shall be deemed to be void and our Company shall within 14 days from the date of the stop order, pay the applicants all moneys paid by them for the New Shares.

This Prospectus has been seen and approved by our Directors. Our Directors individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statement in this Prospectus misleading.

Neither the Company, the Manager, the Underwriter, the Placement Agent nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal or tax advice. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

The New Shares are offered for subscription solely on the basis of the information contained and the representations made in this Prospectus.

We have not authorised any person to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by our Company or the Manager. Neither the delivery of this Prospectus and the Application Forms or any documents relating to the Offer or the Placement nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our Group or any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, our Company may make an announcement of the same to the SGX-ST, and if required under section 241 of the Singapore Securities and Futures Act, a supplementary or replacement prospectus will be issued and made available to the public after a copy thereof has been lodged with the Authority. You should take note of any such announcement or supplementary or replacement prospectus and, upon release of such announcement or supplementary or replacement prospectus, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our subsidiaries.

This Prospectus has been prepared solely for the purpose of the Invitation and may only be relied upon by you in connection with your application for the New Shares and may not be relied upon by any other person or for any other purpose.

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

Copies of this Prospectus and the Application Forms and envelopes may be obtained on request, during normal business hours, subject to availability, from:-

UOB ASIA LIMITED
1 Raffles Place
#13-01 OUB Centre
Singapore 048616

and from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website http://www.sgx.com.

The Application List will open at 10.00 a.m. on 20 January 2003 and will remain open until 12.00 noon on the same day or for such further period or periods as our Directors may, in consultation with the Manager decide, subject to any limitations under all applicable laws. Where a supplementary or replacement prospectus has been lodged with the Authority, the Application List shall be kept open for at least 14 days after the lodgment of the supplementary or replacement prospectus. Where an applicant has notified our Company within 14 days from the date of lodgment of the supplementary or replacement prospectus of his wish to exercise his option under the SFA to withdraw his application made prior to the lodgement of the supplementary or replacement prospectus, our Company shall pay to him all moneys paid by him on account of his application for the New Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicant's risk, within 7 days from the receipt of such notification.

Details of the procedure for application for the New Shares are set out in Appendix V of this Prospectus.

INDICATIVE TIMETABLE FOR LISTING

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

Indicative date/time	**Event**
20 January 2003, 12.00 noon	Close of Application List
21 January 2003	Balloting of applications, if necessary, or otherwise as may be approved by the SGX-ST (in the event of an over-subscription for the Offer Shares)
22 January 2003, 9.00 a.m.	Commence trading on a "when issued" basis
30 January 2003	Last day of trading on a "when issued" basis
31 January 2003, 9.00 a.m.	Commence trading on a "ready" basis
6 February 2003	Settlement date for all trades done on a "when issued" basis and for trades done on a "ready" basis on 31 January 2003

The above timetable is only indicative as it assumes that the date of closing of the Application List will be on 20 January 2003, the date of admission of our Shares to the Official List of the SGX-SESDAQ will be 22 January 2003, the SGX-ST's shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 22 January 2003. The actual date on which our Shares will commence trading on a "when issued" basis will be announced when it is confirmed by the SGX-ST.

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

The Invitation will be open from 15 January 2003 to 20 January 2003.

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

(i) through a MASNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and

(i) in the local English newspaper, The Straits Times.

RESULTS OF APPLICATION AND DISTRIBUTION

We will publicly announce the level of subscription for the New Shares and the basis of allocation of the New Shares pursuant to the Invitation, as soon as it is practicable after the closure of the Application List:

(i) through a MASNET announcement to be posted on the Internet at the SGX-ST web-site http://www.sgx.com; and

(ii) in the local English newspaper, The Straits Times.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers, or employees acting on our behalf that are not statements of historical fact constitute "forward-looking statements". You can identify some of these forward looking statements by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to:

- our revenue and profitability;
- expected growth in demand;
- expected growth in our handling capacity;
- other expected industry trends;
- anticipated completion and startup dates for expansion projects; and
- other matters discussed in this Prospectus regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- changes in political, social and economic conditions and the regulatory environment in Singapore and other countries in which we conduct business;
- changes in currency exchange rates;
- our anticipated growth strategies and expected internal growth;
- changes in fees for our services;
- changes in the availability and prices of services we need to operate our business;
- changes in customer preferences;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in our future capital needs and the availability of financing and capital to fund these needs; and
- other factors beyond our control.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements which apply only as at the date of this Prospectus. Neither our Company, the Manager, the Placement Agent, the Underwriter nor any other person represents or warrants to you that our actual future results, performance or achievements will be discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of risks faced by us. We and the Manager disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are subject to the provisions of the Singapore Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Singapore Securities and Futures Act, if after the Prospectus is registered but before the close of the Invitation, our Company becomes aware of (a) a false or misleading statement or matter in the Prospectus; (b) an omission from the Prospectus of any information that should have been included in it under Sections 243 and 244 of the Singapore Securities and Futures Act; or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Sections 243 or 244 of the Singapore Securities and Futures Act to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, the Company may lodge a supplementary or replacement prospectus with the Authority.

PROSPECTUS SUMMARY

The information contained in this summary is derived from, and should be read in conjunction with the full text of this Prospectus. Terms defined elsewhere in this Prospectus have the same meanings when used herein. Prospective investors should carefully consider all the information presented in this Prospectus, particularly the matters set out under "Risk Factors" beginning on page 23 of this Prospectus before making an investment decision. References in this Prospectus to "our Group", "we", "our", and "us" refer to GKE and its subsidiaries.

OUR COMPANY

Our Company was incorporated in the Republic of Singapore under the Act on 8 March 2000 as a private company limited by shares under the name of "GKE Holdings Pte Ltd". On 15 April 2002, we changed our name to "GKE International Pte Ltd". On 10 December 2002, we were converted into a public limited company and changed our name to GKE International Limited.

To prepare for a listing on the SGX-SESDAQ, a restructuring exercise was undertaken pursuant to the Restructuring Agreement dated 1 June 2000 to rationalise the shareholding structure and to consolidate the principal entities of our Group (GKE-PL, GKE-W&L and Mac-Nels Warehousing) as wholly-owned subsidiaries of GKE. In addition, pursuant to the Share Sale Agreements dated 1 June 2001 and 20 February 2002 respectively, we acquired two additional wholly-owned subsidiaries, namely, Mac-Nels AE and ICF.

Our registered office is located at 1 Jalan Besut, Singapore 619554. Our telephone number is (65) 6261 7770. Our principal website is located at *http://www.gke.com.sg.* **Information contained on our website does not constitute a part of this Prospectus.**

OUR BUSINESS

Our Group is principally engaged in the provision of supply-chain logistics and fulfillment services which are broadly classified into two categories:-

(i) Metal Logistics; and

(ii) General Logistics.

In FY2002, revenue generated from our Metal Logistics and General Logistics businesses accounted for approximately 76.5 per cent. and 23.5 per cent. of our revenue respectively.

As at the date of this Prospectus, we have three warehousing facilities (including a rented facility) situated in Singapore, with a total land area of approximately 60,003 sq. m., consisting of built-in warehousing and ancillary space of approximately 30,716 sq. m.. Our three warehouses are LME Approved Warehouses.

Metal Logistics

We provide logistics services for the non-ferrous metal industry. We currently handle selected non-ferrous metals, namely, aluminium, aluminium alloy, copper, lead, nickel, tin and zinc. Our subsidiary, Mac-Nels Warehousing, is a LME Approved Warehouse Company and is authorised to operate our LME Approved Warehouses. With our LME Approved Warehouses, we are entrusted with the custody of non-ferrous metals traded on the LME. As a LME Approved Warehouse Company, we are also authorised to issue LME Warrants, via our London Agent, to our customers in accordance with the LME procedures. A LME Warrant, backed by specific parcels of metal stored in LME Approved Warehouses, entitles the holder of such LME Warrant to take delivery of relevant parcels of metal at a specific LME Approved Warehouse. As such, LME Warrants are integral features of the LME trading system.

In addition, our services also include land transportation, freight forwarding, custom clearance, stevedoring and shipping services. Our logistics services also extend to non-ferrous metals which are not traded on the LME.

The revenue from our Metal Logistics business grew from $7.4 million in FY2000 to $18.5 million in FY2002, representing a CAGR of 57.8 per cent..

General Logistics

Presently, our General Logistics business includes the provision of a wide range of logistics services for customers in the consumer products and retail industries, such as food and beverage and apparel industries. Our services include warehousing, land transportation, labelling, container packing and unpacking, order consolidation, packaging, distribution, inventory management, air freight forwarding, Bonded Warehouse cargo handling and declaring permits for exports, imports and transshipments.

OUR GEOGRAPHICAL REACH

Our logistics activities are carried out in Singapore. We have a network of overseas logistics service providers in PRC (Shanghai and Guangzhou), Malaysia (Penang, Pasir Gudang and Port Klang) and Thailand (Bangkok) to satisfy the overseas logistics needs of our customers. To further expand our network overseas, we have established a representative office in Shanghai, PRC. Through this network of overseas logistics service providers and our representative office, we are able to take delivery from and deliver to different countries as required by our customers.

BARRIERS TO ENTRY

LME Approved Warehouses in Singapore are currently operated by five LME Approved Warehouse Companies. The LME conducts the investigation and assessment process prior to any decision to grant the LME Approved Warehouse Company status to any company. The LME requires us as a LME Approved Warehouse Company to meet certain performance and integrity standards such as security, capital and insurance adequacy. In November 2001, we received notice from the LME announcing that the two South Korean cities of Pusan and Kwangyang are considered Good Delivery Points for aluminium, copper, nickel and tin and that the initial operators of the LME Approved Warehouses in these cities are to be existing LME Approved Warehouse Companies or joint ventures where an existing LME Approved Warehouse Company is the majority shareholder and is managing the operations of the LME Approved Warehouses. As such, our Directors believe that there exists a significant entry barrier for the Metal Logistics industry.

With the current excess supply of warehouse space in Singapore, our Directors consider the entry barrier to General Logistics business to be relatively low. Notwithstanding this, we believe that in order to enter and compete effectively in this industry, logistics operators must be able to provide services that are cost effective, accurate and on a timely basis, which can only be built through years of experience. As such, our Directors believe that new entrants will have significant difficulties in providing the same level of services as the experienced operators in the short term.

OUR COMPETITIVE STRENGTHS

Our competitive strengths are:-

- We are one of the five LME Approved Warehouse Companies operating in Singapore. Our experience in Metal Logistics and ability to provide quality services enables us to attract new customers from the global non-ferrous metal industry as well as to serve the increase in demand for our Metal Logistics services from our existing customers;

- Our network of overseas logistics service providers in PRC, Malaysia and Thailand enables us to customise our services and to cater to the overseas logistics needs of our customers in the non-ferrous metal industry;

- Our ability to provide our customers with one-stop logistics solutions with our warehousing facilities, freight forwarding, land transportation, inventory management services and other related services at competitive pricing;

- Our quality management system enables us to ensure our services are timely and reliable;

- Our good relationships with our customers are attested by the contribution of repeat customers to more than 70 per cent. of our revenue in FY2002; and

- Our experienced management team, led by Mr Neo Kok Ching and Mr Azam Essof Kolia, has been instrumental in our success, contributing their knowledge and experience in the logistics and other industries and establishing strong relationships with our various customers and suppliers.

Please refer to “Competitive Strengths” beginning on page 78 of this Prospectus for more details.

OUR STRATEGY AND FUTURE PLANS

Our future plans are:-

- To expand our logistics facilities to meet the increasing demand expected from our existing and new customers;

- To extend our presence in providing Metal Logistics services as well as to tap the growth opportunities in South East Asia and North Asia, we plan to establish overseas offices in Indonesia and PRC as well as a joint venture or wholly-owned subsidiary in South Korea. We have been in discussions with several potential business partners although such discussions were preliminary in nature. There is no assurance, however, that we would be successful in establishing our intended presence in South Korea; and

- To increase and improve our range of services as part of our plan to become an integrated logistics service provider.

Please refer to “Prospects and Future Plans” on pages 54 and 55 of this Prospectus for more details.

THE INVITATION

Issue Size	40,000,000 New Shares comprising 12,000,000 Offer Shares and 28,000,000 Placement Shares. The New Shares will, when issued and fully paid, rank *pari passu* in all respects with our existing issued Shares.
Issue Price	$0.20 for each New Share.
Purpose of Invitation	The purpose of the Invitation is to secure admission of our Shares to the Official List of the SGX-SESDAQ. Our Directors consider that our listing and the quotation of our Shares on the SGX-SESDAQ will enhance our public image and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide the members of the public and our Group's management, staff and business associates with an opportunity to participate in our equity. The proceeds from the issue of the New Shares will also provide us with additional working capital to finance our business expansion.
Use of Proceeds	The net proceeds attributable to us (after deducting the estimated issue expenses) arising from the issue of our New Shares will be approximately $6.6 million. We intend to use the net proceeds for the following purposes:- (i) approximately $2.4 million to repay a portion of our borrowings (please refer to "Capitalisation and Indebtedness" on page 32 of this Prospectus for more details); (ii) approximately $1.0 million to expand our Metal Logistics services in South Korea (please refer to "Strategy and Future Plans" on pages 54 and 55 of this Propectus for more details); (iii) approximately $0.5 million to expand our Metal Logistics services in Indonesia; and (iv) the balance to be used as working capital. Pending the deployment of the net proceeds as aforesaid, the net proceeds may be placed in short-term time deposits with financial institutions, used to invest in short-term money market instruments, and/or used for working capital requirements as our Directors may deem appropriate. There is no minimum amount which, in the reasonable opinion of our Directors, must be raised from the Invitation.
Reserved Shares	2,000,000 of the Placement Shares will be reserved for Independent Director, management and employees of our Group. The Reserved Shares will be offered at the Issue Price. In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy applications for the Placement Shares, or in the event of an under-subscription for the Placement Shares, to satisfy applications from the members of the public for the Offer Shares.

Listing Status		Our Shares will be quoted in Singapore dollar on the SGX-SESDAQ, subject to admission of our Company to the Official List of the SGX-SESDAQ, and permission for dealing in, and quotation of, our Shares being granted by the SGX-ST.
Risk Factors	:	Investing in our Shares involves risks. These risks are described in the "Risk Factors" section beginning on page 23 of this Prospectus.

ISSUE STATISTICS [1]

ISSUE PRICE	:	$0.20

PROFORMA NET TANGIBLE ASSETS

The NTA per Share, based on the Unaudited Proforma Consolidated Financial Position [2] of our Group as at 31 May 2002, as adjusted for the Exercise of Share Option and Sub-division of Shares, as disclosed on page 56 of this Prospectus (the "Adjusted NTA"):-

- Before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 120,000,000 Shares	:	11.1 cents
- After adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 160,000,000 Shares	:	12.5 cents

Premium of Issue Price over the Adjusted NTA per Share as at 31 May 2002:-

- Before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 120,000,000 Shares	:	80.2%
- After adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 160,000,000 Shares	:	60.0%

PROFORMA EARNINGS [3]

Proforma net earnings per Share for FY2002 based on the pre-Invitation share capital of 120,000,000 Shares	:	2.5 cents
Adjusted proforma net earnings per Share for FY2002 had the service agreements (described on pages 87 and 88 of this Prospectus) been in place from the beginning of FY2002 and based on the pre-Invitation share capital of 120,000,000 Shares [3]	:	2.2 cents

PRICE EARNINGS RATIO

Price earnings ratio based on the proforma net earnings per Share for FY2002	:	8.0 times
Adjusted price earnings ratio based on the adjusted proforma net earnings per Share for FY2002 had the service agreements (described on pages 87 and 88 of this Prospectus) been in place from the beginning of FY2002 [4]	:	9.1 times

PROFORMA NET OPERATING CASH FLOW [5]

Proforma net operating cash flow per Share for FY2002 based on the pre-Invitation share capital of 120,000,000 Shares	:	3.6 cents
Adjusted proforma net operating cash flow per Share for FY2002 had the service agreements (described on pages 87 and 88 of this Prospectus) been in place from the beginning of FY2002 and based on the pre-Invitation share capital of 120,000,000 Shares	:	3.3 cents

PRICE TO CASH FLOW RATIO

Price to net operating cash flow based on the proforma net operating cash flow per Share for FY2002	:	5.6 times
Adjusted price to net operating cash flow based on the adjusted proforma net operating cash flow per Share for FY2002 had the service agreements (described on pages 87 and 88 of this Prospectus) been in place from the beginning of FY2002	:	6.1 times

MARKET CAPITALISATION

Market capitalisation based on the Issue Price and post-Invitation share capital of 160,000,000 Shares	$32,000,000

Notes:-

(1) For the purposes of consistency and comparability with information found in pages 38 to 53 of this Prospectus, under the section "MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OUR OPERATIONS", the Issue Statistics herein have been prepared based on the Unaudited Proforma Consolidated Financial Statements found in Appendix I of this Prospectus. Our historical NTA per Share as at 31 May 2002, net earnings per Share and the net operating cash flow per Share for FY2002 (as indicated on pages 34 and 36 of this Prospectus) are:-

NTA per Share as at 31 May 2002	Earnings per Share	Net Operating Cash flow per Share
11.3 Cents	2.9 Cents	3.9 Cents

Based on the Issue Price, the premium of Issue Price to NTA per Share after adjusting for estimated net proceeds, the price earnings ratio, price to cash flow ratio are 60.0%, 6.9 times and 5.1 times respectively. Net operating cash flow per Share is the historical net profit of our Group for FY2002, adding back provisions for depreciation of property, plant and equipment of approximately $1,462,000 and subtracting amortisation of negative goodwill of approximately $307,000 and divided by 112,300,000 Shares, being the weighted average share capital of our Company for FY2002.

(2) The NTA per Share is computed based on the Unaudited Proforma Consolidated Financial Position of our Group as at 31 May 2002 as set out on page 37 of this Prospectus.

(3) Proforma net earnings was based on the proforma net profit of our Group of approximately $3.0 million for FY2002 as set out in the Unaudited Proforma Consolidated Results of Operations of our Group as set out on page 35 of this Prospectus.

(4) Had the service agreements set out on pages 87 and 88 of this Prospectus been effected in FY2002, the estimated total remuneration for our Directors would have been $710,920 instead of $230,000, and net profit in respect of FY2002 would have been approximately $2.6 million, instead of $3.0 million.

(5) Proforma net operating cash flow is defined as the proforma net profit of our Group in FY2002, adding back provisions for depreciation of property, plant and equipment of approximately $1,477,000 and subtracting amortisation of negative goodwill of approximately $90,000.

RISK FACTORS

You should carefully evaluate each of the following considerations and all of the other information set forth in this Prospectus before deciding to invest in the New Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic and political conditions, the securities market and ownership of the New Shares, including possible future dilution in the value of our Shares. To the best of our belief and knowledge, all the risk factors which we believe to be material to investors in making an informed judgement have been set out below. If any of the following risk factors and uncertainties develop into actual events, our business, financial condition or results of operations could be materially and adversely affected. In such a case, the trading price of our Shares could decline due to any of these considerations, and you may lose all or part of your investment in our Shares.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Prospectus.

RISKS RELATING TO OUR INDUSTRY AND TO OUR BUSINESS

We are dependent on our LME Approved Warehouse Company status

Revenue from our Metal Logistics business accounted for 76.5 per cent. of our revenue in FY2002. Our LME Approved Warehouse Company status is required for us to operate our LME Approved Warehouses and carry on the business of providing logistics services to our customers who trade on the LME. As such, we are dependent on our LME Approved Warehouse Company status.

Based on the SWORD Regulations and the Warehouse Agreement which we enter into with the LME for the purpose of providing logistics services for trades conducted on the LME, the LME requires us to meet certain performance and integrity standards such as security, capital and insurance adequacy. Failure by us to meet the performance and integrity standards will lead to disciplinary actions taken against us. The disciplinary measures available to the LME include warning, reprimand, fine and revocation of the LME Approved Warehouse Company status. In the event that we are unable to maintain the aforesaid standards imposed by the LME, the above disciplinary measures may be taken against us, resulting in a loss of confidence in our services (in the event of a warning or reprimand) or financial loss (in the event of a fine or a revocation of the LME Approved Warehouse Company status). In addition, LME may also terminate the Warehouse Agreement upon giving six-months' prior notice to us. In any of such events, our business, profitability and financial position will be adversely affected.

Our Metal Logistics operations require significant amount of working capital

We require significant amount of working capital to carry out our Metal Logistics operations. In FY2002, our proforma net cash utilised for working capital purposes was approximately $1.7 million. Our working capital requirements mainly include prepayments of FOT charges imposed by third party LME Approved Warehouses to remove cargoes of non-ferrous metals out of their warehouses, and port clearance and ocean freight charges to bring our customers' cargoes of non-ferrous metals into Singapore. Moreover, rental payment will only be collected from our customers annually on 31 March for each calendar year or upon the removal of non-ferrous metals from our warehouses, whichever is earlier. The aforesaid upfront costs, on the other hand, will only be recovered from our customers when the non-ferrous metals are removed from our warehouses. As such, the longer the cargoes stay in our warehouses, the slower the recovery pace of these upfront costs. We have utilised and are dependent on external funds, such as short-term borrowings and overdrafts, to meet our working capital requirements (Please refer to "Liquidity" and "Borrowings and Gearing" at pages 49 and 50 respectively of this Prospectus for more details). If we are unable to manage our working capital requirements or cash flow needs efficiently, or should we be unable to obtain adequate resources to meet the working capital requirements arising from increasing demand for our services, this will have an adverse impact on our liquidity. In such event, our operations, revenue growth and financial performance would be adversely affected.

Failure to maintain our network of overseas logistics service providers will have an adverse impact on our operations

We are dependent on our continued relationships with overseas logistics service providers to serve the logistics needs of our customers. This network has been important to our growth as customers of our Metal Logistics business often require overseas logistics services. Accordingly, our customers' satisfaction is also dependent on quality services provided by our network of overseas logistics service providers. Although we have established long-term relationships with our overseas logistics service providers, we have not entered into any formal and exclusive agreements for exclusivity with them and as such, there is no assurance that these logistics service providers will continue to meet our customers' increasing demands or that they are able to agree with us on the continuation of their relationships with us. Failure to maintain our relationships with these overseas logistics service providers and our inability to find alternative sources for comparable quality services at competitive terms, will have an adverse impact on our operations and hence, our customers' satisfaction. Our operations, profitability and financial position will be adversely affected.

We are vulnerable to decreases in the rates of our Metal Logistics services

Revenue from our Metal Logistics business, mostly related to LME-traded non-ferrous metals, accounted for 76.5 per cent. of our revenue in FY2002. The rental rates and FOT charges for non-ferrous metals under LME Warrants are adjusted annually subject to the LME's approval. In the event that the LME does not approve the rates as proposed by us, we will have to revise our proposed rates accordingly. If the revision results in decreases in such rates, our revenue may decrease and our financial position and profitability will be adversely affected. In addition, if there are any unforeseen increase in costs for provision of our services during a year, we will not be able to increase the rental rates and FOT charges to reflect such increase and in such event, our profitability and financial results will be adversely affected.

LME may appoint additional Delivery Points in Asia in the future, resulting in greater competition

In Asia, apart from Singapore, Japan and United Arab Emirates are countries which possess Delivery Points. The LME may appoint additional Delivery Points in Asia in the future, resulting in greater competition and, possibly, a shift in our customers' decision to utilise the new Delivery Points. In particular, if the LME appoints a new Delivery Point which is within close proximity to Singapore and where its land costs and other costs for provision of logistics services are lower than that of Singapore, our business will be adversely affected. Pusan and Kwangyang of South Korea, for example, have been recently approved by the LME as Delivery Points. Our business and profitability will be adversely affected should we fail to expand our operations into these new Delivery Points and our customers choose to store or take delivery of non-ferrous metals at these new Delivery Points.

Our General Logistics business is dependent on the level of global economic activities

We are principally involved in supply-chain logistics and fulfillment services in Singapore, which are dependent on the level of economic growth of Singapore. The global economic activities may be affected by factors such as global economic growth rates, economic sanctions or outbreak of war, which may in turn, affect Singapore's economy. As such, a slowdown in global economic activities will lead to a decrease in demand for our General Logistics services, and our financial results will be adversely affected.

We are vulnerable to unfavorable changes in the political, economic and regulatory conditions in other countries

Revenue generated from our Metal Logistics business accounted for 76.5 per cent. of our revenue in FY2002. Although our logistics operations are based in Singapore, our Metal Logistics business is subject to any unfavorable changes in the political, economic and regulatory conditions in countries producing non-ferrous metal (for instance, PRC, India, Malaysia and Indonesia). Should such unfavorable changes occur in these producer countries, the supply of such non-ferrous metals will be affected adversely. On the other hand, if the countries in which consumers of non-ferrous metals are operating are affected by unfavorable changes in the political, economic and regulatory conditions, the demand for non-ferrous metals will also be adversely affected. In any of the above circumstances, our business, profitability and financial performance will be adversely affected.

We may face disruption in our logistics operations

In the logistics business, timely delivery is crucial to our customers. Disruption in logistics operations and delays may occur in the event of vehicle breakdowns, adverse weather conditions, container backlogs, closure or suspension (whether partial or full) of the infrastructure sector, which would result in longer lead time for delivery. In addition, as we subcontract part of our transportation, shipping and freight forwarding needs to other local and overseas logistics service providers, our services and reputation will be affected, should our logistics service providers fail to perform as required. Any defects, errors or delays in these services or failure to meet our customers' specifications or expectations could damage our reputation and may, as a result, lead to a loss of business and affect our ability to attract new businesses. If this were to occur, our business, profitability and financial performance will be adversely affected.

Our business and profitability may be affected by excess warehouse space in Singapore

In the past few years, based on our Directors' knowledge of the industry, there has been an excess supply of warehouse space in Singapore as a result of a substantial increase in the number of warehouses built in the 1990s. This resulted in intense competition among existing warehouse operators, which could adversely affect our profitability. In addition, declining prices of warehouse properties could encourage the customers of our General Logistics business to acquire their own warehousing facilities, resulting in a decrease in demand for the usage of our warehousing facilities and our business and profitability will be adversely affected.

Our inability to compete effectively may adversely affect our business

We face competition from existing and potential new players in the logistics industry (both local and foreign-based logistics companies). Compared to us, many of these companies have greater financial and marketing resources, wider network and longer operating track records. As such, our abilities and efforts to offer one-stop logistics solutions, competitive pricing and quality services are crucial for us to maintain and improve our competitiveness. However, there is no assurance that we will be able to compete effectively and if we fail to do so, we may be unable to retain our existing customers or attract new customers. Failure to compete effectively will have a material and adverse impact on our business and results of operations.

We are dependent on major customers for a significant portion of our revenue

Our top four major customers accounted for 40.3 per cent. of our revenue in FY2002. Please refer to "Major Customers" on page 75 of this Prospectus for more details. As such, our business volume and financial performance will be adversely affected should the contribution of these customers to our business volume decrease or should we lose any of these customers for any reason.

Our General Logistics business is exposed to risks of credit defaults by customers

As at 31 May 2002, trade receivables for our General Logistics operations amounted to $0.9 million accounting for approximately 10.3 per cent. of our current assets. Therefore, our financial position and profitability are dependent on the credit worthiness of our customers. Credit terms extended to customers of our General Logistics business are usually 30 to 60 days. While allowances for doubtful debts for the past three financial years were not significant, there is no assurance that the risks of default by our customers would not increase in the future. In the event that this occurs, our financial position will be adversely affected. Please refer to "Credit Management" on page 72 of this Prospectus for more details.

Our business, financial position and profitability may be adversely affected by failure to insure adequately against all potential liabilities

During the provision of our supply-chain logistics and fulfillment services, we may be liable for loss of or damage to goods, delays in delivery or non-delivery or mis-delivery of goods while our customers' goods are in our possession. We limit our exposure to these risks by incorporating limited liability provisions in our contracts. In addition, we are insured against liabilities arising from events such as fire, cargo losses and liabilities arising from a breach of duty and errors or omissions. Notwithstanding this, there is no certainty that we will be adequately covered by insurance against all potential liabilities arising from the provision of our services. Should this arise, we may be required to make material compensation payments. As a result, our financial performance and position will be materially and adversely affected. Please refer to "Insurance" on page 81 of this Prospectus for more details.

We may face disruptions to our database and inventory management system

As part of our valued-added logistics services, we provide customers of our General Logistics business with access to the database of our inventory management system via the internet. This feature of our operations allows our customers to track and trace their inventory stored in our warehouses. The computer system which contains the database and inventory management system requires constant maintenance and upgrading to cope with the growth of our business. Failure to do so will result in our inability to meet the demands of customers for quality services. In addition, any disruptions to our computer system may result in a loss of important data or delays in stock reporting, which may consequently cause a loss of our customers' confidence in us. If this were to occur, we may suffer losses in our businesses, and our business performance and profitability will be adversely affected.

We are dependent on certain key management personnel for our future business development and profitability

Our success has been largely due to the contributions of certain key management personnel. Our Executive Chairman and Director, Mr Neo Kok Ching, is responsible for strategic planning, making investment decisions and overseeing our logistics operations. He is assisted by our Executive Director and CEO, Mr Azam Essof Kolia, and our Executive Officers (including Mr Neo Cheow Hui, Managing Director of GKE-PL and GKE-W&L and Ms Yeung Fook Mei, General Manager of Mac-Nels Warehousing) in charting the overall corporate strategy and development of our Group. Please refer to "Directors, Management and Staff" beginning on page 82 of this Prospectus for more details. We believe that our continued success is dependent, to a large extent, on our ability to retain the services of these key personnel. The loss of any of these key personnel without suitable replacements or the inability to attract and retain qualified personnel will adversely affect our operations and hence, our revenue and profits.

We are exposed to fluctuation in foreign exchange rates

A significant portion of our revenue (mainly from Metal Logistics business) and a certain portion of our costs of services, such as certain ocean freight charges, are denominated in US$. We expect to continue to generate revenue and incur certain portion of our costs of services in US$. In FY2002, approximately 55.4 per cent. of our revenue was denominated in US$ whereas only about 17.7 per cent. of our cost of services was denominated in US$. As the currency denomination of our revenue stream and our costs differ, we have a net foreign exchange exposure (see page 52 on "Foreign Exchange Exposure" for more details). To the extent that our revenue stream and our costs are not naturally matched in the same currency, we will be exposed to any adverse fluctuation of US$ against S$. Overall net foreign exchange gain or loss will be determined by the extent of the impact on our revenue and cost of services arising from the fluctuation in US$ against S$. In the event of a significant depreciation in the US$ against the S$, our operating results will be adversely affected.

In addition, any significant depreciation in the US$ against the S$ arising from timing differences between revenue recognised and actual receipt from our customers would result in us incurring foreign exchange losses. Conversely, any significant appreciation of the US$ against S$ arising from the timing differences between costs recognised and actual payment to our suppliers of services would also result in us incurring foreign exchange losses.

In addition, we have from time to time arranged for US$ denominated bank borrowings, in the form of overdraft facilities, for working capital purposes. We also maintain US$ denominated deposits with our banks. The reporting currency of our Group is S$. As such, any significant changes in the exchange rate of US$ against S$ would result in us incurring foreign exchange gains or losses due to settlement or revaluation of the US$ denominated bank borrowings and deposits.

Currently, we do not have a formal hedging policy as our management believes that it is more efficient for us to assess each transaction on the need to hedge. We will continue to monitor our foreign exchange exposure in future and will consider hedging any material foreign exchange exposure should the need arise. Please refer to "Foreign Exchange Exposure" on pages 52 and 53 of this Prospectus for more details.

We are vulnerable to increases in interest rates

We require a significant level of working capital for the provision of supply-chain logistics and fulfillment services. Most of our working capital requirements are financed through borrowings and internally generated funds. A significant increase in interest rates will increase our cost of borrowings, which in turn could have a material adverse effect on our profitability and financial position. As at 31 May 2002, the gearing level (defined as bank borrowings, including hire purchase obligations, against shareholders' funds) of our Group based on our Unaudited Proforma Consolidated Financial Position was 0.54 times.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Our Share price may be adversely affected by the lack of an active market for our Shares

Prior to the Invitation, there was no public market for our Shares. Therefore, we cannot assure investors that an active public market will develop or be sustained after the Invitation. The Issue Price was determined by negotiations between the representatives of the Underwriter, the Placement Agent and our Company, and may not be indicative of the market price that will prevail in the trading market.

Investors may not be able to resell their Shares at or above the Issue Price. Volatility in the trading price of our Shares may be caused by factors beyond our control and may be unrelated or disproportionate to our operating results.

Substantial future sales of our Shares may adversely affect our share price

Subsequent to the Invitation, our Substantial Shareholders and their associates will own 108,559,980 Shares. If our shareholders sell a substantial number of their Shares, the market price of our Shares may fall. The sale of a substantial number of our Shares by our shareholders in the public market or otherwise, or the perception that such sales may occur, could materially adversely affect the market price of our Shares and might also impair our ability to raise capital through the issue of additional equity or equity-related securities in future at a time and price that we deem appropriate. Except as otherwise described in "Moratorium" section beginning on page 64 of this Prospectus, there will be no restriction on the ability of the Substantial Shareholders to sell their Shares either on the SGX-SESDAQ or otherwise. In addition, if our Substantial Shareholders sell substantial amounts of our Shares in the public market following the expiry of the moratorium, the market price of our Shares could be materially and adversely affected.

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

The Issue Price of our Shares may not be indicative of prices that will prevail in the market. The market price of our Shares may fluctuate significantly and rapidly as a result of, *inter alia*, the factors mentioned below:-

- changes in general economic and stock market conditions or other events or factors;
- changes in securities analysts' estimates of our financial performance and recommendations;
- announcements by us or our competitors of significant contracts, acquisitions, strategic alliance, capital commitment or earnings;
- changes in market valuations of companies with similar businesses to our Group that are listed in Singapore;
- additions or departures of key personnel;
- our involvement in litigation; and
- gain or loss of a major client, a partner or an important business relationship.

Control by existing shareholders may limit your ability to influence the outcome of decisions requiring the approval of shareholders

Upon completion of the Invitation, our Directors, Substantial Shareholders and their associates (as defined in the Listing Manual) will own, in the aggregate, approximately 67.8 per cent. of our post-Invitation issued share capital. These major shareholders, if acting together, would be able to significantly influence all matters requiring approval by our shareholders. This concentration of ownership will place these major shareholders in a position to affect significantly our corporate actions on matters such as mergers or takeover attempts (notwithstanding that the same may be synergistic or beneficial to our Group) in a manner that could conflict with the interests of our public shareholders. Details of our Substantial Shareholders are set out in "Shareholders" on pages 62 and 63 of this Prospectus.

New investors will incur immediate dilution and may experience further dilution

The Issue Price of $0.20 is substantially higher than our Group's proforma NTA per Share of approximately $0.13 per Share (adjusted for the Exercise of Share Option, Sub-division of Shares and the net proceeds for the Invitation) as at 31 May 2002. Thus, there is an immediate and substantial dilution in the NTA per Share for investors who subscribe for our Shares. Details of the immediate dilution of our Shares faced by our new investors are described in "Dilution" on pages 29 and 30 of this Prospectus.

Save as disclosed in the section on "Risk Factors" beginning on page 23 of this Prospectus and the section on "Licences and Government Regulations" beginning on page 74 of this Prospectus, our business or profitability is not materially dependent on any patent or licence, industrial, commercial or financial contract (including a contract with a customer or supplier) or new manufacturing process.

DILUTION

The proforma NTA of our Group as at 31 May 2002 (as adjusted for the Exercise of Share Option, disclosed on page 56 of this Prospectus) was $13.3 million or 11.1 cents per Share. The proforma NTA per Share is determined by dividing our proforma NTA (total tangible assets less total liabilities) as at 31 May 2002 by the pre-Invitation share capital of 120,000,000 Shares.

Based on the issue of 40,000,000 New Shares in the Invitation, at an Issue Price of 20.0 cents per Share, after deducting the estimated expenses payable by us, the proforma NTA of our Group as at 31 May 2002 would have been 12.5 cents per Share. This represents an immediate increase in proforma NTA of 1.4 cents per Share to our existing shareholders and an immediate dilution in proforma NTA of 7.5 cents per Share to new public investors. The following table illustrates this per Share dilution:

	Per Share
Issue Price per Share	20.0 cents
Proforma NTA of our Group per Share as at 31 May 2002 (as adjusted for the Exercise of Share Option)	11.1 cents
Increase in proforma NTA per Share attributable to new public investors	1.4 cents
Less: Proforma NTA per Share after the Invitation	12.5 cents
Dilution in proforma NTA per Share to new public investors	7.5 cents

The following table summarises, as at 31 May 2002 (as adjusted for Sub-division of Shares and Exercise of Share Option), the total number of Shares acquired from us and other parties (adjusted for Sub-division of Shares), the total consideration paid to us or to other parties and the effective cash cost per Share to our Directors and existing shareholders, during the period of three years prior to the date of this Prospectus and by our new public shareholders in relation to this Invitation.

	Shares Owned Number	%	Total Consideration[3] ($)	Average Effective Cash Cost Per Share ($)
Directors, Substantial Shareholders and their associates:-				
Neo Kok Ching[1]	25,200,000	15.75	1,260,000	0.05
Azam Essof Kolia	19,800,000	12.38	1,980,000	0.10
Ban Joo Logistics Pte Ltd	22,808,020	14.26	2,296,962	0.10
Neo Cheow Hui	17,445,300	10.90	1,049,342	0.06
Neo Hwee Hoon	10,000,000	6.25	775,795	0.08
Neo Hwee Lee	10,000,000	6.25	834,667	0.08
Teng Beng Hua	3,306,660	2.06	165,333	0.05
Other existing shareholders as at 31 May 2002	9,440,020	5.90	472,001	0.05
Dr Teo Ho Pin [2]	2,000,000	1.25	120,000	0.06
New public shareholders	40,000,000	25.00	8,000,000	0.20
Total	160,000,000	100.00		

Notes:-

(1) During the period of three years prior to the date of this Prospectus, Mr Neo Kok Ching disposed some of his shares at the price of between $0.10 to $0.15 per Share to Mr Azam Essof Kolia, Ban Joo Logistics Pte Ltd and his children, namely Mr Neo Cheow Hui, Ms Neo Hwee Hoon and Ms Neo Hwee Lee.

(2) Please refer to "Share Capital" on page 56 of this Prospectus for more details on the Exercise of Share Option by Dr Teo Ho Pin.

(3) Consideration for the shares acquired by our shareholders comprises subscription price for new shares and consideration for existing shares which these shareholders acquired from other parties in the course of the last three years prior to the date of this Prospectus. As such, an aggregation of the total consideration will not be meaningful.

DIVIDEND POLICY

Our Company does not have a fixed dividend policy and has not historically paid annual dividends on our Shares. We did not pay any dividends in the last three financial years ended 31 May 2002 and we do not have any dividend restriction. For our current financial year, FY2003, we intend to recommend and distribute not less than 20.0 per cent. of our net profit, whether by way of an interim and/or final dividend, to our shareholders. In making a recommendation on dividends for the financial year ending 31 May 2003 and for future financial years, our Board of Directors, will consider, among other things, our earnings and results of operations for the relevant financial year, capital requirements, general business conditions and other factors which they may deem relevant.

Our Company may, by ordinary resolution, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by our Directors. Our Directors may declare an interim dividend without seeking shareholders' approval. Our Company must pay all dividends out of our profits or pursuant to Section 69 of the Act.

For more information relating to taxes payable on dividend, please see "Taxation" section as set out in Appendix II of this Prospectus.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our cash and cash equivalents, debt and capitalisation of our Group as at 31 May 2002 and 30 November 2002 and as adjusted to reflect (i) the issue of 40,000,000 New Shares pursuant to this Invitation; and (ii) the repayment of a $2.4 million loan referred to in paragraph (i) of the "Use of Proceeds" on page 19 of this Prospectus, the details of which are set out below.

You should read this table in conjunction with the Audited Consolidated Financial Statements set out in Appendix I of this Prospectus and the related notes under the section "Management Discussion and Analysis of Financial Position and Results of Our Operations ".

	As at 31 May 2002 (Actual) $'000	**As at 30 November 2002 (Unaudited) $'000**	**As adjusted for the factors from (i) and (ii), as stated in the paragraph above $'000**
Cash and cash equivalents	840	167	4,367
Short-term borrowings including current portion of long-term debt			
— Secured	4,117	5,668	3,268 (2)
— Unsecured	329	709	709
Long-term borrowings			
— Secured	1,963	2,255	2,255
— Unsecured	–	–	–
Total Borrowings	6,409	8,632	6,232
Shareholders' equity			
— Issued and paid-up capital	5,900	6,000 (1)	8,000
— Share premium	467	487 (1)	5,087 (3)
— Accumulated profits	5,456	6,797	6,797
Total Shareholders' Equity	11,823	13,284	19,884
Total Capitalisation And Indebtedness	18,232	21,916	26,116

Notes:-

(1) Due to the Exercise of Share Option as described on page 56 of this Prospectus.

(2) Of the net proceeds from the Invitation, approximately $2.4 million will be used for the repayment of the 18-month term loan which was granted to our Group in August 2002.

(3) Share premium arising from this Invitation is calculated by subtracting from the gross proceeds, the par value of the New Shares and issue expenses of $1.4 million.

We utilise banking facilities for working capital and capital expenditure purposes. As at 30 November 2002, our short-term secured debt was approximately $5.7 million, comprising approximately $2.7 million in bank overdrafts, $2.7 million in interest-bearing bank loans and $0.3 million in hire purchase obligations. Our long-term secured debt was approximately $2.2 million, comprising approximately $1.3 million in interest-bearing bank loans and $0.9 million in hire purchase obligations.

On 21 August 2002, we secured an additional loan of $2.4 million from Far Eastern Bank Limited, a subsidiary of UOB, to finance the construction of an additional built-in warehousing and ancillary area to our warehousing facilities at 19 Sungei Kadut Street 2, Singapore 729237. The loan has a maturity period of 18 months from the date of the first progressive disbursement and bears an interest rate of 1.5 per cent. over the bank's prevailing prime rate, and is payable monthly on the same day as the date of repayment of the principal installment of the loan. The loan is to be disbursed progressively against the progress claim or invoices pertaining to the construction acceptable to Far Eastern Bank Limited until 31 January 2003. The first progressive disbursement of approximately $931,000 was drawn on 11 September 2002 and a total of approximately $1,952,000 has been drawndown as at 19 December 2002. The remaining sum of approximately $0.5 million is expected to be drawndown in January 2003. Of the net proceeds from the Invitation, approximately $2.4 million will be used for the repayment of the aforesaid loan.

The aforesaid loan, together with the bank overdrafts and interest-bearing bank loans to our Group are secured by open legal mortgages over our two subsidiaries' leasehold properties at 1 Jalan Besut Singapore 619554 and 19 Sungei Kadut Street 2, Singapore 729237 and are currently guaranteed by certain Directors, Executive Officers and shareholder of our Company, namely Mr Neo Kok Ching, Mr Azam Essof Kolia, Mr Neo Cheow Hui, Mr Vincent Lee Eng Chye and Ms Sharon Lim Siok Ngo and by our Company.

Our Directors and shareholders have discussed with the respective financial institutions on the release of their personal guarantees upon the listing of our Shares on the SGX-SESDAQ. Based on the discussion and barring any unforeseen circumstances, our Directors believe that the financial institutions will release them from their personal guarantees and continue to grant similar banking facilities to us, without the need for the above personal guarantees, subject to the condition that these personal guarantees are replaced by a corporate guarantee from our Company.

As at 30 November 2002, our Group had total commitments of $12.2 million in relation to non-cancellable leases and $2.8 million in relation to capital expenditure. The lease commitments are mainly in respect of the lease agreements for our two warehouse facilities. One of the leases is subject to an annual revision not exceeding 7.6 per cent. of the previous year's rental. The other lease is subject to a 4.0 per cent. per annum increase. The capital expenditure contracted is mainly in respect of the construction of leasehold building and acquisition of plant and equipment. The lease agreements do not contain any restriction on our Group's activities concerning dividends or additional debts. Please refer to "Capital Expenditure Divestment and Committment" on pages 51 to 52 of this Prospectus for more details.

As at 30 November 2002, our Company has contingent liabilities in respect of corporate guarantees given to UOB Group for banking facilities granted to one of our subsidiaries of $6.4 million. Save as disclosed above, there are no other corporate guarantees issued to other parties by our Company nor by any of our subsidiaries. Please refer to "Borrowings and Gearing" on pages 50 to 51 of this Prospectus for more details of our banking facilities.

Save as disclosed above and for the retained earnings arising from our day-to-day operations for the six-month period ended 30 November 2002 and up to the date of this Prospectus, there has been no material changes to our capitalisation and indebtedness as at 30 November 2002 and as at the date of this Prospectus (except for the expected drawdown of the remaining sum of approximately $0.5 million of the $2.4 million loan facility in January 2003).

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following information should be read in conjunction with the full text of this Prospectus, including the Audited Consolidated Financial Statements and Unaudited Proforma Consolidated Financial Statements, as the case may be.

AUDITED CONSOLIDATED RESULTS OF OPERATIONS OF OUR COMPANY AND ITS SUBSIDIARIES[1]

	Audited		
$'000	**Period from 8/3/00 to 31/5/00**	**FY2001**	**FY2002**
Revenue	–	15,325	23,948
Cost of services	–	(10,730)	(17,331)
Gross profit	–	4,595	6,617
Other operating income [2]	–	854	807
Distribution expenses	–	(42)	(41)
Administrative expenses	–	(1,717)	(2,502)
Other operating expenses	–	(70)	(208)
Profit from operations	–	3,620	4,673
Finance costs	–	(494)	(505)
Profit from ordinary activities before taxation [3]	–	3,126	4,168
Taxation	–	(873)	(965)
Net profit for the period/year	–	2,253	3,203
Weighted average number of Shares [4]	–	104,620,000	112,300,000
Earnings per Share (cents) [5]	–	2.2	2.9

Notes:-

(1) Our subsidiaries included in our results of operations for the year ended 31 May 2001 are GKE-PL, GKE-W&L and Mac-Nels Warehousing. Our subsidiaries included in our results of operations for the year ended 31 May 2002 are GKE-PL, GKE-W&L, Mac-Nels Warehousing, Mac-Nels AE and ICF.

(2) Other operating income comprises mainly change in value of negative goodwill, amortisation of negative goodwill, foreign exchange gain, interest income, sundry income and gain on disposal of property, plant and equipment (including $344,000 gain arising from the disposal of our warehousing facility at 12 Benoi Road, Singapore 629886).

(3) We did not incur any exceptional items nor extraordinary items throughout the period under review.

(4) Weighted average number of shares is calculated based on weighted average number of shares in the capital of our Company for the period/year, adjusted for the sub-division of shares.

(5) The net earnings per Share has been calculated based on the net profit for the period/year and weighted average number of Shares during the year.

UNAUDITED PROFORMA CONSOLIDATED RESULTS OF OPERATIONS OF OUR GROUP

The unaudited proforma consolidated results of operations of our Group for the period under review have been prepared for illustrative purposes only, on a basis as if our Group structure had been in existence throughout the period under review, and therefore because of their nature, may not give the true picture of our Group's actual financial results. For the preparation of the unaudited proforma consolidated results of operations of our Group, we have made several adjustments such as elimination of inter-company profits and recognition of negative goodwill. Please refer to Unaudited Proforma Consolidated Financial Statements in Appendix I of this Prospectus for more details on our Group's changes in accounting policies.

	Unaudited		
$'000	**FY2000**	**FY2001**	**FY2002**
Revenue	13,886	18,110	24,182
Cost of services	(10,612)	(12,782)	(17,508)
Gross profit	3,274	5,328	6,674
Other operating income [(1)]	272	222	600
Distribution expenses	(53)	(55)	(41)
Administrative expenses	(1,763)	(2,138)	(2,550)
Other operating expenses	(274)	(78)	(221)
Profit from operations	1,456	3,279	4,462
Finance costs	(358)	(509)	(512)
Profit from ordinary activities before taxation [(2)]	1,098	2,770	3,950
Taxation	(482)	(875)	(965)
Net profit for the year	616	1,895	2,985
Pre-Invitation number of Shares	120,000,000	120,000,000	120,000,000
Earnings per Share (cents) [(3)]	0.5	1.6	2.5

Notes:-

(1) Other operating income comprises mainly, amortisation of negative goodwill, foreign exchange gain, interest income, sundry income, gain on disposal of property, plant and equipment (including gain of $344,000 arising from the disposal of our warehousing facility at 12 Benoi Road, Singapore 629886) and a one-off income from a ceased business of $137,000.

(2) We did not incur any exceptional items nor extraordinary items throughout the period under review.

(3) For comparative purposes, the proforma net earnings per Share has been calculated based on the proforma net profit for the year and on the pre-Invitation issued share capital of 120,000,000 Shares.

AUDITED CONSOLIDATED FINANCIAL POSITION OF OUR COMPANY AND ITS SUBSIDIARIES[1]

$'000	Audited as at 31 May 2000	2001	2002
Non-current assets			
Property, plant and equipment	–	11,648	13,767
Intangible assets	–	(1,598)	(1,493)
Other investments	–	–	10
	–	10,050	12,284
Current assets			
Trade receivables	–	1,978	3,576
Other receivables, deposits and prepayments	19	2,571	4,098
Amounts due from related parties	233	1,132	663
Cash and cash equivalents	–	368	840
	252	6,049	9,177
Current liabilities			
Bank overdrafts	–	3,568	3,157
Trade payables and accruals	1	907	1,558
Other payables	–	98	544
Amounts due to related parties	251	8	14
Current portion of interest-bearing bank loans (secured)	–	1,426	817
Current portion of obligations under hire purchase creditors	–	205	472
Employee benefits	–	17	42
Provision for taxation	–	981	1,012
	252	7,210	7,616
Net current (liabilities)/ assets	–	(1,161)	1,561
Non-current liabilities			
Interest-bearing bank loans (secured)	–	1,148	1,306
Obligations under hire purchase creditors	–	175	657
Deferred taxation	–	82	59
	–	1,405	2,022
Net Assets	–	7,484	11,823
Capital and Reserves			
Share capital	– [3]	5,231	5,900
Share premium	–	–	467
Accumulated profits	–	2,253	5,456
	–	7,484	11,823
Total Assets	252	16,099	21,461
NTA	–	9,082	13,316
Number of Shares	–	104,617,580	118,000,000
NTA per Share (cents) [2]	–	8.7	11.3

Notes:-

(1) Our subsidiaries included in the consolidated financial position as at 31 May 2001 are GKE-PL, GKE-W&L and Mac-Nels Warehousing. Our subsidiaries included in the consolidated financial position as at 31 May 2002 are GKE-PL, GKE-W&L, Mac-Nels Warehousing, Mac-Nels AE and ICF.

(2) The NTA per Share for our Company and its subsidiaries is calculated based on the number of Shares in our Company as at 31 May 2001 and 2002, adjusted for sub-division of shares.

(3) Two subscribers' shares of $1.00 each fully paid were issued at par for cash on 8 March 2000, being the date of incorporation of our Company.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL POSITION OF OUR GROUP

The unaudited proforma consolidated financial position of our Group was prepared for illustrative purposes only and therefore because of its nature, may not give a true picture of our Group's actual financial position. For the preparation of the unaudited proforma consolidated financial position of our Group, several adjustments have been made to the Audited Consolidated Financial Position of our Company and its subsidiaries, such as elimination of inter-company profits, elimination of inter-company gain on disposal of plant and equipment and recognition of negative goodwill to show what the financial positions of our Group as at 31 May 2000, 2001 and 2002 would have been if the group structure as of the date of this Prospectus had been in place on 1 June 1999. Please refer to Appendix I of this Prospectus for more details on changes in accounting policies and bases of preparation of Unaudited Proforma Consolidated Financial Statements of our Group.

	Unaudited as at 31 May		
$'000	**2000**	**2001**	**2002**
Non-current assets			
Property, plant and equipment	9,166	11,930	13,654
Intangible assets	(1,521)	(1,430)	(1,340)
Other investments	28	28	10
	7,673	10,528	12,324
Current assets			
Trade receivables	2,418	2,336	3,576
Other receivables, deposits and prepayments	860	2,549	4,098
Amounts due from related parties	1,596	995	663
Cash and cash equivalents	599	571	840
	5,473	6,451	9,177
Current liabilities			
Bank overdrafts	1,735	3,568	3,157
Trade payables and accruals	1,249	1,190	1,558
Other payables	295	108	544
Amounts due to related parties	155	58	14
Current portion of interest-bearing bank loans (secured)	492	1,426	817
Current portion of obligations under hire purchase creditors	234	308	472
Employee benefits	0	17	42
Provision for taxation	1,139	982	1,012
	5,299	7,657	7,616
Net current (liabilities)/ assets	174	(1,206)	1,561
Non-current liabilities			
Interest-bearing bank loans (secured)	1,640	1,148	1,306
Obligations under hire purchase creditors	315	350	657
Deferred taxation	45	82	59
	2,000	1,580	2,022
Net Assets	5,847	7,742	11,863
Shareholder's Equity	5,847	7,742	11,863
Total Assets	13,146	16,979	21,501
NTA	7,368	9,172	13,203
Number of Shares	120,000,000	120,000,000	120,000,000
NTA per Share (cents) [1]	6.1	7.6	11.0

Note:-

(1) For comparative purposes, the proforma NTA per Share has been calculated based on the proforma NTA and on the pre-Invitation issued share capital of 120,000,000 Shares.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OUR OPERATIONS

The following discussion of our financial position and results of operations should be read in conjunction with the Unaudited Proforma Consolidated Financial Statements, and the related notes included in Appendix I of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in "Risk Factors".

REVENUE AND COSTS ANALYSIS

The following discussions on revenue and costs analysis are based on the Unaudited Proforma Consolidated Financial Statements of our Group, found in Appendix I of this Prospectus.

Overview

We are principally engaged in the provision of supply-chain logistics and fulfillment services, which can be broadly classified into Metal Logistics and General Logistics. In FY2002, revenue generated from our Metal Logistics and General Logistics business accounted for approximately 76.5 per cent. and 23.5 per cent. of our revenue respectively.

Our Metal Logistics services include the provision of warehousing and other logistics services for non-ferrous metals. Non-ferrous metal producers, smelters, traders, fabricators, manufacturers and brokers would typically be customers of our Metal Logistics business. Revenue from our Metal Logistics business grew from $7.4 million in FY2000 to $18.5 million in FY2002, representing a CAGR of 57.8 per cent..

Our General Logistics services include a wide range of logistics services such as warehousing, land transportation, container packing and unpacking, labelling, distribution, inventory management and air freight forwarding. Customers of our General Logistics business include local manufacturers, traders and wholesalers typically from the consumer products and retail industries. However, our General Logistics services can also serve and cater to the needs of other businesses apart from those in the consumer products and retail industries.

Our business activities are primarily carried out in Singapore. As the logistics needs of our customers often extend to other geographical locations, we liaise with our overseas network of logistics service providers in mainly PRC, Malaysia and Thailand, to satisfy those logistics needs.

Revenue

Our main sources of revenue are income from warehousing services and other logistics services such as land transportation, distribution, inventory management and freight forwarding services. Revenue from the rental of warehouse space is recognised and accrued on a time-apportioned basis over the period the goods are stored in our warehouses (that is the number of days the goods are in our warehouses for the relevant period multiplied by the daily rental rate). Income from the provision of other services is recognised when the relevant services are rendered.

For our Metal Logistics business, rental rate and FOT charges for non-ferrous metals stored in our warehouses under LME Warrants are adjusted annually subject to the LME's approval for each 12-month period commencing 1 April of each calendar year. As at the date of this Prospectus, the LME has not rejected any of our proposed rental rate and FOT charges. Rental income is quoted in US$ while FOT charges in S$.

Rental income of non-ferrous metals stored in our warehouses is accrued daily (based on a daily rate) and payable by the relevant holders of the LME Warrant annually on 31 March of each calendar year, or upon the cancellation of the LME Warrant when the purchasers take delivery of the cargo, whichever is earlier.

Income from FOT charges is accrued and paid prior to the delivery of the cargo out from our warehouses. FOT charges are the charges to be paid by purchasers of non-ferrous metal through the LME when they take delivery of the non-ferrous metals from our warehouses. The rate of our FOT charges is adjusted annually subject to the LME's approval and calculated with a view to recover prepaid expenses incurred by us, including FOT charges imposed by other third party LME Approved Warehouses when we remove cargoes of non-ferrous metals out of their warehouses, and ocean freight charges, carriage expenses and port clearance charges arising from our subcontracting activities with other logistics service providers for bringing our customers' cargoes of non-ferrous metals to Singapore. FOT charges imposed by other third party LME Approved Warehouses in Singapore are also required to be prepaid by us when we collect and transfer our customers' non-ferrous metals from such warehouses to our warehouses for storage. The extent of these prepaid FOT charges and other expenses that we could recover in respect of each cargo of non-ferrous metals is subject to the applicable rate of FOT charges imposed by us on our customers, which is fixed on 1 April of each year. Certain of these prepaid expenses cannot be recovered in full as the rate of our FOT charges is pre-fixed according to our estimate of the expenses that we will incur for bringing our customer's cargoes of non-ferrous metals to our warehouses during the forthcoming 12-month period, whereas the actual expenses incurred by us for the specific cargo may be higher than the estimated amounts. Generally, we still enjoy a profit margin during the financial year in respect of FOT charges arising from our Metal Logistics business, though it is not significant.

Our Metal Logistics customers comprise holders of the LME Warrant relating to non-ferrous metals stored at our warehouse who pay rentals on the 31 March of each calendar year, as well as purchasers of the non-ferrous metals through the LME who take delivery of the non-ferrous metals and pay the outstanding rentals and FOT charges.

In addition to LME related transactions, we also provide logistics services for non-ferrous metals which are not traded on the LME, although revenue from such activities is not significant. Our rental rates for LME related transactions are generally about two times higher than that of non-LME related transactions.

Our rental rate and service charges from our General Logistics business are dependent on the agreements we entered into with our customers. These agreements typically fix the rental rates and service charges for the term of the agreements. The rates will be reviewed upon the renewal of our agreements with our customers. The invoices for warehouse rentals are sent to customers of our General Logistics business on a weekly, fortnightly or monthly basis, depending on the agreements with our customers. The service charges are billed as and when the services are rendered.

Revenue from our General Logistics business is denominated in S$, while revenue from our Metal Logistics business is denominated in both US$ and S$.

Factors that can affect our revenue are as follows:-

- Our ability to expand our warehousing capacity is important to our growth to support increases in business volume from our existing customers as well as new customers.

- Our ability to expand our Metal Logistics services to new Delivery Point countries in Asia is important to our continued growth. If we fail to expand to these new locations, some of our customers may shift some of their business to the new Delivery Points, which will result in greater competition.

- Our rental rate and service charges for goods or cargoes stored in our warehouses will affect our revenue. This in turn depends on the general supply and demand for warehouse space and related logistics services in Singapore and our ability to compete successfully with the industry's existing competitors and new entrants.

- The state of the global non-ferrous metal industry will influence our revenue growth and mix for our Metal Logistics business. During periods of declining demand for non-ferrous metals, prices tend to decrease, and the amount of non-ferrous metals stored in LME Approved Warehouses under LME Warrant also tends to increase. This may lead to an increase in rental income and decline in services income as more non-ferrous metals may be stored in our warehouses for longer periods and there are fewer deliveries out from our warehouses. On the other hand, during periods of increasing demand for non-ferrous metals, prices of non-ferrous metals may rise, and as a result, non-ferrous metals stored under LME Warrant may be called upon, in which case, our rental income may decrease but our services income may increase. Our overall revenue will be determined by the extent of increase or decrease in our income from warehousing and other logistics services.

- Changes in the political, economic and regulatory conditions in countries producing non-ferrous metals and in countries in which consumers of non-ferrous metals are operating will affect our revenue from our Metal Logistics business. For example, in periods of lower demand for non-ferrous metals, producers of non-ferrous metals are likely to store surplus non-ferrous metals in LME Approved Warehouses.

- The level of global economic activities will also affect our revenue from our General Logistics business. The global economic activities may be affected by factors such as global economic growth rates, economic sanctions or outbreak of war.

- The ability to compete with our competitors and new entrants by providing quality services at competitive prices will enable us to retain our existing customers and attract new customers.

Our business is not subject to any significant seasonal fluctuations.

Cost of services

Our cost of services principally consist of FOT charges imposed by other third party LME Approved Warehouses when we remove cargoes of non-ferrous metals out of their warehouses and ocean freight charges, carriage expenses and port clearance charges arising from our subcontracting activities with other logistics service providers. In aggregate, these costs accounted for approximately 73.0 per cent. of our total cost of services in FY2002. Other costs include labour costs, depreciation and rental expenses, which accounted for 7.1 per cent., 6.9 per cent., and 13.0 per cent. respectively of our total cost of services in the same year.

From time to time, we subcontract part of the logistics needs of our customers to other logistics service providers. They include port operators, shipping companies, freight forwarding companies and land transportation companies. In addition, we prepay FOT charges imposed by third party LME Approved Warehouses when our customers remove their non-ferrous metals from these warehouses and transfer them to our warehouses. Costs incurred on the usage of these services are dependent on the extent and frequency of services used and the rates charged for these services. Recovery of some of such prepaid FOT charges and other expenses are made when the LME Warrants are cancelled and the physical delivery of relevant non-ferrous metals takes place. We charge the FOT charges to the party taking delivery of the non-ferrous metals, as described under the heading "Revenue" in this section of the Prospectus. We also recover from our customers those expenses prepaid by us in respect of non-ferrous metal cargoes that are not under the LME Warrants, usually within one to two weeks of prepayment, when the cargoes are taken out of our warehouses. Ocean freight charges are quoted in both US$ and S$, while other charges are quoted in S$. Other cost of services are the LME annual fee and levy charges, which are not significant (less than 1 per cent. of total cost of services for the past three financial years ended 31 May 2002). While the LME annual fee is a fixed amount of £2,700 (or approximately $7,020, based on an exchange rate of $2.60 for £1, being the average daily exchange rate in FY2002), the LME levy charges, at a rate of 1 per cent. of our rental rate, are dependent on the volume of non-ferrous metals stored in our LME Approved Warehouses.

Labour costs comprise wages and salaries for our staff in the operations department, accounting for approximately 7.1 per cent. of our total cost of services in FY2002. Changes in labour costs are dependent on the volume of our business and services. The primary factors affecting our labour costs are the supply and demand conditions in the labour market, employer's CPF contribution rate, as well as the number of our employees. As at 31 May 2002, we employed 34 staff in the operations department, an increase from 24 staff as at 31 May 2001.

The remaining portion of our cost of services comprises depreciation, rental and property tax expenses. Depreciation expenses arise from the use of leasehold buildings, leasehold building improvements and electrical installation, plant and machinery and motor vehicles for our operating activities. Rental expenses consist of rental paid to PSA for our warehousing facility at Pasir Panjang Terminal, Singapore, as well as land rental expenses for our JTC leasehold properties. Property tax expenses included in our cost of services are property tax expenses relating to our warehousing facilities at 1 Jalan Besut, Singapore 619554 and 19 Sungei Kadut Street 2, Singapore 729237.

Gross Profits

Our gross profit is affected by the respective gross profit margins for our Metal Logistics and General Logistics businesses. In general, gross profit margins for our Metal Logistics business (about 21.4 per cent. of the revenue from our Metal Logistics business in FY2002) are lower than that of General Logistics business (about 29.7 per cent. of the revenue from our General Logistics business in FY2002). This is mainly due to the nature of the logistics services income (other than rental) for Metal Logistics business. For Metal Logistics services, revenue from FOT charges are intended mainly to recover the prepaid FOT expenses we incurred when our customers transfer their non-ferrous metals from other third party LME Approved Warehouses in Singapore to our warehouses and other prepaid expenses when bringing our customers' cargoes of non-ferrous metals to Singapore. As such, the profit margin from such revenue is not significant. For FY2002, revenue from FOT charges constituted approximately 21.0 per cent. of the revenue from the provision of logistics services to customers in our Metal Logistics business. The prepaid FOT expenses incurred for the Metal Logistics business results in a lower gross profit margin as compared to that of General Logistics business. For our General Logistics business, we do not incur prepaid FOT expenses nor do we receive revenue from FOT charges.

As rental arising from the storage of our customers' goods and our provision of other logistics services to customers are integrated components of our supply chain and fulfillment services, discussions on the differences in the gross profit margins of rental and other logistics services provided by us are not meaningful.

Other operating income

Other operating income of our Group include net foreign exchange gain and interest income from deposits placed with financial institutions, gain on disposal of property, plant and equipment (including a gain of $344,000 arising from the disposal of our warehousing facility at 12 Benoi Road, Singapore 629886) in FY2002 and a one-off income from a ceased business in FY2000.

Operating expenses

Our operating expenses comprise administrative expenses, distribution expenses and other operating expenses.

Administrative expenses accounted for 90.7 per cent. of our operating expenses in FY2002. Salaries for Directors, management and administrative staff (including CPF, bonuses and benefits-in-kind) accounted for 57.4 per cent. of our administrative expenses in FY2002. Other administrative expenses include expenses arising from depreciation of office equipment, office renovation, insurance, office rental, communications, printing, stationery, general repair and maintenance, travelling, utility, insurance and upkeep of motor vehicles. In FY2002, insurance expenses accounted for 3.7 per cent. of our administrative expenses. Administrative expenses incurred for our Shanghai representative office are denominated in RMB, although such expenses are not significant. In FY2002, approximately $54,000, or 2.1 per cent. of our administrative expenses, were denominated in RMB.

Salaries paid to Directors, management and administrative staff are affected by salary increments, bonus payments, changes in the head count and changes in the employers' CPF contribution requirements. Expansion in local and/or overseas markets, such as acquisition of and setting up offices will also increase our administrative expenses.

Distribution expenses, which accounted for 1.5 per cent. of our operating expenses in FY2002, mainly comprise advertisement, commission paid to sales agents (on an ad-hoc basis) and entertainment expenses. Factors which affect these expenses include mainly volume of business and services rendered.

Other operating expenses, which accounted for 7.8 per cent. of our operating expenses in FY2002, mainly comprise net foreign exchange losses, bad debts written off, allowances for doubtful debts, plant and equipment written off and impairment loss on club membership.

Finance costs

Finance costs are interest expenses on term loans, bank overdrafts and hire purchase obligations. Finance costs correlate with interest rates and our level of usage of these banking facilities required for our business.

Taxation

The effective income tax rates of our Group for the periods prior to FY2002 were significantly higher than the then applicable income tax rates. This was mainly attributable to depreciation relating to leasehold buildings disallowed for taxation purposes. The applicable income tax rates for FY2000, FY2001 and FY2002 were 25.5 per cent., 24.5 per cent. and 22.0 per cent. respectively.

ANALYSIS OF PAST OPERATING PERFORMANCE BY BUSINESS ACTIVITIES

The following tables set out a breakdown of our Group's proforma revenue and profits from operations by business activities for the last three financial years ended 31 May 2002.

Our principal activities are primarily carried out through our facilities in Singapore, although our customers may, from time to time, require our logistics support for overseas deliveries. As such, all our revenue are derived in Singapore and a segregation of revenue by geographical region is not meaningful.

By Business Activities

Revenue

	Proforma					
	FY2000		**FY2001**		**FY2002**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**
Metal Logistics	7,432	53.5	11,121	61.4	18,501	76.5
General Logistics	6,454	46.5	6,989	38.6	5,681	23.5
Total	**13,886**	**100.0**	**18,110**	**100.0**	**24,182**	**100.0**

Profit From Operations

	Proforma					
	FY2000		**FY2001**		**FY2002**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**
Metal Logistics	347	23.8	1,882	56.4	3,107 (2)	69.0
General Logistics	1,109	76.2	1,454	43.6	1,399	31.0
Profit from operations before losses from operations of our Company	1,456	100.0	3,336	100.0	4,506	100.0
Loss from operations of our Company(1)	0		(57)		(44)	
Profit From Operations	**1,456**		**3,279**		**4,462**	

Note:-

(1) Loss from operations of our Company arises from remuneration expenses of our former director, Dr Teo Ho Pin, and auditors' remuneration.

(2) Profit from operations for our General Logistics business included the gain of $344,000 arising from the disposal of our warehousing facility at 12 Benoi Road, Singapore 629886.

REVIEW OF PROFORMA RESULTS OF OPERATIONS OF OUR GROUP

The following discussions on our results of operations are based on the Unaudited Proforma Consolidated Financial Statements of our Group, found in Appendix I of this Prospectus.

FY2000 to FY2001

Revenue

Our revenue increased by $4.2 million or 30.4 per cent. from $13.9 million in FY2000 to $18.1 million in FY2001. This was mainly due to higher revenue from our Metal Logistics business, which increased by $3.7 million or 49.6 per cent. from $7.4 million in FY2000 to $11.1 million in FY2001. Our revenue from our General Logistics business increased by $0.5 million or by 8.3 per cent. from $6.5 million in FY2000 to $7.0 million in FY2001.

The increase in revenue from our Metal Logistics business was mainly attributable to an increase in demand for storage space for non-ferrous metals which resulted in higher volume of non-ferrous metals stored at our warehouses, in line with the trend of higher demand for storage space in Asia. Revenue from our major customers, Glencore International AG and Pechiney World Trade (U.S.A.), Inc., increased by 126.2 per cent. and 33.7 per cent. respectively. We were able to cope with the increase in volume with additional warehouse space. In May 2000, we acquired an additional warehousing facility located at 12 Benoi Road, Singapore 629886. The land area and built-in area of the facility was 11,241 sq. m. and 5,264 sq. m. respectively.

The increase of 8.3 per cent. in revenue from our General Logistics business in FY2001 was also attributable to higher demand for our warehouse storage space from our customers, mainly Pokka Corporation (S) Ltd.

Gross Profit

Our gross profit increased by $2.0 million or 62.7 per cent. from $3.3 million in FY2000 to $5.3 million in FY2001 due to higher volume and higher overall gross profit margin. Our gross profit margin rose from 23.6 per cent. in FY2000 to 29.4 per cent. in FY2001, mainly due to increases of 8.5 percentage points and 4.4 percentage points in our gross profit margin for our Metal Logistics and General Logistics businesses respectively. The higher gross profit margin for our Metal Logistics business was mainly attributable to a change in our revenue mix. In FY2001, rental income constituted 37.2 per cent. of our proforma revenue for our Metal Logistics business, as compared to 24.4 per cent. in FY2000. As our business is capital intensive, whereby our fixed costs (comprising land rental, warehouse rental and depreciation expenses) accounted for a substantial portion of our cost of services, we enjoyed a greater economy of scale as more non-ferrous metals are stored in our warehouses, thereby resulting in higher margins for our Metal Logistics business.

Similarly, the higher gross profit margin for our General Logistics business was mainly attributable to higher demand for our warehouse space resulting in a greater economy of scale in our operations. Revenue from rental of our warehouse space increased from $2.1 million to $2.8 million in the period under review.

Other Operating Income

Our other operating income decreased by $50,000 from $272,000 in FY2000 to $222,000 in FY2001. In FY2000, there was a non-recurring income of $137,000 representing the profits generated from GKE Trading, a sole proprietorship owned by GKE-W&L, prior to its cessation in May 2000. This was partly offset by increase in gain on foreign exchange of $56,000, increase in interest income of $4,000 and increase in other sundry income of $27,000.

Distribution Expenses

Our distribution expenses increased marginally from $53,000 in FY2000 to $55,000 in FY2001.

Administrative Expenses

Our administrative expenses increased by 21.3 per cent. or $375,000 from $1.8 million in FY2000 to $2.1 million in FY2001. This was due mainly to an increase in salary expenses of $212,000 and other administrative expenses of $163,000. Increases in salary expenses were mainly attributable to the appointment of a non-executive director (who is no longer one of our Directors), higher employer's CPF contribution rate which increased from 12 per cent. to 16 per cent. as well as salary increments given to employees. The increase in other administrative expenses was due mainly to depreciation expenses of $36,000, telephone expenses of $11,000, transport and travelling expenses of $15,000, bank charges of $11,000, postages of $6,000, security services of $31,000, professional fees of $14,000, utilities of $13,000 and upkeep of motor vehicle expenses of $26,000.

Other Operating Expenses

Other operating expenses decreased by $196,000 from $274,000 in FY2000 to $78,000 in FY2001 due mainly to lower write-off and allowances for bad and doubtful debts, as a result of our better credit risk management measures. Our allowances for doubtful debts decreased from $39,000 in FY2000 to $2,000 in FY2001 and our bad debts written off decreased from $123,000 in FY2000 to $4,000 in FY2001. Please refer to page 72 under "Credit Management" of this Prospectus for additional details on our credit policies. In addition, we incurred a one-time write off of $88,000 in FY2000 in relation to the deposit paid on a motor vehicle which was subsequently disposed off and such write off has not recurred in FY2001.

Finance Costs

Interest and finance charges increased by 42.2 per cent. or $151,000 from $358,000 in FY2000 to $509,000 in FY2001. The increase was primarily due to the additional term loan and overdraft facilities utilised (which in aggregate increased from $3.9 million as at 31 May 2000 to $6.1 million as at 31 May 2001) to finance our operations and the purchase of an additional warehouse at 12 Benoi Road, Singapore 629886, to cope with the increase in demand for our logistics services. The term loan was subsequently fully repaid in FY2002 following the disposal of the aforesaid property. In addition, the increase in finance costs was also due to the higher hire-purchase obligations of $109,000 for our Group's purchase of forklifts and trucks during the year.

Profit From Ordinary Activities Before Taxation

Profit from ordinary activities before taxation increased by 152.3 per cent. from $1.1 million in FY2000 to $2.8 million in FY2001 in line with higher revenue and gross profit margin, partly offset by higher operating expenses and finance costs.

Taxation

Our taxation increased from $482,000 in FY2000 to $875,000 due to our higher profit before taxation achieved in FY2001. Our effective income tax rate in FY2000 was 43.9 per cent. while it was 31.6 per cent. in FY2001. The relatively high effective tax rate in FY2000 was mainly attributable to the depreciation relating to leasehold buildings disallowed (being $306,000) for taxation purposes. The decrease in the effective tax rate in FY2001 was due to higher profit before taxation achieved in FY2001 as compared to the items disallowed for taxation purposes. The depreciation for leasehold buildings in FY2001 was $717,000. In addition, the income tax rate applicable for FY2000 was higher than FY2001.

FY2001 to FY2002

Revenue

Our revenue increased by $6.1 million or 33.5 per cent. from $18.1 million in FY2001 to $24.2 million in FY2002. This was mainly due to higher revenue from our Metal Logistics business, which increased by $7.4 million or 66.4 per cent. from $11.1 million in FY2001 to $18.5 million in FY2002. Our revenue from our General Logistics business decreased by $1.3 million or by 18.7 per cent. from $7.0 million in FY2001 to $5.7 million in FY2002.

The increase in revenue from our Metal Logistics business was mainly attributable to higher demand for the use of our warehousing space and logistics services. Due to the global economic slowdown during this period, the global demand for non-ferrous metals declined, resulting in lower prices of most non-ferrous metals. As such, metal producers, smelters and traders tend to store these non-ferrous metals in LME Approved Warehouses until prices recovered, thereby resulting in higher demand for the use of storage space. Our ability to accommodate larger quantities of non-ferrous metals with our expanded warehouse capacity to support this increase in demand augmented our growth in revenue. During the second quarter of FY2002, we disposed of our warehousing facility at 12 Benoi Road, Singapore 629886 and acquired a larger warehousing facility at 19 Sungei Kadut Street 2, Singapore 729237. Then, the new facility had a land area of approximately 39,914 sq. m. (with a built-in warehousing space of approximately 17,152 sq. m.). We utilised our new facility to support the increase in volume of non-ferrous metals stored at our LME Approved Warehouses during the financial year. With our expanded warehousing facilities in FY2002 (including the then newly acquired warehousing facilities at 19 Sungei Kadut Street 2, Singapore 729237), our rental income increased by 98.9 per cent. to reach $8.2 million in FY2002. Despite a slowdown in global demand for non-ferrous metals, our Metal Logistics services (excluding warehousing) income increased by 47.1 per cent. in FY2002 as our warehousing facilities expanded in FY2002, resulting in our handling of a larger business volume and transactions as compared to FY2001.

The decrease of 18.7 per cent. in revenue from our General Logistics business in FY2002 was attributable to lower rental and services rate due to increasing competition and the loss of a customer, Kawanishi Logistics (S) Pte Ltd. Revenue from Kawanishi Logistics (S) Pte Ltd accounted for 2.7 per cent. of our revenue in FY2001.

Gross Profit

Our gross profit increased by $1.4 million or 25.3 per cent. from $5.3 million in FY2001 to $6.7 million in FY2002 due to higher revenue. Our gross profit margin decreased from 29.4 per cent. in FY2001 to 27.6 per cent. in FY2002, due mainly to the change in revenue mix between our Metal Logistics and our General Logistics businesses. Revenue from our Metal Logistics business as a percentage of our revenue increased from 61.4 per cent. in FY2001 to 76.5 per cent. in FY2002. In FY2002, the gross profit margin for our Metal Logistics business improved by 0.7 percentage points but gross profit margin for our General Logistics business decreased by 0.6 percentage points. The slower growth in the gross profit margin for our Metal Logistics business as compared to FY2001 was mainly attributable to additional land rental paid to JTC, property tax and depreciation arising from our then newly acquired warehousing facilities at 19 Sungei Kadut Street 2, Singapore 729237. However, although there was an increase in revenue for our Metal Logistics business, lower revenue for our General Logistics business and lower gross profit margins for our Metal Logistics business as compared to our General Logistics business caused the overall gross profit margin, which is a weighted average of the two businesses, to register a decrease.

Other Operating Income

Our other operating income increased by $378,000 from $222,000 in FY2001 to $600,000 in FY2002 due mainly to a gain of $344,000 on the disposal of our warehousing facility at 12 Benoi Road, Singapore 629886.

Distribution Expenses

Our distribution expenses decreased marginally from $55,000 in FY2001 to $41,000 in FY2002 mainly due to the decrease in entertainment and advertising expenses.

Administrative Expenses

Our administrative expenses increased by 19.3 per cent. or $412,000 from $2.1 million in FY2001 to $2.6 million in FY2002. This was mainly due to expenses of $54,000 relating to the establishment of our representative office in Shanghai, PRC, increases in salary expenses of $186,000, depreciation expenses for our office equipment and for motor vehicles used by a Director and former directors of $91,000, security services of $25,000, utilities expenses of $21,000, transport and travelling expenses of $10,000, bank administrative charges of $9,000 and other administrative expenses of $16,000. The increase in salary expenses was due mainly to an increase in the number of staff we employed (excluding staff from our operation department) during the period, which increased from 18 staff in FY2001 to 20 staff in FY2002. The increase in depreciation expenses was due mainly to replacement of our computer hardware and the purchase of motor vehicles for our Director.

Other Operating Expenses

Other operating expenses increased by $143,000 from $78,000 in FY2001 to $221,000 in FY2002 due mainly to net foreign exchange losses of $117,000 mainly arising from the US$ denominated expenses, such as ocean freight charges, as a result of the appreciation of US$ against S$, as well as plant and equipment written off of $31,000.

Finance Costs

Interest and finance charges remained largely unchanged at $0.5 million in FY2002 as compared to FY2001. Our total bank borrowings (including hire purchase obligations) decreased from $6.8 million to $6.4 million. We repaid our outstanding bank loan of $0.9 million which was granted for the purchase of the warehousing facility at 12 Benoi Road, Singapore 629886. This was offset by the utilisation of a new $1.3 million loan to finance our warehousing facility at 19 Sungei Kadut Street 2, Singapore 729237 and an increase of $471,000 in our hire purchase obligations. Our bank overdraft position also decreased from $3.6 million in FY2001 to $3.2 million in FY2002, or by $411,000, as we benefited from better cash flows from our profitable operations.

Profit From Ordinary Activities Before Taxation

Profit from ordinary activities before taxation increased by 42.6 per cent. from $2.8 million in FY2001 to $4.0 million in FY2002 in line with higher revenue and gross profits, partly offset by higher operating expenses.

Taxation

Our taxation increased from $875,000 in FY2001 to $965,000 in FY2002 due to an increase in our profit before taxation in FY2002. Our effective income tax rate in FY2002 was 24.4 per cent.. The decrease in our effective income tax rate was attributable to higher profit before taxation as compared to the depreciation relating to leasehold buildings (being $769,000) disallowed for taxation purposes and the then applicable lower tax rate of 22.0 per cent..

REVIEW OF PROFORMA FINANCIAL POSITION OF OUR GROUP

The following discussions on our financial position are based on the Unaudited Proforma Consolidated Financial Position of our Group which can be found in Appendix I of this Prospectus.

Non-Current Assets

Our non-current assets comprised property, plant and equipment, intangible assets and other investments.

Our non-current assets increased by $2.8 million from $7.7 million in FY2000 to $10.5 million in FY2001 due mainly to the acquisition of fixed assets of $4.2 million comprising an additional warehousing facility at 12 Benoi Road, Singapore 629886, the purchases of forklifts and trucks to support the increased business volume and lower negative intangible assets (due to amortisation). These were partially offset by depreciation charges of $1.3 million.

Our non-current assets increased by $1.8 million from $10.5 million in FY2001 to $12.3 million in FY2002. This was mainly due to the increase of $1.7 million in property, plant and equipment, attributable to the addition of property, plant and equipment of $5.8 million comprising an additional warehousing facility located at 19 Sungei Kadut Street 2, Singapore 729237 of $3.0 million, renovation and electrical installation costs for the additional warehousing facility of $417,000, construction-in-progress on the additional warehousing facility of $737,000, plant and machinery of $707,000 and motor vehicles of $895,000. This was partly offset by depreciation charges of $1.5 million and disposal of property, plant and equipment (including the warehouse facility at 12 Benoi Road, Singapore 629886) with net book values amounting to $2.6 million. The acquisition of the warehousing facility at 19 Sungei Kadut Street 2, Singapore 729237, was completed in November 2001 and added another 39,914 sq. m. in land area with a built-in warehousing space of 17,152 sq. m. to our Group. To rationalise our warehousing resources, we divested our warehousing facility located at 12 Benoi Road Singapore 629886 for $2.7 million. The sale of that property was completed on 7 November 2001.

Current Assets

Our current assets comprised mainly trade receivables, other receivables, deposits and prepayments, amounts due from related parties (for trade and non-trade transactions) and cash and cash equivalents.

Current assets increased by $1.0 million or 17.9 per cent. from $5.5 million in FY2000 to $6.5 million in FY2001, mainly due to higher other receivables, deposits and prepayments of $1.7 million partly offset by a decrease in the amounts due from related parties of approximately $0.6 million and lower trade receivables of $82,000. The higher prepayments were a result of a $1.5 million increase in prepaid FOT expenses, which was largely in line with the increase in our revenue. Amounts due from related parties decreased by $0.6 million from $1.6 million in FY2000 to $995,000 in FY2001 as a result of repayment of amounts due from affiliated corporations. Cash and cash equivalents decreased marginally in FY2001.

Current assets increased from $6.5 million in FY2001 to $9.2 million in FY2002. The increase was mainly due to increases in trade receivables of $1.2 million and other receivables, deposits and prepayments (comprising mainly prepaid FOT expenses) of $1.5 million, which was largely in line with the increase in revenue. Our trade receivables increased by $1.2 million in FY2002 as a result of higher revenue in FY2002. Please refer to “Credit Management” on page 72 for more details on our debtors turnover. The increase in other receivables, deposits and prepayments was mainly due to increase in prepaid FOT expenses from $1.7 million in FY2001 to $3.3 million in FY2002. Cash and cash equivalents increased by $269,000 from $0.6 million in FY2001 to $0.8 million in FY2002 mainly due to the net cash inflow from operating activities.

Current Liabilities

Our current liabilities comprised mainly bank overdrafts, trade payables and accruals, other payables, amounts due to related parties, current portion of interest-bearing bank loans (secured), current portion of obligations under hire purchase creditors, employee benefits and provision for taxation.

Current liabilities increased by $2.4 million from $5.3 million in FY2000 to $7.7 million in FY2001 due mainly to the increases in bank overdrafts and interest-bearing bank loans. Both bank overdrafts and interest-bearing bank loans for FY2001 increased by $2.8 million from $2.2 million in FY2000 to $5.0 million in FY2001, which was mainly attributable to the acquisition of our warehousing facility at 12 Benoi Road, Singapore 629886. The increase was also due to the reclassification of $0.5 million of our long-term interest-bearing bank loans as current liabilities because subsequent to 31 May 2001, we disposed of our property at 12 Benoi Road, Singapore 629886 and fully repaid the outstanding term loan of $0.9 million. Hire purchase obligations increased by $74,000, which was in line with the purchase of additional forklifts and trucks. Provision for taxation decreased by $157,000, mainly due to the new corporate tax exemption scheme which grants exemption of certain chargeable income from Singapore taxation and a tax rebate of 5.0 per cent. of the corporate tax payable. Trade payables decreased by $55,000, despite our Group's higher revenue, as a result of shorter payment terms to suppliers.

Current liabilities remained largely unchanged at $7.6 million in FY2002. Our bank overdrafts and loans decreased by $1.0 million, due mainly to the full repayment of term loan of $0.9 million following the disposal of our property at 12 Benoi Road, Singapore 629886 and the decrease in the utilisation of our overdraft by $411,000. This decrease was however partially offset by the additional term loan (current portion) of $0.3 million for the purchase of 19 Sungei Kadut Street 2, Singapore 729237. Our hire purchase obligations also increased by $164,000 due to the purchase of plant and machinery to cope with the increase in business volume.

Working Capital

Net working capital decreased by $1.4 million, from a surplus of $174,000 in FY2000 to a deficit of $1.2 million for FY2001. The decrease in net working capital was mainly due to increase in current liabilities of approximately $2.4 million, of which approximately $2.2 million (comprising $1.3 million overdraft and $0.9 million interest-bearing bank loan) was attributable to the additional financing needed for the purchase of a property located at 12 Benoi Road, Singapore 629886. This was partly offset by an increase in current assets of $1.0 million, primarily due to higher trade receivables and other receivables, deposits and prepayments.

Net working capital increased by $2.8 million, from a deficit of $1.2 million in FY2001 to a surplus of $1.6 million in FY2002, mainly due to the increase in trade receivables of $1.2 million and prepaid FOT expenses of $1.6 million.

Non-current Liabilities

Non-current liabilities comprised mainly interest-bearing bank loans (secured), obligations under hire purchase creditors and deferred taxation.

Non-current liabilities decreased by $420,000 from $2.0 million in FY2000 to $1.6 million in FY2001. This was mainly due to the reclassification of $0.5 million of interest-bearing bank loans as current liabilities. The decrease was partly offset by an increase in hire purchase obligations of $35,000 and deferred taxation of $37,000.

Non-current liabilities increased by $442,000 from $1.6 million in FY2001 to $2.0 million in FY2002, due mainly to the increases in interest-bearing bank loans of $158,000 and obligations under hire-purchase creditors of $307,000. The increase in interest-bearing bank loans was mainly due to the utilisation of a new bank loan of $0.6 milllion for the purchase of our property at 19 Sungei Kadut Street 2, Singapore 729237, which was partly offset by the principal payment of the term loans. The increase in obligations under hire-purchase creditors was mainly due to the purchase of plant and machinery to cope with the increase in business volume.

Shareholders' Equity

Our shareholders' equity comprised mainly share capital, share premium and accumulated profits. Our shareholders' equity increased by $6.0 million from $5.8 million in FY2000 to $11.8 million in FY2002 as a result of the issue of additional new shares of $1.1 million for additional working capital and accumulated net profit of $4.9 million earned during the period.

LIQUIDITY AND CAPITAL RESOURCES

Audited Consolidated Statements of Cash Flow of Our Company and Its Subsidiaries [(1)]

$'000	Audited Period from 8/3/00 to 31/5/00	FY2001	FY2002
Operating activities			
Profit from ordinary activities before taxation	–	3,126	4,168
Adjustments for:-			
Interest expenses	–	494	505
Interest income	–	(18)	(6)
Depreciation of property, plant and equipment	–	1,203	1,462
Amortisation of negative goodwill	–	(262)	(307)
Change in value of negative goodwill	–	(465)	–
Allowance for doubtful trade receivables	–	–	21
Allowance reversed for doubtful receivables	–	–	(13)
Impairment loss on club membership	–	–	18
Plant and equipment written off	–	1	31
Loss/(Gain) on disposal of property, plant and equipment	–	21	(371)
Operating profit before working capital changes	–	4,100	5,508
Changes in working capital			
Trade receivables	–	(24)	(1,201)
Other receivables, deposits and prepayments	–	(1,798)	(1,410)
Balances with related parties	(19)	716	300
Trade payables and accruals	18	(77)	354
Other payables	1	(9)	435
Cash generated from operations	–	2,908	3,986
Income taxes paid	–	(995)	(956)
Net cash flows generated from operating activities	–	1,913	3,030
Investing activities			
Interest received	–	18	6
Purchases of property, plant and equipment	–	(3,709)	(4,800)
Proceeds from disposal of property, plant and equipment	–	65	2,914
Net cash (outflow)/inflow on acquisition of subsidiaries		(1,218)	228
Net cash flows used in investing activities	–	(4,844)	(1,652)
Financing activities			
Net proceeds from issue of shares	– [(2)]	–	934
Interest paid	–	(494)	(505)
Repayment of bank loans	–	(958)	(1,751)
Proceeds from bank loans	–	1,400	1,300
Repayment of hire purchase creditors	–	(217)	(473)
Net cash flows used in financing activities	–	(269)	(495)
Net (decrease)/increase in cash and cash equivalents	–	(3,200)	883
Cash and cash equivalents at beginning of the period/year	–	–	(3,200)
Cash and cash equivalents at end of the period/year	–	(3,200)	(2,317)

Note:-

(1) Our subsidiaries as at 31 May 2001 are GKE-PL, GKE-W&L and Mac-Nels Warehousing. Our subsidiaries as at 31 May 2002 are GKE-PL, GKE-W&L, Mac-Nels Warehousing, Mac-Nels AE and ICF.

(2) Two subscribers' shares of $1.00 each fully paid were issued at par for cash on 8 March 2000, being the date of incorporation of the Company.

Unaudited Proforma Consolidated Statements of Cash Flow of our Group

The Unaudited Proforma Consolidated Cash Flow Statements of our Group are prepared for illustrative purposes only and therefore, because of their nature, may not give a true picture of our Group's actual cash flow position. For the preparation of the Unaudited Proforma Consolidated Cash Flow Statements of our Group, several adjustments have been made to our Group's Audited Consolidated Financial Position such as elimination of inter-company profits and recognition of negative goodwill to show what the cash flows for the financial years ended 31 May 2000, 2001 and 2002 would have been if the group structure as at the date of this Prospectus had been in place since 1 June 1999. Please refer to Appendix I for more details on changes in accounting policies and bases of preparation of Unaudited Proforma Consolidated Financial Statements of our Group.

	Unaudited		
$'000	**FY2000**	**FY2001**	**FY2002**
Operating activities			
Profit from ordinary activities before taxation	1,098	2,770	3,950
Adjustments for:-			
Interest expenses	358	509	512
Interest income	(15)	(19)	(6)
Depreciation of property, plant and equipment	778	1,316	1,477
Amortisation of negative goodwill	(91)	(91)	(90)
Allowance for doubtful trade receivables	–	–	21
Allowance reversed for doubtful receivables	–	–	(13)
Impairment loss on club membership	–	–	18
Plant and equipment written off	1	1	31
Loss/(Gain) on disposal of property, plant and equipment	9	19	(381)
Operating profit before working capital changes	2,138	4,505	5,519
Changes in working capital			
Trade receivables	(796)	82	(1,251)
Other receivables, deposits and prepayments	(289)	(1,688)	(1,549)
Balances with related parties	(754)	503	291
Trade payables and accruals	175	(59)	368
Other payables	139	(171)	462
Cash generated from operations	613	3,172	3,840
Income taxes paid	(11)	(995)	(958)
Net cash flows generated from operating activities	602	2,177	2,882
Investing activities			
Interest received	15	19	6
Purchases of property, plant and equipment	(496)	(3,740)	(4,792)
Proceeds from sale of property, plant and equipment	134	75	2,940
Net cash flows used in investing activities	(347)	(3,646)	(1,846)
Financing activities			
Net proceeds from issue of shares	– (1)	–	1,136
Interest paid	(358)	(509)	(512)
Repayment of bank loans	(492)	(492)	(1,751)
Proceeds from bank loans	–	934	1,300
Repayment of hire purchase creditors	(229)	(325)	(529)
Net cash flows used in financing activities	(1,079)	(392)	(356)
Net (decrease)/increase in cash and cash equivalents	(824)	(1,861)	680
Cash and cash equivalents at beginning of the year	(312)	(1,136)	(2,997)
Cash and cash equivalents at end of the year	(1,136)	(2,997)	(2,317)

Note:-

(1) Two subscribers' shares of $1.00 each fully paid were issued at par for cash on 8 March 2000, being the date of incorporation of the Company.

The following discussions on our cash flow statements are based on the Unaudited Proforma Consolidated Financial Statements of Our Group, which can be found in Appendix I of this Prospectus .

Liquidity

Our internal sources of cash comprise cash generated from operations and issue of new shares. Our cash generated from operations is primarily revenue derived from our logistics services. Our external sources of liquidity comprise primarily bank credit extended to us from banks.

Our principal uses of cash include the payments to other logistics service operators for ocean freight and carriage services, repayment of bank borrowings, hire purchase obligations, capital expenditure, income taxes and operating expenses which mainly include wages and salaries as well as administrative expenses and other operating expenses.

Our consolidated cash and cash equivalents consist of cash in hand and deposits with banks. We were in a net overdraft position (i.e. bank overdraft less cash and cash equivalents) of $3.3 million as at 30 November 2002.

Our Directors expect that our cash flow from our operations, together with our banking facilities and the net issue proceeds from the Invitation, will be sufficient to fund our planned capital expenditure and anticipated working capital for FY2003. Please refer to “Borrowings and Gearing” on pages 50 and 51 of this Prospectus for more details on our borrowings facilities.

Working Capital Management

Our Metal Logistics business contributed to 76.5 per cent. of our revenue in FY2002. We incur prepaid FOT charges when transferring our customers' non-ferrous metals from other third party LME Approved Warehouses in Singapore to our warehouses and other prepaid expenses when bringing customers' cargoes of non-ferrous metals to Singapore. As at 31 May 2002, our prepaid FOT charges was $3.8 million. Only certain of these prepaid expenses are recoverable from our customers when delivery of these non-ferrous metals are effected. (Please refer to page 40 of this Prospectus for further discussions on the extent to which we may recover such prepaid expenses.) In respect of any prepaid expenses which we are unable to recover, they will be borne by us as part of our cost of services. In addition, we incurred operational expenses such as land rental for our leasehold properties in which our warehousing facilities are located, salaries and other operating expenses.

For the Metal Logistics business, as we receive rental revenue from our customers annually on 31 March of each year and we receive revenue from FOT charges when our customers take delivery of the non-ferrous metals, there is a time lag between payment of our expenses and our receipt of revenue. As such, the prepayments and our operating expenses referred to above will have to be financed from our working capital.

In managing our working capital requirements, our management will take into account of the available cash and cash equivalents, unutilised banking facilities and cash generated from our operations in the light of our operating requirements for the relevant period. Generally, we rely on bank borrowings and overdraft facilities to finance our working capital (Please refer to "Borrowings and Gearing" at page 50 of this Prospectus for details of our bank and overdraft facilities). The decision to expand our existing businesses, in particular, our Metal Logistics business, will be made with due consideration to the financial resources available to us, so as to ensure that our Group has sufficient liquidity. The net proceeds from this Invitation will enhance our ability to expand our businesses.

FY2000

In FY2000, we generated net cash from operating activities of approximately $2.1 million before taking into consideration changes in working capital. Net cash utilised for working capital purposes was $1.5 million, primarily as a result of increase in trade receivables, other receivables, deposits and prepayments and balances with related parties of $796,000, $289,000 and $754,000 respectively. These were partly offset by increases in trade payables and accruals and other payables of $175,000 and $139,000 respectively. Taking into account the income tax payments of $11,000 during the year, we recorded a net cash inflow from operating activities of approximately $602,000.

We recorded a net cash flow of approximately $347,000 used in investing activities as a result of payment for the purchase of fixed assets, mainly for leasehold improvements, plant and machinery and motor vehicles of approximately $496,000, partly offset by the proceeds from the sale of plant and equipment (such as forklifts, canvas tents and others) of approximately $134,000.

We recorded a net cash flow used in financing activities of approximately $1.1 million primarily due to interest payments of $358,000, repayment of bank loans of $492,000 and repayment of hire-purchase obligations of $229,000.

FY2001

In FY2001, we generated net cash from operating activities of approximately $4.5 million before taking into account the changes in working capital. Net cash utilised for working capital purposes was approximately $1.3 million, primarily as a result of increases in other receivables, deposits and prepayments (such as prepaid FOT charges and ocean freight charges) of $1.7 million due mainly to the increase in business volume of our Metal Logistics business and decrease in other payables by $171,000, partly offset by decreases in amounts owing from related parties of $503,000. Taking into consideration income tax payments during the year of $995,000, the net cash inflow from operating activities was $2.2 million.

We recorded a net cash flow used in investing activities of $3.6 million during the year, due mainly to payments for the purchase of the property located at 12 Benoi Road, Singapore 629886 as well as the acquisition of additional plant and equipment and building improvements, which in aggregate amounted to approximately $3.7 million.

We recorded a net cash outflow of $392,000 from financing activities, primarily the result of interest payments of $509,000 and repayment of bank loans and hire-purchase creditors of a total of $817,000, partly offset by the proceeds received from a bank loan to finance the purchase of the property located at 12 Benoi Road, Singapore 629886, of $934,000.

FY2002

In FY2002, we generated a net cash flow from operating activities of approximately $5.5 million before taking into account the changes in working capital. Net cash utilised for working capital purposes was approximately $1.7 million, primarily as a result of an increase in trade receivables and other receivables, deposits and prepayments of $1.3 million and $1.5 million respectively. These were partly offset by a decrease in amounts owing from related parties of $291,000 and an increase in trade payables and other payables of $368,000 and $462,000 respectively. Taking into consideration income tax payments of $958,000, the net cash inflow from operating activities was $2.9 million.

Net cash flow used in investing activities was $1.8 million during the year, due mainly to payments for the purchase of the property located at 19 Sungei Kadut Street 2, Singapore 729237 and acquisitions of additional plant and equipment and building improvements amounting to $4.8 million. This was partly offset by the proceeds received from the disposal of our property located at 12 Benoi Road, Singapore 629886 of $2.7 million and disposal of other plant and equipment.

We recorded a net cash flow of $356,000 used in financing activities, primarily the result of interest payments of $512,000 and repayment of bank loans and hire-purchase creditors of a total of $2.3 million, partly offset by the proceeds received from a bank loan to finance the purchase of the warehousing facility located at 19 Sungei Kadut Street 2, Singapore 729237 of $1.3 million and the issue of new ordinary shares of $1.00 each in the capital of our Company of $1.1 million.

BORROWINGS AND GEARING

As at 31 May 2002, total borrowings for our Group were $6.4 million, comprising bank overdrafts of $3.2 million, interest-bearing bank loans of $2.1 million and hire purchase obligations of $1.1 million.

As at 30 November 2002, our Group had total bank borrowing facilities of approximately $9.3 million, of which $7.4 million was utilised, leaving a balance of $1.9 million available for utilisation. The term loans and bank overdrafts bear interest rates ranging from 1.5 to 2.0 per cent. over the banks' prevailing prime rate (currently ranging from 4.75 per cent. (for US$) to 5.00 per cent.(for S$)) per annum. As at 30 November 2002, our Group had three term loans bearing the maturity of five years (due on 31 August 2004), four years (due on 30 April 2005) and 18 months (from completion of construction of extension to leasehold building) respectively.

Based on our shareholders' funds of $11.9 million as at 31 May 2002, the gearing level of our Group was 0.54 times. We have been able to service our loan payment commitments on a timely basis in each of the three financial years ended 31 May 2002. Our Group's interest cover ratio (defined as profit from operations divided by interest expense) and gearing ratio (defined as total bank borrowings, including hire-purchase obligations, divided by shareholders' funds) for FY2000 to FY2002 based on the Unaudited Proforma Consolidated Financial Position of our Group, were as follows:-

	← Proforma	→	
	FY2000	FY2001	FY2002
Interest Cover Ratio (times)	4.1	6.4	8.7
Total Borrowings ($'000)	4,416	6,800	6,409
Shareholders' Funds ($'000)	5,847	7,742	11,863
Gearing Ratio (times)	0.76	0.88	0.54

Certain Directors, Executive Officers and shareholders of our Company currently provide personal guarantees to secure our bank borrowing facilities. Please refer to "Interested Person Transactions" beginning on page 94 of this Prospectus for more details. Our Directors and shareholders have discussed with the respective financial institutions on the release of their personal guarantees upon the listing of our Shares on the SGX-SESDAQ. Based on the discussion and barring any unforeseen circumstances, our Directors believe that the financial institutions will release them from their personal guarantees and continue to grant similar banking facilities to us, without the need for the above personal guarantees, subject to the condition that these personal guarantees are replaced by a corporate guarantee from our Company.

Contingent Liabilities

As at 30 November 2002, our Company has contingent liabilities in respect of corporate guarantees given to UOB Group for banking facilities granted to one of our subsidiaries of $6.4 million. Save as disclosed above, there are no other corporate guarantees issued to other parties by our Company nor by any of our subsidiaries.

CAPITAL EXPENDITURE, DIVESTMENT AND COMMITMENT

Capital Expenditure and Divestment

Our major capital expenditure mainly comprise leasehold buildings, improvement on leasehold building, plant and machinery and motor vehicles. The purchase of such assets are financed mainly by funds generated from operations and/or through bank borrowings and hire purchase facilities. The details for such expenditure for each of the last three financial years based on the Unaudited Proforma Consolidated Financial Position of our Group are set out below:-

	← Proforma	→	
$'000	**FY2000**	**FY2001**	**FY2002**
Leasehold buildings	54	2,712	2,964
Leasehold buildings improvement and electrical installation	137	589	417
Construction in progress[(1)]	–	–	737
Plant and machinery	411	253	707
Furniture and fittings, office equipment and renovation	71	107	72
Motor vehicles	468	514	895
Total	**1,141**	**4,175**	**5,792**

Note:-

(1) The amount expended for the construction of an extension of our warehousing facility at 19 Sungei Kadut Street 2, Singapore 729237, which commenced in March 2002. The physical construction of the extension facilities is expected to complete by January 2003 and the Temporary Occupation Permit for the extension facilities is expected to be received by the end of the first quarter of year 2003.

We expect to incur capital expenditure of approximately $3.5 million in FY2003, of which approximately $3.1 million is for the construction of an additional built-in warehousing and ancillary area to our warehousing facility at 19 Sungei Kadut Street 2, Singapore 729237, which is partly financed by a loan of $2.4 million from Far Eastern Bank Limited (a subsidiary of UOB) and the balance financed by funds from our internal sources. The remaining $0.4 million will be for the purchase of plant and machinery to be financed by hire purchase. Please refer below for our capital commitments in this regard as at 30 November 2002.

We disposed non-current assets with net book values of $143,000, $95,000 and $2.6 million in each of the last three financial years ended 31 May 2002 respectively. The disposals in FY2002 comprised mainly the property at 12 Benoi Road, Singapore 629886.

Commitments

As at 30 November 2002, our Group had the following commitments, which are not provided for in the financial statements:-

(a) Lease commitments

Our Group owns two leasehold warehousing facilities, located at 1 Jalan Besut, Singapore 619554 and 19 Sungei Kadut Street 2, Singapore 729237. The rent of one of the leases is subject to an annual revision not exceeding 7.6 per cent. of the previous year's rent. The rent of the other lease is subject to a fixed annual increase of 4 per cent.. As at 30 November 2002, the future minimum lease payments under non-cancellable leases with terms exceeding one year are as follows:-

	Amount $'000
Payable:	
– Within 1 year	1,219
– Within 2 to 5 years	3,905
– After 5 years	7,114
	12,238

(b) Capital commitments

As at 30 November 2002, our Group had the following capital commitments:-

		Amount $'000
(i)	Acquisition of plant and equipment	282
(ii)	Construction of extension to leasehold building	2,542
		2,824

FOREIGN EXCHANGE EXPOSURE

Our foreign currency exchange risk arises mainly from the revenue of our Metal Logistics business, and a certain portion of our cost of services (such as certain ocean freight charges) which are denominated in US$. We expect to continue to generate revenue and incur certain portion of our cost of services in US$.

In FY2002, approximately 55.4 per cent. of our revenue was denominated in US$, while only about 17.7 per cent. of our cost of services was denominated in US$. As the currency denomination of our revenue stream and our costs differ, we have a net foreign exchange exposure. As such, we only enjoy, to a certain extent, a partial natural hedge between our revenue and costs. Overall net foreign exchange gain or loss will be determined by the extent of the impact on our revenue and cost of services arising from the fluctuation in US$ against S$. In the event of a significant depreciation in the US$ against the S$, our operating results will be adversely affected.

In addition, any significant depreciation in the US$ against S$ arising from the timing differences between revenue recognised and actual receipt from our customers, would result in us incurring foreign exchange losses. Conversely, any significant appreciation of the US$ against S$ arising from the timing differences between costs recognised and actual payment to our suppliers of services would also result in us incurring foreign exchange losses.

The following sets out the percentage breakdown of our revenue and cost of services in US$ for the last three financial years ended 31 May 2002:-

	← Proforma	→	
	FY2000 %	FY2001 %	FY2002 %
Revenue	40.0	56.7	55.4
Cost of Services	11.8	24.5	17.7

In addition to the above, we have from time to time arranged for US$ denominated bank borrowings, in the form of overdraft facilities, for working capital purposes. We also maintain US$ denominated deposits with our banks. The reporting currency of our Company and subsidiaries is S$. As such, any significant changes in the US$ against S$ would result in us incurring foreign exchange gains or losses due to settlement or revaluation of the US$ denominated bank borrowings and deposits.

The net foreign exchange gain or loss in the last three financial years were as follows:

	← Proforma	→	
$'000	**FY2000**	**FY2001**	**FY2002**
Net foreign exchange gain/(loss)	19	75	(117)

Currently, we do not have a formal hedging policy as our management believes that it is more efficient to assess each transaction on the need to hedge. We will continue to monitor our foreign exchange exposure in future and will consider hedging any material foreign exchange exposure should the need arise.

INFLATION

We do not expect inflation to have a material impact on our performance.

EXCHANGE CONTROL

Our operations are not subject to any exchange controls in any of the jurisdictions in which our Group operates or transacts.

PROSPECTS AND FUTURE PLANS

PROSPECTS

We are engaged in Metal Logistics and General Logistics businesses, which constitute approximately 76.5 per cent. and 23.5 per cent. of our revenue respectively for FY2002. Our Metal Logistics services cater to the specialised needs of the non-ferrous metal industry while our General Logistics services comprise the provision of logistics and fulfillment services (including warehousing) to certain consumer products and retail industries such as food and beverage and apparel industries. Our General Logistics services can also serve and cater to the needs of other businesses apart from those in the consumer products and retail industries. Although our operations are based in Singapore, we serve both domestic and international customers. As such, the state of the global economy (including Singapore), the non-ferrous metal industry and trends in the logistics industry would have a significant impact on our operations and hence, our financial performance.

Specifically, as we derive revenue from the storage of non-ferrous metals in our warehouses and delivery of these commodities, our Metal Logistics business is therefore dependent on the volume of non-ferrous metal traded on the LME. The underlying commodities in which trades are conducted on the LME are stored at LME Approved Warehouses. Generally, a larger volume of non-ferrous metals will need to be stored at LME Approved Warehouses to facilitate a higher volume of metal traded in the LME. However, the volatility of such metal trades in the LME, such as sudden fluctuation in metal prices, generally do not affect the storage of non-ferrous metals in our warehouses. In addition, the state of the non-ferrous metal industry will have an impact on trade volume on the LME and this is, in turn, dependent on the global supply and demand of non-ferrous metals, which is ultimately dependent on the global economy. Revenue attributable to our Metal Logistics business grew from $7.4 million in FY2000 to $18.5 million in FY2002, representing a CAGR of 57.8 per cent..

Our Directors observed that there has been an increasing demand for the storage of non-ferrous metals traded on the LME in Asia as evidenced by the approval of new Delivery Points in South Korea. As such, we plan to expand our Metal Logistics business to these new locations (Please see “Strategy and Future Plans” on pages 54 and 55 of this Prospecuts for more details). We also commenced the construction of an additional built-in warehousing and ancillary area of 7,785 sq. m. which in aggregate will expand our total built-in area of our warehousing and ancillary space from 30,716 sq. m. as at 31 May 2002 to 38,501 sq. m. by the end of the first quarter of year 2003 with the receipt of the Temporary Occupation Permit. In view of our plans and development, we believe that our Metal Logistics services will underpin the growth in and prospects for our business.

For the six-month period up to 30 November 2002, our average utilization rate was approximately 76.0 per cent. However, we have been experiencing an increasing competitive pressure in the logistics industry in the past few months. The increase in competition has led to lower rental rates and service charges for both our General Logistics and Metal Logistics businesses as well as some downward pressure on the business volume of the General Logistics business.

Notwithstanding the above competitive pressure, our Directors observed that there has been an increasing demand in Asia for the storage of non-ferrous metals traded on the LME over the past months which has contributed positively to our Metal Logistics business. Based on this trend, our Group's performance to-date and barring unforeseen circumstances, our Directors believe that our operations will remain profitable in FY2003.

You may, however, note the risks specified on page 23 of this Prospectus under “Risk Factors” involving our business.

STRATEGY AND FUTURE PLANS

Our business plans and strategies are summarised below:-

Expand our logistics facilities

We plan to increase our logistics facilities to meet the increasing demand from our existing and new customers. In March 2002, we commenced the construction of an additional built-in warehousing and ancillary area to our warehousing facility at 19 Sungei Kadut Street 2, Singapore 729237. The physical construction of the extension facilities is expected to complete by January 2003 and the Temporary Occupation Permit (“TOP”) for the extension facilities is expected to be received by the end of the first quarter of year 2003. Upon receipt of the TOP, our usable built-in area will increase by 7,785 sq. m. The construction is financed through internal resources as well as bank borrowings of $2.4 million. Approximately $2.4 million of the net proceeds from the Invitation will be used for the repayment of this bank borrowing.

Expansion in South East Asia and North Asia

To tap the growth opportunities in countries such as Indonesia and PRC (which are countries producing non-ferrous metal), we intend to extend our presence to these countries through the establishment of overseas offices. These overseas offices will allow us to strengthen our operations through more effective liaison with the overseas logistics service providers, hence improving our service quality. In Indonesia, we intend to set up an office to market our Metal Logistics services and our LME Approved Warehouse facilities in Singapore, and may rent a warehouse in Indonesia to further our business objectives, if the business circumstances are suitable.

In November 2001, we received notice from the LME announcing that the two South Korean cities of Pusan and Kwanyang are considered Good Delivery Points for aluminium, copper, nickel and tin and that the initial operators of the LME Approved Warehouses in these cities would be existing LME Approved Warehouse Companies or joint ventures where an existing LME Approved Warehouse Company is the majority shareholder and is managing the operations of the LME Approved Warehouses. To tap the opportunities in South Korea, our Directors intend to consider setting up a joint venture or wholly-owned subsidiary in South Korea to provide Metal Logistics services. Up to the date of this Prospectus, our Directors have been in discussions with several potential business partners although such discussions were preliminary in nature. We will make the necessary announcements in the event that we enter into any agreement for the aforesaid purpose. We will also need to seek the approval of the LME on the specific warehouse selected by us in South Korea to carry out our Metal Logistics services before we may store the non-ferrous metals traded on the LME. There is no assurance, however, that we would be successful in establishing our intended presence in South Korea.

Our aim in becoming an integrated logistics service provider

We plan to become an integrated logistics service provider and aim to expand our logistics services to serve the non-ferrous metal, consumer products and retail industries. To achieve this, we plan to increase and improve our range of services and be less reliant on subcontracting services by increasing our fleet of transportation and handling equipment. In line with this, we acquired Mac-Nels AE and ICF in year 2001. In this connection, we will also seek additional alliances with other logistics service providers in other countries to provide our customers with one-stop integrated logistics solutions.

GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

SHARE CAPITAL

Our Company was incorporated in the Republic of Singapore under the Act as a private limited company on 8 March 2000 under the name of GKE Holdings Pte Ltd. On 15 April 2002, we changed our name to GKE International Pte Ltd. On 10 December 2002, our Company was converted into a public limited company and we changed our name to GKE International Limited.

As at 31 May 2002, our authorised share capital was $6,000,000, consisting of 6,000,000 ordinary shares of $1.00 each, and our issued and paid-up share capital was $5,900,000 consisting of 5,900,000 ordinary shares of $1.00 each.

On 13 July 2002, pursuant to the share option agreement dated 23 June 2001 between our Company and Dr Teo Ho Pin, we issued 100,000 ordinary shares of $1.00 each in the capital of our Company to Dr Teo Ho Pin ("Exercise of Share Option"), pursuant to the exercise of such share option by Dr Teo Ho Pin. Dr Teo Ho Pin was a former director of GKE from 15 July 2000 until his resignation on 1 December 2001. In recognition of his services, on 23 June 2001, Dr Teo Ho Pin was granted the share option to purchase up to a maximum of 100,000 shares in the capital of our Company at a subscription price of $1.20 per share of $1.00 each in the capital of our Company.

At an extraordinary general meeting held on 5 November 2002, our shareholders approved *inter alia*, the following:-

(a) the conversion into a public limited company and the change of our name to GKE International Limited; and

(b) the adoption of a new set of Articles of Association.

At a subsequent extraordinary general meeting held on 6 November 2002, our shareholders approved *inter alia*, the following:-

(a) an increase in the authorised share capital from $6,000,000 to $80,000,000 comprising 80,000,000 ordinary shares of $1 each;

(b) the sub-division of each ordinary share of $1.00 in the existing authorised and issued and paid-up share capital into 20 ordinary shares of $0.05 each (the "Sub-division of Shares");

(c) the issue of 40,000,000 New Shares pursuant to the Invitation which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares (the "Issue of New Shares"); and

(d) the authorisation of our Directors, pursuant to Section 161 of the Act, to issue shares in our Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to such authority shall not exceed 50 per cent. of the issued share capital of our Company for the time being, of which the aggregate number of such shares issued other than on a *pro rata* basis to the existing shareholders shall not exceed 20 per cent. of the issued share capital of our Company for the time being (the percentage of issued share capital being calculated based on the maximum potential share capital at the time such authority is given (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time such authority is given and which were issued pursuant to previous shareholders' approval) adjusted for any subsequent consolidation or subdivision of shares), and, unless revoked or varied by our Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of our Company or the date by which the next Annual General Meeting of our Company is required by law to be held, whichever is the earlier.

Details of the changes in our Company's issued and paid-up share capital are set out below:-

	Number Of Shares	Paid Up Capital ($)
Issued and paid-up ordinary shares of $1.00 each as at 31 May 2002	5,900,000	5,900,000
Issue of 100,000 new ordinary shares of $1.00 each pursuant to Exercise of Share Option at a subscription price of $1.20 each	100,000	100,000
Pre-Invitation Share Capital	**6,000,000**	**6,000,000**
Sub-division of Shares	120,000,000	6,000,000
New Shares to be issued pursuant to the Invitation	40,000,000	2,000,000
Post-Invitation Share Capital	160,000,000	8,000,000

The authorised share capital of our Company and total shareholders' funds based on the audited consolidated balance sheet of our Company and its subsidiaries as at 31 May 2002, before and after adjustments to reflect the Exercise of Share Option and Sub-division of Shares, and the Invitation are set forth below. These statements should be read in conjunction with the Audited Consolidated Financial Statements beginning on page 117 of this Prospectus.

	As At 31 May 2002 ($'000)	After Exercise of Share Option and Sub-division Of Shares ($'000)	After Invitation ($'000)
Authorised Share Capital			
Ordinary shares of $1.00 each	6,000	–	–
Ordinary shares of $0.05 each	–	6,000	80,000
Shareholders' Funds			
Share capital	5,900	6,000	8,000
Share premium..	467	487	5,087 (1)
Accumulated profits	5,456	5,456	5,456
Total Shareholders' Funds	**11,823**	**11,943**	18,543

Note:-

(1) Taking into consideration the net issue proceeds of approximately $6.6 million less par value of the New Shares.

As at the date of this Prospectus, our Company has only one class of shares. There are no founder, management, deferred or unissued shares reserved for issue for any purpose. The rights and privileges of these shares are stated in our Articles of Association, a summary of which is set out in Appendix IV beginning on page 196 of this Prospectus. Our Substantial Shareholders do not have different voting rights from other shareholders of our Company.

RESTRUCTURING EXERCISE AND SUBSEQUENT ACQUISITIONS

Prior to the Invitation, we undertook a reorganisation of our corporate structure to streamline and rationalise our Group structure and business activities. The details of the restructuring exercise pursuant to the Restructuring Agreement relating to each of GKE-PL, GKE-W&L and Mac-Nels Warehousing, and subsequent acquisitions pursuant to the Share Sale Agreements relating to each of Mac-Nels AE and ICF are set out below:-

(a) GKE-PL

Pursuant to the Restructuring Agreement dated 1 June 2000, our Company acquired the entire issued and paid-up share capital of GKE-PL, comprising 2,737,453 ordinary shares of $1.00 each in the capital of GKE-PL, for an aggregate consideration of $2,943,638, taking into account the audited NTA of GKE-PL of $4,080,013 as at 31 May 2000 and other factors such as the fair values attributable to the identifiable assets and liabilities and the potential earnings of the company, as agreed between our Company and the shareholders of GKE-PL on a willing buyer, willing seller basis. The sale was deemed to take effect on 1 June 2000. The consideration was satisfied by the issue of 2,943,638 ordinary shares of $1.00 each as fully paid at par in the capital of our Company to the shareholders of GKE-PL in the following manner:-

Shareholders of GKE-PL	Number of shares held in GKE-PL	Number of ordinary shares of $1.00 each in the capital of our Company issued
Neo Kok Ching	2,189,962	2,354,911
Neo Cheow Hui	492,740	529,854
Neo Hwee Hoon	54,749	58,872
Kwok Chong Yong	2	1
Total	**2,737,453**	**2,943,638**

(b) GKE-W&L

Pursuant to the Restructuring Agreement dated 1 June 2000, our Company acquired the entire issued and paid-up share capital of GKE-W&L, comprising 1,982,249 ordinary shares of $1.00 each in the capital of GKE-W&L, for an aggregate consideration of $1,488,004, taking into account the audited NTA of GKE-W&L of $2,015,558 as at 31 May 2000 and other factors such as the fair values attributable to the identifiable assets and liabilities and the potential earnings of the company, as agreed between our Company and the shareholders of GKE-W&L on a willing buyer, willing seller basis. The sale was deemed to take effect on 1 June 2000. The consideration was satisfied by the issue of 1,488,004 ordinary shares of $1.00 each as fully paid at par in the capital of our Company to persons at the direction of the shareholders of GKE-W&L in the following manner:-

	Number of shares held in GKE-W&L	Number of ordinary shares of $1.00 each in the capital of our Company issued
Neo Kok Ching	220,254	165,337
Neo Cheow Hui	220,249	165,333
Neo Hwee Hoon	220,249	165,333
Neo Hwee Lee	220,249	165,333
Teng Beng Hua	220,249	165,333
Neo Thiam Teng	880,999	661,335
Total	**1,982,249**	**1,488,004**

(c) Mac-Nels Warehousing

Pursuant to the Restructuring Agreement dated 1 June 2000, our Company acquired the entire issued and paid-up share capital of Mac-Nels Warehousing, comprising 1,064,703 ordinary shares of $1.00 each in the capital of Mac-Nels Warehousing, for an aggregate consideration of $799,235, taking into account the audited NTA of Mac-Nels Warehousing of $1,533,257 as at 31 May 2000 and other factors such as the fair values attributable to the identifiable assets and liabilities and the potential earnings of the company, as agreed between our Company and the shareholders of Mac-Nels Warehousing on a willing buyer, willing seller basis. The sale was deemed to take effect on 1 June 2000. The consideration was satisfied by the issue of 799,235 ordinary shares of $1.00 each as fully paid at par in the capital of our Company to persons at the direction of the shareholders of Mac-Nels Warehousing in the following manner:-

	Number of shares held in Mac-Nels Warehousing	Number of ordinary shares of $1.00 each in the capital of our Company issued
Neo Thiam Teng	521,704	391,625
Lee Soo Hua	542,999	407,610
Total	**1,064,703**	**799,235**

Simultaneously, pursuant to a letter of authorisation dated 30 June 2000, Mr Neo Thiam Teng authorised and directed our Company to allot 337,281 shares of $1.00 each in the capital of our Company to Mr Lee Soo Hua, who would hold such shares in his name as legal and beneficial owner thereof.

(d) Mac-Nels AE

Pursuant to the Share Sale Agreement dated 1 June 2001, our Company acquired the entire issued and paid-up share capital of Mac-Nels AE, comprising 200,000 ordinary shares of $1.00 each in the capital of Mac-Nels AE, for an aggregate consideration of $3.00, taking into account the audited NTA of Mac-Nels AE of $31,989 as at 31 May 2001 and other factors such as the fair values attributable to the identifiable assets and liabilities and the potential earnings of the company, as agreed between our Company and the shareholders of Mac-Nels AE on a willing buyer, willing seller basis. The sale was deemed to take effect on 1 June 2001. The consideration was satisfied in the following manner:-

(i) the payment of a cash consideration of $1.00 to Matthew Er Yeong Yang, in consideration for the transfer of 1 ordinary share with a par value of $1.00 each in the capital of Mac-Nels AE; and

(ii) the issue and allotment of 2 ordinary shares with a par value of $1.00 each in the capital of our Company to Neo Thiam Teng in consideration for the transfer of 199,999 ordinary shares with a par value of $1.00 each in the capital of Mac-Nels AE.

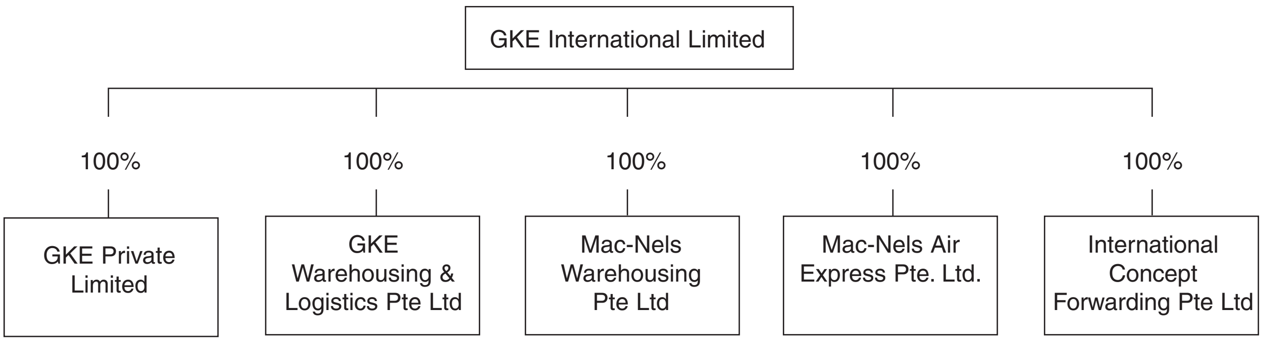
(e) ICF

Pursuant to the Share Sale Agreement dated 20 February 2002, our Company acquired the entire issued and paid-up share capital of ICF, comprising 384,000 ordinary shares of $1.00 each in the capital of ICF, for an aggregate consideration of $202,000, taking into account the audited NTA of ICF of $372,126 as at 31 August 2001 and other factors such as the fair values attributable to the identifiable assets and liabilities and the potential earnings of the company, as agreed between our Company and the shareholders of ICF on a willing buyer, willing seller basis. The sale was deemed to take effect on 1 September 2001. The consideration was satisfied by the issue of 202,000 ordinary shares of $1.00 each as fully paid at par in the capital of our Company to the shareholders of ICF in the following manner:-

Shareholders of ICF	Number of shares held in ICF	Number of ordinary shares of $1.00 each in the capital of our Company issued
Michael Samuel Rosenfeld	128,000	67,300
Vincent Lee Eng Chye	138,000	72,600
Sharon Lim Siok Ngo	118,000	62,100
Total	**384,000**	**202,000**

GROUP STRUCTURE

Our Group structure as at the date of this Prospectus is as follows:-



SUBSIDIARY COMPANIES

The details of our subsidiaries, none of which are listed on any stock exchange, are as follows:-

Name of Company	Date and Place of Incorporation	Principal Place of Business	Principal Activities	Issued and Paid-up Capital	Equity Held by our Group
GKE Private Limited	3 December 1963 Singapore	Singapore	Warehousing leasing	$2,737,453	100%
GKE Warehousing & Logistics Pte Ltd	8 May 1998 Singapore	Singapore	Warehousing and General Logistics services	$1,982,249	100%
Mac-Nels Warehousing Pte Ltd	12 April 1984 Singapore	Singapore	Metal Logistics and custodian services	$1,064,703	100%
Mac-Nels Air Express Pte. Ltd.	28 July 1989 Singapore	Singapore	Air freight forwarding	$200,000	100%
International Concept Forwarding Pte Ltd	16 January 1991 Singapore	Singapore	Land transportation services and freight forwarding	$384,000	100%

SHAREHOLDERS

	DIRECT INTEREST			
	Before The Invitation		After The Invitation	
	No. of Shares	%	No. of Shares	%
DIRECTORS				
Neo Kok Ching (1) (4)	25,200,000	21.00	25,200,000	15.75
Azam Essof Kolia	19,800,000	16.50	19,800,000	12.38
Lam Ah Seng @ Lam Pang Chuang (2)	–	–	–	–
Sitoh Yih Pin	–	–	–	–
Mahtani Bhagwandas (3)	–	–	–	–
ALTERNATE DIRECTORS				
Chin Pang Joo @ Ivan Lam Pang Joo (2) (Alternate Director to Lam Ah Seng @ Lam Pang Chuang)	–	–	–	–
Neo Cheow Hui (4) (Alternate Director to Neo Kok Ching)	17,445,300	14.54	17,445,300	10.90
SUBSTANTIAL SHAREHOLDERS				
Ban Joo Logistics Pte Ltd (5)	22,808,020	19.01	22,808,020	14.26
Neo Hwee Hoon (4)	10,000,000	8.33	10,000,000	6.25
Neo Hwee Lee (4)	10,000,000	8.33	10,000,000	6.25
SHAREHOLDERS OF LESS THAN 5% WHO ARE RELATED TO OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS				
Teng Beng Hua (1) (4)	3,306,660	2.76	3,306,660	2.06
SHAREHOLDERS OF LESS THAN 5% WHO ARE NOT RELATED TO OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS				
Neo Thiam Teng	5,400,000	4.50	5,400,000	3.38
Teo Ho Pin	2,000,000	1.67	2,000,000	1.25
Vincent Lee Eng Chye (6)	1,452,000	1.21	1,452,000	0.91
Michael Samuel Rosenfeld	1,346,000	1.12	1,346,000	0.84
Sharon Lim Siok Ngo (6)	1,242,000	1.03	1,242,000	0.78
Kwok Chong Yong	20	–	20	–
Public	–	–	40,000,000	25.00
TOTAL	**120,000,000**	**100.00**	**160,000,000**	**100.00**(7)

Notes:-

(1) Neo Kok Ching and Teng Beng Hua are spouses.

(2) Lam Ah Seng @ Lam Pang Chuang and Chin Pang Joo @ Ivan Lam Pang Joo are cousins.

(3) Mr Mahtani Bhagwandas, our Independent Director, will be allocated 300,000 Reserved Shares as a token gesture of our appreciation for his joining us as an Independent Director and in recognition of his future contributions to our Group. If he subscribes for the said Reserved Shares, he may dispose of, or transfer all or part of his shareholdings in our Company after our admission to the Official List of the SGX-SESDAQ.

(4) Neo Cheow Hui, Neo Hwee Lee and Neo Hwee Hoon are siblings, and the children of Neo Kok Ching and Teng Beng Hua.

(5) Ban Joo Logistics Pte Ltd was incorporated in Singapore on 19 February 2002. It has an authorised share capital of $5,000,000 comprising 5,000,000 ordinary shares of $1.00 each, of which 2 ordinary shares of $1.00 each are issued and fully paid up. The principal activity of Ban Joo Logistics Pte Ltd is logistics management and freight forwarding services. Ban Joo Logistics Pte Ltd is a wholly owned subsidiary of Ban Joo & Company Limited, a company listed on the Main Board of the SGX-ST.

(6) Vincent Lee Eng Chye and Sharon Lim Siok Ngo are spouses.

(7) Does not add up to 100.00 per cent. due to rounding.

Save as disclosed above, there are no other relationships between our Directors and our Substantial Shareholders.

The Shares held by our Directors, CEO and Substantial Shareholders do not carry different voting rights from the New Shares which are the subject of the Invitation.

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

The following table sets forth the significant changes in the percentage of ownership of our existing shareholders in our Company in the last three financial years prior to the Latest Practicable Date:-

	Incorporation (8/3/2000)		**Restructuring Agreement**		**Share Sale Agreements and Other Share Movements**		**As at the Latest Practicable Date, as Adjusted for Sub-division of Shares**	
	No. of Shares of $1.00 each	%	No. of Shares of $1.00 each	%	No. of Shares of $1.00 each	%	No. of Shares of $0.05 each	%
DIRECTORS								
Neo Kok Ching	1	50.00	2,520,249	48.18	2,393,860	41.98(1)	25,200,000	21.00(2)(3)
Azam Essof Kolia	–	–	–	–	–	–	19,800,000	16.50(2)
Lam Ah Seng @ Lam Pang Chuang	–	–	–	–	–	–	–	–
Sitoh Yih Pin	–	–	–	–	–	–	–	–
Mahtani Bhagwandas	–	–	–	–	–	–	–	–
ALTERNATE DIRECTORS								
Chin Pang Joo @ Ivan Lam Pang Joo	–	–	–	–	–	–	–	–
Neo Cheow Hui	1	50.00	695,188	13.29	695,188	12.19	17,445,300	14.54(3)
SUBSTANTIAL SHAREHOLDERS								
Ban Joo Logistics Pte Ltd	–	–	–	–	1,140,401	20.00(1)	22,808,020	19.01
Neo Hwee Hoon	–	–	224,205	4.29	224,205	3.93	10,000,000	8.33(3)
Neo Hwee Lee	–	–	165,333	3.16	165,333	2.90	10,000,000	8.33(3)
SHAREHOLDERS OF LESS THAN 5% WHO ARE RELATED TO OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS								
Teng Beng Hua	–	–	165,333	3.16	165,333	2.90	3,306,660	2.76
SHAREHOLDERS OF LESS THAN 5% WHO ARE NOT RELATED TO OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS								
Neo Thiam Teng	–	–	715,679	13.68	715,681	12.55	5,400,000	4.50(2)
Teo Ho Pin	–	–	–	–	–	–	2,000,000	1.67
Vincent Lee Eng Chye	–	–	–	–	72,600	1.27	1,452,000	1.21
Michael Samuel Rosenfeld	–	–	–	–	67,300	1.18	1,346,000	1.12
Sharon Lim Siok Ngo	–	–	–	–	62,100	1.09	1,242,000	1.03
Kwok Chong Yong	–	–	1	–	1	–	20	–
FORMER SHAREHOLDERS								
Lee Soo Hua	–	–	744,891	14.24	–	–(1)	–	–
TOTAL RESULTANT NUMBER OF SHARES	**2**	**100.00**	**5,230,879**	**100.00**	**5,702,002**	**100.00(4)**	**120,000,000**	**100.00**

Notes:-

(1) On 21 February 2002, Ban Joo Logistics Pte Ltd acquired approximately 19.0 per cent. of the pre-Invitation issued share capital of our Company or a total of 1,140,401 shares of $1.00 each from Mr Neo Kok Ching (40,401 shares) and from the former shareholders of our Company, namely Mr Yeo Jiew Yew, Mr Chua Koh Ming and Mr Sim Yew Heng (a total of 1,100,000 shares). Mr Yeo Jiew Yew acquired 550,000 shares of $1.00 each in the capital of our Company and Mr Sim Yew Heng acquired 194,891 shares of $1.00 each in the capital of our Company from Mr Lee Soo Hua on 16 July 2001. On 3 August 2001, Mr Sim Yew Heng and Mr Chua Koh Ming acquired 25,109 shares and 60,879 shares of $1.00 each respectively in the capital of our Company from Mr Neo Kok Ching. Our Company also issued a further 269,121 shares in the capital of our Company to Mr Chua Koh Ming on 3 August 2001.

(2) On 23 May 2002, Mr Azam Essof Kolia acquired approximately 13.2 per cent. of the pre-Invitation issue share capital of our Company or a total of 792,002 shares of $1.00 each (of which approximately 7.4 per cent. was from Mr Neo Thiam Teng and 5.8 per cent. was from Mr Neo Kok Ching) and subscribed for new shares being approximately 3.3 per cent. of our Company's pre-Invitation issued share capital. Mr Neo Thiam Teng had approximately 12.6 per cent. equity interest in our Company immediately subsequent to the Share Sale Agreements. After disposing part of his interest in our Company to Mr Azam Essof Kolia, Mr Neo Thiam Teng now holds 4.5 per cent. of the issued and paid-up capital of our Company prior to the Invitation.

(3) On 17 July 2002, Mr Neo Cheow Hui, Ms Neo Hwee Hoon and Ms Neo Hwee Lee acquired 177,077, 275,795 and 334,667 shares of $1.00 each in the capital of our Company respectively from Mr Neo Kok Ching.

(4) Does not add up to 100.00 per cent. due to rounding.

MORATORIUM

To demonstrate their commitment to our Company, Mr Neo Kok Ching, Mr Azam Essof Kolia, Ban Joo Logistics Pte Ltd, Mr Neo Cheow Hui, Mr Neo Hwee Hoon, Ms Neo Hwee Lee and Mdm Teng Beng Hua who in aggregate hold 108,559,980 Shares, representing 67.8 per cent. of our Company's post-Invitation issued share capital, have each undertaken:-

(i) not to sell, transfer, assign or otherwise dispose of any part of their respective shareholdings in our Company for a period of six months from the date of our admission to the Official List of the SGX-SESDAQ (the "First Moratorium Period"); and

(ii) for a period of six months after the First Moratorium Period, not to sell, transfer, assign or otherwise dispose of more than 50.0 per cent. of their respective shareholdings held in our Company immediately after the Invitation.

Ban Joo & Company Limited, which holds 100 per cent. of the shares in the capital of Ban Joo Logistics Pte Ltd, has also undertaken not to sell, transfer, assign or otherwise dispose of its shares in the capital of Ban Joo Logistics Pte Ltd for a period of 12 months from the date of our admission to the Official List of the SGX-SESDAQ.

HISTORY

The history of our Group can be traced back to 17 January 1995 when Mr Neo Kok Ching, our founder, acquired George Kwok & Sons (Private) Limited and changed its name to GKE Private Limited ("GKE-PL") to carry out the business of providing warehousing services. Our operations were then carried out from a JTC purpose-built single-storey detached factory building and an open-sided shed located at 1 Jalan Besut, Singapore 619554, with a land area of approximately 17,089 sq. m.

During the period from 1995 to 2000, we expanded our services, from the provision of warehousing services, into other supply-chain logistics and fulfillment services, such as land transportation, freight forwarding and inventory management services. As a result, we were able to grow our customer base to include corporations such as Anbros Industries (S) Pte Ltd, Philips Singapore Pte Ltd and Pokka Corporation (S) Ltd. In 1997, our warehousing facility at 1 Jalan Besut was listed as a LME Approved Warehouse by the LME. As our business expanded, we redeveloped our warehouse facilities at 1 Jalan Besut to a facility with three warehouse blocks, covered space between adjoining warehouse blocks, and two attached two-storey offices.

On 8 May 1998, we established GKE-W&L to focus on the provision of logistics services to our customers which include warehousing and other value-added logistics services, such as labelling, container packing and unpacking and inventory management.

On 8 March 2000, we incorporated GKE Holdings Pte Ltd (now known as GKE International Limited ("GKE")) in Singapore as our investment holding company.

In May 2000, in order to cope with the increased business volume, we expanded our warehousing capacity by acquiring another JTC single-storey detached building located at 12 Benoi Road, Singapore 629886, with a land area of approximately 11,241 sq. m. (including the built-in area of approximately 5,264 sq. m.). The acquisition of this new warehousing facility increased our warehousing capacity from 10,564 sq. m. to 15,828 sq. m. in built-in area.

We carried out a restructuring exercise to streamline and rationalise our corporate structure and shareholding structure which took effect on 1 June 2000. Pursuant to the Restructuring Agreement, our Company acquired the entire issued share capital of GKE-PL, GKE-W&L and Mac-Nels Warehousing from their respective shareholders and the consideration was satisfied by way of issue of new shares in the capital of our Company. Please refer to "Restructuring Exercise and Subsequent Acquisitions" beginning on page 58 of this Prospectus for more details.

Mac-Nels Warehousing is a LME Approved Warehouse Company and is authorised to operate our LME Approved Warehouses and take custody of non-ferrous metals traded on the LME. The acquisition of Mac-Nels Warehousing marked our entry into the Metal Logistics business, a specialised logistics service sector. Mac-Nels Warehousing, incorporated in 1984, has been involved in the Metal Logistics business since 1989.

In November 2000, we achieved a significant milestone in our history when GKE-W&L was awarded the ISO 9002 Certification by European Quality Assurance Limited, accredited by United Kingdom Accreditation Services, in recognition of its quality management system in warehousing services. This achievement affirmed our commitment towards improving the quality of our services to better serve our customers.

On 4 May 2001, we entered into a sale and purchase agreement to purchase another warehousing facility located at 19 Sungei Kadut Street 2, Singapore 729237. The acquisition was completed in November 2001 and added another 39,914 sq. m. in land area with a built-in warehousing space of 17,152 sq. m. to our warehousing capacity.

As part of our plan to vertically integrate our General Logistics operations, we acquired the entire issued share capital of Mac-Nels AE from Mr Neo Thiam Teng and Mr Mathew Er Yeong Yang which took effect on 1 June 2001. Mac-Nels AE, an associate member of The Singapore Air-Cargo Agents Association, is primarily engaged in the provision of air freight forwarding services. To further strengthen our General Logistics operations, we also acquired the entire issued share capital of ICF which took effect on 1 September 2001 from Mr Michael Samuel Rosenfeld, Mr Vincent Lee Eng Chye and Ms Sharon Lim Siok Ngo. ICF is primarily engaged in land transportation and freight forwarding services. Please refer to "Restructuring Exercise and Subsequent Acquisitions" beginning on page 58 of this Prospectus for more details.

To rationalise our warehousing resources, we entered into a sale and purchase agreement with Ban Joo & Company Limited on 31 August 2001 to divest our warehousing facility located at 12 Benoi Road, Singapore 629886 at a sale price of $2,700,000. The sale of the property was completed on 7 November 2001. In February 2002, Ban Joo Logistics Pte Ltd (a wholly-owned subsidiary of Ban Joo & Company Limited) acquired approximately 19.0 per cent. of the pre-Invitation issued share capital of our Company, from Mr Neo Kok Ching and other former shareholders of our Company, comprising Mr Yeo Jiew Yew, Mr Chua Koh Ming and Mr Sim Yew Heng.

In December 2001, due to the increasing importance of the PRC market, we established a representative office in Shanghai to expand our network overseas to better satisfy our customers' overseas logistics needs.

In March 2002, we commenced the construction of additional built-in warehousing and ancillary area of approximately 7,785 sq. m. to our warehousing facilities at 19 Sungei Kadut Street 2, Singapore 729237. The expansion will increase the total built-in area of our warehousing and ancillary space from the existing 30,716 sq. m. to 38,501 sq. m. The physical construction of the extension facilities is expected to complete by January 2003 and the Temporary Occupation Permit for the extension facilities is expected to be received by the end of the first quarter of year 2003.

On 15 April 2002, we changed our Company's name to GKE International Pte Ltd to better reflect the nature of our business operations and to position ourselves for overseas expansion.

On 21 May 2002, Mr Azam Essof Kolia was appointed the CEO of our Group. On 23 May 2002, Mr Kolia also acquired approximately 13.2 per cent. or a total of 792,002 shares of $1.00 each of our Company's issued share capital from Mr Neo Thiam Teng (7.4 per cent. of our pre-Invitation issued share capital) and Mr Neo Kok Ching (5.8 per cent. of our pre-Invitation issued share capital) and subscribed for 197,998 new shares of $1.00 each being approximately 3.3 per cent. of our Company's issued share capital prior to the Invitation.

BUSINESS

PRINCIPAL ACTIVITIES

Our Group is principally engaged in the provision of supply-chain logistics and fulfillment services which are broadly classified into two categories:-

(i) Metal Logistics; and

(ii) General Logistics.

OVERVIEW

In general, logistics involve the movement of raw materials, semi-finished or finished goods from one business to another and from manufacturers, distributors or retailers to the consumers of the goods.

In order for companies to better control costs, focus on their core competencies and stay competitive, they increasingly outsource their logistics requirements to third-party logistics service providers. This will help companies to enhance their competitive position through reduced costs and better time-to-market delivery management.

The demand for logistics services also extends to customised services which cater to the needs of specific industries. For example, our Metal Logistics services cater to the specialised needs of the non-ferrous metal industry. Our General Logistics services include a wide range of logistics services (including warehousing) for customers in consumer products and retail industries.

Our storage services are currently supported by two leasehold properties with warehousing facilities located at 1 Jalan Besut, Singapore 619554 and 19 Sungei Kadut Street 2, Singapore 729237, and a rented warehousing facility at Pasir Panjang Terminal, with a total land area of approximately 60,003 sq.m., consisting of warehousing and ancillary facilities with built-in area of approximately 30,716 sq. m..

Metal Logistics

We are engaged in the provision of specialised Metal Logistics services to customers in the non-ferrous metal industry. Our wholly-owned subsidiary, Mac-Nels Warehousing, is a LME Approved Warehouse Company, and is authorised to operate our LME Approved Warehouses. We handle selected non-ferrous metals, namely aluminium, aluminium alloy, copper, lead, nickel, tin and zinc, which are commodities traded on the LME.

Introduction to LME

The LME is an international non-ferrous metals market, which facilitates trades in futures and options contracts for approved brands of non-ferrous metals. The LME's futures and options contracts allow purchasers of these contracts to hedge against non-ferrous metal price risk. A LME Warrant, backed by specific parcels of metal stored in LME Approved Warehouses, entitles the holder of such LME Warrant the right to take delivery of relevant parcels of metal at a specific LME Approved Warehouse. As such, LME Warrants are integral features of the LME trading system. The non-ferrous metals are traded in standard parcels or "lots" of between five tonnes to 25 tonnes, depending on the type of metals. A holder of a LME Warrant may, at his option, either trade the respective LME Warrant and leave the non-ferrous metals as and where they are, or alternatively, cancel the respective LME Warrant and seek the delivery of the non-ferrous metals. In the latter case, the non-ferrous metal will be delivered from the LME Approved Warehouse. The deliveries of non-ferrous metal into and out of the LME Approved Warehouses are usually dependent on the supply and demand of the non-ferrous metals in the market. As such, a trade conducted on the LME will not always result in the delivery of the non-ferrous metals from the LME Approved Warehouse.

To allow efficient delivery of the LME-traded non-ferrous metals, the LME normally approves warehouses in or close to areas of consumption. Some of these areas of consumption in Asia are Indonesia, Malaysia, Philippines, Thailand, India and Bangladesh. The LME approved Singapore as its Delivery Point in 1987. Today, there are five LME Approved Warehouse Companies operating in Singapore. In Asia, apart from Singapore, the other Delivery Points are in Japan (aluminium only) and United Arab Emirates (copper, lead, nickel and zinc). On 16 November 2001, the LME approved Pusan and Kwangyang of South Korea as Delivery Points.

Our Services

As a LME Approved Warehouse Company, we are authorised to operate our LME Approved Warehouses and manage the storage of non-ferrous metals traded on the LME. The LME Warrants are issued via our London Agent to the brokers appointed by our customers (who are LME Members) according to the LME procedures. We are required to report the stocks of non-ferrous metals to the LME on a daily basis.

Apart from warehousing, we also provide a wide range of logistics services in Singapore such as land transportation, freight forwarding, custom clearance, stevedoring and shipping services. Our customers are mainly multinational companies, which include non-ferrous metal producers, smelters, traders, fabricators, manufacturers and brokers.

Although our logistics facilities and activities are based in Singapore, we have a network of overseas logistics service providers located in PRC (Shanghai and Guangzhou), Malaysia (Penang, Pasir Gudang and Port Klang) and Thailand (Bangkok) to support our logistics operations. We have also established a representative office in Shanghai to better support the overseas logistics needs of our customers. Through this network of overseas logistics service providers and our representative office, we are able to take delivery from and deliver to different countries as required by our customers.

In addition to providing logistics services for LME-traded non-ferrous metals, we also provide similar logistics services (excluding the issue of LME Warrants) for non-ferrous metals which are not traded on the LME. We also provide custodian services in relation to cargoes of non-ferrous metals, when they are pledged by our customers as the borrowers (including metal traders, producers and other non-ferrous metal industry players) to their lending institutions.

General Logistics

In addition to Metal Logistics, we provide supply-chain logistics and fulfillment services to customers in consumer products and retail industries, such as food and beverage and apparel industries. Apart from the warehousing services, we are able to provide other value-added logistics services such as labelling, container packing and unpacking, order consolidation, packaging, distribution, inventory management, air freight forwarding, Bonded Warehouse cargo handling and declaring permits for exports, imports and transshipments. Our General Logistics services can also serve and cater to the needs of other businesses apart from those in the consumer products and retail industries.

For our General Logistics business, we focus on providing logistics solutions for our customers' intra-company logistics needs as well as their inter-company (or business-to-business) logistics needs. Customers requiring intra-company logistics services include retail companies who require storage of their merchandise at our warehouses and distribution of these merchandise to their respective departmental stores or points of sale. For inter-company logistics services, we provide warehousing services and distribution of our customers' products to their purchasers.

As part of our value-added services to customers, our customers are able to access the database of our inventory management system via the Internet to track and trace their inventory at their convenience. This system is updated twice a day to incorporate any movements to the stocks of our customers' inventory.

We support our logistics services with land transportation services, through our wholly-owned subsidiary, ICF. Where necessary, our land transportation services are supplemented by our transportation subcontractors to cope with any increase in demand for our services from our customers.

We also provide air freight forwarding services through our wholly-owned subsidiary, Mac-Nels AE, for both imports and exports of cargoes. The scope of our services includes the preparation of the relevant documents and the handling of both incoming and outgoing cargoes. Mac-Nels AE became an associate member of The Singapore Air-Cargo Agents Association in March 1998.

Some of the major customers of our General Logistics business include Pokka Corporation (S) Limited and Anbros Industries Pte Ltd. Please refer to "Major Customers" on page 75 of this Prospectus for more details.

LOGISTICS SERVICE FACILITIES

We currently have three warehousing facilities in Singapore located at 1 Jalan Besut, 19 Sungei Kadut Street 2, and Pasir Panjang Terminal. The three warehouses are LME Approved Warehouses with Bonded Warehouse facilities. The total land area of our facilities is approximately 60,003 sq. m., comprising built-in warehousing and ancillary facilities of approximately 30,716 sq. m. and the remaining being open storage areas.

The table below sets out the location, the primary uses and approximate size of the facilities which we own or lease as at the Latest Practicable Date.

Address	Primary Uses	Land Area/ Built-in Area (in sq. m.)
1 Jalan Besut Singapore 619554	Metal Logistics and General Logistics, warehousing facilities with ancillary facilities	17,089 / 10,564
19 Sungei Kadut Street 2 Singapore 729237 [(1)]	Metal Logistics and warehousing facilities	39,914 / 17,152
Godown No PB1 Pasir Panjang Terminal Pasir Panjang Road Singapore 117961[(2)]	Metal Logistics and warehousing facilities	3,000/ 3,000

Notes:-

(1) We are in the process of constructing an additional built-in warehousing and ancillary area of approximately 7,785 sq. m. to our warehouse facility at 19 Sungei Kadut Street 2, Singapore 729237 (which will increase the existing built-in area of 17,152 sq. m. to 24,937 sq. m.). The physical construction of the extension facilities is expected to complete by January 2003 and the Temporary Occupation Permit for the extension facilities is expected to be received by the end of the first quarter of year 2003. The construction is financed through internal resources and bank borrowing.

(2) The lease for this warehouse facility expires in end February 2003. We are still negotiating on the terms of the new lease and the negotiations are expected to be concluded before the expiry of the lease.

The other information regarding the duration of lease, rental and encumbrance thereon are found on page 79 of this Prospectus.

Our Group's average utilisation rate for FY2000, FY2001 and FY2002 were as follows:-

	FY2000	FY2001	FY2002
Average built-in area of our warehouse facilities for the year (sq. m.) [(1)]	12,442	17,909	29,018
Average utilisation rate (%) [(2)]	79.3	68.7	61.4

Notes:-

(1) The average built-in area of warehouse facility for each financial year is based on the average of the warehouse spaces available at the end of each month for the relevant year.

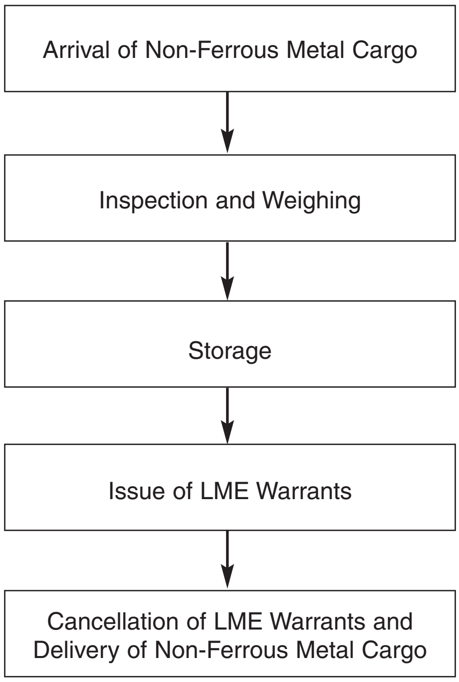
(2) Average utilisation rate is the average of the utilisation rates for our warehouse facilities for the one year period for each financial year.

As at 31 May 2002, we operated 24 fork-lifts, 4 trucks, 5 prime movers, 63 container trailers and other equipment and machinery to support both our Metal Logistics and General Logistics businesses.

LOGISTICS PROCESS

Metal Logistics

Our Metal Logistics operation is shown schematically as follows:-



Arrival of Non-Ferrous Metal Cargo

To facilitate trading on the LME, a trader or producer of the non-ferrous metals will ship his cargo of non-ferrous metals to us. Typically, these cargoes originate from overseas countries such as PRC, India, Malaysia or Indonesia. On the arrival of the cargoes of non-ferrous metals in Singapore, we will be responsible for custom clearance, stevedoring and transportation of the cargoes to one of our LME Approved Warehouses.

Inspection and Weighing

On arrival of the non-ferrous metals at our LME Approved Warehouses, we will carry out inspections of the cargoes. These include visual inspection to ensure that the cargo of non-ferrous metals complies with the LME requirements such as the brand of the non-ferrous metal and name of producers. For alluminium alloy, visual inspection will be conducted to ensure that it is free from oxidation. All cargoes of non-ferrous metals will be weighed to ascertain the weight of the cargoes for the purpose of issuing the LME Warrant. In addition, we will also verify that all supporting documents relating to the cargoes of non-ferrous metals (such as assay certificates) are in order.

In the event that the cargoes of non-ferrous metals fail to meet the LME's requirements and specifications, we will inform the relevant party for the purpose of taking remedial actions. Under such circumstances, the cargoes will be stored at our warehouses pending the outcome of the relevant remedial actions.

Storage

After the inspection, the cargoes of non-ferrous metals will be stored at our LME Approved Warehouses. The information on these cargoes of non-ferrous metals is recorded and stored in the database of our computerised inventory management system.

Issue of LME Warrants

After storage, LME Warrants will be issued via our London Agent to the brokers appointed by our customers (who are LME Members) for the cargo of non-ferrous metals, if required, so that the relevant cargo of non-ferrous metals may be traded on the LME. We report on the movements of these stocks of non-ferrous metals to the LME on a daily basis.

Our business is not dependent on or affected by the trading and settlement arrangements of the LME as holders of LME Warrants are not required to take delivery of the relevant non-ferrous metals within a specified period from their purchase of such metals.

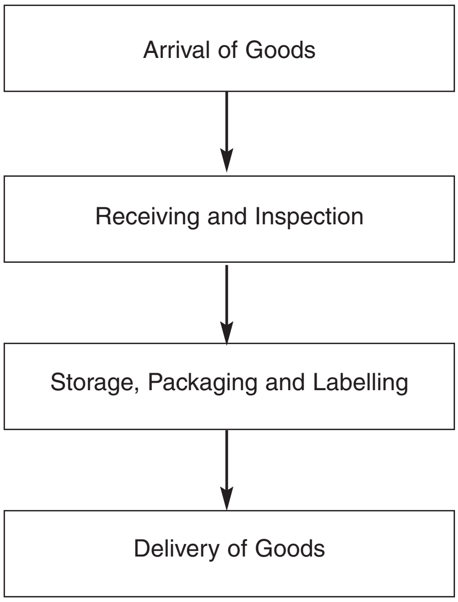
Cancellation of LME Warrants and Delivery of Non-Ferrous Metal Cargo

To take delivery of the underlying cargo of non-ferrous metals of a contract purchased on the LME, the corresponding LME Warrants must be cancelled in accordance with the LME's procedures. Subsequent to the cancellation of LME Warrants and prior to the delivery of non-ferrous metal cargoes, the purchaser must settle all outstanding rents and FOT charges relating to the storage and transportation of the non-ferrous metals.

For the delivery of the cargoes of non-ferrous metals to our customers (in this case, the purchasers of non-ferrous metals through the LME), we would typically provide services such as freight forwarding and transportation services. In addition, we rely on shipping operators to ship the relevant cargo of non-ferrous metals to the destination as directed by our customers.

General Logistics

Our General Logistics operation is shown schematically as follows:-



Arrival of Goods

Upon receipt of our customers' instructions to take delivery of the cargoes from the port, their suppliers or their manufacturing facilities, as the case may be, we will transport the cargoes to our warehouses or such other warehouses as may be directed by our customers.

Receiving and Inspection

At the warehouses, the goods will be unloaded and we will conduct an inspection on the cargoes to ensure that the relevant cargo is in accordance with our customers' instructions and specifications. After we complete the inspection, we will send a confirmation notice relating to the goods to our customers so that they may proceed with their payment arrangements with their suppliers.

Storage, Packaging and Labelling

After inspection, the relevant cargo of goods will be stored in our warehouses. The specifications of the relevant cargo will be recorded in the database of our computerised inventory management system. For example, inventory of processed food and beverage products are recorded, categorised and stored according to their expiry dates. We carry out a monthly inventory count of the goods stored in our warehouses.

As part of our value-added services, we also provide packaging and labelling services for the relevant goods as may be requested by our customers. These activities include bar code printing, price tagging and packing the goods into cartons.

Delivery of Goods

We will release the relevant cargo of goods upon receipt of our customer's written instructions and specifications and update the database of our inventory management system accordingly. We will utilise our trucks to transport the relevant cargo of goods to the destinations, if directed by our customers.

QUALITY ASSURANCE

We are committed to providing our customers with high quality and efficient supply-chain logistics and fulfillment services that meet their expectations and satisfy their needs.

Our key objectives in quality services are to achieve speed, accuracy, visibility (referring to customers' ability to track and trace their inventory at their convenience), efficiency and sincerity, aiming to give best possible value to our customers. In line with these objectives, we have put in place quality assurance policies and procedures and corresponding control processes, which encompass areas such as warehousing, inventory and distribution management.

On 6 November 2000, GKE-W&L was awarded the ISO 9002 Certification by the European Quality Assurance Limited, accredited by United Kingdom Accreditation Services, in recognition of our quality management system in warehousing services. In addition to our quality management system pursuant to the ISO 9002 Certification, we also have put in place our in-house maintenance and preventive procedures to ensure that our plant and equipment are in good working condition, so as to minimise any unscheduled outages. This practice of routine and preventive maintenance of our warehouse and equipment has enabled us to minimise equipment downtime, meet the demands of our customers promptly and cut down on extensive repair and maintenance works. This translates into lower overall costs for our operations and enables us to provide quality services at competitive pricing for our customers.

In addition, our customers are able to access the database of our inventory management system via the Internet to track and trace their inventory at their convenience. The database of our inventory management system is updated twice a day. To ensure the integrity of our inventory database management system, we carry out an inventory count once a month.

SALES AND MARKETING

Our sales and marketing function is carried out by certain members of our management, namely Mr Neo Kok Ching (our Executive Chairman and Director), Mr Azam Essof Kolia (our Executive Director and CEO), Mr Neo Cheow Hui (Managing Director of GKE-PL and GKE-W&L) and Ms Yeung Fook Mei (General Manager of Mac-Nels Warehousing), who ensure effective customer service and management and the fostering of long-term relationships with them.

Referrals by our customers and our network of overseas logistics service providers are some of our sources of new customers. We also maintain an Internet website (http://www.gke.com.sg) to create greater awareness of our Group and our services among the public, existing and potential customers.

Our commitment to our customers has resulted in good working ties between our customers and us. Through regular direct contact with our customers, we are able to develop an in-depth understanding of our customers' needs and as a result, we are able to serve them better and to provide solutions which suit their individual requirements. We work directly and closely with our customers on a regular basis, to ensure that all our customers' needs are met effectively and efficiently.

To further expand our network overseas, we have established a representative office in Shanghai, PRC. It also acts as our marketing arm for our Metal Logistics business to actively seek out new business opportunities.

CREDIT MANAGEMENT

We usually grant credit terms of between 30 to 60 days from the date of the invoice to customers of our General Logistics business. We impose a stringent credit policy on our customers. As part of our credit evaluation procedures, we require our new customers to complete a credit application form and if possible, to submit necessary references for review by the Managing Director of GKE-PL and GKE-W&L before granting the credit terms to them.

For our Metal Logistics business, rental income for non-ferrous metals stored in our warehouses is accrued daily and payable by the relevant holders of the LME Warrant annually on 31 March of each calender year, or upon cancellation of the LME Warrant when the purchaser of non-ferrous metals through the LME takes delivery of the cargo, whichever is earlier. These are terms imposed by the LME on all LME Approved Warehouse Companies. Other service charges, such as FOT, are collected from such purchaser when the non-ferrous metals are removed from our warehouses in accordance with the usual industry practice of LME Approved Warehouse Companies. We provide 30-day credit terms from the date of invoice for such service charges to certain customers, including Glencore International AG and Pechiney World Trade (U.S.A.), Inc. Such credit terms are only granted when customers have good proven record of payment or have sufficient metals stored in our warehouse. Other customers are required to make payment prior to taking delivery of the cargo. Generally, the time period for which non-ferrous metals are stored in our warehouses may range from weeks to years. However, few cargoes are stored beyond two years.

In accordance with the provisions of the SWORD Regulations, in the event that the rental charges have not been paid, the LME Warrant associated with unpaid rent cannot be transferred, effectively preventing trading of the LME Warrant and hence the corresponding non-ferrous metals. Under such circumstances, in accordance with provisions of the Warehouse Agreement, the LME Approved Warehouse Company has the right to retain the non-ferrous metal under the LME Warrant with unpaid rent and any charges owed by the current holder of LME Warrant in respect of the non-ferrous metals. This ensures our receipt of rental and FOT charges from customers when they take delivery of the non-ferrous metals traded on the LME. For the last three financial years and up to the date of this Prospectus, we have not exercised our right to retain any non-ferrous metals under the LME Warrant due to non-payment from our customers.

Our average debtors turnover days (including amounts due from related parties for trade transactions) improved from 87 days in FY2000 to 63 days in FY2001, mainly attributable to an increase in the business volume of our Metal Logistics business. Our average debtors turnover days improved to 52 days in FY2002 from 63 days in FY2001. Specifically, the debtor turnover days for Metal Logistics business improved from 98 days to 47 days between FY2000 and FY2002 due to better credit control on our part. Notwithstanding the improvement, the 47 days was still higher than our 30-day credit terms granted to certain customers as some of these customers were slower in their payments. We also take into account the long-standing relationship with our customers in deciding whether to enforce our 30-day credit terms strictly.

For General Logistics business, the debtor turnover days improved from 75 days to 64 days in FY2001 and increased to 70 days in FY2002. The higher debtor turnover days is due to the economic slow down in Singapore which led to slower payments by our customers.

We have not experienced any significant bad debts for the past three financial years ended 31 May 2002. We also review our debtor collectibility on a regular basis with a view to making specific allowances in the event that we consider any collection to be doubtful.

The amounts of allowance for doubtful debts, bad debts written off and our debtors turnover from FY2000 to FY2002 were as follows:-

	Proforma		
$'000	**FY2000**	**FY2001**	**FY2002**
Allowance for doubtful debts	39	2	21
Bad debts written off	123	4	1
Revenue	13,886	18,110	24,182
Average trade receivables (including amounts due from related parties (trade))	3,317	3,135	3,473
Debtors turnover (days)	87	63	52

The breakdown between the amounts of allowance for doubtful debts, bad debt written off and our debtors turnover from FY2000 to FY2002 were as follows:-

Metal Logistics

$'000	**FY 2000**	**FY 2001**	**FY 2002**
Allowance for doubtful debts	–	–	8
Bad debt written off	36	–	–
Revenue	7,432	11,121	18,501
Average Trade Receivables (including amounts due from related parties (trade))	1,993	1,917	2,393
Debtors turnover (days)	98	63	47

General Logistics

$'000	FY 2000	FY 2001	FY 2002
Allowance for doubtful debts	39	2	13
Bad debt written off	87	4	1
Revenue	6,454	6,989	5,681
Average Trade Receivables (including amounts due from related parties (trade))	1,322	1,222	1,083
Debtors turnover (days)	75	64	70

The average credit term from most of our suppliers, for instance transportation and freight companies, is 30 days, except for port charges by PSA and ocean freight charges by shipping companies which require immediate payment.

RESEARCH AND DEVELOPMENT

We do not conduct any research and development as the nature of our business does not require us to engage in research and development activities.

INTELLECTUAL PROPERTY RIGHTS

As our business is primarily the provision of supply-chain logistics and fulfillment services, we are not dependent on and we do not own any patents and intellectual property rights.

LICENCES AND GOVERNMENT REGULATIONS

Our business operations are dependent upon the following agreement and licences:-

LME Warehouse Agreement

Our subsidiary, Mac-Nels Warehousing, is a LME Approved Warehouse Company and is authorised to operate our LME Approved Warehouses. As a LME Approved Warehouse Company, we are authorised to operate LME Approved Warehouses and are entrusted with the custody of non-ferrous metals traded on the LME. The Warehouse Agreement and SWORD Regulations, issued by the LME, define the roles and responsibilities of the various participants providing warehousing services for non-ferrous metals traded on the LME. Some of the salient terms and conditions governing the LME Approved Warehouse Company in the operation of the LME Approved Warehouses are as follows:

- It can only store non-ferrous metals to be traded on the LME in the LME Approved Warehouses, but not other metals traded on other exchanges.
- It must comply with the prescribed procedures of the LME when receiving non-ferrous metals for placing on LME Warrants and in issuing any LME Warrants.
- It must comply with the prescribed procedures of the LME for recording storage of non-ferrous metals placed under LME Warrants and keeping records of such LME Warrants, as well as the reporting requirements prescribed by the LME for non-ferrous metals which are placed under the LME Warrants.
- It must maintain such capital, insurance and security measures as are prescribed by the LME from time to time.
- The LME is entitled to conduct periodic inspection of the LME Approved Warehouses to check that its prescribed performance and integrity standards are complied by the LME Approved Warehouse Company.
- The LME is entitled to impose disciplinary measures (which include warning, reprimand, fine and revocation of the LME Approved Warehouse Company status) on any LME Approved Warehouse Company that fails to meet its performance and integrity standards.
- The Warehouse Agreement may be terminated either by the LME or the LME Approved Warehouse Company upon giving six-months' prior notice to the other party.

During the last three financial years and up to the Latest Practicable Date, the LME has not taken any disciplinary measure against Mac-Nels Warehousing, save for a fine comprising approximately $40,000 payable immediately and another sum of approximately $67,000 suspended for one year that was imposed by the LME due to an inaccuracy in the reporting of stock movements to the LME. The sum of approximately $67,000 need not be paid if Mac-Nels Warehousing did not commit any further breach during the period for which the fine was suspended. The amount of approximately $40,000 was paid by Mac-Nels Warehousing on or around June 2001 while the amount of approximately $67,000 was not paid as no further breach was committed during the one-year period. We have since taken additional measures to improve our reporting system to prevent such similar occurrence by upgrading our computer software for better inventory control and giving in-depth training to our staff.

Bonded Warehouse Licences

We currently hold two Bonded Warehouse licences, one for our warehousing facility at 19 Sungei Kadut Street 2, Singapore 729237 and the other for 1 Jalan Besut, Singapore 619554, for the warehousing of non-ferrous metals, such as zinc, aluminium alloy, lead, copper, tin and nickel. PSA is the Bonded Warehouse licensee for our third warehousing facility at Pasir Panjang terminal. The licences are essential for the storage of non-ferrous metals traded on the LME. The class of Bonded Warehouse licences for our facilities permits the storage of imported goods in designated areas within our warehouses. Such designated areas are approved and licensed by the Singapore Customs and Excise Department, exempting such goods from payment of GST, unless such goods are imported subsequently for the Singapore market. Our duties as a Bonded Warehouse licensee include the declarations for GST inward, outward, removal and payment permits through the *TradeNet* system. The renewal of the licence is subject to the payment of an annual licence fee to operate a Bonded Warehouse and compliance of the conditions imposed by the Singapore Customs and Excise Department governing the operation of a Bonded Warehouse, which include storage of only approved goods, compliance of GST declaration requirements and other reporting requirements, maintenance of proper records and filing of necessary returns for goods stored and to track movement of such goods. To the best of our Directors' knowledge, we are not aware of any circumstances that will affect our renewal of any of our Bonded Warehouse Licences.

Goods and Services Tax Act (the "GST Act")

We are subject to the provisions under the GST Act, which provides that the importation of goods into Singapore is subject to goods and services tax ("GST"). Section 8(4) of the GST Act provides that GST is charged, levied and payable as if it were customs duty and as if all goods imported into Singapore are dutiable and liable to customs duty. However, by virtue of sections 26 and 37(5) of the GST Act, we are under the "bonded warehouse scheme", the effect of which is that GST is suspended when the goods are stored in the Bonded Warehouse, and is charged only when the goods are removed from the Bonded Warehouse. Further to Regulation 94 of the GST (General) Regulations ("GST Regulations"), the Comptroller of Goods and Services Tax (the "Comptroller") granted Mac-Nels Warehousing a licence to operate a bonded warehouse ("Licence") at each of our warehousing facilities at 1 Jalan Besut Singapore 619554 and 19 Sungei Kadut Street 2 Singapore 729237. Regulation 96(1) of the GST Regulations provides that the Licence will generally expire on 31 December of the year in which the Licence is issued and is renewable at the Comptroller's discretion. Both our Licences were renewed on 1 January 2002.

CUSTOMERS AND MARKET

Our logistics activities are carried out in Singapore. Non-ferrous metal producers, smelters, traders, fabricators, manufacturers and LME Members are typically customers of our Metal Logistics business. Major non-ferrous metal producing countries in Asia Pacific include PRC, India, Malaysia and Indonesia. Customers of our General Logistics business include manufacturers, traders and wholesalers typically from consumer products and retail industries, such as food and beverage and apparel industries.

While customers of our General Logistics business are primarily Singapore-based companies, the customers of our Metal Logistics services are multinational companies whose logistics needs often extend to other geographical locations. To satisfy those logistics needs of our customers, we collaborate with our network of logistics service providers located in other countries, such as PRC (Shanghai and Guangzhou), Malaysia (Penang, Pasir Gudang and Port Klang) and Thailand (Bangkok). We have also established a representative office in Shanghai, PRC, due to the increasing importance of the PRC market in the Asia Pacific region and in order to further expand our network overseas. Both our network of overseas logistics service providers and representative office enable us to take delivery from and deliver to different countries as required by our customers.

MAJOR CUSTOMERS

The major customers which accounted for five per cent. or more of our proforma revenue for each of the last three financial years ended 31 May 2002 are as follows:-

		Proforma		
Name of Customers	**Business Activity**	**FY2000 (%)**	**FY2001 (%)**	**FY2002 (%)**
Glencore International AG	Metal Logistics	14.2	25.0	27.8
Pokka Corporation (S) Ltd [(1)]	General Logistics	5.2	6.3	5.8
Anbros Industries (S) Pte Ltd	General Logistics	8.1	6.8	4.2
Pechiney World Trade (U.S.A.), Inc.	Metal Logistics	7.9	8.2	2.5

Note:-

(1) Includes transactions with Pokka Corporation (S) Ltd and its subsidiary, PH Sales & Marketing Pte Ltd.

Our principal activities are primarily carried out through our warehouses and facilities in Singapore.

Anbros Industries (S) Pte Ltd is a Singapore-based importer and exporter of dairy products of various brands and origins. Pokka Corporation (S) Ltd is a Singapore-based company engaged in the manufacture, sale, import and export of canned drinks and the trading of food products.

Glencore International AG, a Switzerland-incorporated company, trades in crude oil and petroleum products, ferrous and non-ferrous metals and materials and agricultural commodities (such as grain, rice and sugar). Pechiney World Trade (U.S.A.), Inc. supports the business in trading, agencies and brokerage of Pechiney World Trade ("PWT"), which is the international trading arm of the Pechiney Group. PWT provides non-ferrous metals trading for participants in the aluminium marketplace and offers hedging services through a brokerage firm on the LME.

Save for shares not exceeding 5.0 per cent. shareholding listed and traded on a stock exchange and held for investment, none of our Directors or Substantial Shareholders has any interest, direct or indirect, in our major customers mentioned above.

MAJOR SUPPLIERS OF SERVICES

The major suppliers which accounted for five per cent. or more of our proforma purchases for each of the last three financial years ended 31 May 2002 are as follows:-

		Proforma		
Name of Key Suppliers	**Services Supplied**	**FY2000 (%)**	**FY2001 (%)**	**FY2002 (%)**
PSA Corporation Limited	Terminal/ Ports/ Warehouse Space	13.8	8.5	8.0
Mac-Nels (Malaysia) Sdn. Bhd.	Warehousing, Transportation and Other Ancillary Services	2.7	4.5	6.1
CA Transportation & Warehousing Pte Ltd	Land Transportation	6.4	2.5	2.2
Country-Roll Containers (Pte) Ltd	Land Transportation	6.2	5.1	1.5
Transpeed Cargo (S) Pte Ltd	Air Freight	5.1	4.4	0.9

Except for PSA, our suppliers consist of companies to whom we sub-contracted some of our logistics services, such as land transportation, shipping, freight forwarding and other logistics services. Mac-Nels (Malaysia) Sdn. Bhd. is one of our overseas logistics service providers to whom we sub-contract some of our Metal Logistics services for non-LME related transactions in Malaysia.

Transactions with PSA consist of port related services and leasing of warehouse space. The cost of services paid by our Group to PSA, expressed as a percentage of our cost of services, decreased from 13.8 per cent. in FY2000 to 8.0 per cent. in FY2002 due mainly to the reduced usage of its warehousing facility during the period under review.

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

Note on "Mac-Nels" group of companies

Mr Matthew Er Yeong Yang was a former shareholder and director of Mac-Nels Warehousing until 12 May 2000 and Mac-Nels AE until 26 July 2001. Mr Lee Soo Hua, who was a director of Mac-Nels Warehousing and a former shareholder of our Company, disposed of his entire interest of 14.2 per cent. in our Company in September 2001 and resigned as a director of Mac-Nels Warehousing subsequently. Mr Neo Thiam Teng is a shareholder of our Company who holds 4.5% of our Shares prior to the Invitation. He is a consultant to our Group under the Consultancy Agreement as set out in page 88 of this Prospectus. Mr Matthew Er Yeong Yang, Mr Lee Soo Hua and Mr Neo Thiam Teng also have interests, either as director and/or shareholder, in some companies with the name "Mac-Nels" both in and outside Singapore including Mac-Nels (Malaysia) Sdn. Bhd., Mac-Nels Line (S) Pte Ltd, Mac-Nels Agencies Pte Ltd and Mac-Nels (KD)

Terminal Pte Ltd. Other than Mac-Nels Warehousing and Mac-Nels AE, our Group does not have any interest in any of the aforesaid companies in or outside Singapore, although our Group from time to time entered into trade transactions with such companies. None of our Directors, CEO and Controlling Shareholders has any interest, direct or indirect, in any of these “Mac-Nels” companies and other companies owned by the associates of Mr Matthew Er Yeong Yang, Mr Lee Soo Hua or Mr Neo Thiam Teng outside our Group.

COMPETITION

In Singapore, to the best of our Directors’ knowledge and belief, although there are many companies in the logistics sector, there is only a limited number of companies who are able to provide one-stop logistics solutions. Due to the size and the fragmented nature of the logistics industry, these companies tend to focus on different sub-segments of logistics services and may serve different industries. We specialise in logistics services to support the non-ferrous metal industry as well as the consumer products and retail industries.

Our competitors in the Metal Logistics business are mainly the other LME Approved Warehouse Companies operating in Singapore.

As we are not aware of any independent published statistics pertaining to the market share of companies in the logistics industry, we are unable to determine our market share in this industry. To the best of our Directors’ knowledge, we consider the competitors of our General Logistics business to include those who provide a similar scope of services although they may not compete directly with us due to the diverse industries which these competitors support. Our Directors consider the following companies to be our major competitors for each of our logistics activities:-

Business Activities	Competitors
Metal Logistics	C. Steinweg Warehousing (F.E.) Pte Ltd Cornelder Metals (S) Pte Ltd Delivery Network Singapore Pte Ltd Henry Bath Singapore Pte Ltd
General Logistics	Freight Links Express Holdings Limited Sembawang Kimtrans Ltd YCH Group Pte Ltd

Barriers To Entry

LME Approved Warehouses in Singapore are currently operated by five LME Approved Warehouse Companies. The LME conducts the investigation and assessment process prior to any decision to grant the LME Approved Warehouse Company status to any company. The LME requires us as a LME Approved Warehouse Company to meet certain performance and integrity standards such as security, capital and insurance adequacy. In November 2001, we received notice from the LME announcing that the two South Korean cities of Pusan and Kwangyang are considered Good Delivery Points for aluminium, copper, nickel and tin and that the initial operators of the LME Approved Warehouses in these cities are to be existing LME Approved Warehouse Companies or joint ventures where an existing LME Approved Warehouse Company is the majority shareholder and is managing the operations of the LME Approved Warehouses. As such, our Directors believe that there exists a significant entry barrier for the Metal Logistics industry in Singapore as well as other countries in Asia.

With the excess supply of warehouse space in Singapore, our Directors consider the entry barrier for the General Logistics business to be relatively low. Notwithstanding this, we believe that in order to enter and compete effectively in this industry, logistics operators must be able to provide services that are cost effective, accurate and on a timely basis. Other factors include security and reliability of services, track record, availability of distribution network and other related value-added services, such as inventory management. The expertise and capability to meet and manage all these requirements can only be built through years of experience in providing General Logistics services. As such, our Directors believe that new entrants will have significant difficulties in providing the same level of services as the experienced operators in the short term.

COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths are as follows:-

We possess the LME Approved Warehouse Company Status

We focus on providing Metal Logistics services to customers who are members and participants of the LME. Our wholly-owned subsidiary, Mac-Nels Warehousing, is one of the five LME Approved Warehouse Companies in Singapore. Our status as a LME Approved Warehouse Company, together with our commitment to providing quality services, has been instrumental to our growth. Coupled with our experience in Metal Logistics, we believe that we are capable of providing secured, timely and reliable logistics services for non-ferrous metals. This enables us to attract new customers from the global non-ferrous metal industry as well as to serve the increase in demand for our Metal Logistics services from our existing customers.

Geographical Reach

Over the years, through serving many global and regional players in the non-ferrous metal industry who use our logistics facilities in Singapore, we have established a network of overseas logistics service providers in order to cater to the overseas logistics needs of our customers. Our network of overseas logistics service providers located in PRC, Malaysia and Thailand, allows us to customise our services to meet our customers' overseas logistics needs.

One-Stop Logistics Solutions Provider

We are able to offer our customers with a one-stop logistics solution at competitive terms. Our total logistics and fulfillment solution includes warehousing, freight forwarding, land transportation and other related services. Our value-added services include inventory management services, declaration of custom permits, storage and handling of Bonded Warehouse cargoes and custodian services. Our computerised inventory management system is available via the Internet to enable customers of our General Logistics business to trace and track their stock level and inventory movement. Moreover, we also subscribe to direct electronic data interchange systems such as *TradeNet* (part of Singapore Network Services) to promptly process our customers' permits for exports, imports and transshipments with the relevant government authorities. Our experienced and dedicated workforce continues to improve our operational efficiency and service performance and to seek out new measures to reduce our overall operating costs, allowing us to offer our services at competitive prices.

Quality Services

We have put in effort to continually improve our services so as to ensure that we provide timely, reliable and quality services to our customers. In November 2000, GKE-W&L was awarded the ISO 9002 Certification by European Quality Assurance Limited, accredited by United Kingdom Accreditation Services, in recognition of its quality management system in warehousing services. In addition to our quality management system pursuant to the ISO 9002 Certification, we have also put in place our in-house maintenance and preventive procedures to ensure that our warehouses and equipment are in good working condition, so as to minimise any unscheduled outages.

Good Customer Relationships

We maintain good customer relationships and work in partnership with our customers to ensure that their operational needs are met smoothly and efficiently. Repeat customers, which accounted for more than 70 per cent. of our revenue in FY2002, attests the level of customer satisfaction, and the quality and reliability of our services. Through years of operations, we have established good working relationships with our customers.

Experienced Management Team

Our experienced management team, led by Mr Neo Kok Ching (our Executive Chairman and Director) and Mr Azam Essof Kolia (our CEO and Director), has been instrumental to our success, contributing their knowledge and experience in the logistics and other industries. They have also established strong relationships with our various customers and suppliers. Further, our Executive Directors and Executive Officers are actively involved in the daily operations, so that we are able to respond to the requirements of our customers promptly.

PROPERTIES AND FIXED ASSETS

The following are details of the major leasehold properties owned by us and properties leased by us as at 31 May 2002 based on the Unaudited Proforma Consolidated Financial Position of our Group:-

	Description, Location, Land Area/Build-in Area, Tenure, Unexpired Term And Annual Rent If Leasehold	Date of Purchase	Cost ($)	NBV as at 31/05/2002 ($)	Valuation ($)	Valuer	Date of Valuation
1	**Description:** Three warehouse blocks and an open-sided shed located at 1 Jalan Besut, Singapore 619554 **Land area:** 17,089.3 sq. m. **Build-in area:** 10,564.39 sq.m. **Lease term:** 25 years commencing 11 August 1994. Annual rent of $346,400 **Use of Property:** Warehousing and ancillary facilities **Lessor:** JTC **Encumbrance:** Mortgaged to United Overseas Bank Limited	17/01/1995	8,346,620	7,417,089	7,350,000	Knight Frank Pte Ltd	20/08/2002
2	**Description:** Five warehouse blocks located at 19 Sungei Kadut Street 2, Singapore 729237 **Land area:** 39,913.80 sq. m. **Build-in area:** 17,152 sq. m.(1) **Lease term:** 30 years commencing 16 July 1982. Annual rent of $661,771 **Use of Property:** Warehousing and ancillary facilities **Lessor:** JTC **Encumbrance:** Mortgaged to Far Eastern Bank Limited	15/11/2001	2,961,654 (based on the sale and purchase agreement's purchase price of $2.8 million and other incidental costs)	2,805,097	6,700,000(2)	Knight Frank Pte Ltd	22/05/2002

Description, Location, Land Area/Build-in Area, Tenure, Unexpired Term And Annual Rent If Leasehold	Date of Purchase	Cost ($)	NBV as at 31/05/2002 ($)	Valuation ($)	Valuer	Date of Valuation
3 **Description:** Godown No PB1 Pasir Panjang Terminal Pasir Panjang Road Singapore 117961 **Land area:** 3,000 sq. m. **Build-in area:** 3,000 sq.m. **Tenure:** Two years commencing 1 March 2001[3]. Annual rent of $453,600, based on monthly rent of $12.60 per sq. m. from 1 March 2001 to 28 February 2002; $468,000, based on monthly rent of $13.00 per sq. m. from 1 March 2002 to 28 February 2003. **Use of Property:** Warehousing facility **Lessor:** PSA **Encumbrance:** None	N/A	N/A	N/A	N/A	N/A	N/A
4 **Description:** 260 Tanjong Pagar Road, #10-01/02/03 Singapore 088542 **Build-in area:** 2,928 sq.ft. **Tenure:** Two years commencing 1 July 2002. Annual rent of $55,163.52, (based on monthly rent of $4,596.96) and service charges of $3,601.44 **Use of Property:** Office **Lessor:** OCBC **Encumbrance:** None	N/A	N/A	N/A	N/A	N/A	N/A
5 **Description:** Room 910, World Trade Building, 500 Guangdong Road, Huangpu District, Shanghai, PRC **Build-in area:** 120.47 sq. m. **Tenure:** Two years commencing 1 November 2001. Annual rent of US$13,008, based on a monthly rent of US$1,084 **Use of Property:** Office **Lessor:** Ms Zhuang Hui Ling **Encumbrance:** None	N/A	N/A	N/A	N/A	N/A	N/A

Notes:-

(1) We are in the process of constructing an additional built-in warehousing and ancillary area of approximately 7,785 sq. m. to our warehouse facilities at 19 Sungei Kadut Street 2, Singapore 729237 (which will increase the existing built-in area of 17,152 sq. m. to 24,937 sq. m.). The construction was financed through internal resources and bank borrowings. The construction commenced in March 2002. The physical construction of the extension facilities is expected to complete by January 2003 and the Temporary Occupation Permit for the extension facilities is expected to be received by the end of the first quarter of year 2003.

(2) The valuation took into account the extension mentioned under note (1).

(3) We are negotiating with PSA on the terms of the new lease and the negotiations are expected to be concluded before the expiry of the current lease.

All the properties described above are not intended for property redevelopment. Such investment in properties is not our principal core business activity.

Our principal plant and equipment as at 31 May 2002 based on the Unaudited Proforma Consolidated Financial Position of our Group were as follows:-

Description	Cost ($)	Accumulated Depreciation ($)	NBV ($)
24 forklifts	764,190	307,478	456,712
4 trucks	305,646	170,205	135,441
5 trailer prime movers	509,717	124,565	385,152
63 container trailers	528,582	52,837	475,745
Total	2,108,135	655,085	1,453,050

INSURANCE

We are principally engaged in the provision of supply-chain logistics and fulfillment services whereby we handle the storage and distribution of our customers' goods. We are liable for the loss of or damage to goods, delays in delivery or the non-delivery or mis-delivery of goods while the goods are in our possession or under our control.

We maintained insurance policies for our subsidiary, Mac-Nels Warehousing, against certain risks as set out in the Warehouse Agreement. Under the Warehouse Agreement, the LME requires the insurance policies to cover the following risks:-

(i) loss of pieces and/or weight of non-ferrous metal under LME Warrant;

(ii) errors, omissions or negligence of the LME Approved Warehouse or its personnel, servants or agents; and

(iii) fraud and dishonesty of the LME Approved Warehouse or its personnel, servant or agents.

As required by the LME, we are insured against third party liabilities, cargo liabilities, liabilities arising from a breach of duty and errors or omissions and liabilities to authorities, providing up to US$800,000 for each accident or occurrence.

In addition, we have also effected general insurance coverage for our Metal Logistics and General Logistics businesses in respect of:-

(i) Fire, commercial vehicle comprehensive, bailee's liability, warehousemen's legal liability, machinery all risks, and public liability for our properties, vehicles and inventories;
(ii) Workmen's compensation and group hospitalization and surgical for our employees; and
(iii) Fidelity guarantee in respect of acts of fraud or dishonesty committed by the employees.

Our Directors believe that the above insurance policies are adequate. We also limit our exposure to various risks to a certain extent through incorporating limited liability provisions in our contracts. The extent to which limited liability provisions are enforceable will depend on the reasonableness of such provisions on a case by case basis.

In FY2002, insurance expenses accounted for 3.7 per cent. of our administrative expenses.

In FY2002, we made claims totalling $56,000 for loss of goods stored in our warehouse. The loss is mainly due to theft of goods stored at our warehouse in FY2000. We have since taken additional security measures to prevent a similar occurrence and such measures include using camera surveillance to keep a close watch on movements of personnel and vehicles permitted within our warehouse facility.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

Our Board is entrusted with the responsibility for the overall management of our Group. The name, age, residential address, country of principal residence and current occupation of our Directors are listed below:-

Name	Age	Residential Address	Country of Principal Residence	Current Occupation
Neo Kok Ching	56	19 Siang Kuang Avenue, Singapore 347938	Singapore	Executive Chairman and Director
Azam Essof Kolia	51	437 Tanjong Katong Road, Block A #06-04, King's Mansion, Singapore 437147	Singapore	CEO and Director
Lam Ah Seng @ Lam Pang Chuang	55	34 Kim Yam Road, #06-40, Far East Mansion, Singapore 239342	Singapore	Managing Director, Ban Joo & Company Limited
Sitoh Yih Pin	39	6 Fernwood Terrace, Singapore 458539	Singapore	Partner, Nexia Tan & Sitoh
Mahtani Bhagwandas	35	73 Meyer Road #14-03, Singapore 437898	Singapore	Partner, Harpal.Mahtani Partnership
Chin Pang Joo @ Ivan Lam Pang Joo	35	21 Lakme Terrace, Singapore 456882	Singapore	Executive Director, Ban Joo & Company Limited (Alternate Director to Lam Ah Seng @ Lam Pang Chuang)
Neo Cheow Hui	34	19 Siang Kuang Avenue, Singapore 347938	Singapore	Managing Director, GKE-PL and GKE-W&L (Alternate Director to Neo Kok Ching)

Mr Sitoh Yih Pin and Mr Mahtani Bhagwandas are the Independent Directors of our Company.

Mr Neo Cheow Hui is also an Executive Officer of our Company.

The business and working experience of our Directors are set out below:-

Mr Neo Kok Ching is our Executive Chairman and Director and has been involved in the business of our Group since 1995. As our Executive Chairman, his primary responsibilities include the charting and reviewing of the corporate direction and business strategies of our Group. He was involved in the trade of timber and related products while working at Chip Hup Timber Merchant Co. and Chip Hup Timber Private Limited between 1964 to 1996. During this period, he was in charge of sales and marketing, business development and managing the day-to-day operations of the timber business. He held the position of the Managing Director of Chip Hup Timber Private Limited when he left the company in 1996. Mr Neo was also the Executive Chairman of Lih Bah Import & Export Pte Ltd from 1990 to 1992, a trading company involved in the import and export of timber and food products. Presently, he is the Non-Executive Chairman of

Paratrans Industries Sdn Bhd, a company involved in timber trading. Mr Neo has been instrumental to the growth of our Group. Under his leadership, we have been transformed from a warehousing services company with a single warehousing facility to a group of companies involved in General Logistics and Metal Logistics. Mr Neo is also a patron of the Potong Pasir Citizens' Consultative Committee. Please refer to "Service Agreements" beginning on page 87 of this Prospectus. Mr Neo has received formal education up to Secondary level.

Mr Azam Essof Kolia is our CEO and Director. He joined our Board of Directors on 21 May 2002. He is involved in developing and implementing our business strategies, business development and the day-to-day general management of our business operations. Mr Kolia has more than 28 years of experience in the import and export trade of commodity products such as edible oil, spices and zinc ingots. From time to time in the past, through such trade, he has dealt with different warehousing and logistics service providers and organised the storage and shipment of cargoes in the Asia Pacific region. He also has many years of business experience in other industries, such as edible oil trading, chemical and wood laminate industries. Presently, Mr Kolia is a non-executive director or chairman of several companies including Super Chemicals Pte Ltd, Pacific Chemicals Pte Ltd, Kolia & Kolia Pte Ltd and Charleston Holdings Pte Ltd. Mr Kolia was the Managing Director and subsequently the Executive Chairman of Charleston Holdings Pte Ltd (an edible oil trader) from 1993 to 2002. He was an Executive Director of Pakistan Formica Pte Ltd (manufacturing wood laminates) from 1981 to 2002. He has been the Managing Director of KAJ Establishments Pte Ltd (importer and exporter of commodity products) since 1991. Mr Kolia completed his education in Inter Commerce in Pakistan, which is the equivalent of pre-university qualifications in Singapore. Please refer to "Service Agreements" beginning on page 87 of this Prospectus.

Mr Lam Ah Seng @ Lam Pang Chuang was appointed as our Non-Executive Director on 21 May 2002. He has been the Managing Director of Ban Joo & Company Limited ("Ban Joo"), the holding company of Ban Joo Logistics Pte Ltd, since 1993. Mr Lam has 36 years of experience in the textile industry. He began his career at Ban Joo in 1964 as a shop assistant and headed the Imports Department two years later. Since 1968, he has been heavily involved in the Sales Department of Ban Joo and expanded the operations into overseas markets such as Mauritius, the Philippines, East Malaysia, Bangladash and South Africa. He became a director of Ban Joo in 1987 and assumed his current position of Managing Director since 1993. As the Managing Director, he is responsible for the management, leadership, business development and strategic direction of Ban Joo. Mr Lam is also responsible for the purchasing function of Ban Joo. He is credited with expanding Ban Joo's business to its present scale. In April 2000, Ban Joo was listed on the SGX-ST. Mr Lam holds a Diploma in Business Administration from the Singapore Institute of Management. On 13 October 2000, he was awarded the Honorary Doctorate of Philosophy in Business Administration by Kennedy-Western University, USA.

Mr Sitoh Yih Pin was appointed as an Independent Director of our Company on 16 December 2002. Mr Sitoh is a Certified Public Accountant. He is a partner of a certified public accounting firm, Nexia Tan & Sitoh. Currently, Mr Sitoh is the Advisor to Potong Pasir grassroots organisations. He also holds directorships of several public listed companies. Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is an Associate Member of the Institute of Chartered Accountants in Australia.

Mr Mahtani Bhagwandas was appointed as an Independent Director of our Company on 16 December 2002. He has been practising as an advocate and solicitor of the Supreme Court of Singapore since 1993 and is presently a Partner of Messrs Harpal.Mahtani Partnership, a law firm in Singapore. He handles shipping and general litigation work, as well as general corporate legal work. Mr Mahtani graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree in 1992.

Mr Chin Pang Joo @ Ivan Lam Pang Joo was appointed as an Alternate Director to Mr Lam Ah Seng @ Lam Pang Chuang on 3 July 2002. He is an executive director of Ban Joo and Company Limited ("Ban Joo") and is responsible for the general administration of Ban Joo. From 1993 to 1999, Mr Lam was the Financial Controller of Ban Joo, and was in charge of the Finance and Administration Department of Ban Joo. Mr Lam was instrumental in the re-engineering of Ban Joo and played a pivotal role in spearheading Ban Joo towards computerization. In 1999, Mr Lam was appointed a director of Ban Joo. He is currently in charge of the sales department of Ban Joo and is also involved in setting up overseas operations in the Middle East. Mr Lam holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore.

Mr Neo Cheow Hui was appointed as the Alternate Director to Mr Neo Kok Ching on 3 July 2002. The business and working experience of Mr Neo Cheow Hui can be found under the "Management" section below.

Mr Lam Ah Seng @ Lam Pang Chuang and Mr Chin Pang Joo @ Ivan Lam Pang Joo are cousins.

MANAGEMENT

Our day-to-day operations are entrusted to our Executive Directors who are assisted by a management team of experienced key Executive Officers. The name, age, residential address, country of principal residence and current occupation of the Executive Officers are set out below:-

Name	Age	Residential Address	Country of Principal Residence	Current Occupation
Neo Cheow Hui	34	19 Siang Kuang Avenue, Singapore 347938	Singapore	Managing Director, GKE-PL and GKE W&L
Yeung Fook Mei	38	Block 45 Toa Payoh Lorong 5, #06-153, Singapore 310045	Singapore	General Manager, Mac-Nels Warehousing
Vincent Lee Eng Chye	48	45 Jalan Jambu Ayer, Singapore 588795	Singapore	Managing Director, ICF
Chan Chee Lup	48	Block 862A Tampines Street 83, #10-428, Singapore 521862	Singapore	Chief Financial Officer
Tio Peng Hing	57	18 Jalan Puteh Jerneh, Singapore 278040	Singapore	Corporate Development Officer

The business and working experiences of our Executive Officers are set out below:

Mr Neo Cheow Hui is the Managing Director of GKE-PL and GKE-W&L. He joined our Group in 1995 and has been involved in the marketing, management and day-to-day operations of our General Logistics business. Mr Neo started his career as an Executive with Lih Bah Import & Export Pte Ltd from 1990 to 1992. Thereafter, he joined NSH Containers & Warehousing Pte Ltd, and was their Operation Manager from 1992 to 1994, handling their warehousing and container logistics services. In total, he has about 10 years of experience in the warehousing and logistics industry. Mr Neo is also the Alternate Director to Mr Neo Kok Ching. Mr Neo holds GCE 'O' Level qualifications.

Ms Yeung Fook Mei is the General Manager of Mac-Nels Warehousing. Her responsibilities include marketing, management and handling the day-to-day operations of the Metal Logistics business of our Group. She joined Mac-Nels Agencies Pte Ltd in 1983, performing secretarial and general administrative functions. Subsequently in 1986, she was promoted to the position of Operations Manager, where she started her involvement in the Metal Logistics business. Subsequently, she continued to oversee the Metal Logistics business under the employment of Mac-Nels Warehousing as Operations Manager. Ms Yeung has about 15 years of experience in the Metal Logistics industry. Ms Yeung holds GCE 'O' Level qualifications.

Mr Vincent Lee Eng Chye is the Managing Director of ICF, where he is responsible for the management and operations of ICF. He has about 25 years of experience in the shipping and freight forwarding industry. Prior to joining ICF in 1991, Mr Lee was a Sales Manager with Nan-Shin Shipping Pte Ltd from 1989 to 1990, where he was responsible for managing and overseeing shipping and logistics activities. From 1988 to 1989, he was the Assistant Manager with Freightmen Pte Ltd, handling both air and sea freight forwarding and logistics activities, and from 1976 to 1987, he was with Mansfield Container Shipping Pte Ltd, where he held several positions in Operations and Marketing. Mr Lee holds GCE 'A' Level qualifications.

Mr Chan Chee Lup, our Chief Financial Officer, is responsible for the overall financial, accounting and administrative activities of our Group. Mr Chan is a qualified accountant with about 17 years of experience in accounting and financial reporting. Prior to joining our Group in 2000, he was the Group Financial Controller at Mid-Continent Equipment Group Ltd from 1997 to 2000, where he was responsible for overseeing their financial and accounting functions. From 1995 to 1996, he was a Financial Controller at Sunningdale Plastic Industries Pte Ltd. Prior to that, he was with Lippo (S) Pte Ltd as its Finance Manager from 1991 to 1994. From 1985 to 1988, he was a Senior Management Accountant with Rockwell International Manufacturing Pte Ltd, where he performed financial analysis, forecasting, budgeting and management reporting functions. Mr Chan holds a Bachelor of Commerce degree and a Masters of Business Administration from the European University of Ireland. He is a member of the Institute of Certified Public Accountants in Ireland, an Associate Member of the American Institute of Certified Public Accountants, a Senior Associate Member of the Australasian Institute of Banking and Finance and a fellow member of the Chartered Institute of Company Secretaries and Administrators (Australia).

Dr Tio Peng Hing is our Corporate Development Officer. Dr Tio joined our Group in 2001 and he is responsible for overseeing the corporate affairs of our Group, and assisting in the formulation and implementation of the development and business strategies of our Group. Prior to joining our Group, Dr Tio was an Executive Vice-President with the SUN & SUN group of companies from 2000 to 2001, where he was responsible for business development in the information technology, life science and environmental sectors. From 1996 to 2000, he was an Executive Director at Singapore Power International Pte Ltd, where his responsibilities included the formulation and implementation of investment strategies in overseas power projects. From 1994 to 1996, he was with Pacific Power International Pty Ltd in New South Wales, Australia as the Regional Manager for East Asia and Environmental Projects, where he was involved in worldwide environmental consultancy projects and business development and project implementation for the East Asia market. In 1993, he was the Manager of Strategic Planning with the Electricity Commission of New South Wales, Australia. Dr Tio has a Bachelor of Chemical Engineering (Honours Class I) degree from University of New South Wales, Australia and a Doctorate in Chemical Engineering from University of New South Wales, Australia.

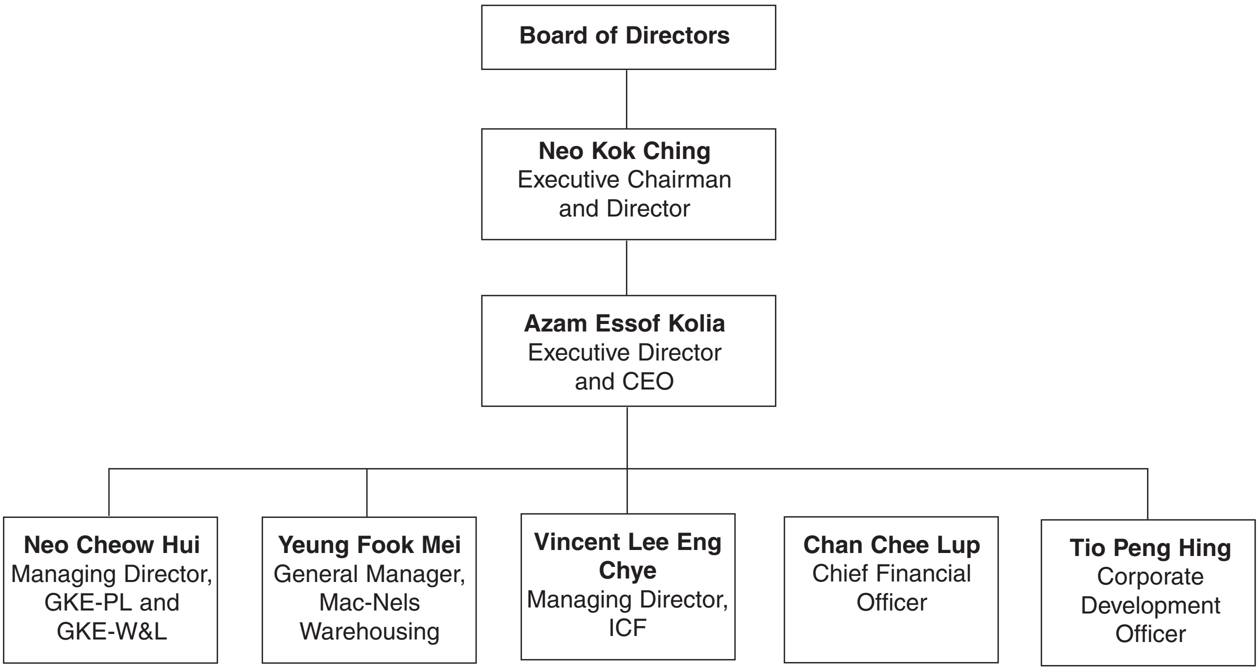
Mr Neo Cheow Hui is the son of Mr Neo Kok Ching.

Save as disclosed above, none of the Directors and Executive Officers have any relationships with any other Executive Officer, Director or Substantial Shareholder of our Company.

Save for Mr Lam Ah Seng @ Lam Pang Chuang and his Alternate Director, Mr Chin Pang Joo @ Ivan Lam Pang Joo who was appointed by Ban Joo Logistics Pte Ltd, there was no arrangement or understanding with our Substantial Shareholder, customer, supplier or any other person pursuant to which any Director or Executive Officer was selected as a director or executive officer of our Company.

Management Reporting Structure

The chart below sets out our management reporting structure:-



SERVICE AGREEMENTS

On 2 September 2002, our Company entered into separate service agreements with Mr Neo Kok Ching and Mr Azam Essof Kolia (collectively, "the Appointees"). Each service agreement is valid for an initial period of three years from 1 June 2002. Upon the expiry of the initial period of three years, the employment of each Appointee shall be automatically renewed on a year-on-year basis on such terms and conditions as the parties may agree. Either our Company or the Appointees may terminate the employment by giving to the other not less than three months' notice in writing or in lieu of notice, payment of three months' salary based on the Appointee's last drawn salary. However, the service agreements may be terminated by our Company without notice or payment in lieu of notice under the following circumstances:-

(i) if the Appointee is guilty of any gross default or grave misconduct in connection with or affecting the business of our Group;

(ii) in the event of any serious or repeated breach or non-observance by the Appointee of any of the stipulations contained in the service agreement;

(iii) if the Appointee becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors; or

(iv) if the Appointee shall become of unsound mind.

Pursuant to the terms of the respective service agreements, both Mr Neo Kok Ching and Mr Azam Essof Kolia are each entitled to receive a monthly salary of $19,000. They will also each be entitled to receive a fixed annual bonus of one month's salary, in addition to the incentive bonus described below.

The service agreements also state that both Mr Neo Kok Ching and Mr Azam Essof Kolia will each be entitled to the use of a motor car provided by our Company, and all expenses incurred in connection with the motor car, including petrol, car park charges, maintenance and repair expenses as well as road tax and car insurance will be borne by our Company.

Our Company shall pay each Appointee an incentive bonus according to the following rates where our Group Profit during the financial year is more than $2,000,000:-

Group Profit	**Amount/Rate of Incentive bonus**
For the first $2,000,000	$50,000
Between $2,000,001 and $4,000,000	An additional two per cent. of the difference between the actual Group Profit and $2,000,000
$4,000,001 and above	An additional three per cent. of the difference between the actual Group Profit and $4,000,000

For this purpose, "Group Profit" shall refer to the audited consolidated net profit of our Group (excluding extraordinary items and non-recurrent items).

Under the service agreements, the remuneration of the Appointees are subject to review by the Board on the 1st day of June in each year of service. The Board shall review the terms of the service agreements when they are renewed upon expiry. The relevant Appointee or any Director who is related to the Appointee shall abstain from voting in respect of any resolution or decision to be made by the Board of Directors in relation to the terms and renewal of his or her service agreement.

No further benefit or compensation is payable by our Company to the Appointee if his employment is terminated in accordance with the terms of the service agreement.

Save as disclosed above, there are no other existing nor proposed service agreements between our Company or its subsidiaries and any of our Directors or Executive Officers.

There is no existing or proposed service contract entered or to be entered into by our Directors with our Company or our subsidiaries which provide for benefits upon termination of employment.

Had the proposed service agreements been in force at the beginning of FY2002, the total remuneration payable (comprising directors' fees, salaries, annual bonuses, incentive bonuses and CPF thereon and any benefits-in-kind) to our Directors would have been $710,920 (approximately 17.0 per cent. of proforma profit from ordinary activities before taxation and Directors' remuneration) instead of $230,000 (approximately 5.5 per cent. of proforma profit from ordinary activities before taxation and Directors' remuneration) and the profit from ordinary activities before taxation would have been $3.5 million instead of $4.0 million.

CONSULTANCY AGREEMENT

Our subsidiary, Mac-Nels Warehousing, entered into a Consultancy Agreement dated 1 June 2002 with Mr Neo Thiam Teng (the "Consultant"), pursuant to which the Consultant will provide consultancy services to Mac-Nels Warehousing and assist in the business development and marketing of the Metal Logistics business. The Consultant is entitled to a fee at the rate of $250 per hour according to the actual time spent on the work requested and reimbursement for expenses incurred.

The engagement of the Consultant commenced on 1 June 2002, and will continue for an initial period of five years, subject to termination by Mac-Nels Warehousing at any time immediately without payment in lieu of notice, compensation or damages under certain circumstances, *inter alia*, if the Consultant is guilty of serious misconduct, is in breach of a material term of the Consultancy Agreement, wilfully neglects to perform the duties required of him under the Consultancy Agreement or conducts himself in such a way which may adversely affect the reputation of Mac-Nels Warehousing. The Consultant is not entitled to terminate the Consultancy Agreement during the first year of the engagement. Thereafter, he may terminate the Consultancy Agreement by giving not less than three months' written notice to Mac-Nels Warehousing.

Pursuant to the terms of the Consultancy Agreement, the Consultant has covenanted not to directly or indirectly compete with our Group within Singapore or any other country in which our Group carries on or proposes to carry on business (except with the prior written consent of Mac-Nels Warehousing) within a period of six months after the termination of the Consultancy Agreement, if the termination is initiated by Mac-Nels Warehousing, and within a period of twelve months, if the termination is initiated by the Consultant.

Rationale of the Consultancy Agreement

Mr Neo Thiam Teng was a Substantial Shareholder of our Company, holding 715,681 shares of $1.00 each or approximately 12.6 per cent. equity interest in our Company as at 23 May 2002. Mr Neo Thiam Teng was also the managing director and one of the founders of our subsidiary, Mac-Nels Warehousing. Mr Neo Thiam Teng disposed of 445,681 shares of $1.00 each in the capital of our Company to Mr Azam Essof Kolia, our current CEO and Director, on 23 May 2002 and he resigned as a managing director of Mac-Nels Warehousing and his executive functions in our Group on 31 May 2002. Following the Exercise of Share Option and Sub-division of Shares, Mr Neo Thiam Teng now holds 5,400,000 Shares or 4.5 per cent. equity interest in the capital of our Company prior to the Invitation.

Notwithstanding his departure from our Group, our Directors believe that it is beneficial for our Group to continue to tap his knowledge and experience of the Metal Logistics business. Mr Neo Thiam Teng has more than 15 years of experience in Metal Logistics and has made significant contribution to our operations in the past. The Consultancy Agreement would provide an avenue for us to utilise resources and expertise made available by Mr Neo Thiam Teng as and when we require.

Mr Neo Thiam Teng is not related to any of our Directors or Substantial Shareholders.

DIRECTORS AND EXECUTIVE OFFICERS' REMUNERATION

Remuneration of Directors

The remuneration of our Directors on an aggregate basis and in remuneration bands for FY2001, FY2002 and FY2003 (estimated) are as follows:-

a) Aggregate Directors' remuneration by category

	FY2001			FY2002			FY2003 (estimated)		
	Executive Directors $ '000	Non-Executive Directors $ '000	Total $ '000	Executive Directors $ '000	Non-Executive Directors $ '000	Total $ '000	Executive Directors $ '000	Non-Executive Directors $ '000	Total Total $ '000
Director's fee	10	–	10	–	–	–	–	72	72
Salary	155	–	155	153	–	153	456	–	456
Bonus	13	–	13	13	–	13	38	–	38[1]
CPF	7	–	7	5	–	5	19	12	31
Benefits-in-kind	13	–	13	59	–	59	69	–	69
Total	198	–	198	230	–	230	582	84	666

Note:-

(1) Does not include the incentive bonus payable under the service agreements (as described beginning on page 87 of this Prospectus).

b) Number and names of Directors in remuneration bands

	FY2001			FY2002			FY2003 (estimated)[4]		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total Total
$250,000 to $499,999	–	–	–	–	–	–	–	–	–
below $250,000:-	1[1]	–	1	1[1]	–	1	2[2]	3[3]	5
-Neo Kok Ching									
-Azam Essof Kolia									
-Lam Ah Seng @ Lam Pang Chuang									
-Sitoh Yih Pin									
-Mahtani Bhagwandas									
Total	1	–	1	1	–	1	2	3	5

Notes:-

(1) Comprising Mr Neo Kok Ching
(2) Comprising Mr Neo Kok Ching and Mr Azam Essof Kolia
(3) Comprising Mr Lam Ah Seng @ Lam Pang Chuang, Mr Sitoh Yih Pin and Mr Mahtani Bhagwandas.
(4) Does not include the incentive bonus payable under the service agreements (as described beginning on page 87 of this Prospectus).

Remuneration Of Executive Officers

The remuneration of our top five Executive Officers on an aggregate basis and in remuneration bands for FY2001, FY2002 and FY2003 (estimated) are as follows:-

a) Aggregate of our top five Executive Officers' remuneration by category

$'000	FY2001	FY2002	FY2003 (estimated)
Director's fee	5	–	–
Salary	214	327	410
Bonus	17	42	34[1]
CPF	30	50	55
Benefits-in-kind	15	67	68
Total	281	486	567

Note:-

(1) The estimated bonus payment for FY2003 excludes variable bonus.

b) Number and names of our top five Executive Officers in remuneration bands

	FY2001	FY2002	FY2003 (estimated)[3]
$250,000 to $499,999	–	–	–
below $250,000 :-	4[1]	5[2]	5[2]
- Neo Cheow Hui			
- Yeung Fook Mei			
- Vincent Lee Eng Chye			
- Chan Chee Lup			
- Tio Peng Hing			
Total	4	5	5

Notes:-

(1) Comprising Mr Neo Cheow Hui, Ms Yeung Fook Mei, Mr Vincent Lee Eng Chye and Mr Chan Chee Lup.
(2) Comprising Mr Neo Cheow Hui, Ms Yeung Fook Mei, Mr Vincent Lee Eng Chye, Mr Chan Chee Lup and Dr Tio Peng Hing.
(3) Does not include variable bonus.

Remuneration Of Employees Related To Directors and Substantial Shareholders

As at the date of this Prospectus, an employee of our Group, Ms Neo Hwee Lee is related to a Controlling Shareholder. Ms Neo Hwee Lee is a daughter of Mr Neo Kok Ching, our Executive Chairman and Director, and sister of Mr Neo Cheow Hui, an Executive Officer of our Group. Ms Neo holds the position of Administrative Manager. The aggregate remuneration (consisting of salary, allowances, bonuses, CPF and benefits-in-kind) of Ms Neo Hwee Lee and Mr Neo Cheow Hui in FY2002 amounted to approximately $222,000. The basis of determining the remuneration of these related employees is the same as the basis of determining the remuneration of other unrelated employees.

The aggregate remuneration of the aforesaid Director, Executive Officer and Ms Neo Hwee Lee, assuming that the service agreements have been in existence during the year ended 31 May 2002 was approximately $577,460 (or approximately 12.7 per cent. of the proforma profit from ordinary activities before taxation adding back the actual remuneration paid to the aforesaid Director, Executive Officer and Ms Neo Hwee Lee).

Adjustments to the remuneration for the Executive Officer and employee who are related to the Controlling Shareholder will be reviewed annually by our Audit Committee to ensure that they are carried out on a reasonable basis.

Annual Report Disclosure

The total remuneration paid to our Directors as well as Executive Officers and employees who are related to the Controlling Shareholders will be disclosed in our annual reports.

STAFF

Our success depends in part on our ability to attract, hire, train and retain qualified managerial, technical and sales and marketing personnel. We had approximately 54 employees who were on full-time employment as at 31 May 2002. From time to time, we may hire temporary staff to cope with any increase in demand for our services. We hired approximately eight temporary staff for FY2002. As our logistics operations are based in Singapore, most of our staff are located in Singapore.

Our employees are not unionised. The relationship between the management and staff has been good. There have not been any industrial disputes in our Group. Our turnover of employees has not been significant.

The breakdown in the average number of employees of our Group by function for the last three financial years are as follows:-

	FY2000	FY2001	FY2002
Management	6	8	8
Sales and Marketing	–	1	1
Administration and Finance	10	9	11
Operations	29	24	34
Total	**45**	**42**	**54**

Our sales and marketing function is also carried out by certain members of our management, namely Mr Neo Kok Ching (our Executive Chairman and Director), Mr Azam Essof Kolia (our CEO and Director), Mr Neo Cheow Hui (Managing Director of GKE-PL and GKE-W&L) and Ms Yeung Fook Mei (General Manager of Mac-Nels Warehousing), who ensure effective customer service and management and the fostering of long-term relationships with them.

Staff Training

We believe that staff training is an important function as it ensures that our staff acquire the requisite knowledge, skills and attitudes to perform their tasks effectively and efficiently. This would enable us to function more effectively. We place emphasis on staff training to ensure that consistent quality services are provided to our customers.

Some of our procedures for identifying the training requirements for all employees have been formulated. Selected employees are required to undergo training on job related-skills. The relevant supervisor of an employee would be responsible for identifying the employees' training needs, in accordance with our established procedures.

On-the-job training

The performance of each individual staff is closely assessed by his immediate supervisor, and any knowledge or skill gap will be bridged initially through on-the-job training. In addition, where necessary, in-house training programmes will be used to supplement and complement on-the-job training. In-house training is usually conducted by our experienced employees.

Quality and safety awareness programs

Every employee is thoroughly briefed on our quality and safety policies and objectives as part of their individual training program.

We will continue to focus on staff training and development as part of our long-term objectives towards delivering consistent quality services to our customers.

CORPORATE GOVERNANCE

Presently, our business and operations are under the management and close supervision of our Executive Directors, comprising Mr Neo Kok Ching and Mr Azam Essof Kolia, who are assisted by a team of key Executive Officers. Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders of our Company. As a result, our Audit Committee will be formed to maintain high standards of corporate governance within our Group. Our Executive Directors will continue to manage our operations and our Audit Committee will provide the necessary checks and balances.

AUDIT COMMITTEE

Our Audit Committee will comprise Mr Lam Ah Seng @ Lam Pang Chuang, Mr Sitoh Yih Pin and Mr Mahtani Bhagwandas. Mr Sitoh Yih Pin will be the chairman of our Audit Committee. Our Audit Committee shall meet quarterly to:-

(a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;

(b) review the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(c) review the internal control procedures and ensure co-ordination between the external auditors and our management, review the assistance given by our management to the auditors, and discuss problems and concerns, if any raising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(d) review and discuss with the external auditors any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(e) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(f) review transactions falling within the scope of Chapter 9 of the Listing Manual;

(g) undertake such other reviews and projects as may be requested by our Board and will report to our Board its finding from time to time on matters arising and requiring the attention of our Audit Committee; and

(h) generally undertake such other functions and duties as may be required by Singapore law, the Listing Manual or the SFA and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/or financial position.

REMUNERATION COMMITTEE

Our Remuneration Committee will comprise Mr Lam Ah Seng @ Lam Pang Chuang, Mr Sitoh Yih Pin and Mr Mahtani Bhagwandas. The chairman of our Remuneration Committee will be Mr Sitoh Yih Pin. Our Remuneration Committee will be formed and mandated with the responsibility to oversee the general compensation of employees of our Group with a goal to motivate, recruit and retain employees and Directors through competitive compensation and progressive policies. In particular, our Remuneration Committee will be responsible for overseeing the administration of the service agreements referred to on page 87 of this Prospectus.

NOMINATING COMMITTEE

Our Nominating Committee will comprise Mr Lam Ah Seng @ Lam Pang Chuang, Mr Sitoh Yih Pin and Mr Mahtani Bhagwandas. The chairman of our Nominating Committee will be Mr Mahtani Bhagwandas. Our Nominating Committee will be responsible for:-

a) re-nominating our Directors, having regard to a Director's contribution and performance;

b) determining on an annual basis whether or not a Director is independent; and

c) deciding whether or not a Director is able to carry out and has been adequately carrying out his duties as a Director.

Our Nominating Committee will decide how the performance of our Directors is to be evaluated and propose objective performance critera, subject to the approval of our Board, which address how our Directors has enhanced long-term shareholders' value. The performance evaluation will also include taking into consideration our share price performance over a 5-year period vis-à-vis the Straits Times Index. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board. Each member of our Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

BOARD PRACTICES

Our Directors are appointed by our shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors (other than the Managing Director, if any), are required to retire from office at each annual general meeting. Further, all our Directors (other than the Managing Director, if any) are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found under Appendix IV of this Prospectus - "Memorandum and Articles of Association of our Company". As of the date of this Prospectus, we have not appointed a Managing Director for our Company.

INTERESTED PERSON TRANSACTIONS

Save as disclosed below, none of our Directors, Executive Officers or Controlling Shareholders and their associates (as defined under the Listing Manual) was or is interested in any material transaction undertaken by our Group within the past three financial years ended 31 May 2002 and the 6 months to 30 November 2002.

(1) Transactions involving the subsidiaries of Chip Hup Holding Pte Ltd ("Chip Hup")

Chip Hup is a company incorporated in Singapore with an issued and paid-up capital of $18,941,603, comprising 18,941,603 ordinary shares of $1.00 each, of which Mr Neo Kok Eng (a brother of Mr Neo Kok Ching, our Executive Chairman) is a registered shareholder of 18,772,352 shares (being 99.1 per cent. of the issued and paid-up share capital of Chip Hup), with the remaining 169,251 shares (being 0.9 per cent. of the issued and paid-up share capital of Chip Hup) registered in the name of Mr Tan Yong San. The directors of Chip Hup are Mr Neo Kok Eng and Mr Tan Yong San.

As at the Latest Practicable Date of this Prospectus, Chip Hup has two wholly-owned subsidiaries, namely Chip Hup Hup Kee Construction Pte Ltd ("CHHK") which has an issued and paid-up capital of $8,600,000, comprising 8,600,000 ordinary shares of $1.00 each and Chippel Overseas Supplies Pte Ltd ("Chippel") which has an issued and paid-up capital of $750,001, comprising 750,001 ordinary shares of $1.00 each. Chip Hup also has another subsidiary, Chip Hup Timber Private Limited ("CH Timber"), which has an issued and paid-up capital of 789,614, comprising 789,614 ordinary shares of $1.00 each, in which Chip Hup owns 703,363 shares (being 89.1 per cent. of the issued and paid-up share capital). The estate of Neo Hio Koh (the father of Mr Neo Kok Ching, our Executive Chairman) is the registered shareholder of 86,250 shares in the capital of CH Timber and the remaining 1 share is registered in the name of Mr Neo Kok Eng. The directors of CHHK, Chippel and CH Timber are Mr Neo Kok Eng and Mr Tan Yong San. The total revenue attributable to Chip Hup and its subsidiaries and as expressed as a percentage of our revenue based on our Unaudited Proforma Consolidated Financial Statements for the last three financial years ended 31 May 2002 and for the 6 months to 30 November 2002 were as follows:-

	FY2000		FY2001		FY2002		6 months to 30 November 2002	
	$'000	%	$'000	%	$'000	%	$'000	%
Revenue from Chip Hup and its subsidiaries	173	1.3	178	1.0	157	0.6	102	0.9

(a) Provision of warehousing services to CHHK

CHHK is engaged in the construction business and the supply of construction materials and other related equipment in Singapore. From time to time, CHHK engaged the warehousing services of our subsidiary, GKE-W&L, for the storage of their building and construction materials. The provision of such warehousing services to CHHK was on normal commercial terms which were no less favourable than if such warehousing services were provided to an unrelated third party. The total amount of the warehousing services provided and invoiced by GKE-W&L to CHHK and as expressed as a percentage of our revenue based on our Unaudited Proforma Consolidated Financial Statements for the last three financial years ended 31 May 2002 and for the 6 months to 30 November 2002 were as follows:-

	FY2000		FY2001		FY2002		6 months to 30 November 2002	
	$'000	%	$'000	%	$'000	%	$'000	%
Revenue from CHHK	21	0.2	17	0.1	32	0.1	28	0.3

(b) Provision of warehousing services to Chippel

Chippel is a trading company dealing mainly with plywood and timber in Singapore and has been engaging the warehousing services of our subsidiary, GKE-W&L, for the storage of timber materials from time to time. The provision of such warehousing, forklift handling and stuffing and unstuffing services to Chippel was on normal commercial terms which were no less favourable than if such warehousing services were provided to an unrelated third party. The total amounts of the warehousing services provided and invoiced by GKE-W&L to Chippel and as expressed as a percentage of our revenue based on our Unaudited Proforma Consolidated Financial Statements for the last three financial years ended 31 May 2002 and for the 6 months to 30 November 2002 were as follows:-

	FY2000		**FY2001**		**FY2002**		**6 months to 30 November 2002**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**
Revenue from Chippel	152	1.1	161	0.9	122	0.5	72	0.7

(c) Provision of warehousing services to CH Timber

CH Timber is engaged in the supply of sawn timber, plywood and other related products. From time to time, CH Timber engaged the services of our subsidiary, GKE-W&L, for the storage of its timber products. The provision of such warehousing services to CH Timber was on normal commercial terms which were no less favourable than if such warehousing services were provided to an unrelated third party. The total amounts of the warehousing services provided by GKE-W&L to CH Timber and as expressed as a percentage of our revenue based on our Unaudited Proforma Consolidated Financial Statements for the last three financial years ended 31 May 2002 and for the 6 months to 30 November 2002 were as follows:-

	FY2000		**FY2001**		**FY2002**		**6 months to 30 November 2002**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**
Revenue from CH Timber	–	–	–	–	3	–	2	–

CHHK, Chippel and CH Timber have over the years since 1998 developed a long-standing business relationship with GKE-W&L and have not defaulted on any payments for services which we provided. The provision of our logistics services to our long-standing customers was on normal commercial terms which were no less favourable than if such services were provided to new customers. As such, as long as it is beneficial to us commercially, we intend to continue providing warehousing services to CHHK, Chippel and CH Timber as may be required by them from time to time. After the admission of our Company to the Official List of the SGX-SESDAQ, all future transactions will be conducted in accordance with such guidelines as described in the section entitled "Review Procedures for Future Interested Person Transactions" set out on page 99 of this Prospectus and Chapter 9 of the Listing Manual.

(2) <u>Transactions involving Ban Joo & Company Limited ("Ban Joo")</u>

Ban Joo Logistics Pte Ltd ("Ban Joo Logistics") was incorporated in Singapore on 19 February 2002. It has an authorised share capital of $5,000,000 comprising 5,000,000 ordinary shares of $1.00 each, of which 2 ordinary shares of $1.00 each are issued and fully paid up. The principal activity of Ban Joo Logistics is logistics management and freight forwarding services. Ban Joo Logistics is a wholly-owned subsidiary of Ban Joo, a company listed on the Main Board of the SGX-ST.

Ban Joo Logistics acquired approximately 19.0 per cent. of the shares in the capital of our Company in February 2002, thereby becoming a Controlling Shareholder (as defined in the Listing Manual).

(a) Purchase of 12 Benoi Road Singapore 629886

On 31 August 2001 (prior to Ban Joo becoming a Controlling Shareholder), our subsidiary (GKE-W&L) entered into a sale and purchase agreement with Ban Joo, pursuant to which GKE-W&L sold to Ban Joo the property at 12 Benoi Road, Singapore 629886. The disposal of this warehousing facility was due to our efforts to rationalise our warehousing resources, after having acquired a larger property at 19 Sungei Kadut Street 2, Singapore 729237. The sale price of $2,700,000 for the property was based on a willing buyer and willing seller basis in the light of the then market valuation for the property (based on the market prices of other warehouse properties with comparable characteristics, such as size and location). The acquisition of the property at 12 Benoi Road, Singapore 629886, was completed in August 2000 at a cost of $1,750,000. The sale and purchase of the property was completed in November 2001 with the sale price fully paid to GKE-W&L.

(b) Provision of logistics services to Ban Joo

Ban Joo has been engaging the transportation and other incidental logistics services of our subsidiary, ICF, prior to becoming a Controlling Shareholder. The provision of such services to Ban Joo was on normal commercial terms which were no less favourable than if such services were provided to an unrelated third party. The revenue derived from such services provided by ICF to Ban Joo and as expressed as a percentage of our revenue based on our Unaudited Proforma Consolidated Financial Statements for the past three financial years ended 31 May 2002 and for the 6 months to 30 November 2002 were as follows:-

	FY2000		**FY2001**		**FY2002**		**6 months to 30 November 2002**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**
Revenue from Ban Joo	270	1.9	303	1.7	153	0.6	147	1.3

Due to the long-term relationship which ICF has cultivated with Ban Joo over the years, we intend to continue providing such services to Ban Joo as and when required by them, as long as it is beneficial to us commercially. After the admission of our Company to the Official List of the SGX-SESDAQ, all future transactions will be conducted in accordance with such guidelines as described in the section entitled "Review Procedures for Future Interested Person Transactions" set out on page 99 of this Prospectus and Chapter 9 of the Listing Manual.

(c) Sale of forklifts to Ban Joo

In November 2001, prior to Ban Joo becoming our Controlling Shareholder, GKE-W&L assisted Ban Joo to source for two units of diesel forklifts for use in connection with the latter's business. GKE-W&L purchased from a supplier at the price of $72,100 (including GST) and sold the same to Ban Joo directly at the same price. The diesel forklifts were delivered directly by the supplier to Ban Joo and the purchase price was fully paid in January 2002. Subsequent to the Invitation, we will cease providing such services to Ban Joo.

3) Transactions involving Mr Neo Kok Ching and his associates

Mr Neo Kok Ching is our Executive Chairman and the following is a list of transactions which we entered into with Mr Neo Kok Ching and/or his associates.

(a) Advances given to Mr Neo Kok Ching and Ms Neo Hwee Lee

We had in the past granted advances to our Executive Chairman, Mr Neo Kok Ching, and his daughter, Ms Neo Hwee Lee, who is an employee of our Group. These advances were interest-free, unsecured and had no fixed terms of repayment. The amounts due from Mr Neo Kok Ching as at the end of each of the past three financial years ended 31 May 2002 were as follows:-

	FY2000 $'000	FY2001 $'000	FY2002 $'000
Amounts due from Mr Neo Kok Ching	233	331	251

During the last three financial years and up to August 2002, the largest outstanding amount due from Mr Neo Kok Ching was approximately $1.3 million. All advances due from Mr Neo Kok Ching were fully repaid in August 2002.

Advances totalling $65,000 were extended to Ms Neo Hwee Lee in the months of January and March 2002 to assist her in her purchase of a private apartment. These advances were interest-free, unsecured and had no fixed terms of repayment, and were fully repaid by her on 31 May 2002.

b) Purchase of motor vehicles

On 5 March 2002, GKE-PL sold and transferred a 1993 Mitsubishi Lancer motor vehicle to Ms Neo Hwee Hoon, the daughter of Mr Neo Kok Ching, at a sale price of $16,000. The sale price of $16,000 was based on the estimated market value for the said motor vehicle as indicated by a second-hand motor-car dealer. The sale price was fully paid in March 2002.

In addition, on 31 May 2002, our subsidiary (GKE-PL) sold and transferred a 2000 Hyundai Sonata motor vehicle to Ms Neo Hwee Lee, a daughter of Mr Neo Kok Ching and an employee of our Group, at a sale price of $45,051. The sale price of $45,051 was based on the estimated market value for the said motor vehicle as indicated by a second-hand motor-car dealer. The sale price was fully paid on 31 May 2002.

4) Transactions involving KAJ Establishments Pte Ltd

Mr Azam Essof Kolia, our CEO, is also a director of KAJ Establishments Pte Ltd ("KAJ"), a company incorporated in Singapore with an issued and paid-up capital of $600,000, comprising 600,000 ordinary shares of $1.00 each. Mr Azam Essof Kolia is a registered shareholder of 320,000 shares, being 53.3 per cent. of the issued and paid-up share capital of KAJ and the remaining shares are held by an unrelated third party.

Mr Azam Essof Kolia was appointed CEO of our Group on 21 May 2002 and acquired 16.5 per cent. equity interests in our Company on 23 May 2002, thereby becoming an Interested Person, as defined under the Listing Manual. Prior to Mr Azam Essof Kolia becoming an Interested Person, KAJ, a trading company in commodity products, such as edible oil, spices and zinc ingots, engaged the warehousing services of Mac-Nels Warehousing and air freight forwarding services of Mac-Nels AE from time to time. The provision of such services to KAJ was on normal commercial terms which were no less favourable than if such services were provided to an unrelated third party. The revenue derived from the warehousing and air freight forwarding services provided by Mac-Nels Warehousing and Mac-Nels AE to KAJ and as expressed as a percentage of our revenue based on our Unaudited Proforma Consolidated Financial Statements for the past three financial years ended 31 May 2002 and for the 6 months to 30 November 2002 were as follows:-

	FY2000		FY2001		FY2002		6 months to 30 November 2002	
	$'000	%	$'000	%	$'000	%	$'000	%
Revenue from KAJ Establishment Pte Ltd	26	0.2	181	1.0	309	1.3	–	–

As long as it is beneficial to us commercially, we intend to continue providing such services to KAJ. After the admission of our Company to the Official List of the SGX-SESDAQ, all future transactions will be conducted in accordance with such guidelines as described in the section entitled "Review Procedures for Future Interested Person Transactions" set out on page 99 of this Prospectus and Chapter 9 of the Listing Manual.

5) Guarantees provided by our Directors, Executive Officers and/or Shareholders

The guarantees currently provided by our Directors, Executive Officers and certain shareholders to secure bank facilities are listed below:-

Bankers	Amount of facilities guaranteed	Facilities for use by	Guarantees provided by
UOB	$110,000	ICF	Neo Kok Ching Azam Essof Kolia Vincent Lee Eng Chye Sharon Lim Siok Ngo
UOB	$5,550,000	GKE-PL	Neo Kok Ching Neo Cheow Hui Azam Essof Kolia
OCBC	$500,000	GKE-PL	Neo Kok Ching Neo Cheow Hui
UOB	$1,517,000	Mac-Nels Warehousing	Neo Kok Ching Azam Essof Kolia
Far Eastern Bank Limited	$4,875,000	Mac-Nels Warehousing	Neo Kok Ching Azam Essof Kolia Neo Cheow Hui

As at 30 November 2002, the total amount of personal guarantees currently provided by our Directors, Executive Officers and shareholders was approximately $12.6 million, which was higher than our bank borrowing facilities of approximately $10.7 million, as determined by the respective banks.

Our Directors and shareholders have discussed with the respective financial institutions on the release of their personal guarantees upon the listing of our Shares on the SGX-SESDAQ. Based on the discussion and barring any unforeseen circumstances, our Directors believe that the financial institutions will release them from their personal guarantees and continue to grant similar banking facilities to us, without the need for the above personal guarantees, subject to the condition that these personal guarantees are replaced by a corporate guarantee from our Company.

Please refer to "Borrowings and Gearings" beginning on page 50 of this Prospectus for more information.

6) <u>Dealings with Mr Mahtani Bhagwandas</u>

We paid Harpal.Mahtani Partnership, a firm in which Mr Mahtani Bhagwandas, one of our Independent Directors, is a partner, a total of approximately $900 in FY2001 for legal services rendered. After the admission of our Company to the Official List of the SGX-SESDAQ, all future transactions with Harpal.Mahtani Partnership will be conducted in accordance with such guidelines as described in the section entitled "Review Procedures for Future Interested Person Transactions" set out on page 99 of this Prospectus and Chapter 9 of the Listing Manual.

Our Directors are of the view that our business relationship with Harpal. Mahtani Partnership will not interfere with the exercise of independent judgement by Mr Mahtani Bhagwandas in his role as Independent Director on our Audit Committee. However, as part of good corporate governance practice, he will abstain from deciding on matters in which he is interested or in which a conflict of interest may arise.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future Interested Person transactions will be properly documented and submitted to our Audit Committee for periodic review on a quarterly basis to ensure that they are carried out on normal commercial terms and not prejudicial to the interests of our shareholders.

We will implement the following procedures to ensure that all Interested Person transactions are undertaken on an arm's length basis and on normal commercial terms:-

(1) for providing services to an Interested Person, the price and terms of at least two other successful provision of services to third parties, contemporaneous in time will be used as comparison, whenever possible. At least one Independent Director will review these comparables, taking into account all pertinent factors including, but not limited to price, quality, delivery time and track record, to ensure that the interests of minority shareholders are not disadvantaged; and

(2) to the extent that our Audit Committee deems it appropriate, the prices and terms of at least two other competitive offers from third parties, contemporaneous in time will be obtained when purchasing from an Interested Person. At least one Independent Director will review these offers to ensure that the interests of our shareholders are not disadvantaged.

Our Directors, however, note that there may arise situations where time is of the essence, for example when a particular service is required urgently, and we may not have sufficient time to follow the above procedures. In such cases and only if the value of that transaction does not exceed 3.0 per cent. of our last audited NTA, we will proceed with the transaction and document all the relevant facts for review by our Audit Committee at its next meeting. Our Audit Committee can then recommend any changes to the above procedures to cater for such situations in the future, if necessary.

These transactions, if any, will be reviewed by our Audit Committee and our Board at least quarterly to ensure that they are carried out at arm's length and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account.

In addition, our Audit Committee will include the review of Interested Person transactions as part of its standard procedures while examining the adequacy of its internal controls. Our Board will also ensure that all disclosure, approval and other requirements on Interested Person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

In the event that a member of our Board or a member of our Audit Committee (where applicable) is interested in any Interested Person transaction, he will abstain from reviewing that particular transaction. Our Board will also ensure that all disclosure requirements on Interested Person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

Our Audit Committee and our Board shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Interested Person transactions have been complied with. In addition, our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between ourselves and our Interested Persons are conducted at arm's length and on normal commercial terms.

Our Audit Committee and our Board shall have overall responsibility for the determination of the review procedures with the authority to sub-delegate to individuals or committees within our Company as they deem appropriate. If a member of our Audit Committee or our Board has an interest in the transaction to be reviewed by our Audit Committee or our Board as the case may be, he will abstain from any decision making by our Audit Committee or our Board in respect of that transaction.

Our Audit Committee will ensure that the review procedures for future Interested Persons Transactions are sufficient to ensure that they will be made in accordance with our normal commercial terms, and hence, will not be prejudicial to our shareholders, nor be disadvantageous to us.

POTENTIAL CONFLICT OF INTERESTS

Ban Joo Logistics Pte Ltd ("Ban Joo Logistics"), a Controlling Shareholder, is a company incorporated in Singapore on 19 February 2002 and its principal activity is logistics management and freight forwarding services. Ban Joo Logistics is a wholly owned subsidiary of Ban Joo & Company Limited ("Ban Joo"), a public company whose principal business is in the trading of textile and other products and which is listed on the Main Board of the SGX-ST. On 21 February 2002, Ban Joo announced that the incorporation of Ban Joo Logistics is to enable it to expand into logistics business, which will potentially conflict with the business activities of our Group. At present, the only warehousing and logistics business which Ban Joo has invested in is GKE. Although Ban Joo has acquired their own warehousing premises, as at the date of this Prospectus, Ban Joo Logistics only serves the warehousing and logistics needs of its related corporations in connection with their existing business and operations, and it has no intention or plans, at present, to provide warehousing or logistics services to any third party.

In view of the above, our Directors believe that there is no conflict of interest between ourselves and Ban Joo at present. Notwithstanding this, should Ban Joo decide to enter into the same business as ours, Mr Lam Ah Seng @ Lam Pang Chuang has undertaken to resign from our Board.

Save as disclosed under the sections "Interested Person Transactions" and "Potential Conflict of Interests" above:-

(a) none of our Directors, Executive Officers or Controlling Shareholders or their associates has had any interest, direct or indirect, in any material transactions to which we were or are to be a party;

(b) none of our Directors, Executive Officers or Controlling Shareholders or their associates has had any interest, direct or indirect, in any company carrying on the same business or carrying on a similar trade as us; and

(c) none of our Directors, Executive Officers or Controlling Shareholders or their associates has had any interest, direct or indirect, in any enterprise or company that is our customer or supplier of goods or services.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

Pursuant to the Management and Underwriting Agreement dated 13 January 2003 (the "Management and Underwriting Agreement") entered into between our Company and UOB Asia, our Company appointed UOB Asia to manage the Invitation. UOB Asia will receive a management fee from our Company for its services rendered in connection with the Invitation.

Pursuant to the Management and Underwriting Agreement, UOB Asia has agreed to underwrite the Offer Shares for a commission of 2.25 per cent of the Issue Price for each Offer Share payable by our Company pursuant to the Invitation.

Pursuant to the Placement Agreement dated 13 January 2003 (the "Placement Agreement") entered into between our Company and the Placement Agent, the Placement Agent has agreed to subscribe for or procure subscriptions for the Placement Shares for a placement commission of 1.5 per cent of the Issue Price for each Placement Share to be paid by our Company.

Brokerage will be paid by our Company on the New Shares at the rate of 0.25 per cent of the Issue Price for each Offer Share and 1.0 per cent of the Issue Price for each Placement Share. For the Offer Shares, the brokerage will be paid to members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in respect of successful applications made on Application Forms bearing their respective stamps, or to the Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or IB Websites. For the Placement Shares, the brokerage will be paid to the Placement Agent in accordance with the Placement Agreement.

Save as aforesaid, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the date of this Prospectus or is payable to any Directors, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for any shares in, or debentures of, our Company or any of our subsidiaries.

The Management and Underwriting Agreement may be terminated by UOB Asia at any time on or before the close of the Application List on the occurrence of certain events. These events include any changes in national or international monetary, financial, political or economic conditions which result or are likely to result in, *inter alia*, the conditions in the Singapore stock market being materially and adversely affected or the success of the Invitation being materially prejudiced, and the issue of a stop order by the Authority in accordance with section 242 of the SFA.

In the event that the Management and Underwriting Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel the Invitation.

The Placement Agreement is conditional upon the Management and Underwriting Agreement not being terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

PLAN OF DISTRIBUTION

The Invitation is for 40,000,000 New Shares offered in Singapore by way of public offer and placement comprising 12,000,000 Offer Shares and 28,000,000 Placement Shares (including up to 2,000,000 Reserved Shares) lead managed and underwritten by UOB Asia of 80 Raffles Place, UOB Plaza, Singapore 048616.

There are no arrangements whereby the number of New Shares being offered may be increased by the exercise of an underwriter's over-allotment option.

The Issue Price is determined by us, in consultation with the Manager, based on the prevailing local and global market conditions and stock market sentiment as well as the book-building process to determine the estimated market demand for our Shares.

Pursuant to the Management and Underwriting Agreement entered into between us and UOB Asia as set out on page 101 of this Prospectus, we have appointed UOB Asia to manage the Invitation and to underwrite the 12,000,000 Offer Shares. UOB Asia will receive a management fee and an underwriting commission of 2.25 per cent of the Issue Price for the Offer Shares payable by us for subscribing or procuring subscribers for any Offer Shares not subscribed for by the public and will pay or procure payment to us for such Offer Shares. UOB Asia may, at its absolute discretion, appoint one or more sub-underwriters for the Offer Shares, including UOB and UOB KayHian. Members of the public may apply for the Offer Shares by way of printed Application Forms or by way of Electronic Applications as described under "Terms, Conditions and Procedures For Application And Acceptance" as set out in Appendix V of this Prospectus.

Pursuant to the Placement Agreement entered into between us and UOB Asia as set out on page 101 of this Prospectus, UOB Asia agreed to subscribe or procure subscribers for the 28,000,000 Placement Shares for a placement commission of 1.5 per cent of the Issue Price for the Placement Shares payable by us. UOB Asia may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares. Applications for Placement Shares may only be made by way of printed Application Forms as described under "Terms, Conditions and Procedures For Application And Acceptance" as set out in Appendix V of this Prospectus.

For further details of the Management and Underwriting Agreement and the Placement Agreement, please see "Management, Underwriting and Placement Arrangements" section beginning on page 101 of this Prospectus.

2,000,000 Placement Shares shall be reserved for management, Independent Director, namely Mr Mahtani Bhagwandas (who will be allocated 300,000 Reserved Shares as a token gesture of our appreciation for his joining us as an Independent Director and in recognition of his future contributions to our Group) and employees of our Group.

Save as disclosed above, none of our existing shareholders or Directors intend to subscribe for Shares in the Invitation.

No person, including the management, Independent Director and employees of our Group will be offered more than five per cent of the total Invitation size or 2,000,000 New Shares. We are not aware of any person who intends to subscribe for more than 5 per cent. of the New Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for more than 5 per cent. of the New Shares. If such person(s) were to make an application for more than 5 per cent. of the New Shares pursuant to the Invitation and subsequently allocated or allotted such number of Shares, we will make the necessary announcements at an appropriate time.

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

CLEARANCE AND SETTLEMENT

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

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

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

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

A Singapore clearing fee for trades in our Shares on the SGX-SESDAQ is payable at the rate of 0.05 per cent of the transaction value subject to a maximum of $200.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST of three per cent.

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

GENERAL AND STATUTORY INFORMATION

1. SHARE CAPITAL

(a) As at the date of this Prospectus, there is only one class of shares in the capital of our Company. There are no founder, management, deferred or unissued shares reserved for any purpose. The rights of and privileges attached to our Shares are stated in our Articles of Association. Our Substantial Shareholders do not have different voting rights from other shareholders of our Company.

(b) Our Company was incorporated on 8 March 2000. It presently has an authorised share capital of $80,000,000 divided into 1,600,000,000 Shares of $0.05 each.

(c) Upon completion of the Invitation, the issued and paid-up share capital of our Company will be increased to $8,000,000 divided into 160,000,000 Shares.

(d) Save as disclosed below, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries within the three years preceding the date of this Prospectus:-

Company	Date	Number of Shares Issued	Resultant Capital	Purpose of Issue
GKE	8 March 2000	2 ordinary shares of $1.00 each	S$2	Incorporation
	14 July 2000	5,230,877 ordinary shares of $1.00 each	S$5,230,879	Acquisition of subsidiaries
	3 August 2001	269,121 ordinary shares of $1.00 each	S$5,500,000	Working capital
	24 August 2001	2 ordinary shares of $1.00 each	S$5,500,002	Acquisition of a subsidiary
	12 May 2002	202,000 ordinary shares of $1.00 each	S$5,702,002	Acquisition of a subsidiary
	13 May 2002	197,998 ordinary shares of $1.00 each	S$5,900,000	Working capital
	13 July 2002	100,000 ordinary shares of $1.00 each	S$6,000,000	Working capital
GKE-PL	14 July 2000	1,737,449 ordinary shares of $1.00 each	S$2,737,453	Capitalisation of asset revaluation reserves
GKE-W&L	14 July 2000	1,082,247 ordinary shares of $1.00 each	S$1,982,249	Capitalisation of retained earnings
Mac-Nels Warehousing	14 July 2000	764,703 ordinary shares of $1.00 each	S$1,064,703	Capitalisation of retained earnings
ICF	9 June 2000	128,000 ordinary shares of $1.00 each	S$256,000	Working capital
	6 August 2001	128,000 ordinary shares of $1.00 each	S$384,000	Working capital

(e) Save as disclosed in paragraph (d) above, no shares in or debentures of our Company or any of our subsidiaries have been issued, or is proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, within the three years preceding the date of this Prospectus.

(f) As at the date of this Prospectus, our Directors are not aware, to the best of their knowledge, of any arrangements, the operation of which may at a subsequent date result in the change in the control of our Company.

(g) As at the date of this Prospectus, our Directors are not aware, to the best of their knowledge, nor have they received any indication, of public take-over offers by third parties in respect of our Shares or by us in respect of the shares of another corporation, which has occurred during the last and current financial years.

(h) No person has been granted or is entitled to be granted an option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries.

2. INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

(a) The names, addresses, ages, current occupations and business and working experience of all our Directors and Executive Officers of our Group are set out on pages 82 to 85 of this Prospectus.

(b) The list of present directorships and past directorships of each of our Directors as at the date of this Prospectus and over the five years preceding the date of this Prospectus excluding that held in our Company, is set out as follows:-

Name	Present Directorships	Past Directorships
Neo Kok Ching	*Group companies* GKE Private Limited GKE Warehousing & Logistics Pte Ltd Mac-Nels Warehousing Pte Ltd Mac-Nels Air Express Pte. Ltd. International Concept Forwarding Pte Ltd	*Group companies* Nil
	Other companies Paratrans Industries Sdn Bhd	*Other companies* Caiseng Enterprises Pte Ltd - under members' voluntary winding up Po Chung Po Products (S) Pte Ltd - Struck off Paratrans Industries (S) Pte Ltd - under members' voluntary winding up Chip Hup Hup Kee Construction Pte Ltd Chip Hup Holding Pte Ltd

Name	Present Directorships	Past Directorships
Azam Essof Kolia	*Group companies* GKE Private Limited GKE Warehousing & Logistics Pte Ltd Mac-Nels Warehousing Pte Ltd Mac-Nels Air Express Pte. Ltd. International Concept Forwarding Pte Ltd	*Group companies* Nil
	Other companies Charleston Holdings Pte Ltd (formerly known as Tropical Oil Products Brokerage Pte Ltd) KAJ Establishments Pte Ltd Just Chartering & Shipping Pte Ltd Berkana Pte Ltd Kolia & Kolia Pte Ltd KAZ International Pte Ltd Masindo Services (S.E.A) Pte. Ltd. Super Chemicals Pte Ltd Pakistan Formica Pte Ltd Superwood Pte Ltd Super Fabrics Pvt Ltd Pak Forest Inds. Pvt. Ltd Kaz Power Pte Ltd Pacific Chemicals Pte Ltd Chittagong Oil Pte Ltd Shapla Inds. Ltd Regal Traders Ltd Singa Bangla Polypropylene Industries Ltd Kolia & Kolia Pty Ltd	*Other companies* Just Oil and Grain Pte Ltd
Lam Ah Seng @ Lam Pang Chuang	*Group companies* Nil	*Group companies* Nil
	Other companies Top Pearl Enterprises Limited Ban Joo & Company Limited Thai Chong Pawnshop (Pte) Ltd Ban Kim Pawnshop (Pte) Ltd Ban Joo Investment (Pte) Ltd Ban Joo Holdings Pte Ltd Ban Joo Logistics Pte Ltd Classic Print Industrial Sdn Bhd Wei Song Enterprise Co., Ltd	*Other companies* Caristrap Singapore Pte Ltd - under members' voluntary winding up Nam Aik Textile Co., Ltd - Struck off Goodwind Properties Pte Ltd - under members' voluntary winding up

Name	Present Directorships	Past Directorships
Sitoh Yih Pin	*Group companies* Nil *Other companies* Asia Quest Associates Pte Ltd Chinese Development Assistance Council Cytech Software Limited Fin2Biz.com Pte Ltd Futuristic Image Builder Ltd Labroy Marine Limited Lian Beng Group Ltd PNE Micron Holdings Ltd Meiban Group Ltd Nera Telecommunications Ltd Nexia TS Pte Ltd (formerly known as Tan & Sitoh Management Consultants Pte Ltd) Red Chips Pte Ltd (formerly known as U T Direct.com Pte Ltd) Takenaka Partners Globalink Pte Ltd TSA Capital Pte Ltd TSA Recruitment Consultants Pte Ltd United Food Holdings Limited WPG International Limited (formerly known as Allcom Technologies Limited) Hitchins Group Ltd CWT Distribution Limited	*Group companies* Nil *Other companies* Kaki Bukit Industrial Park Pte Ltd KS Tech Ltd. SM Laundry & Linen Pte Ltd (formerly known as AQA Associates Pte Ltd) Singapore Institute of Directors Onemedhub Pte Ltd
Mahtani Bhagwandas	*Group companies* Nil *Other companies* Nil	*Group companies* Nil *Other companies* Nil
Chin Pang Joo @ Ivan Lam Pang Joo	*Group companies* Nil *Other companies* Ban Joo & Company Limited Ban Kim Pawnshop (Pte) Ltd Ban Joo Investment (Pte) Ltd Ban Foh Pawnshop Pte Ltd Ban Joo Logistics Pte Ltd Play Seeds Pte. Ltd.	*Group companies* Nil *Other companies* Oceanworld Biotechnologies Pte Ltd - under members' voluntary winding up Ban Joo Tex Trading LLC

(c) The list of present directorships and past directorships of each of our Executive Officers as at the date of this Prospectus and over the five years preceding the date of this Prospectus is set out as follows:-

Name	Present Directorships	Past Directorships
Neo Cheow Hui	*Group companies* GKE Private Limited GKE Warehousing & Logistics Pte Ltd *Other companies* Nil	*Group companies* GKE International Pte Ltd *Other companies* ER8858 Pte. Ltd. (formerly known as ER Home Delivery Pte Ltd)
Yeung Fook Mei	*Group companies* Nil *Other companies* Nil	*Group companies* Nil *Other companies* Nil
Vincent Lee Eng Chye	*Group companies* International Concept Forwarding Pte Ltd *Other companies* Nil	*Group companies* Nil *Other companies* Nil
Chan Chee Lup	*Group companies* Nil *Other companies* Nil	*Group companies* Nil *Other companies* The Chancellor Hotel Pte Ltd
Tio Peng Hing	*Group companies* Nil *Other companies* SUN & SUN Capital Investment Ltd Cyber Keep Enterprises Ltd	*Group companies* Nil *Other companies* Singapower Development Pte Ltd AEE Holdings Pte Ltd SUN & SUN Capital Holdings Pte Ltd SUN & SUN Pte Ltd SUN & SUN Management Pte Ltd SUN & SUN Marketing Pte Ltd SUN & SUN IT Pte Ltd SUN & SUN International (S) Pte Ltd Singapore Power International Pte Ltd SPI Australia Holdings II Pte. Ltd. (formerly known as SPI China Holdings Pte Ltd)

Name	Present Directorships	Past Directorships
		United Power Corporation (Singapore) Pte Ltd
		Singapore Power International (Hainan Meinan) Pte Ltd
		EnSing Power Pte Ltd – struck off
		T & S Network Technology (Beijing) Co., Ltd.
		Yixing P&S Co., Ltd
		SUN & SUN Environment Ltd
		SUN & SUN Healthcare Ltd
		Integration Finance Ltd
		Hexham Finance Ltd
		White Knight Finance Ltd
		SUN & SUN International (Beijing) Co., Ltd
		Wuxi Sing-Yang Cogeneration Co., Ltd
		Kunshan Sing-Kun Cogeneration Co., Ltd
		Nanjing Sing-Su Cogeneration Co., Ltd
		SPI (Cixi) Ltd
		Kenworth Industrial Ltd
		Ningbo Gangci Power Plant Co., Ltd
		Anhui Hefei United Power Corporation Co., Ltd
		Hainan Holdings Ltd
		Hainan Meinan Power Service Co., Ltd
		Hainan Meinan Power Co.

(d) Save as disclosed under the section “Directors, Management and Staff” on pages 82 to 91 of this Prospectus, none of our Directors and Executive Officers is related to one another or to any Substantial Shareholder of our Company or any of their associates.

(e) The interests of our Directors and Substantial Shareholders in the Shares as at the date of this Prospectus and as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders maintained under the provisions of the Act and the SFA are as follows:-

	Shares Registered In The Names Of Directors And Substantial Shareholders		**Shares In Which Our Directors And Substantial Shareholders Are Deemed To Have An Interest**		**Total Number of Shares In Which Our Directors And Substantial Shareholders Have An Interest In**	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Neo Kok Ching [(1)]	25,200,000	21.00	3,306,660	2.76	28,506,660	23.76
Azam Essof Kolia	19,800,000	16.50	–	–	–	–
Lam Ah Seng @ Lam Pang Chuang	–	–	–	–	–	–
Mahtani Bhagwandas	–	–	–	–	–	–
Sitoh Yih Pin	–	–	–	–	–	–
Alternate Directors						
Chin Pang Joo @ Ivan Lam Pang Joo	–	–	–	–	–	–
Neo Cheow Hui	17,445,300	14.54	–	–	–	
Substantial Shareholders (5% or more) other than Directors						
Ban Joo Logistics Pte Ltd	22,808,020	19.01	–	–	–	–
Neo Hwee Hoon	10,000,000	8.33	–	–	–	–
Neo Hwee Lee	10,000,000	8.33	–	–	–	–

Notes:-

(1) Mr Neo Kok Ching is deemed to be interested in the shares held by his spouse, Mdm Teng Beng Hua, who has an interest in 3,306,660 Shares prior to Invitation.

(f) There is no shareholding qualification for Directors in the Articles of Association of our Company.

(g) Save as disclosed below, no Director, Executive Officer or Controlling Shareholder:-

(i) was in the last 10 years involved in a petition under any bankruptcy laws in any jurisdiction filed against him or against the partnership of which he was a partner.

(ii) was in the last 10 years a director or key executive of any corporation involved in a petition under any laws in any jurisdiction filed against it for the winding up of that corporation on the ground of insolvency.

(iii) has any unsatisfied judgements against him.

(iv) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty punishable with imprisonment for three months or more, or has been the subject of any criminal proceedings for such purpose. Further, no Director, Executive Officer or Controlling Shareholder is subject to any such pending criminal proceeding which he is aware of.

(v) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere or been the subject of any criminal proceedings for such breach. Further, no Director, Executive Officer or Controlling Shareholder is subject to any such pending criminal proceeding which he is aware of.

(vi) has received any judgement against him in any civil proceeding in Singapore or elsewhere in the last 10 years involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings involving an allegation of fraud, misrepresentation or dishonesty on his part. No Director, Executive Officer or Controlling Shareholder is subject to any such pending civil proceeding which he is aware of.

(vii) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any corporation.

(viii) has ever been disqualified from acting as a director of any corporation, or from taking part in any way directly or indirectly in the management of any corporation.

(ix) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity.

(x) has, to his knowledge, in Singapore or elsewhere, ever been concerned with the management or conduct of the affairs of any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere, or any corporation or partnership which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership.

Mr Sitoh Yih Pin was formerly a non-executive director of Mountamount (S'pore) Pte Ltd, a company incorporated in 1990 having an issued and paid-up capital of $5,450,000 as at 1997. It was engaged in general wholesale trade, including import and export trade. Mr Sitoh Yih Pin resigned as director of Mountamount (S'pore) Pte Ltd in April 1996 and the company was subsequently wound up in July 1997 by its creditors upon petition presented to the High Court of Singapore.

(h) Save as disclosed on pages 87 and 88 of this Prospectus, there are no existing or proposed service contracts between our Directors and our Company or any of our subsidiaries.

(i) The aggregate emoluments (including CPF contributions thereon) paid or distributed by our Group to our Directors for services rendered in all capacities to our Company and our subsidiaries for FY2002 amounted to $230,000. The aggregate emoluments payable to our Directors for the current financial year under the arrangements with our Group in force as at the date of this Prospectus is estimated to be approximately $666,000 (including CPF contributions thereon but excluding incentive bonus which will be based on our Group's net profit (excluding extraordinary items and non-recurrent income)).

(j) Save as disclosed on page 56 of this Prospectus, no option to subscribe for securities of our Company or any of our subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the two years preceding the date of this Prospectus.

(k) Save as disclosed on pages 94 to 99 of this Prospectus, none of our Directors or Controlling Shareholders of our Company is interested, directly or indirectly, in the promotion of, or in any assets acquired or disposed of by, or leased to, our Company or any of our subsidiaries within the two years preceding the date of this Prospectus, or in any proposal for such acquisition or disposal or lease as aforesaid.

(l) Save as disclosed on page 100 of this Prospectus, none of our Directors, Substantial Shareholders or Executive Officers has any interest, direct or indirect, in any company carrying on the same business or dealing in similar products as our Group.

(m) Save as disclosed on pages 94 to 99 of this Prospectus, none of our Directors is materially interested in any existing contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Company and our subsidiaries.

(n) No sum or benefit has been paid or has been agreed to be paid to any Director or to any firm in which a Director is a partner or corporation in which such Director holds shares or debentures in cash or in shares or otherwise by any person to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or such firm or corporation in connection with the promotion or formation of our Company.

3. MEMORANDUM AND ARTICLES OF ASSOCIATION

The summary on this section is set out in Appendix IV of this Prospectus.

4. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Group within the two years preceding the date of this Prospectus and are or may be material:-

(a) Sale & Purchase Agreement dated 4 May 2001 made between Tropical Produce Company (Pte) Limited as vendor and Mac-Nels Warehousing as purchaser for the sale and purchase of the property at 19 Sungei Kadut Street 2, Singapore 729237 at a consideration of $2,800,000.

(b) Sale & Purchase Agreement dated 31 August 2001 made between GKE-W&L as vendor and Ban Joo & Company Limited as purchaser for the sale and purchase of the property at 12 Benoi Road, Singapore 629886 at a consideration of $2,700,000.

(c) Share Sale Agreement dated 1 June 2001 made between Matthew Er Yeong Yang and Neo Thiam Teng as vendors and our Company as purchaser for the sale and purchase of the entire issued and paid-up capital of Mac-Nels AE for a consideration of $3.00.

(d) Share Sale Agreement dated 20 February 2002 made between Michael Samuel Rosenfeld, Lee Eng Chye Vincent and Lim Siok Ngo Sharon as vendors and our Company as purchaser for the sale and purchase of the entire issued and paid-up capital of ICF for a consideration of $202,000.

(e) Letter of Agreement dated 7 August 2002 from Precept Construction Pte Ltd (“Precept”) to Mac-Nels Warehousing for Precept to carry out addition and alteration works on the property at 19 Sungei Kadut Street 2, Singapore 729237, as supplemented by a letter dated 30 May 2002 from Precept to Mac-Nels Warehousing, for a contract sum of $3,100,000.

(f) Management and Underwriting Agreement dated 13 January 2003 made between our Company and UOB Asia.

(g) Placement Agreement dated 13 January 2003 made between our Company and UOB Asia.

(h) Depository Agreement dated 13 January 2003 between our Company and CDP pursuant to which CDP agreed to act as depository for our Company.

(i) Letter dated 13 January 2003 from UOB to our Company pursuant to which UOB was appointed as the Receiving Banker.

5. WORKING CAPITAL

Our Directors are of the opinion that, after taking into account the present banking facilities, and the net proceeds from the issue of New Shares by our Company, our Group will have adequate working capital for its present requirements. In the opinion of our Directors, there are no minimum amounts which must be raised by the issue of the New Shares in order to provide for the following:-

(i) the purchase price of any property purchased or to be purchased;

(ii) estimated issue expenses (including underwriting and placement commission) for the Invitation payable by our Company;

(iii) the repayment of any money borrowed by our Company in respect of any of the foregoing matters; and

(iv) working capital.

Although no minimum amount must be raised by the Invitation in order to provide for the items set out above, the estimated amount to be provided for the item set out in (ii) above is approximately $1.4 million. Such amount is proposed to be provided out of the proceeds of the Invitation or, in the event that the Invitation is cancelled, out of the existing banking facilities or internal funds.

6. LOAN CAPITAL AND OTHER BORROWINGS

Save as disclosed on pages 32 and 33 of this Prospectus and pages 117 to 151 of the Audited Consolidated Financial Statements set out in this Prospectus, our Group had no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at the date of this Prospectus.

7. FINANCIAL CONDITION AND OPERATIONS OF OUR GROUP

Save as disclosed in the section on "Risk Factors" beginning on page 23 of this Prospectus, our Directors are not aware of any material information including trading factors or risks not mentioned elsewhere in this Prospectus which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.

Save as disclosed in this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:-

(i) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

(ii) material commitments for capital expenditure;

(iii) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

(iv) known trends or uncertainties that have had or that our Group expects to have a material favourable or unfavourable impact on revenue or operating income.

8. LITIGATION

There are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months before the date of this Prospectus, a material effect on our Group's financial position or profitability.

9. MISCELLANEOUS

(a) The nature of the business of our Company has been stated earlier in this Prospectus. The corporations which, by virtue of Section 6 of the Act, are deemed to be related to our Company are set out under the "Subsidiary Companies" section on page 61 of this Prospectus.

(b) No Shares will be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

(c) The time of opening of the Application List is stated on page 13 of this Prospectus.

(d) The amount payable on application is $0.20 for each Offer Share and Placement Share.

(e) There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this Prospectus.

(f) No property has been purchased or acquired or proposed to be purchased or acquired by our Company or our subsidiaries which is to be paid for wholly or partly out of the proceeds of the issue of New Shares or the purchase or acquisition of which has not been completed at the date of this Prospectus other than property the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of our Company or our subsidiaries, the contract not being made in contemplation of the Invitation nor the Invitation in consequence of the contract.

(g) Save as disclosed under "Management Underwriting and Placement Arrangements" on page 101 of this Prospectus, no commission, discount or brokerage has been paid or other special terms granted within the preceding two years or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any shares in or debentures of our Company or our subsidiaries.

(h) No sums have been paid or are agreed to be paid to any Director or any firm in which a Director is a partner in cash or in shares or otherwise or to any person to induce him to become a Director or in connection with the promotion of our Company.

(i) The estimated expenses in connection with the Invitation and the application for listing, including management fees, auditors' fees, solicitors' fees, underwriting and placement commission, brokerage and all other incidental expenses in relation to the Invitation, are approximately $1.4 million which will be borne by our Company. A breakdown of these estimated expenses is as follows:-

	$'000
Listing fee	2
Professional fees and other charges	635
Underwriting and placement commission and brokerage	200
Miscellaneous expenses	563
Total estimated expenses in connection with the Invitation	1,400

(j) No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the date of this Prospectus or is proposed or intended to be paid or given to any promoter at any time.

(k) Application moneys received by our Company in respect of successful applications (including successfully balloted applications which are subsequently rejected) will be placed in a separate non-interest bearing account with UOB. In the ordinary course of business, the Receiving Banker will deploy these moneys in the interbank money market. All profits derived from the deployment of such moneys will accrue to the Receiving Banker. Any refund of all or part of the application moneys to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or other benefits arising therefrom.

(l) We currently have no intention of changing our Auditors after the admission of our Company to the Official List of the SGX-SESDAQ.

(m) Save as disclosed in the section "Subsequent Events" on pages 147 to 148 and on pages 183 to 184 of this Prospectus, our Directors are not aware of any event which has occurred since 31 May 2002 which may have a material effect on the Audited Consolidated Financial Statements of our Group on pages 117 to 151 of this Prospectus and the Unaudited Proforma Consolidated Financial Statements of our Group on pages 153 to 188 of this Prospectus.

10. CONSENTS

(a) The Auditors and Reporting Accountants has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the Independent Auditors' Report in relation to the Audited Consolidated Financial Statements of our Company and our subsidiaries for the financial period/years ended 31 May 2000, 31 May 2001 and 31 May 2002 and the Report from the Reporting Accountants in relation to the Unaudited Proforma Consolidated Financial Statements of our Company and our subsidiaries for the financial years ended 31 May 2000, 31 May 2001 and 31 May 2002, in the form and context in which they appear in this Prospectus and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

(b) The Manager, Underwriter and Placement Agent, the Primary Sub-Underwriters and Primary Sub-Placement Agents, the Receiving Banker, the Share Registrar, the Principal Banker, the Solicitors and Knight Frank Pte Ltd, have each given and have not withdrawn their respective written consents to the issue of this Prospectus with the inclusion herein of their respective names and references to their respective names in the forms and context in which they respectively appear in this Prospectus and to act in such respective capacities in relation to this Prospectus.

11. RESPONSIBILITY STATEMENT BY OUR DIRECTORS

The Prospectus has been seen and approved by our Directors and they collectively and individually accept full responsibility for the truth and accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as at the date hereof and there are no material facts the omission of which would make any statement herein misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Company and our subsidiaries.

12. DOCUMENTS FOR INSPECTION

The following documents may be inspected at the registered office of our Company during normal business hours for a period of six months from the registration date of this Prospectus:-

(a) the Memorandum and Articles of Association of our Company;

(b) the Independent Auditors' Report, Audited Consolidated Financial Statements, the Report from the Reporting Accountants in relation to the Unaudited Proforma Consolidated Financial Statements and Unaudited Proforma Consolidated Financial Statements set out in Appendix I of this Prospectus;

(c) the audited accounts of our Company and of our subsidiaries for FY2000, FY2001 and FY2002;

(d) the material contracts referred to in paragraph 4 on page 112 of this Prospectus;

(e) the letters of consent referred to in paragraph 10 on page 115 of this Prospectus; and

(f) the service agreements referred to on pages 87 and 88 of this Prospectus.

INDEPENDENT AUDITORS' REPORT

13 January 2003

The Board of Directors
GKE International Limited
No 1 Jalan Besut
Singapore 619554

Dear Sirs

We have audited the consolidated financial statements of GKE International Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 117 to 151, comprising the consolidated balance sheets as at 31 May 2000, 2001 and 2002, consolidated profit and loss accounts, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the period/years then ended, and the notes thereto. These financial statements of the Group, which have been prepared and presented in accordance with Singapore Statements of Accounting Standard, are the responsibility of the directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing issued by the Institute of Certified Public Accountants of Singapore. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements of the Group present fairly, in all material respects, the financial positions of the Group as at 31 May 2000, 2001 and 2002 and of the results, changes in equity and of the cash flows of the Group for the financial period/years then ended and have been properly prepared in accordance with Singapore Statements of Accounting Standard.

This report has been prepared for inclusion in the Prospectus in connection with the invitation by the Company in respect of the issue of 40,000,000 new ordinary shares of par value $0.05 each in the share capital of the Company. No audited financial statements of the Company or its subsidiaries have been prepared for any period subsequent to 31 May 2002.

Yours faithfully

KPMG
Certified Public Accountants
Singapore

Partner: Tan Huay Lim

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS AT 31 MAY 2000, 2001 AND 2002

	Note	2000 $'000	2001 $'000	2002 $'000
Non-current assets				
Property, plant and equipment	4	–	11,648	13,767
Intangible assets	5	–	(1,598)	(1,493)
Club membership	6	–	–	10
		–	10,050	12,284
Current assets				
Trade receivables	7	–	1,978	3,576
Other receivables, deposits and prepayments	8	19	2,571	4,098
Amounts due from related parties	9	233	1,132	663
Cash and cash equivalents	10	*	368	840
		252	6,049	9,177
Current liabilities				
Bank overdrafts	10	–	3,568	3,157
Trade payables and accruals	11	1	907	1,558
Other payables	12	–	98	544
Amounts due to related parties	13	251	8	14
Current portion of interest-bearing bank loans (secured)	14	–	1,426	817
Current portion of obligations under hire purchase creditors	15	–	205	472
Employee benefits	16	–	17	42
Provision for taxation		–	981	1,012
		252	7,210	7,616
Net current (liabilities) / assets		–	(1,161)	1,561
		–	8,889	13,845
Non-current liabilities				
Interest-bearing bank loans (secured)	14	–	1,148	1,306
Obligations under hire purchase creditors	15	–	175	657
Deferred taxation	17	–	82	59
		–	1,405	2,022
Net Assets		–	7,484	11,823
Capital and Reserves				
Share capital	18	*	5,231	5,900
Reserves	19	–	2,253	5,923
		–	7,484	11,823

* Two subscribers' shares of $1 each fully paid were issued at par for cash at the date of incorporation.

The accompanying notes form an integral part of these financial statements.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNTS
FOR THE PERIOD/YEARS ENDED 31 MAY 2000, 2001 AND 2002

	Note	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Revenue	20	–	15,325	23,948
Cost of services		–	(10,730)	(17,331)
Gross profit		–	4,595	6,617
Other operating income	21	–	854	807
Distribution expenses		–	(42)	(41)
Administrative expenses		–	(1,717)	(2,502)
Other operating expenses		–	(70)	(208)
Profit from operations		–	3,620	4,673
Finance costs	21	–	(494)	(505)
Profit from ordinary activities before taxation	21	–	3,126	4,168
Taxation	22	–	(873)	(965)
Net profit for the period/year		–	2,253	3,203
Basic earnings per share (cents)	23	–	43.07	57.04

The accompanying notes form an integral part of these financial statements.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD/YEARS ENDED 31 MAY 2000, 2001 AND 2002

	Share capital $'000	Share premium $'000	Accumulated profits $'000	Total $'000
At 8 March 2000	–	–	–	–
Issue of subscriber shares at date of incorporation	*	–	–	*
Net profit for the period	–	–	–	–
At 31 May 2000	*	–	–	*
Issue of ordinary shares pursuant to the restructuring exercise	5,231	–	–	5,231
Net profit for the year	–	–	2,253	2,253
At 31 May 2001	5,231	–	2,253	7,484
Issue of ordinary shares pursuant to the restructuring exercise	202	–	–	202
Issue of new shares	467	467	–	934
Net profit for the year	–	–	3,203	3,203
At 31 May 2002	5,900	467	5,456	11,823

* Two subscribers' shares of $1 each fully paid were issued at par for cash at the date of incorporation.

The accompanying notes form an integral part of these financial statements.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD/YEARS ENDED 31 MAY 2000, 2001 AND 2002

	Note	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Operating activities				
Profit from ordinary activities before taxation		–	3,126	4,168
Adjustments for:				
Interest expenses		–	494	505
Interest income		–	(18)	(6)
Depreciation of property, plant and equipment		–	1,203	1,462
Amortisation of negative goodwill		–	(262)	(307)
Change in value of negative goodwill		–	(465)	–
Allowance for doubtful trade receivables		–	–	21
Allowance reversed for doubtful receivables		–	–	(13)
Impairment loss on club membership		–	–	18
Plant and equipment written off		–	1	31
Loss / (Gain) on disposal of property, plant and equipment		–	21	(371)
Operating profit before working capital changes		–	4,100	5,508
Changes in working capital:				
Trade receivables		–	(24)	(1,201)
Other receivables, deposits and prepayments		–	(1,798)	(1,410)
Balances with related parties		(19)	716	300
Trade payables and accruals		18	(77)	354
Other payables		1	(9)	435
Cash generated from operations		–	2,908	3,986
Income tax paid		–	(995)	(956)
Net cash flows generated from operating activities		–	1,913	3,030
Investing activities				
Interest received		–	18	6
Purchase of property, plant and equipment		–	(3,709)	(4,800)
Proceeds from disposal of property, plant and equipment		–	65	2,914
Net cash (outflow)/inflow on acquisition of subsidiaries	24	–	(1,218)	228
Net cash flows used in investing activities		–	(4,844)	(1,652)
Financing activities				
Net proceeds from issue of shares		*	–	934
Interest paid		–	(494)	(505)
Repayment of bank loans		–	(958)	(1,751)
Proceeds from bank loans		–	1,400	1,300
Repayment of hire purchase creditors		–	(217)	(473)
Net cash flows used in financing activities		*	(269)	(495)
Net (decrease)/increase in cash and cash equivalents		–	(3,200)	883
Cash and cash equivalents at beginning of the period/year		–	*	(3,200)
Cash and cash equivalents at end of the period/year	10	*	(3,200)	(2,317)

The Group acquired property, plant and equipment with an aggregate cost of $5,698,546 (2001: $4,015,988; 2000: $Nil) of which $898,499 (2001: $306,600; 2000: $Nil) was acquired by means of hire purchase.

* Two subscribers' shares of $1 each fully paid were issued at par for cash at the date of incorporation.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors of the Company on 13 January 2003.

1. Business and Organisation

1.1 Introduction

This report has been prepared for inclusion in the Prospectus of GKE International Limited (the "Company" or "GKE") in connection with the invitation by the Company in respect of the issue of 40,000,000 new ordinary shares of $0.05 each at the price of $0.20 per share.

1.2 The Company

The Company was incorporated in the Republic of Singapore on 8 March 2000 as a private limited company under the name of GKE Holdings Pte Ltd. On 15 April 2002, the Company changed its name to GKE International Pte Ltd. On 10 December 2002, the Company was converted into a public limited company and changed its name to GKE International Limited. The Company was incorporated for the purpose of acquiring the shares in the existing companies of the Group (as defined in paragraph 1.3) which are principally engaged in the provision of storage, freight forwarding, warehousing, packing and transportation services. Its registered office is at No. 1 Jalan Besut, Singapore 619554.

The principal activities of the Company are those relating to an investment holding company.

At the date of incorporation, the authorised share capital of the Company was $100,000 divided into 100,000 ordinary shares of $1.00 each, of which two subscribers' shares were issued fully paid at par for cash. By an ordinary resolution passed at an Extraordinary General Meeting of the Company held on 14 July 2000, the authorised share capital of the Company was increased from $100,000 to $6,000,000 by the creation of an additional 5,900,000 ordinary shares of $1.00 each, ranking pari passu with the existing shares of the Company.

Details of movements in the issued share capital of the Company since the date of incorporation are as follows:

Date	Description	Number of shares	Amount $
8 March 2000, date of incorporation	Issue of subscribers' shares of $1.00 each fully paid at par for cash	2	2
As at 31 May 2000		2	2
14 July 2000	Issue of ordinary shares of $1.00 each pursuant to the restructuring exercise as described in paragraph 1.3	5,230,877	5,230,877
As at 31 May 2001		5,230,879	5,230,879
3 August 2001	Issue of ordinary shares of $1.00 each fully paid for cash at a price of $2.00 each for working capital purposes	269,121	269,121
24 August 2001	Issue of ordinary shares of $1.00 each pursuant to the restructuring exercise as described in paragraph 1.3	2	2
Balance carried forward		5,500,002	5,500,002

1.2 The Company (cont'd)

Date	Description	Number of shares	Amount $
Balance brought forward		5,500,002	5,500,002
20 February 2002	Issue of ordinary shares of $1.00 each pursuant to the restructuring exercise as described in paragraph 1.3	202,000	202,000
13 May 2002	Issue of ordinary shares of $1.00 each fully paid for cash at a price of $2.00 each for working capital purposes	197,998	197,998
As at 31 May 2002		5,900,000	5,900,000

1.3 The Restructuring Exercise

The Company entered into a series of share exchange agreements (the "Restructuring Exercise") with the shareholders of GKE Private Limited, GKE Warehousing & Logistics Pte Ltd, Mac-Nels Warehousing Pte Ltd, Mac-Nels Air Express Pte. Ltd. and International Concept Forwarding Pte Ltd, to effect the Restructuring Exercise. The Restructuring Exercise involved the acquisitions of the following companies:

(a) GKE Private Limited ("GKE-PL")

Pursuant to an agreement which took effect from 1 June 2000, the Company acquired the entire issued and paid-up share capital of GKE-PL comprising 2,737,453 ordinary shares of $1.00 each for a consideration of $2,943,638. The purchase consideration of $2,943,638 was arrived at based on the audited net tangible assets ("Audited NTA") of GKE-PL of $4,080,013 as at 31 May 2000 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of GKE-PL, as agreed between the Company and the shareholders of GKE-PL on a willing buyer, willing seller basis. The leasehold property included in the Audited NTA was stated at an independent professional valuation performed in February 2000 on the open market value method based on existing use. Prior to the acquisition, two directors of the Company owned 98% of the equity interest in GKE-PL. The purchase consideration was satisfied by the issue of 2,943,638 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company.

(b) GKE Warehousing & Logistics Pte Ltd ("GKE-W&L")

Pursuant to an agreement which took effect from 1 June 2000, the Company acquired the entire issued and paid-up share capital of GKE-W&L comprising 1,982,249 ordinary shares of $1.00 each for a consideration of $1,488,004. The purchase consideration of $1,488,004 was arrived at based on the Audited NTA of GKE-W&L of $2,015,558 as at 31 May 2000 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of GKE-W&L, as agreed between the Company and the shareholders of GKE-W&L on a willing buyer, willing seller basis. Prior to the acquisition, two directors of the Company and a director of GKE-W&L owned 22% and 44% of the equity interest in GKE-W&L respectively. The purchase consideration was satisfied by the issue of 1,488,004 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company.

1.3 The Restructuring Exercise (cont'd)

(c) Mac-Nels Warehousing Pte Ltd ("Mac-Nels Warehousing")

Pursuant to an agreement which took effect from 1 June 2000, the Company acquired the entire issued and paid-up share capital of Mac-Nels Warehousing comprising 1,064,703 ordinary shares of $1.00 each for a consideration of $799,235. The purchase consideration of $799,235 was arrived at based on the Audited NTA of Mac-Nels Warehousing of $1,533,257 as at 31 May 2000 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of Mac-Nels Warehousing, as agreed between the Company and the shareholders of Mac-Nels Warehousing on a willing buyer, willing seller basis. Prior to the acquisition, a director of Mac-Nels Warehousing owned 49% of the equity interest in Mac-Nels Warehousing. The purchase consideration was satisfied by the issue of 799,235 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company.

(d) Mac-Nels Air Express Pte. Ltd. ("Mac-Nels AE")

Pursuant to an agreement which took effect from 1 June 2001, the Company acquired the entire issued and paid-up share capital of Mac-Nels AE comprising 200,000 ordinary shares of $1.00 each for a consideration of $3. The purchase consideration of $3 was arrived at based on the Audited NTA of Mac-Nels AE of $31,989 as at 31 May 2001 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of Mac-Nels AE, as agreed between the Company and the shareholders of Mac-Nels AE on a willing buyer, willing seller basis. Prior to the acquisition, a director of Mac-Nels AE owned 99.99% of the equity interest in Mac-Nels AE. The purchase consideration was satisfied by the issue of 2 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company and a cash payment of $1.00.

(e) International Concept Forwarding Pte Ltd ("ICF")

Pursuant to an agreement which took effect from 1 September 2001, the Company acquired the entire issued and paid-up share capital of ICF comprising 384,000 ordinary shares of $1.00 each for a consideration of $202,000. The purchase consideration of $202,000 was arrived at based on the net tangible assets of ICF of $372,126 as at 31 August 2001 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of ICF, as agreed between the Company and the shareholders of ICF on a willing buyer, willing seller basis. Prior to the acquisition, two directors of ICF owned 67% of the equity interest in ICF. The purchase consideration was satisfied by the issue of 202,000 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company.

Pursuant to the Restructuring Exercise, the Company issued an aggregate of 5,432,879 ordinary shares of $1.00 each. Although the acquisitions were based on the net tangible assets of the companies taken over by the Group, the purchase considerations agreed between the Company and the various shareholders of these companies were on a willing buyer, willing seller basis, which had taken into account various factors, including the Audited NTA/net tangible assets of the companies at their respective dates of acquisition, the fair values attributable to the identifiable assets or liabilities and the potential earnings of the companies.

1.4 Auditors

The financial statements of the companies in the Group for the financial period/years covered by this report were audited by the following firms of Certified Public Accountants of Singapore, registered in accordance with the Accountants Act.

Name of Company	Auditors	Financial Period/Year
GKE International Limited	KPMG	For the financial period/years ended 31 May 2000, 2001, 2002
GKE Private Limited	KPMG	For the financial years ended 31 May 2000, 2001, 2002
GKE Warehousing & Logistics Pte Ltd	KPMG	For the financial years ended 31 May 2000, 2001, 2002
Mac-Nels Warehousing Pte Ltd	Freddie Chin & Co	For the financial year ended 30 September 1999
	KPMG	For the financial period/years ended 31 May 2000, 2001, 2002
Mac-Nels Air Express Pte. Ltd.	Freddie Chin & Co	For the financial year ended 30 September 1999
	KPMG	For the financial period/years ended 31 May 2000, 2001, 2002
International Concept Forwarding Pte Ltd	Kong, Lim & Partners	For the financial years ended 31 December 1999 and 2000
		For the financial period ended 31 May 2001
	KPMG	For the financial year ended 31 May 2002

As the reporting year-ends of Mac-Nels Warehousing, Mac-Nels AE and ICF were not co-terminous with the reporting year-end of the Group, the financial statements of the subsidiaries drawn up to the different reporting year-ends were adjusted, using a consistent basis, for any material impact on the consolidated financial statements presented.

The statutory financial statements of the Company and its subsidiaries for the financial period/years covered by this report were not subject to any qualifications, modifications or disclaimers.

2. Subsidiaries

Upon completion of the Restructuring Exercise as set out in paragraph 1.3 and at the date of this report, the Company had the following subsidiaries:

Name of Company	Principal Activities	Date and Place of Incorporation/ Business	←Effective Equity Interest Held→ 2000 %	2001 %	2002 %
GKE Private Limited	Rental of warehouse	3 December 1963 Singapore	–	100	100
GKE Warehousing & Logistics Pte Ltd	Provision of warehousing, packing and transportation services	8 May 1998 Singapore	–	100	100
Mac-Nels Warehousing Pte Ltd	Provision of storage, freight forwarding, warehousing, packing, removal and delivery services	12 April 1984 Singapore	–	100	100
Mac-Nels Air Express Pte. Ltd.	Provision of freight forwarding services	28 July 1989 Singapore	–	–	100
International Concept Forwarding Pte Ltd	Provision of freight forwarding, transportation, warehousing, and logistic services	16 January 1991 Singapore	–	–	100

At the date of this report, the authorised and paid-in capital of the subsidiaries are as follows:

Name of Company	Authorised Share Capital $	Issued and Paid-up Share Capital $
GKE Private Limited	3,200,000	2,737,453
GKE Warehousing & Logistics Pte Ltd	3,000,000	1,982,249
Mac-Nels Warehousing Pte Ltd	2,000,000	1,064,703
Mac-Nels Air Express Pte. Ltd.	500,000	200,000
International Concept Forwarding Pte Ltd	500,000	384,000

3. Summary of Significant Accounting Policies

(a) Statement of Compliance

The financial statements have been prepared in accordance with Singapore Statements of Accounting Standard ("SAS") (including Interpretations of Statements of Accounting Standard) issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

(b) Basis of Preparation

The financial statements, expressed in Singapore dollars unless stated to be expressed in Singapore dollars thousands, are prepared on the historical cost basis.

In the financial year ended 31 May 2001, the Group and the Company changed their accounting policies as a result of the early adoption of certain new or revised accounting standards which will become effective for the Group's and the Company's financial statements only in 2002. Details of the effects of adopting the new or revised accounting standards are as set out in note 25.

In the financial year ended 31 May 2002, the Group and the Company changed their accounting policies as a result of adopting a revised accounting standard which became effective for the Group's and the Company's financial statements for 2002. Details of the effects of adopting the revised accounting standard are as set out in note 25.

(c) Basis of Consolidation

(i) Subsidiaries

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisitions of subsidiaries are accounted for using the purchase method of accounting.

(ii) Transactions eliminated on consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Accounting policies of subsidiaries

Where necessary, accounting policies for subsidiaries have been changed to be consistent with the policies adopted by the Group.

(d) Subsidiaries

Investments in subsidiaries in the Company's balance sheet are stated at cost less impairment losses.

(e) Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

3. Summary of Significant Accounting Policies (cont'd)

(f) Property, Plant and Equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Disposal

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal.

(iv) Depreciation

No depreciation is provided on construction-in-progress. Depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows:-

Leasehold buildings	–	over the remaining lease periods of between 10 to 19 years
Leasehold building improvement and electrical installation	–	5 to 10 years
Plant and machinery	–	2 to 5 years
Furniture and fittings, office equipment and renovation	–	1 to 10 years
Motor vehicles	–	3 to 5 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(g) Intangible Assets

(i) Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses and is amortised from the date of initial recognition over its estimated useful life of not more than 20 years.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of.

3. Summary of Significant Accounting Policies (cont'd)

(g) Intangible Assets (cont'd)

(ii) Negative Goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition. Negative goodwill is presented in the same balance sheet classifications as goodwill.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

(h) Club Membership

Club membership held for long-term is stated at cost less impairment losses. Any such loss is recognised as an expense in the profit and loss account.

Profits or losses on disposal of club membership are determined as the difference between the net disposal proceeds and the carrying amount of the club membership and are accounted for in the profit and loss account as they arise.

(i) Trade and Other Receivables

Trade and other receivables are stated at cost less allowance for doubtful receivables.

(j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. Summary of Significant Accounting Policies (cont'd)

(k) Impairment (cont'd)

(ii) Reversal of impairment loss

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. All reversals of impairment are recognised in the profit and loss account.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of the specific event.

(l) Trade and Other Payables

Trade and other payables are stated at cost.

(m) Interest-Bearing Loans and Borrowings

Interest-bearing borrowings are recognised at cost.

(n) Hire Purchase Assets

Assets acquired on hire purchase arrangements are capitalised in the financial statements, and the corresponding obligations treated as liabilities. The assets so capitalised are depreciated in accordance with the policy for depreciation of property, plant and equipment as set out in note 3(f) above. The total interest, being the difference between the total instalments payable and the capitalised amount, is amortised over each hire purchase period to give a constant rate of charge over the remaining balance of obligations.

(o) Employee Benefits - Defined Contribution Plans

Contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

(p) Taxation

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

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

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

3. Summary of Significant Accounting Policies (cont'd)

(p) Taxation (cont'd)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

(q) Share Capital

Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(r) Revenue Recognition

(i) Rental income

Rental income receivable under operating leases is recognised in the profit and loss account on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Income receivable from the rental of warehouse space is accrued on a time-apportioned basis over the period of storage of the goods.

(ii) Service income

Revenue is recognised when the services are rendered.

(iii) Dividends

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(iv) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

(s) Operating Leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the terms of the leases. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

(t) Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

4. Property, Plant and Equipment

	Leasehold buildings $'000	Leasehold building improvement and electrical installation $'000	Construc-tion-in-progress $'000	Plant and machinery $'000	Furniture and fittings, office equipment and renovation $'000	Motor vehicles $'000	Total $'000
Cost							
At 8 March 2000	–	–	–	–	–	–	–
Additions	–	–	–	–	–	–	–
At 31 May 2000	–	–	–	–	–	–	–
Acquisition of subsidiaries	7,800	226	–	1,056	182	325	9,589
Additions	2,712	590	–	202	102	410	4,016
Disposals / Write-off	–	–	–	(96)	(2)	(45)	(143)
At 31 May 2001	10,512	816	–	1,162	282	690	13,462
Acquisition of subsidiaries	–	–	–	292	50	420	762
Additions	2,964	418	737	690	65	824	5,698
Disposals / Write-off	(2,168)	(547)	–	(236)	(8)	(285)	(3,244)
At 31 May 2002	11,308	687	737	1,908	389	1,649	16,678
Depreciation and impairment losses							
At 8 March 2000	–	–	–	–	–	–	–
Depreciation charge for the period	–	–	–	–	–	–	–
At 31 May 2000	–	–	–	–	–	–	–
Acquisition of subsidiaries	98	34	–	345	83	107	667
Depreciation charge for the year	575	141	–	282	53	152	1,203
Disposals / Write-off	–	–	–	(13)	–	(43)	(56)
At 31 May 2001	673	175	–	614	136	216	1,814
Acquisition of subsidiaries	–	–	–	145	33	127	305
Depreciation charge for the year	665	105	–	304	68	320	1,462
Disposals / Write-off	(252)	(149)	–	(184)	(2)	(83)	(670)
At 31 May 2002	1,086	131	–	879	235	580	2,911
Carrying amount							
31 May 2000	–	–	–	–	–	–	–
31 May 2001	9,839	641	–	548	146	474	11,648
31 May 2002	10,222	556	737	1,029	154	1,069	13,767

4. Property, Plant and Equipment (cont'd)

Included in the property, plant and equipment of the Group are the following:

	2000 $'000	2001 $'000	2002 $'000
Carrying value of assets:			
Acquired under hire purchase agreements:			
– Plant and machinery	–	284	906
– Motor vehicles	–	315	777
	–	599	1,683
Leasehold buildings mortgaged to banks for banking facilities granted to subsidiaries (refer to notes 10 and 14)	–	9,839	10,222
	–	10,438	11,905

5. Intangible Assets

	Negative Goodwill $'000
Cost	
At 8 March and 31 May 2000	–
Acquisition of subsidiaries	2,325
Change in value of negative goodwill (refer to note 24)	(465)
At 31 May 2001	1,860
Acquisition of subsidiaries	202
At 31 May 2002	2,062
Amortisation	
At 8 March and 31 May 2000	–
Amortisation charge for the year	262
At 31 May 2001	262
Amortisation charge for the year	307
At 31 May 2002	569
Carrying amount	
31 May 2000	–
31 May 2001	1,598
31 May 2002	1,493

The negative goodwill is recognised as income on a straight-line basis over a period ranging from 3 to 14 years, being the remaining weighted average useful lives of the identifiable acquired depreciable assets.

6. Club Membership

	2000 $'000	2001 $'000	2002 $'000
Club membership, at cost	–	–	28
Impairment loss	–	–	(18)
	–	–	10

7. Trade Receivables

	2000 $'000	2001 $'000	2002 $'000
Trade receivables	–	1,978	3,625
Less:			
Allowance for doubtful trade receivables:			
At 1 June	–	–	–
Acquisition of subsidiaries	–	–	38
Allowance reversed during the period/year	–	–	(10)
Allowance made during the period/year	–	–	21
At 31 May	–	–	49
	–	1,978	3,576

8. Other Receivables, Deposits and Prepayments

	2000 $'000	2001 $'000	2002 $'000
Other receivables	–	441	156
Deposits	–	340	95
Prepayments	19	1,786	3,841
Staff advances	–	4	2
Others	–	–	4
	19	2,571	4,098

Included in other receivables of the Group was an amount of Nil (2001: $11,077; 2000: Nil) due from a director (resigned on 31 May 2002) of two subsidiaries.

9. Amounts due from Related Parties

	2000 $'000	2001 $'000	2002 $'000
Affiliated corporations			
– Trade	–	86	64
– Non-trade	–	254	–
	–	340	64
Less:			
Allowance for doubtful receivables:			
At 1 June	–	–	–
Acquisition of subsidiaries	–	–	3
Allowance reversed during the year	–	–	(3)
At 31 May	–	–	–
	–	340	64
Corporate shareholder (Trade)	–	–	9
Other related parties (Trade)	–	461	339
Advances to a director	233	331	251
	233	1,132	663

An affiliated corporation is one, other than a related corporation, in which certain directors or shareholders of the Company have substantial financial interests or which has a common director with two subsidiaries of the Company.

Other related parties include the following:

(a) A company in which a sister of a director (resigned on 31 May 2002) of two subsidiaries has substantial financial interests.

(b) Companies in which a relative of two directors of the Company has substantial financial interests.

The amounts due from related parties are unsecured, interest-free and have no fixed terms of repayment.

The advances due from a director of the Company were fully repaid before 31 August 2002.

10. Cash and Cash Equivalents

	2000 $'000	2001 $'000	2002 $'000
Cash at banks and in hand	–	356	816
Fixed deposits with banks	–	12	24
	–	368	840
Bank overdrafts			
– secured	–	(3,199)	(2,828)
– unsecured	–	(369)	(329)
	–	(3,568)	(3,157)
Cash and cash equivalents in the consolidated statements of cash flows	–	(3,200)	(2,317)

10. Cash and Cash Equivalents (cont'd)

The Group's secured bank overdrafts are secured by legal mortgages over two subsidiaries' leasehold buildings (refer to note 14) and are guaranteed by a director of the Company and certain directors of its subsidiaries of up to $8,050,000 (2001: $6,050,000; 2000: Nil) as well as a corporate guarantee from the Company of up to $2,800,000 (2001: Nil; 2000: Nil).

Included in the Group's fixed deposits with banks is an amount of $8,000 (2001: Nil; 2000: Nil) pledged as security for banking facilities granted to a subsidiary.

11. Trade Payables and Accruals

	2000 $'000	2001 $'000	2002 $'000
Trade payables	–	634	861
Accrued operating expenses	1	273	697
	1	907	1,558

12. Other Payables

	2000 $'000	2001 $'000	2002 $'000
Other payables	–	75	380
Suppliers of plant and equipment	–	–	147
Deposits received	–	23	17
	–	98	544

13. Amounts due to Related Parties

	2000 $'000	2001 $'000	2002 $'000
Affiliated corporations			
– Trade	–	4	–
– Non-trade	251	–	12
Other related parties (Trade)	–	4	2
	251	8	14

The non-trade amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

14. Interest-Bearing Bank Loans - Secured

This note provides information about the contractual terms of the Group's interest-bearing bank loans. For more information on the Group's exposure to interest rate risk, refer to note 27.

	2000		2001		2002	
	Due within 12 months $'000	Due after 12 months $'000	Due within 12 months $'000	Due after 12 months $'000	Due within 12 months $'000	Due after 12 months $'000
Term Loan I						
5-year term loan of $2,624,000	–	–	492	1,148	492	656
Repayable in 5 annual instalments of $492,000 each due on 30 April of each year and a final instalment of $164,000 due on 31 August 2004						
Term Loan II						
3-year term loan of $1,400,000	–	–	934	–	–	–
Repayable in 2 annual instalments of $466,000 each and a final instalment of $468,000 due on 30 April of each year						
Term Loan III						
4-year term loan of $1,300,000	–	–	–	–	325	650
Repayable in 4 annual instalments of $325,000 each due on 30 April of each year						
	–	–	1,426	1,148	817	1,306

The term loans and secured bank overdrafts (refer to note 10) are secured by open legal mortgages over two subsidiaries' leasehold buildings with the following carrying values:

	2000 $'000	2001 $'000	2002 $'000
Term Loan I and secured bank overdrafts	–	7,833	7,417
Term Loan II	–	2,006	–
Term Loan III and secured bank overdrafts	–	–	2,805
	–	9,839	10,222

The term loans and bank overdrafts (refer to note 10) are guaranteed as follows:

	2000 $'000	2001 $'000	2002 $'000
Term Loan I and secured bank overdrafts			
Guaranteed by a director of the Company and certain directors of its subsidiaries	–	5,550	5,550
Term Loan II			
Guaranteed by a director of the Company and certain directors of its subsidiaries	–	1,400	–
Balance carried forward	–	6,950	5,550

14. Interest-Bearing Bank Loans – Secured (cont'd)

	2000 $'000	2001 $'000	2002 $'000
Balance brought forward	–	6,950	5,550
Term Loan III and secured bank overdrafts			
Guaranteed by a director of the Company and certain directors of its subsidiaries	–	–	2,000
A corporate guarantee from the Company	–	–	2,800
Other secured bank overdrafts			
Guaranteed by a director of the Company and certain directors of its subsidiaries	–	500	500
Unsecured bank overdrafts			
Guaranteed by certain directors of its subsidiaries	–	400	400
A corporate guarantee from the Company	–	1,200	1,200
	–	9,050	12,450

During the financial year ended 31 May 2002, a subsidiary disposed of its leasehold building and fully repaid Term Loan II and accordingly, the remaining balance of the loan had been classified as a current liability as at 31 May 2001.

These term loans and bank overdrafts bear interest at rates ranging from 6.5% to 7.0% (2001: 6.75% to 7.5%; 2000: Nil) per annum.

15. Obligations under Hire Purchase Creditors

	Gross Obligations $'000	Interest in Suspense $'000	Net Obligations $'000
31 May 2000			
Within 1 year	–	–	–
After 1 year but within 5 years	–	–	–
	–	–	–
31 May 2001			
Within 1 year	224	(19)	205
After 1 year but within 5 years	193	(18)	175
	417	(37)	380
31 May 2002			
Within 1 year	521	(49)	472
After 1 year but within 5 years	719	(62)	657
	1,240	(111)	1,129

Under the terms of the hire purchase agreements, no contingent rents are payable. Interest is charged at rates ranging from 2.5% to 6.0% (2001: 2.6% to 3.875%; 2000: Nil%) per annum.

16. Employee Benefits

	2000 $'000	2001 $'000	2002 $'000
Liability for short-term accumulating compensated absences	–	17	42

17. Deferred Taxation

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Deferred Tax Assets $'000	Deferred Tax Liabilities $'000	Net $'000
2000			
Property, plant and equipment	–	–	–
Other timing differences	–	–	–
Deferred tax (assets)/liabilities	–	–	–
2001			
Property, plant and equipment	–	77	77
Other timing differences	–	5	5
Deferred tax liabilities	–	82	82
2002			
Property, plant and equipment	–	77	77
Other timing differences	–	(18)	(18)
Deferred tax liabilities	–	59	59

Movement in temporary differences during the period / year

	Balance at beginning of the period/year $'000	Acquisition of subsidiaries $'000	Recognised in profit and loss account $'000	Balance at end of the period/year $'000
2000				
Property, plant and equipment	–	–	–	–
Other timing differences	–	–	–	–
	–	–	–	–
2001				
Property, plant and equipment	–	29	48	77
Other timing differences	–	16	(11)	5
	–	45	37	82
2002				
Property, plant and equipment	77	–	–	77
Other timing differences	5	–	(23)	(18)
	82	–	(23)	59

18. Share Capital – The Company

	2000		2001		2002	
	No. of shares ('000)	$'000	No. of shares ('000)	$'000	No. of shares ('000)	$'000
Authorised:						
Ordinary shares of $1.00 each						
At beginning of the period/year	100	100	6,000	6,000	6,000	6,000
Increase in authorised share capital	5,900	5,900	–	–	–	–
At end of the period/year	6,000	6,000	6,000	6,000	6,000	6,000
Issued and fully paid:						
Ordinary shares of $1.00 each						
At beginning of the period/year	–	–	–	–	5,231	5,231
Issue of subscriber shares at date of incorporation	*	*	–	–	–	–
Issue of ordinary shares pursuant to the restructuring exercise	–	–	5,231	5,231	202	202
Issue of shares for working capital purposes	–	–	–	–	467	467
At end of the period/year	*	*	5,231	5,231	5,900	5,900

* Two subscribers' shares of $1.00 each fully paid were issued at par for cash at the date of incorporation.

19. Reserves

	2000 $'000	2001 $'000	2002 $'000
Share premium	–	–	467
Accumulated profits / (losses) retained in:			
The Company	–	(57)	(101)
Subsidiaries	–	2,310	5,557
	–	2,253	5,923

The application of the share premium account is governed by Sections 69 to 69F of the Companies Act, Chapter 50.

20. Revenue

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Rental income	–	6,162	10,162
Services	–	9,163	13,786
	–	15,325	23,948

Revenue represents rental income and the net invoiced value of services rendered in the normal course of business. All inter-company transactions have been eliminated in arriving at the Group's turnover.

21. Profit from Ordinary Activities before Taxation

Profit from ordinary activities before taxation includes the following:

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
(a) Other operating income			
Change in value of negative goodwill (refer to note 24)	–	465	–
Amortisation of negative goodwill	–	262	307
Gain on disposal of property, plant and equipment	–	–	371
Foreign exchange gain	–	75	–
Interest income			
– banks	–	17	6
– staff loans	–	1	–
	–	18	6
Insurance claim	–	–	56
Sundry income	–	34	67
	–	854	807
(b) Staff costs			
Wages and salaries	–	1,305	1,799
Contributions to a defined contribution plan	–	143	231
Increase in liability for short-term accumulating compensated absences	–	17	25
Other miscellaneous staff costs	–	34	128
	–	1,499	2,183

	2000	**2001**	**2002**
Number of employees as at 31 May	2	32	54

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
(c) Other operating expenses			
Allowance for doubtful trade receivables	–	–	21
Allowance reversed for doubtful receivables			
– trade receivables	–	–	(10)
– affiliated corporation	–	–	(3)
Auditors' remuneration			
– current year	–	62	88
– underprovision in prior year	–	–	2
Bad debts written off (trade)	–	4	1
Deposit written off (trade)	–	–	5
Depreciation of property, plant and equipment	–	1,203	1,462
Loss on disposal of plant and equipment	–	21	–
Plant and equipment written off	–	1	31
Impairment loss on club membership	–	–	18
Foreign exchange loss	–	–	117
Operating lease expenses	–	1,902	2,270

21. Profit from Ordinary Activities before Taxation (cont'd)

(d) Directors' remuneration

Directors' remuneration is recognised in the profit and loss accounts as follows:

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Staff costs:			
– directors of the Company	–	280	188
– other directors	–	179	435
	–	459	623
Other operating expenses:			
– Directors' fee			
– directors of the Company	–	10	–
– Benefits-in-kind			
– directors of the Company	–	71	59
– other directors	–	–	95
	–	71	154
	–	540	777

(e) Finance costs

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Interest expenses:			
– term loans	–	236	177
– bank overdrafts	–	240	246
– hire purchase	–	18	66
– third party	–	–	16
	–	494	505

22. Taxation

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Recognised in the profit and loss account			
Based on results for the period/year:			
– current taxation	–	873	989
– deferred taxation	–	–	(9)
	–	873	980
(Over)/Under provision in respect of prior years:			
– current taxation	–	(37)	(1)
– deferred taxation	–	37	(14)
Total income tax expense in the profit and loss account	–	873	965

22. Taxation (cont'd)

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Reconciliation of effective tax rate			
Profit from ordinary activities before taxation	–	3,126	4,168
Income tax using domestic corporation tax rate of 22% (2001: 24.5%)	–	784	917
Non-taxable income	–	–	(76)
Non-deductible expenses	–	162	180
Tax exempt income	–	(38)	(42)
Tax rebate	–	(45)	–
All other items, net	–	10	1
	–	873	980

23. Basic Earnings Per Share

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Basic earnings per share is based on:			
Net profit for the period/year	–	2,253	3,203

	2000 No. of shares ('000)	2001 No. of shares ('000)	2002 No. of shares ('000)
Weighted average number of shares outstanding during the year	–	5,231	5,615

24. Acquisitions of Subsidiaries

(a) Acquisitions

The purchase considerations for the acquisitions of subsidiaries set out in paragraph 1.3 were agreed between the Company and the various shareholders of these companies on a willing buyer, willing seller basis, which had taken into account various factors, including the net tangible assets of the companies at the respective dates of acquisition, the fair values attributable to the identifiable assets or liabilities, and the potential earnings of these companies.

Subsequent to the Restructuring Exercise, there were the following changes to the value of the negative goodwill arising on acquisition of the subsidiaries in 2001:

(i) A subsidiary, Mac-Nels Warehousing, obtained a waiver of management fees owing to an affiliated corporation amounting to $447,540 for the management fees expenses charged in prior years. As a result, the fair value of the net assets of Mac-Nels Warehousing had increased by $447,540. A corresponding adjustment had been made against the negative goodwill of the Group in 2001.

(ii) Negative goodwill in excess of the fair values of the non-monetary assets acquired pursuant to the Restructuring Exercise amounting to $17,191 was recognised immediately in the profit and loss account in 2001.

The acquisitions of subsidiaries were accounted for using the purchase method of accounting.

24. Acquisitions of Subsidiaries (cont'd)

(b) Effect of acquisitions

A summary of the effect of acquisitions of subsidiaries is as follows:

	2000 $'000	2001 $'000	2002 $'000
Property, plant and equipment	–	8,922	456
Club membership	–	–	28
Receivables, deposits and prepayments	–	2,756	524
Balances with related parties	–	1,809	(177)
Cash and bank equivalents	–	(1,218)	228
Payables and accruals	–	(1,107)	(331)
Interest-bearing loans and borrowings	–	(2,421)	(324)
Tax liabilities	–	(1,185)	–
Net identifiable assets and liabilities	–	7,556	404
Negative goodwill on acquisition	–	(2,325)	(202)
Purchase consideration discharged by the issuance of shares	–	5,231	202
Net cash (outflow)/inflow from acquisition of subsidiaries	–	(1,218)	228

25. Changes in Accounting Policies

(a) In 2001, the Group early adopted the following new/revised accounting standards in the manner elaborated below:-

SAS 17 (2000) - Employee Benefits

The adoption of SAS 17 (2000) resulted in the Group making provisions for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences. These obligations are provided when the employees render services that increase their entitlement to future compensated absences (refer to note 16). The new accounting policy has not been applied retrospectively and comparatives have not been restated as the effect of the adoption of SAS 17 (2000) on prior years was not significant.

Other Standards

The adoption of SAS 8 (revised 2000) – *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies,* SAS 10 (revised 2000) – *Events after the Balance Sheet Date,* SAS 22 (revised 2000) – *Business Combinations,* SAS 31 (2000) – *Provisions, Contingent Liabilities and Contingent Assets,* SAS 32 (2000) – *Financial Instruments: Disclosure and Presentation,* SAS 34 (2000) – *Intangible Assets,* SAS 35 (2000) – *Discontinuing Operations* and SAS 36 (2000) – *Impairment of Assets,* have not given rise to any adjustments to the opening balances of accumulated profits of the prior and current periods or to changes in comparatives.

(b) In 2002, the Group adopted SAS 12 (revised 2001) – *Income Taxes*. The adoption of this revised accounting standard has not given rise to any adjustments to the opening balances of accumulated profits of the prior and current periods or to changes in comparatives.

26. Significant Related Party Transactions

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party transactions disclosed elsewhere in the financial statements, there were the following significant transactions which were carried out with related parties in the normal course of business on terms agreed between the parties:-

	Period from 8/3/2000 to 31/5/2000 $'000	Year ended 31/5/2001 $'000	Year ended 31/5/2002 $'000
Affiliated corporations			
Service income received / receivable	–	45	116
Rental income received / receivable	–	188	149
Service fees paid / payable	–	–	4
Purchases	–	15	18
Corporate shareholder			
Service income received / receivable	–	–	133
Other related parties			
A company in which a sister of a director (resigned on 31 May 2002) of two subsidiaries has substantial financial interests			
Service income received / receivable	–	409	1,158
Commissions paid / payable	–	234	713
Companies in which a relative of two directors of the Company has substantial financial interests			
Rental income received / receivable	–	178	157
Service fees paid / payable	–	22	15
Director			
Sale of motor vehicle	–	–	61
Purchase of motor vehicle	–	150	–

A subsidiary made unsecured and interest-free advances of $65,000 (2001: Nil; 2000: Nil) to a director during the financial year ended 31 May 2002. These advances have been fully repaid by 31 May 2002.

27. Financial Instruments

(a) Financial risk management objectives and policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

(b) Working capital management

The Group manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements of the Group for the year ended 31 May 2001 reflect management's intention to continue to utilise bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Group. Such working capital requirements are within the credit facilities established and are adequate and available to the Group to meet its obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Group.

(c) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

At balance sheet dates, there were no significant concentrations of credit risk except for the balances due from certain major customers and with a company in which a sister of a director of two subsidiaries has substantial financial interests amounting to approximately 34% (2001: 54%, 2000: Nil) of total trade receivables and related party trade balances. However, the good credit history of these customers reduces the risk to the Group to an acceptable level. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

(d) Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than Singapore dollars. The currency giving rise to this risk is primarily US dollars. The Group's exposure to foreign currency risk arising from transactions in foreign currencies is minimised as a significant portion of revenue and a certain portion of costs of services, such as ocean freight charges, are denominated in US dollars.

(e) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and cash equivalents and debt obligations. The Group does not use derivative financial instruments to hedge its debt obligations.

27. Financial Instruments (cont'd)

(f) Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

Group	Note	Effective interest rates %	Total $'000	Within 1 year $'000	1 to 5 years $'000
2000					
Financial assets					
Cash and cash equivalents	10	–	–	–	–
Financial liabilities					
Bank overdrafts					
– secured	10	–	–	–	–
– unsecured	10	–	–	–	–
Interest-bearing bank loans (secured)	14	–	–	–	–
Hire purchase creditors	15	–	–	–	–
			–	–	–
2001					
Financial assets					
Cash and cash equivalents	10	0.04	368	368	–
Financial liabilities					
Bank overdrafts					
– secured	10	7.19	3,199	3,199	–
– unsecured	10	6.75	369	369	–
Interest-bearing bank loans (secured)	14	7.32	2,574	1,426	1,148
Hire purchase creditors	15	3.12	380	205	175
			6,522	5,199	1,323
2002					
Financial assets					
Cash and cash equivalents	10	0.91	840	840	–
Financial liabilities					
Bank overdrafts					
– secured	10	6.61	2,828	2,828	–
– unsecured	10	6.50	329	329	–
Interest-bearing bank loans (secured)	14	6.77	2,123	817	1,306
Hire purchase creditors	15	3.32	1,129	472	657
			6,409	4,446	1,963

27. Financial Instruments (cont'd)

(g) Fair values

As at 31 May 2000, 2001 and 2002, the carrying amounts of financial assets and liabilities approximated their fair values.

28. Commitments

Commitments of the Group not reflected in the financial statements at the balance sheet dates are as follows:

(a) Operating Lease Commitments

The future minimum lease payments under non-cancellable operating leases with terms exceeding one year are as follows:

	2000 $'000	2001 $'000	2002 $'000
Payable as follows:			
– Within 1 year	–	1,150	1,385
– Within 2 to 5 years	–	1,852	4,139
– After 5 years	–	4,876	7,606
	–	7,878	13,130

The Group leases two warehouse facilities under operating leases. One of the leases is subject to an annual revision not exceeding 7.6% of the previous year's rental.

(b) Capital Commitments

	2000 $'000	2001 $'000	2002 $'000
Capital expenditure contracted but not provided for in the financial statements			
– acquisition of leasehold property	–	2,520	–
– acquisition of other items of plant and equipment	–	2	282
– construction of leasehold building	–	–	2,542
	–	2,522	2,824

29. Subsequent Events

Subsequent to the balance sheet date, the following events took place:

(a) The Company issued 100,000 ordinary shares of $1 each at an exercise price of $1.20 per share for cash, upon the exercise of share options granted to Dr Teo Ho Pin (a director of the Company who resigned on 1 December 2001), pursuant to the Share Option Agreement dated 23 June 2001.

(b) At an extraordinary general meeting held on 5 November 2002, the Company's shareholders approved *inter alia*, the following:-

(i) the conversion into a public limited company and the change of the Company's name to GKE International Limited; and

(ii) the adoption of a new set of Articles of Association.

29. Subsequent Events (cont'd)

(c) At a subsequent extraordinary general meeting held on 6 November 2002, the Company's shareholders approved *inter alia*, the following:-

(i) an increase in the authorised share capital from $6,000,000 to $80,000,000 comprising 80,000,000 ordinary shares of $1 each;

(ii) the sub-division of each ordinary share of $1.00 in the existing authorised and issued and paid-up share capital into 20 ordinary shares of $0.05 each (the "Sub-division of Shares");

(iii) the issue of 40,000,000 New Shares pursuant to the Invitation which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares (the "Issue of New Shares"); and

(iv) the authorisation of the Company's Directors, pursuant to Section 161 of the Act, to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Company's Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to such authority shall not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of such shares issued other than on a *pro rata* basis to the existing shareholders shall not exceed 20 per cent of the issued share capital of the Company for the time being (the percentage of issued share capital being calculated based on the maximum potential share capital at the time such authority is given (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time such authority is given and which were issued pursuant to previous shareholders' approval) adjusted for any subsequent consolidation or subdivision of shares), and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(d) The Company issued the following revised corporate guarantees:

(i) Unsecured corporate guarantee of $962,400 to replace an existing corporate guarantee of $1,200,000 granted to a bank for banking facilities granted to a subsidiary.

(ii) Secured corporate guarantee of $4,875,000 to replace an existing corporate guarantee of $2,800,000 granted to a bank for banking facilities granted to a subsidiary.

The revised corporate guarantee was granted in conjunction with an additional term loan of $2,400,000 given to the subsidiary to finance the construction of an extension to its leasehold building. The term loan is secured by an open legal mortgage over the subsidiary's leasehold building and guaranteed by three directors of the Company of up to $4,875,000.

30. Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on terms agreed between segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

(i) Business Segments

The Group comprises the following main business segments:

Metal Logistics

The provision of logistics services for non-ferrous metals involving warehousing and related specialised logistics needs.

General Logistics

The provision of general logistics services include a wide range of logistics activities such as warehousing, transportation, packing, labelling, distribution, inventory management and air freight forwarding.

(ii) Geographical Segments

The principal activities of the Group are carried out through the Group's warehouses and facilities in Singapore, although the customers may, from time to time, require the Group's logistics support for overseas deliveries. The Group's in-house services are rendered in Singapore. As such, the Group's revenues are derived in Singapore and a segregation of revenue by geographical region is not meaningful.

30. Segment Reporting (cont'd)

(a) Business Segments

	Metal Logistics $'000	General Logistics $'000	Group Elimination $'000	Consolidated $'000
Revenue and Expenses				
2001				
Rental income	4,133	2,029	–	6,162
Services	6,989	2,174	–	9,163
Total revenue from external customers	11,122	4,203	–	15,325
Inter-segmental revenue	–	2,835	(2,835)	–
Total revenue	11,122	7,038	(2,835)	15,325
Profit from operations	2,396	1,281		3,677
Loss from operations of investment holding company				(57)
Total profit from operations				3,620
Finance costs				(494)
Taxation				(873)
Net profit for the year				2,253
2002				
Rental income	8,217	1,945	–	10,162
Services	10,284	3,502	–	13,786
Total revenue from external customers	18,501	5,447	–	23,948
Inter-segmental revenue	71	3,567	(3,638)	–
Total revenue	18,572	9,014	(3,638)	23,948
Profit from operations	3,157	1,560		4,717
Loss from operations of investment holding company				(44)
Total profit from operations				4,673
Finance costs				(505)
Taxation				(965)
Net profit for the year				3,203

30. Segment Reporting (cont'd)

(a) Business Segments (cont'd)

	Metal Logistics $'000	General Logistics $'000	Group Elimination $'000	Consolidated $'000
Assets and Liabilities				
2001				
Segment assets	4,954	10,791	–	15,745
Unallocated assets				354
Total assets				16,099
Segment liabilities	752	263	–	1,015
Unallocated liabilities				7,600
Total liabilities				8,615
2002				
Segment assets	11,615	9,374		20,989
Unallocated assets				472
Total assets				21,461
Segment liabilities	1,297	843		2,140
Unallocated liabilities				7,498
Total liabilities				9,638

(b) Other Segmental Information

	Metal Logistics $'000	General Logistics $'000	Group Elimination $'000	Consolidated $'000
2001				
Capital expenditure	31	3,985		4,016
Depreciation	73	1,130		1,203
Change in value of negative goodwill	465	–		465
Amortisation of negative goodwill	49	213		262
2002				
Capital expenditure	4,635	1,063		5,698
Depreciation	309	1,153		1,462
Amortisation of negative goodwill	49	258		307

No segmental information is presented for the financial period ended 31 May 2000 as the Company was dormant and had not commenced operations.

REPORT FROM THE REPORTING ACCOUNTANTS IN RELATION TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS OF GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

The Board of Directors
GKE International Limited
No 1 Jalan Besut
Singapore 619554

Dear Sirs

GKE International Limited

We report on the unaudited proforma consolidated financial statements of GKE International Limited (the "Company") and its subsidiaries (collectively the "Proforma Group") set out on pages 153 to 188 of the prospectus (the "Prospectus").

The unaudited proforma consolidated financial statements have been prepared on the basis of the assumptions set out on pages 153 to 156 after making certain adjustments to show what the financial positions of the Proforma Group as at 31 May 2000, 2001 and 2002 and the financial results and cash flows of the Proforma Group for the years ended 31 May 2000, 2001 and 2002 would have been if the group structure as of the date of lodgement of the Prospectus had been in place since the beginning of the periods being reported on.

The unaudited proforma consolidated financial statements have been prepared for illustrative purposes and, because of their nature, may not give a true picture of the Group's actual financial position or results.

The unaudited proforma consolidated financial statements are the responsibility of the directors of the Company. Our responsibility is to express an opinion on the unaudited proforma consolidated financial statements based on our work.

We carried out our procedures in accordance with generally accepted auditing principles. Our work, which involved no independent examination of the underlying unaudited proforma consolidated financial statements, consisted primarily of comparing the unaudited proforma consolidated financial statements to the audited financial statements of the Proforma Group, considering the evidence supporting the adjustments and discussing the unaudited proforma consolidated financial statements with the directors of the Company.

In our opinion:

(a) the unaudited proforma consolidated financial statements have been properly prepared from the audited financial statements of the companies in the Proforma Group which were prepared in accordance with Singapore Statements of Accounting Standard;

(b) the unaudited proforma consolidated financial statements have been properly prepared in a manner consistent with both the format of the audited consolidated financial statements and the accounting policies of the Company;

(c) each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial statements is appropriate for the purpose of preparing such financial statements; and

(d) the unaudited proforma consolidated financial statements have been properly prepared on the basis of the assumptions set out on pages 153 to 156 after making the adjustments described on pages 157 to 162.

This report has been prepared for inclusion in the Prospectus of GKE International Limited in connection with the Invitation by the Company in respect of the issue of 40,000,000 new ordinary shares of $0.05 each at the price of $0.20 per share.

Yours faithfully

KPMG
Certified Public Accountants
Singapore

Tan Huay Lim
Partner

13 January 2003

The following unaudited proforma consolidated financial statements should be read in conjunction with the audited consolidated financial statements of GKE International Limited (the “Company” or “GKE”) and its subsidiaries (collectively the “Proforma Group”) for the financial years ended 31 May 2000, 2001 and 2002.

1. Introduction

The unaudited proforma consolidated financial statements for the years ended 31 May 2000, 2001 and 2002 have been prepared for inclusion in the Prospectus in connection with the Invitation by the Company in respect of the issue of 40,000,000 new ordinary shares of $0.05 each at the price of $0.20 per share. These financial statements were prepared after making such adjustments as we considered appropriate to give effect to the acquisitions of the subsidiaries set out in paragraph 2, as if the Proforma Group was in existence since 1 June 1999. The purchase considerations for the acquisition of the subsidiaries were satisfied by the issue of 5,432,879 shares of $1.00 each in the capital of the Company as described in paragraph 2.

2. The Restructuring Exercise

The Company entered into a series of share exchange agreements (the “Restructuring Exercise”) with the shareholders of GKE Private Limited, GKE Warehousing & Logistics Pte Ltd, Mac-Nels Warehousing Pte Ltd, Mac-Nels Air Express Pte. Ltd. and International Concept Forwarding Pte Ltd to effect the Restructuring Exercise. The Restructuring Exercise involved the acquisitions of the following companies:

(a) GKE Private Limited (“GKE-PL”)

Pursuant to an agreement which took effect from 1 June 2000, the Company acquired the entire issued and paid-up share capital of GKE-PL comprising 2,737,453 ordinary shares of $1.00 each for a consideration of $2,943,638. The purchase consideration of $2,943,638 was arrived at based on the audited net tangible assets (“Audited NTA”) of GKE-PL of $4,080,013 as at 31 May 2000 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of GKE-PL, as agreed between the Company and the shareholders of GKE-PL on a willing buyer, willing seller basis. The leasehold property included in the Audited NTA was stated at an independent professional valuation performed in February 2000 on the open market value method based on existing use. Prior to the acquisition, two directors of the Company owned 98% of the equity interest in GKE-PL. The purchase consideration was satisfied by the issue of 2,943,638 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company.

(b) GKE Warehousing & Logistics Pte Ltd (“GKE-W&L”)

Pursuant to an agreement which took effect from 1 June 2000, the Company acquired the entire issued and paid-up share capital of GKE-W&L comprising 1,982,249 ordinary shares of $1.00 each for a consideration of $1,488,004. The purchase consideration of $1,488,004 was arrived at based on the Audited NTA of GKE-W&L of $2,015,558 as at 31 May 2000 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of GKE-W&L, as agreed between the Company and the shareholders of GKE-W&L on a willing buyer, willing seller basis. Prior to the acquisition, two directors of the Company and a director of GKE-W&L owned 22% and 44% of the equity interest in GKE-W&L respectively. The purchase consideration was satisfied by the issue of 1,488,004 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company.

2. The Restructuring Exercise (cont'd)

(c) Mac-Nels Warehousing Pte Ltd ("Mac-Nels Warehousing")

Pursuant to an agreement which took effect from 1 June 2000, the Company acquired the entire issued and paid-up share capital of Mac-Nels Warehousing comprising 1,064,703 ordinary shares of $1.00 each for a consideration of $799,235. The purchase consideration of $799,235 was arrived at based on the Audited NTA of Mac-Nels Warehousing of $1,533,257 as at 31 May 2000 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of Mac-Nels Warehousing, as agreed between the Company and the shareholders of Mac-Nels Warehousing on a willing buyer, willing seller basis. Prior to the acquisition, a director of Mac-Nels Warehousing owned 49% of the equity interest in Mac-Nels Warehousing. The purchase consideration was satisfied by the issue of 799,235 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company.

(d) Mac-Nels Air Express Pte. Ltd. ("Mac-Nels AE")

Pursuant to an agreement which took effect from 1 June 2001, the Company acquired the entire issued and paid-up share capital of Mac-Nels AE comprising 200,000 ordinary shares of $1.00 each for a consideration of $3. The purchase consideration of $3 was arrived at based on the Audited NTA of Mac-Nels AE of $31,989 as at 31 May 2001 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of Mac-Nels AE, as agreed between the Company and the shareholders of Mac-Nels AE on a willing buyer, willing seller basis. Prior to the acquisition, a director of Mac-Nels AE owned 99.99% of the equity interest in Mac-Nels AE. The purchase consideration was satisfied by the issue of 2 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company and a cash payment of $1.00.

(e) International Concept Forwarding Pte Ltd ("ICF")

Pursuant to an agreement which took effect from 1 September 2001, the Company acquired the entire issued and paid-up share capital of ICF comprising 384,000 ordinary shares of $1.00 each for a consideration of $202,000. The purchase consideration of $202,000 was arrived at based on the net tangible assets of ICF of $372,126 as at 31 August 2001 and after taking into account other various factors such as the values attributable to the identifiable assets or liabilities and the potential earnings of ICF, as agreed between the Company and the shareholders of ICF on a willing buyer, willing seller basis. Prior to the acquisition, two directors of ICF owned 67% of the equity interest in ICF. The purchase consideration was satisfied by the issue of 202,000 ordinary shares of $1.00 each credited as fully paid at par in the capital of the Company.

Pursuant to the Restructuring Exercise, the Company issued an aggregate of 5,432,879 ordinary shares of $1.00 each. Although the acquisitions were based on the net tangible assets of the companies taken over by the Group, the purchase considerations agreed between the Company and the various shareholders of these companies were on a willing buyer, willing seller basis, which had taken into account various factors, including the Audited NTA/net tangible assets of the companies at their respective dates of acquisition, the fair values attributable to the identifiable assets or liabilities and the potential earnings of the companies.

3. The Proforma Group

On the assumption that the Restructuring Exercise took place on 1 June 1999 and at the date of this report, the Company has the following interests in subsidiaries:

Name of Company	Principal Activities	Place of Incorporation and Business	Effective Equity Interest Held %
GKE Private Limited	Rental of warehouse	Singapore	100
GKE Warehousing & Logistics Pte Ltd	Provision of warehousing, packing and transportation services	Singapore	100
Mac-Nels Warehousing Pte Ltd	Provision of storage, freight forwarding, warehousing, packing, removal and delivery services	Singapore	100
Mac-Nels Air Express Pte. Ltd.	Provision of freight forwarding services	Singapore	100
International Concept Forwarding Pte Ltd	Provision of freight forwarding, transportation, warehousing and logistics services	Singapore	100

4. Bases of Preparation of Unaudited Proforma Consolidated Financial Statements

4.1 The unaudited proforma consolidated financial statements have been prepared on the basis that the Proforma Group structure had been in place throughout the periods covered by this report.

4.2 The unaudited proforma consolidated financial statements were prepared based on the audited financial statements of the companies in the Proforma Group for the period from 1 June 1999 or since their respective dates of incorporation, whichever is later, to 31 May 2002, after giving effect to the proforma adjustments as we considered appropriate as set out in the unaudited proforma consolidated financial statements for the three years ended 31 May 2002.

4.3 As the reporting year-ends of Mac-Nels Warehousing, Mac-Nels AE and ICF were not co-terminous with the reporting year-end of the Proforma Group, the financial statements of the subsidiaries drawn up to the different reporting year-ends were adjusted, using a consistent basis, for any material impact on the unaudited proforma consolidated financial statements presented.

4.4 In arriving at the unaudited proforma consolidated financial statements, we have assumed that the subsidiaries were acquired based on their net tangible assets (“NTA”) as at 31 May 1999. The NTA had been adjusted to take into account the revaluation surplus of a leasehold property owned by GKE-PL, which was stated at an independent professional valuation performed in February 2000 on the open market value method based on existing use.

4.5 The unaudited proforma consolidated financial statements illustrate what the effects on financial positions, results and cash flows of the Proforma Group might have been if the acquisition of the subsidiaries, as set out in paragraph 2, had occurred on 1 June 1999.

The unaudited proforma consolidated financial statements have been prepared for illustrative purposes only and that, because of their nature, do not purport to represent what the consolidated financial positions, results of operations and cash flows of the Proforma Group would actually have been if the acquisition of the subsidiaries described above, had in fact occurred on such date.

4. Bases of Preparation of Unaudited Proforma Consolidated Financial Statements (cont'd)

4.6 The audited financial statements of the companies in the Proforma Group were prepared in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard.

4.7 The unaudited proforma consolidated financial statements have been prepared in accordance with the accounting policies of GKE as set out in the audited consolidated financial statements presented elsewhere in the Prospectus.

4.8 The unaudited proforma consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group, including the notes thereto and other financial information included elsewhere in the Prospectus.

4.9 The Proforma Group adopted various new or revised accounting standards in 2001 and 2002 as set out in the audited consolidated financial statements of the Group included elsewhere in the Prospectus. The adoption of the new or revised accounting standards have not given rise to any adjustments to the opening balances of accumulated profits of the Proforma Group for the periods under review.

4.10 The financial statements of the companies in the Proforma Group for the financial period/years covered by this report were audited by the following firms of Certified Public Accountants of Singapore, registered in accordance with the Accountants Act.

Name of Company	Auditors	Financial Period/Year
GKE International Limited	KPMG	For the financial period/years ended 31 May 2000, 2001, 2002
GKE Warehousing & Logistics Pte Ltd	KPMG	For the financial years ended 31 May 2000, 2001, 2002
GKE Private Limited	KPMG	For the financial years ended 31 May 2000, 2001, 2002
Mac-Nels Air Express Pte. Ltd.	Freddie Chin & Co	For the financial year ended 30 September 1999
	KPMG	For the financial period/years ended 31 May 2000, 2001, 2002
Mac-Nels Warehousing Pte Ltd	Freddie Chin & Co	For the financial year ended 30 September 1999
	KPMG	For the financial period/years ended 31 May 2000, 2001, 2002
International Concept Forwarding Pte Ltd	Kong, Lim & Partners	For the financial years ended 31 December 1999 and 2000
		For the financial period ended 31 May 2001
	KPMG	For the financial year ended 31 May 2002

The statutory financial statements of the Company and its subsidiaries for the financial period/years covered by this report were not subject to any qualifications, modifications or disclaimers.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 MAY 2000, 2001 AND 2002

	Note	Summation of Audited Financial Statements 2000 $'000	Proforma Adjustments 2000 $'000	Unaudited Proforma Financial Statements 2000 $'000
Non-current assets				
Property, plant and equipment	6	9,255	(89) [1]	9,166
Intangible assets	7	–	(1,521) [2]	(1,521)
Club membership	8	28		28
		9,283		7,673
Current assets				
Trade receivables	9	2,418		2,418
Other receivables, deposits and prepayments	10	806	54 [2]	860
Amounts due from related parties	11	3,348	(1,752) [3]	1,596
Cash and cash equivalents	12	599		599
		7,171		5,473
Current liabilities				
Bank overdrafts	12	1,735		1,735
Trade payables and accruals	13	1,249		1,249
Other payables	14	295		295
Amounts due to related parties	15	1,725	(1,570) [3]	155
Current portion of interest-bearing bank loans (secured)	16	492		492
Current portion of obligations under hire purchase creditors	17	234		234
Employee benefits	18	–		–
Provision for taxation		1,066	73 [4]	1,139
		6,796		5,299
Net current assets		375		174
		9,658		7,847
Non-current liabilities				
Interest-bearing bank loans (secured)	16	1,640		1,640
Obligations under hire purchase creditors	17	315		315
Deferred taxation	19	45		45
		2,000		2,000
Net Assets		7,658		5,847
Shareholder's Equity		7,658	(1,811) [5]	5,847

Notes:

1 Adjustment to eliminate intercompany gain on disposal of plant and equipment amounting to $89,000.

2 Adjustments to recognise the negative goodwill and the corresponding amortisation of negative goodwill arising from the assumption that the Proforma Group existed since 1 June 1999.

3 Adjustments to eliminate intercompany balances and the effects of cut-off errors in relation to sales transactions within the Proforma Group.

4 Adjustment to allocate the underprovision of tax expense recognised in financial year ended 31 May 2001 ("FY 2001") to financial year ended 31 May 2000 ("FY 2000").

5 Adjustments to recognise the following:
(i) Negative goodwill and the corresponding amortisation of negative goodwill arising from the assumption that the Proforma Group existed since 1 June 1999;
(ii) Elimination of intercompany gain on disposal of plant and equipment amounting to $89,000;
(iii) Elimination of the effects of cut-off errors in relation to intercompany transactions within the Proforma Group; and
(iv) Allocation of the underprovision of tax expense recognised in FY 2001 to FY 2000.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 MAY 2000, 2001 AND 2002

	Note	Summation of Audited Financial Statements 2001 $'000	Proforma Adjustments 2001 $'000	Unaudited Proforma Financial Statements 2001 $'000
Non-current assets				
Property, plant and equipment	6	12,019	(89) [1]	11,930
Intangible assets	7	–	(1,430) [2]	(1,430)
Investments in subsidiaries		5,231	(5,231) [2]	–
Club membership	8	28		28
		17,278		10,528
Current assets				
Trade receivables	9	2,336		2,336
Other receivables, deposits and prepayments	10	2,623	(74) [2]	2,549
Amounts due from related parties	11	2,887	(1,892) [3]	995
Cash and cash equivalents	12	571		571
		8,417		6,451
Current liabilities				
Bank overdrafts	12	3,568		3,568
Trade payables and accruals	13	1,190		1,190
Other payables	14	108		108
Amounts due to related parties	15	1,942	(1,884) [3]	58
Current portion of interest-bearing bank loans (secured)	16	1,426		1,426
Current portion of obligations under hire purchase creditors	17	308		308
Employee benefits	18	17		17
Provision for taxation		982		982
		9,541		7,657
Net current liabilities		(1,124)		(1,206)
		16,154		9,322
Non-current liabilities				
Interest-bearing bank loans (secured)	16	1,148		1,148
Obligations under hire purchase creditors	17	350		350
Deferred taxation	19	82		82
		1,580		1,580
Net Assets		14,574		7,742
Shareholder's Equity		14,574	(6,832) [4]	7,742

Notes:

1 Adjustment to eliminate intercompany gain on disposal of plant and equipment amounting to $89,000.

2 Adjustments to recognise the negative goodwill and the corresponding amortisation of negative goodwill arising from the assumption that the Proforma Group existed since 1 June 1999.

3 Adjustments to eliminate intercompany balances and the effects of cut-off errors in relation to sales transactions within the Proforma Group.

4 Adjustments to recognise the following:
(i) Negative goodwill and the corresponding amortisation of negative goodwill arising form the assumption that the Proforma Group existed since 1 June 1999;
(ii) Elimination of intercompany gain on disposal of plant and equipment amounting to $89,000;
(iii) Elimination of the effects of cut-off errors in relation to intercompany transactions within the Proforma Group; and
(iv) Allocation of the underprovision of tax expense recognised in FY 2001 to FY 2000.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 MAY 2000, 2001 AND 2002

	Note	Summation of Audited Financial Statements 2002 $'000	Proforma Adjustments 2002 $'000	Unaudited Proforma Financial Statements 2002 $'000
Non-current assets				
Property, plant and equipment	6	13,767	(113) [1]	13,654
Intangible assets	7	–	(1,340) [2]	(1,340)
Investments in subsidiaries		5,433	(5,433) [2]	–
Club membership	8	10		10
		19,210		12,324
Current assets				
Trade receivables	9	3,576		3,576
Other receivables, deposits and prepayments	10	4,098		4,098
Amounts due from related parties	11	5,430	(4,767) [3]	663
Cash and cash equivalents	12	840		840
		13,944		9,177
Current liabilities				
Bank overdrafts	12	3,157		3,157
Trade payables and accruals	13	1,558		1,558
Other payables	14	544		544
Amounts due to related parties	15	4,781	(4,767) [3]	14
Current portion of interest-bearing bank loans (secured)	16	817		817
Current portion of obligations under hire purchase creditors	17	472		472
Employee benefits	18	42		42
Provision for taxation		1,012		1,012
		12,383		7,616
Net current assets		1,561		1,561
		20,771		13,885
Non-current liabilities				
Interest-bearing bank loans (secured)	16	1,306		1,306
Obligations under hire purchase creditors	17	657		657
Deferred taxation	19	59		59
		2,022		2,022
Net Assets		18,749		11,863
Shareholder's Equity		18,749	(6,886) [4]	11,863 [5]

Notes:

1 Adjustments to eliminate intercompany gain on disposal of plant and equipment amounting to $113,000.

2 Adjustments to recognise the negative goodwill and the corresponding amortisation of negative goodwill arising from the assumption that the Proforma Group existed since 1 June 1999.

3 Adjustments to eliminate intercompany balances within the Proforma Group.

4 Adjustments to recognise the following:
(i) Negative goodwill and the corresponding amortisation of negative goodwill arising from the assumption that the Proforma Group existed since 1 June 1999; and
(ii) Elimination of intercompany gain on disposal of plant and equipment amounting to $113,000.

5 The proforma movement in reserves of the Proforma Group not reflected in the Proforma Profit and Loss Account in the financial year ended 31 May 2002 ("FY 2002") is an increase in the share premium account of $467,000.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
UNAUDITED PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS
FOR THE YEARS ENDED 31 MAY 2000, 2001 AND 2002

	Note	Summation of Audited Financial Statements 2000 $'000	Proforma Adjustments 2000 $'000	Unaudited Proforma Financial Statements 2000 $'000
Revenue	20	16,793	(2,907) [1]	13,886
Cost of services		(13,342)	2,730 [1]	(10,612)
Gross profit		3,451		3,274
Other operating income	21	270	2 [2]	272
Distribution expenses		(53)		(53)
Administrative expenses		(1,758)	(5) [1]	(1,763)
Other operating expenses		(274)		(274)
Profit from operations		1,636		1,456
Finance costs	21	(358)		(358)
Profit from ordinary activities before taxation	21	1,278		1,098
Taxation	22	(409)	(73) [3]	(482)
Net profit for the year		869		616 [4]

Notes:

1 Adjustments to eliminate intercompany sales, cost of services, administrative expenses and cut-off errors in relation to transactions within the Proforma Group.

2 Adjustments to recognise the amortisation of negative goodwill of $91,000 arising from the assumption that the Proforma Group existed since 1 June 1999, set off by the elimination of intercompany gain on disposal of plant and equipment amounting to $89,000.

3 Adjustment to allocate the underprovision of tax expense recognised in financial year ended 31 May 2001 ("FY 2001") to financial year ended 31 May 2000 ("FY 2000").

4 There was no proforma movement in reserves of the Proforma Group which is not reflected in the Proforma Profit and Loss Account in FY 2000.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
UNAUDITED PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS
FOR THE YEARS ENDED 31 MAY 2000, 2001 AND 2002

	Note	Summation of Audited Financial Statements 2001 $'000	Proforma Adjustments 2001 $'000	Unaudited Proforma Financial Statements 2001 $'000
Revenue	20	20,786	(2,676) [1]	18,110
Cost of services		(15,633)	2,851 [1]	(12,782)
Gross profit		5,153		5,328
Other operating income	21	578	(356) [2, 3]	222
Distribution expenses		(55)		(55)
Administrative expenses		(2,138)		(2,138)
Other operating expenses		(78)		(78)
Profit from operations		3,460		3,279
Finance costs	21	(509)		(509)
Profit from ordinary activities before taxation	21	2,951		2,770
Taxation	22	(948)	73 [4]	(875)
Net profit for the year		2,003		1,895 [5]

Notes:

1 Adjustments to eliminate intercompany sales, cost of services and cut-off errors in relation to transactions within the Proforma Group.

2 Adjustment to recognise the amortisation of negative goodwill of $91,000 arising from the assumption that the Proforma Group existed since 1 June 1999.

3 In FY 2001, a subsidiary, Mac-Nels Warehousing, obtained a waiver of management fees owing to an affiliated corporation amounting to $447,540 for the management fees expenses charged in prior years. As a result, the fair value of the net assets of Mac-Nels Warehousing had increased by $447,540. A corresponding adjustment had been made against the retained earnings of the Proforma Group as at 31 May 1999 arising from the assumption that the Proforma Group existed since 1 June 1999.

4 Adjustment to allocate the underprovision of tax expense recognised in FY 2001 to FY 2000.

5 There was no proforma movement in reserves of the Proforma Group which is not reflected in the Proforma Profit and Loss Account in FY 2001.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
UNAUDITED PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS
FOR THE YEARS ENDED 31 MAY 2000, 2001 AND 2002

	Note	Summation of Audited Financial Statements 2002 $'000	Proforma Adjustments 2002 $'000	Unaudited Proforma Financial Statements 2002 $'000
Revenue	20	27,586	(3,404) [1]	24,182
Cost of services		(20,925)	3,417 [1]	(17,508)
Gross profit		6,661		6,674
Other operating income	21	619	(19) [1, 2]	600
Distribution expenses		(41)		(41)
Administrative expenses		(2,550)		(2,550)
Other operating expenses		(221)		(221)
Profit from operations		4,468		4,462
Finance costs	21	(592)	80 [3]	(512)
Profit from ordinary activities before taxation	21	3,876		3,950
Taxation	22	(965)		(965)
Net profit for the year		2,911		2,985 [4]

Notes:

1 Adjustments to eliminate intercompany sales, cost of services and sundry income in relation to transactions within the Proforma Group.

2 Adjustments to: -
(a) Recognise the amortisation of negative goodwill of $91,000 arising from the assumption that the Proforma Group existed since 1 June 1998;
(b) Elimination of intercompany interest income amounting to $80,000; and
(c) Elimination of intercompany gain on disposal of plant and equipment amounting to $24,000.

3 Adjustment to eliminate the intercompany interest expense.

4 Save as disclosed in Note 5 in page 159 of this Prospectus, there was no proforma movement in reserves of the Proforma Group which is not reflected in the Proforma Profit and Loss Account in FY 2002.

GKE INTERNATIONAL LIMITED AND ITS SUBSIDIARIES
UNAUDITED PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED 31 MAY 2000, 2001 AND 2002

	2000 $'000	2001 $'000	2002 $'000
Operating activities			
Profit from ordinary activities before taxation	1,098	2,770	3,950
Adjustments for:			
Interest expenses	358	509	512
Interest income	(15)	(19)	(6)
Depreciation of property, plant and equipment	778	1,316	1,477
Amortisation of negative goodwill	(91)	(91)	(90)
Allowance reversed for doubtful trade receivables	–	–	(13)
Allowance for doubtful trade receivables	–	–	21
Impairment loss on club membership	–	–	18
Plant and equipment written off	1	1	31
Loss/(Gain) on disposal of property, plant and equipment	9	19	(381)
Operating profit before working capital changes	2,138	4,505	5,519
Changes in working capital:			
Trade receivables	(796)	82	(1,251)
Other receivables, deposits and prepayments	(289)	(1,688)	(1,549)
Balances with related parties	(754)	503	291
Trade payables and accruals	175	(59)	368
Other payables	139	(171)	462
Cash generated from operations	613	3,172	3,840
Income taxes paid	(11)	(995)	(958)
Net cash flows generated from operating activities	602	2,177	2,882
Investing activities			
Interest received	15	19	6
Purchases of property, plant and equipment	(496)	(3,740)	(4,792)
Proceeds from sale of property, plant and equipment	134	75	2,940
Net cash flows used in investing activities	(347)	(3,646)	(1,846)
Financing activities			
Interest paid	(358)	(509)	(512)
Repayment of bank loans	(492)	(492)	(1,751)
Proceeds from bank loans	–	934	1,300
Repayment of hire purchase creditors	(229)	(325)	(529)
Proceeds from issue of shares	*	–	1,136
Net cash flows used in financing activities	(1,079)	(392)	(356)
Net (decrease)/increase in cash and cash equivalents	(824)	(1,861)	680
Cash and cash equivalents at beginning of the year	(312)	(1,136)	(2,997)
Cash and cash equivalents at end of the year	(1,136)	(2,997)	(2,317)

The Proforma Group acquired property, plant and equipment with an aggregate cost of $5,792,322 (2001: $4,174,559; 2000: $1,141,846) of which $999,300 (2001: $434,800; 2000: $644,670) was acquired by means of hire purchase.

* Two subscribers' shares of $1.00 each fully paid were issued at par for cash on 8 March 2000, being the date of incorporation of the Company.

5. Summary of Significant Accounting Policies

(a) Basis of Preparation

The unaudited proforma consolidated financial statements, expressed in Singapore dollars unless stated to be expressed in Singapore dollars thousands, are prepared on the historical cost basis.

(b) Basis of Consolidation

(i) Subsidiaries

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition of subsidiaries are accounted for using the purchase method of accounting.

(ii) Transactions eliminated on consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Accounting policies of subsidiaries

Where necessary, accounting policies for subsidiaries have been changed to be consistent with the policies adopted by the Proforma Group.

(c) Subsidiaries

Investments in subsidiaries in the Company's balance sheet are stated at cost less impairment losses.

(d) Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

(e) Property, Plant and Equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Proforma Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

5. Summary of Significant Accounting Policies *(cont'd)*

(e) Property, Plant and Equipment (cont'd)

(iii) Disposal

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal.

(iv) Depreciation

No depreciation is provided on construction-in-progress. Depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows:-

Leasehold buildings	–	over the remaining lease periods of between 10 to 19 years
Leasehold building improvement and electrical installation	–	5 to 10 years
Plant and machinery	–	2 to 5 years
Furniture and fittings, office equipment and renovation	–	1 to 10 years
Motor vehicles	–	3 to 5 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(f) Intangible Assets

(i) Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Proforma Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses and is amortised from the date of initial recognition over its estimated useful life of not more than 20 years.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed.

(ii) Negative Goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition. Negative goodwill is presented in the same balance sheet classifications as goodwill.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

5. Summary of Significant Accounting Policies *(cont'd)*

(g) Club Membership

Club membership held for long-term is stated at cost less impairment losses. Any such loss is recognised as an expense in the profit and loss account.

Profits or losses on disposal of club membership are determined as the difference between the net disposal proceeds and the carrying amount of the club membership and are accounted for in the profit and loss account as they arise.

(h) Trade and Other Receivables

Trade and other receivables are stated at cost less allowance for doubtful receivables.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated statements of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Proforma Group's cash management.

(j) Impairment

The carrying amounts of the Proforma Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversal of impairment loss

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. All reversals of impairment are recognised in the profit and loss account.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of the specific event.

(k) Trade and Other Payables

Trade and other payables are stated at cost.

5. Summary of Significant Accounting Policies *(cont'd)*

(l) Interest-Bearing Loans and Borrowings

Interest-bearing borrowings are recognised at cost.

(m) Hire Purchase Assets

Assets acquired on hire purchase arrangements are capitalised in the financial statements, and the corresponding obligations treated as liabilities. The assets so capitalised are depreciated in accordance with the policy for depreciation of property, plant and equipment as set out in note 5(e) above. The total interest, being the difference between the total instalments payable and the capitalised amount, is amortised over each hire purchase period to give a constant rate of charge over the remaining balance of obligations.

(n) Employee Benefits - Defined Contribution Plans

Contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

(o) Taxation

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

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

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

(p) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(q) Revenue Recognition

(i) Rental income

Rental income receivable under operating leases is recognised in the profit and loss account on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Income receivable from the rental of warehouse space is accrued on a time-apportioned basis over the period of storage of the goods.

5. Summary of Significant Accounting Policies *(cont'd)*

(q) Revenue Recognition (cont'd)

(ii) Service income

Revenue is recognised when the services are rendered.

(iii) Dividends

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(iv) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

(r) Operating Leases

Where the Proforma Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the terms of the leases. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

(s) Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

6. Property, Plant and Equipment

	Leasehold building $'000	Leasehold building improvement and electrical installation $'000	Construction-in-progress $'000	Plant and machinery $'000	Furniture and fittings, office equipment and renovation $'000	Motor vehicles $'000	Total $'000
Cost							
At 1 June 1999	–	–	–	–	–	–	–
Acquisition of subsidiaries	7,914	270	–	964	599	255	10,002
Additions	54	137	–	411	71	468	1,141
Disposals / Write-off	–	(44)	–	(176)	(91)	(120)	(431)
At 31 May 2000	7,968	363	–	1,199	579	603	10,712
Additions	2,712	589	–	253	107	514	4,175
Disposals / Write-off	–	–	–	(107)	(2)	(45)	(154)
At 31 May 2001	10,680	952	–	1,345	684	1,072	14,733
Additions	2,964	417	737	707	72	895	5,792
Disposals / Write-off	(2,168)	(546)	–	(267)	(24)	(308)	(3,313)
At 31 May 2002	11,476	823	737	1,785	732	1,659	17,212

6. Property, Plant and Equipment *(cont'd)*

	Leasehold building $'000	Leasehold building improvement and electrical installation $'000	Construction-in-progress $'000	Plant and machinery $'000	Furniture and fittings, office equipment and renovation $'000	Motor vehicles $'000	Total $'000
Depreciation and impairment losses							
At 1 June 1999	–	–	–	–	–	–	–
Acquisition of subsidiaries	–	60	–	568	282	146	1,056
Depreciation charge for the year	265	41	–	247	82	143	778
Disposals / Write-off	–	(12)	–	(90)	(77)	(109)	(288)
At 31 May 2000	265	89	–	725	287	180	1,546
Depreciation charge for the year	576	141	–	304	57	238	1,316
Disposals / Write-off	–	–	–	(16)	–	(43)	(59)
At 31 May 2001	841	230	–	1,013	344	375	2,803
Depreciation charge for the year	665	104	–	307	69	332	1,477
Disposals / Write-off	(252)	(148)	–	(215)	(13)	(94)	(722)
At 31 May 2002	1,254	186	–	1,105	400	613	3,558
Carrying amount							
31 May 2000	7,703	274	–	474	292	423	9,166
31 May 2001	9,839	722	–	332	340	697	11,930
31 May 2002	10,222	637	737	680	332	1,046	13,654

Included in the property, plant and equipment of the Proforma Group are the following:

	2000 $'000	2001 $'000	2002 $'000
Carrying value of assets:			
Acquired under hire purchase agreements:			
– Plant and machinery	307	381	906
– Motor vehicles	383	539	777
	690	920	1,683
Leasehold buildings mortgaged to banks for banking facilities granted to subsidiaries (refer to notes 12 and 16)	7,703	9,839	10,222
	8,393	10,759	11,905

7. Intangible Assets

	2000 $'000	2001 $'000	2002 $'000
Negative goodwill, at cost			
At 1 June	–	1,612	1,612
Acquisition of subsidiaries	1,612	–	–
At 31 May	1,612	1,612	1,612
Amortisation			
At 1 June	–	91	182
Amortisation charge for the year	91	91	90
At 31 May	91	182	272
Carrying amount	1,521	1,430	1,340

The negative goodwill is recognised as income on a straight-line basis over a period ranging from 5 to 15 years, being the remaining weighted average useful life of the identifiable acquired depreciable assets.

8. Club Membership

	2000 $'000	2001 $'000	2002 $'000
Club membership, at cost	28	28	28
Impairment loss			
At 1 June	–	–	–
Impairment loss during the year	–	–	18
At 31 May	–	–	18
Carrying amount	28	28	10

9. Trade Receivables

	2000 $'000	2001 $'000	2002 $'000
Trade receivables	2,454	2,374	3,625
Less:			
Allowance for doubtful trade receivables			
At 1 June	–	36	38
Allowances made during the year	36	2	21
Allowance reversed during the year	–	–	(10)
At 31 May	36	38	49
	2,418	2,336	3,576

10. Other Receivables, Deposits and Prepayments

	2000 $'000	2001 $'000	2002 $'000
Other receivables	93	368	156
Deposits	321	365	95
Prepayments	437	1,812	3,841
Staff advances	9	4	2
Tax recoverable	–	–	4
	860	2,549	4,098

11. Amounts due from Related Parties

	2000 $'000	2001 $'000	2002 $'000
Affiliated corporations			
– Trade	339	165	64
– Non-trade	469	41	–
	808	206	64
Less:			
Allowance for doubtful receivables:			
At 1 June	–	3	3
Allowances made during the year	3	–	–
Allowance reversed during the year	–	–	(3)
At 31 May	3	3	–
	805	203	64
Corporate shareholder (Trade)	–	–	9
Other related parties (Trade)	558	461	339
Advances to a director	233	331	251
	1,596	995	663

An affiliated corporation is one, other than a related corporation, in which certain directors or shareholders of the Company have substantial financial interests or which has a common director with two subsidiaries of the Company.

Other related parties include the following:

(a) A company in which a sister of a director (resigned on 31 May 2002) of two subsidiaries has substantial financial interests.

(b) Companies in which a relative of two directors of the Company has substantial financial interests.

The amounts due from related parties are unsecured, interest-free and have no fixed terms of repayment.

The advances due from a director of the Company were fully repaid before 31 August 2002.

12. Cash and Cash Equivalents

	2000 $'000	2001 $'000	2002 $'000
Cash at banks and in hand	561	547	816
Fixed deposits with banks	38	24	24
	599	571	840
Bank overdrafts			
– secured	(1,384)	(3,199)	(2,828)
– unsecured	(351)	(369)	(329)
	(1,735)	(3,568)	(3,157)
Cash and cash equivalents in the consolidated statements of cash flows	(1,136)	(2,997)	(2,317)

The Proforma Group's secured bank overdrafts are secured by legal mortgages over two subsidiaries' leasehold buildings (refer to note 16) and are guaranteed by a director of the Company and certain directors of its subsidiaries of up to $8,050,000 (2001: $6,050,000; 2000: $6,050,000) as well as a corporate guarantee from the Company of up to $2,800,000 (2001: Nil; 2000: Nil).

Included in the Proforma Group's fixed deposits with banks is an amount of $8,000 (2001: $8,000; 2000: $8,000) pledged as security for banking facilities granted to a subsidiary.

13. Trade Payables and Accruals

	2000 $'000	2001 $'000	2002 $'000
Trade payables	982	863	861
Accrued operating expenses	267	327	697
	1,249	1,190	1,558

14. Other Payables

	2000 $'000	2001 $'000	2002 $'000
Other payables	272	85	380
Suppliers of plant and equipment	–	–	147
Deposits received	23	23	17
	295	108	544

15. Amounts due to Related Parties

	2000 $'000	2001 $'000	2002 $'000
Affiliated corporations			
– Trade	124	8	–
– Non-trade	–	–	12
	124	8	12
Other related parties (Trade)	5	4	2
Advances from directors	26	46	–
	155	58	14

The non-trade amounts due to related parties are unsecured, interest-free and have no fixed terms of repayment.

16. Interest-Bearing Bank Loans - Secured

This note provides information about the contractual terms of the Proforma Group's interest bearing loans. For more information on the Proforma Group's exposure to interest rate risk, refer to note 24.

	2000		2001		2002	
	Due within 12 months $'000	Due after 12 months $'000	Due within 12 months $'000	Due after 12 months $'000	Due within 12 months $'000	Due after 12 months $'000
Term Loan I						
5-year term loan of $2,624,000	492	1,640	492	1,148	492	656
Repayable in 5 annual instalments of $492,000 each due on 30 April of each year and a final instalment of $164,000 due on 31 August 2004						
Term Loan II						
3-year term loan of $1,400,000	–	–	934	–	–	–
Repayable in 2 annual instalments of $466,000 each and a final instalment of $468,000 due on 30 April of each year						
Term Loan III						
4-year term loan of $1,300,000	–	–	–	–	325	650
Repayable in 4 annual instalments of $325,000 each due on 30 April of each year						
	492	1,640	1,426	1,148	817	1,306

16. Interest-Bearing Bank Loans – Secured (cont'd)

The term loans and bank overdrafts (refer to note 12) are secured by open legal mortgages over two subsidiaries' leasehold buildings with the following carrying values:-

	2000 $'000	2001 $'000	2002 $'000
Term Loan I and secured bank overdrafts	7,703	7,833	7,417
Term Loan II	–	2,006	–
Term Loan III and secured bank overdrafts	–	–	2,805
	7,703	9,839	10,222

The term loans and bank overdrafts (refer to note 12) are guaranteed as follows:-

	2000 $'000	2001 $'000	2002 $'000
Term Loan I and secured bank overdrafts			
Guaranteed by a director of the Company and certain directors of its subsidiaries	5,550	5,550	5,550
Term Loan II			
Guaranteed by a director of the Company and certain directors of its subsidiaries	–	1,400	–
Term Loan III and secured bank overdrafts			
Guaranteed by a director of the Company and certain directors of its subsidiaries	–	–	2,000
A corporate guarantee from the Company	–	–	2,800
Other unsecured bank overdrafts			
Guaranteed by a director of the Company and certain directors of its subsidiaries	500	500	500
Guaranteed by certain directors of its subsidiaries	400	400	400
A corporate guarantee from the Company	–	1,200	1,200
	6,450	9,050	12,450

During the financial year ended 31 May 2002, a subsidiary disposed of its leasehold building and fully repaid Term Loan II and accordingly, the remaining balance of the loan had been classified as a current liability as at 31 May 2001.

These term loans and bank overdrafts bear interest at rates ranging from 6.5% to 7.0% (2001: 6.75% to 7.5%; 2000: 6.75% to 7.5%) per annum.

17. Obligations under Hire Purchase Creditors

	Gross Obligations $'000	Interest in Suspense $'000	Net Obligations $'000
31 May 2000			
Repayable within 1 year	259	(25)	234
Repayable after 1 year but within 5 years	358	(43)	315
	617	(68)	549
31 May 2001			
Repayable within 1 year	343	(35)	308
Repayable after 1 year but within 5 years	402	(52)	350
	745	(87)	658
31 May 2002			
Repayable within 1 year	521	(49)	472
Repayable after 1 year but within 5 years	719	(62)	657
	1,240	(111)	1,129

Under the terms of the hire purchase agreements, no contingent rents are payable. Interest is charged at rates ranging from 2.5% to 6.0% (2001: 2.6% to 5.85%; 2000: 2.7% to 5.75%) per annum.

18. Employee Benefits

	2000 $'000	2001 $'000	2002 $'000
Liability for short-term accumulating compensated absences	–	17	42

19. Deferred Taxation

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets $'000	Liabilities $'000	Net $'000
2000			
Property, plant and equipment	–	29	29
Other timing differences	–	16	16
Tax (assets)/liabilities	–	45	45
2001			
Property, plant and equipment	–	77	77
Other timing differences	–	5	5
Tax (assets)/liabilities	–	82	82

19. Deferred Taxation (cont'd)

	Assets $'000	Liabilities $'000	Net $'000
2002			
Property, plant and equipment	–	77	77
Other timing differences	–	(18)	(18)
Tax (assets)/liabilities	–	59	59

Movement in temporary differences during the year

	Balance at beginning of the year $'000	Acquisition of subsidiaries $'000	Recognised in profit and loss account $'000	Balance at end of the year $'000
2000				
Property, plant and equipment	–	100	(71)	29
Other timing differences	–	5	11	16
	–	105	(60)	45
2001				
Property, plant and equipment	29	–	48	77
Other timing differences	16	–	(11)	5
	45	–	37	82
2002				
Property, plant and equipment	77	–	–	77
Other timing differences	5	–	(23)	(18)
	82	–	(23)	59

20. Revenue

	2000 $'000	2001 $'000	2002 $'000
Rental income	3,922	6,928	10,216
Services	9,964	11,182	13,966
	13,886	18,110	24,182

Revenue represents rental income and the net invoiced value of services rendered in the normal course of business. All inter-company transactions have been eliminated in arriving at the Proforma Group's turnover.

21. Profit from Ordinary Activities before Taxation

Profit from ordinary activities before taxation includes the following:

	2000 $'000	2001 $'000	2002 $'000
(a) Other operating income			
Amortisation of negative goodwill	91	91	90
Gain on disposal of property, plant and equipment	–	–	381
Foreign exchange gain	19	75	–
Interest income			
– banks	14	17	6
– staff loans	1	2	–
	15	19	6
Insurance claim	–	–	56
Sundry income	147	37	67
	272	222	600
(b) Staff costs			
Wages and salaries	1,313	1,635	1,864
Contributions to a defined contribution plan	105	191	241
Increase in liability for short-term accumulating compensated absences	–	17	25
Others	17	52	131
	1,435	1,895	2,261

	2000	2001	2002
Number of employees as at 31 May	45	42	54

	2000 $'000	2001 $'000	2002 $'000
(c) Other operating expenses			
Allowances for doubtful receivables:			
– trade receivables	36	2	21
– affiliated corporations (trade)	3	–	–
Allowances reversed for doubtful receivables:			
– trade receivables	–	–	(10)
– affiliated corporation	–	–	(3)
Auditors' remuneration			
– current year	67	80	88
– underprovision in prior years	7	5	2
Bad debts written off			
– trade receivables	107	4	1
– non-trade receivables	16	–	–
Deposits written off (non-trade)	88	–	5
Depreciation of property, plant and equipment	778	1,316	1,477
Impairment loss on club membership	–	–	18
Loss on disposal of plant and equipment	9	19	–
Foreign exchange loss	–	–	117
Plant and equipment written off	1	1	31
Operating lease expenses	1,391	2,081	3,933

21. Profit from Ordinary Activities before Taxation (cont'd)

(d) Directors' remuneration

Directors' remuneration is recognised in the profit and loss accounts as follows:

	2000 $'000	2001 $'000	2002 $'000
Staff costs:			
– directors of the Company	407	280	188
– other directors	56	300	460
	463	580	648
Other operating expenses:			
– Directors' fee			
– directors of the Company	3	15	–
– Benefits-in-kind			
– directors of the Company	59	71	59
– other directors	23	36	95
	82	107	154
	548	702	802

(e) Finance costs

	2000 $'000	2001 $'000	2002 $'000
Interest expenses:-			
– term loans	195	236	177
– bank overdrafts	133	240	246
– hire purchase	21	33	73
– third party	9	–	16
	358	509	512

22. Taxation

	2000 $'000	2001 $'000	2002 $'000
Recognised in the profit and loss account:			
Based on results for the year:			
– current taxation	542	874	989
– deferred taxation	(60)	–	(9)
	482	874	980
Under/(Over) provision in respect of prior years:			
– current taxation	–	(36)	(1)
– deferred taxation	–	37	(14)
	482	875	965

22. Taxation (cont'd)

Reconciliation of effective tax rate

	2000 $'000	2001 $'000	2002 $'000
Profit from ordinary activities before taxation	1,098	2,770	3,950
Income tax using domestic corporation tax rate of 22% (2001: 24.5%; 2000: 25.5%)	280	679	880
Non-taxable revenue	–	–	(76)
Non-deductible expenses	183	307	217
Tax exempt income	–	(38)	(42)
Tax rebate	–	(46)	–
Effects of tax losses and capital allowances utilised	(9)	(34)	–
All other items, net	28	6	1
	482	874	980

23. Significant Related Party Transactions

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Proforma Group if the Proforma Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Proforma Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party transactions disclosed elsewhere in the financial statements, there were the following significant transactions carried out with related parties in the normal course of business on terms agreed between the parties during the financial years:-

	2000 $'000	2001 $'000	2002 $'000
Affiliated corporations			
Service income received / receivable	236	171	116
Rental income received / receivable	18	188	149
Service fees paid / payable	184	526	4
Purchases	–	15	18
Corporate shareholder			
Service income received / receivable	270	303	153

23. Significant Related Party Transactions (cont'd)

	2000 $'000	2001 $'000	2002 $'000
Other related parties			
A company in which a sister of a director (resigned on 31 May 2002) of two subsidiaries has substantial financial interests			
Service income received / receivable	451	409	1,158
Commissions paid / payable	31	234	713
Companies in which a relative of two directors of the Company has substantial financial interests			
Rental income received / receivable	173	178	157
Service fees paid / payable	30	22	15
Director			
Sale of motor vehicle	–	–	61
Purchase of motor vehicle	–	150	–

A subsidiary made unsecured and interest-free advances of $65,000 (2001: $Nil; 2000: $Nil) to a director during the financial year ended 31 May 2002. These advances have been fully repaid by 31 May 2002.

24. Financial Instruments

(a) Financial risk management objectives and policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Proforma Group's business. The Proforma Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

(b) Working capital management

The Proforma Group manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements of the Proforma Group for the year ended 31 May 2001 reflect management's intention to continue to utilise bank loans and overdraft facilities to meet the working capital requirements having regard to the operating environment and expected cash flow of the Proforma Group. Such working capital requirements are within the credit facilities established and are adequate and available to the Proforma Group to meet its obligations. The credit facilities are regularly reviewed by the directors to ensure that they meet the objectives of the Proforma Group.

24. Financial Instruments (cont'd)

(c) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

At balance sheet dates, there were no significant concentrations of credit risk except for the balances due from certain major customers and with a company in which a sister of a director of two subsidiaries has substantial financial interests amounting to approximately 34% (2001: 54%, 2000: 19%) of total trade receivables and related party trade balances. However, the good credit history of these customers reduces the risk to the Proforma Group to an acceptable level. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

(d) Foreign currency risk

The Proforma Group incurs foreign currency risk on sales and purchases that are denominated in a currency other than Singapore dollars. The currency giving rise to this risk is primarily US dollars. The Proforma Group's exposure to foreign currency risk arising from transactions in foreign currencies is minimised as a significant portion of revenue and a certain portion of costs of services, such as ocean freight charges, are denominated in US dollars.

(e) Interest rate risk

The Proforma Group's exposure to market risk for changes in interest rates relates primarily to the Proforma Group's cash and cash equivalents and debt obligations. The Proforma Group does not use derivative financial instruments to hedge its debt obligations.

(f) Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	Note	Effective interest rates %	Total $'000	Within 1 year $'000	1 to 5 years $'000
2000					
Financial assets					
Cash and cash equivalents	12	0.10	599	599	–
Financial liabilities					
Bank overdrafts					
– secured	12	7.19	1,384	1,384	–
– unsecured	12	6.75	351	351	–
Interest-bearing bank loans (secured)	16	7.50	2,132	492	1,640
Hire purchase creditors	17	3.47	549	234	315
			4,416	2,461	1,955

24. Financial Instruments (cont'd)

(f) Effective interest rates and repricing analysis (cont'd)

	Note	Effective interest rates %	Total $'000	Within 1 year $'000	1 to 5 years $'000
2001					
Financial assets					
Cash and cash equivalents	12	0.05	571	571	–
Financial liabilities					
Bank overdrafts					
– secured	12	7.19	3,199	3,199	–
– unsecured	12	6.75	369	369	–
Interest-bearing bank loans (secured)	16	7.32	2,574	1,426	1,148
Hire purchase creditors	17	3.40	658	308	350
			6,800	5,302	1,498
2002					
Financial assets					
Cash and cash equivalents	12	0.91	840	840	–
Financial liabilities					
Bank overdrafts					
– secured	12	6.61	2,828	2,828	–
– unsecured	12	6.50	329	329	–
Interest-bearing bank loans (secured)	16	6.77	2,123	817	1,306
Hire purchase creditors	17	3.32	1,129	472	657
			6,409	4,446	1,963

(g) Fair values

As at 31 May 2000, 2001 and 2002, the carrying amounts of financial assets and liabilities approximated their fair values.

25. Commitments

Commitments of the Proforma Group not reflected in the financial statements at the balance sheet dates are as follows:

(a) Operating Lease Commitments

The future minimum lease payments under non-cancellable operating leases with terms exceeding one year are as follows:

	2000 $'000	2001 $'000	2002 $'000
Payable:			
– Within 1 year	1,051	1,177	1,385
– After 1 year but within 5 years	1,500	1,851	4,139
– After 5 years	5,252	4,876	7,606
	7,803	7,904	13,130

The Proforma Group leases two warehouse facilities under operating leases. One of the leases is subject to an annual revision not exceeding 7.6% of the previous year's rental.

(b) Capital Commitments

	2000 $'000	2001 $'000	2002 $'000
Capital expenditure contracted but not provided for in the financial statements			
– acquisition of leasehold property	–	2,520	–
– acquisition of other plant and equipment	–	2	282
– acquisition of leasehold property	–	–	2,542
	–	2,522	2,824

26. Subsequent Events

Subsequent to the balance sheet date, the following events took place:

(a) The Company issued 100,000 ordinary shares of $1 each at an exercise price of $1.20 per share for cash, upon the exercise of share options granted to Dr Teo Ho Pin (a director of the Company who resigned on 1 December 2001), pursuant to the Share Option Agreement dated 23 June 2001.

(b) At an extraordinary general meeting held on 5 November 2002, the Company's shareholders approved *inter alia*, the following:-

(i) the conversion into a public limited company and the change of the Company's name to GKE International Limited; and

(ii) the adoption of a new set of Articles of Association.

26. Subsequent Events (cont'd)

(c) At a subsequent extraordinary general meeting held on 6 November 2002, the Company's shareholders approved *inter alia*, the following:-

(i) an increase in the authorised share capital from $6,000,000 to $80,000,000 comprising 80,000,000 ordinary shares of $1 each;

(ii) the sub-division of each ordinary share of $1.00 in the existing authorised and issued and paid-up share capital into 20 ordinary shares of $0.05 each (the "Sub-division of Shares");

(iii) the issue of 40,000,000 New Shares pursuant to the Invitation which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares (the "Issue of New Shares"); and

(iv) the authorisation of the Company's Directors, pursuant to Section 161 of the Act, to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Company's Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to such authority shall not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of such shares issued other than on a *pro rata* basis to the existing shareholders shall not exceed 20 per cent of the issued share capital of the Company for the time being (the percentage of issued share capital being calculated based on the maximum potential share capital at the time such authority is given (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time such authority is given and which were issued pursuant to previous shareholders' approval) adjusted for any subsequent consolidation or subdivision of shares), and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(d) The Company issued the following revised corporate guarantees:

(i) Unsecured corporate guarantee of $962,400 to replace an existing corporate guarantee of $1,200,000 granted to a bank for banking facilities granted to a subsidiary.

(ii) Secured corporate guarantee of $4,875,000 to replace an existing corporate guarantee of $2,800,000 granted to a bank for banking facilities granted to a subsidiary.

The revised corporate guarantee was granted in conjunction with an additional term loan of $2,400,000 given to the subsidiary to finance the construction of an extension to its leasehold building. The term loan is secured by an open legal mortgage over the subsidiary's leasehold building and guaranteed by three directors of the Company of up to $4,875,000.

27. Segment Reporting

A segment is a distinguishable component of the Proforma Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Proforma Group's business and geographical segments. The primary format, business segments, is based on the Proforma Group's management and internal reporting structure.

Inter-segment pricing is determined on terms agreed between segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

(i) Business Segments

The Proforma Group comprises the following main business segments:

Metal Logistics

The provision of logistics services for non-ferrous metals involving warehousing and related specialised logistics needs.

General Logistics

The provision of general logistics services include a wide range of logistics activities such as warehousing, transportation, packing, labelling, distribution, inventory management and air freight forwarding.

(ii) Geographical Segments

The principal activities of the Proforma Group are carried out through the Proforma Group's warehouses and facilities in Singapore, although the customers may, from time to time, require the Proforma Group's logistics support for overseas deliveries. The Proforma Group's in-house services are rendered in Singapore. As such, the Proforma Group's revenues are derived in Singapore and a segregation of revenue by geographical region is not meaningful.

27. Segment Reporting (cont'd)

(a) Business Segments

	Metal Logistics $'000	General Logistics $'000	Group Elimination $'000	Consolidated $'000
Revenue and Expenses				
2000				
Rental income	1,814	2,108	–	3,922
Services	5,618	4,346	–	9,964
Total revenue from external customers	7,432	6,454	–	13,886
Inter-segmental revenue	53	2,676	(2,729)	–
	7,485	9,130	(2,729)	13,886
Profit from operations	347	1,109		1,456
Finance costs				(358)
Taxation				(482)
Net profit for the year				616
2001				
Rental income	4,132	2,796	–	6,928
Services	6,989	4,193	–	11,182
Total revenue from external customers	11,121	6,989	–	18,110
Inter-segmental revenue	1	2,849	(2,850)	–
Total revenue	11,122	9,838	(2,850)	18,110
Profit from operations	1,882	1,454		3,336
Loss from operations of investment holding company				(57)
Total profit from operations				3,279
Finance costs				(509)
Taxation				(875)
Net profit for the year				1,895

27. Segment Reporting (cont'd)

(a) Business Segments (cont'd)

	Metal Logistics $'000	General Logistics $'000	Group Elimination $'000	Consolidated $'000
Revenue and Expenses				
2002				
Rental income	8,217	1,999	–	10,216
Services	10,284	3,682	–	13,966
Total revenue from external customers	18,501	5,681	–	24,182
Inter-segmental revenue	71	3,333	(3,404)	–
Total revenue	18,572	9,014	(3,404)	24,182
Profit from operations	3,107	1,399		4,506
Loss from operations of investment holding company				(44)
Total profit from operations				4,462
Finance costs				(512)
Taxation				(965)
Net profit for the year				2,985
Assets and Liabilities				
2000				
Segment assets	3,393	9,501	–	12,894
Unallocated assets				252
Total assets				13,146
Segment liabilities	644	1,055	–	1,699
Unallocated liabilities				5,600
Total liabilities				7,299
2001				
Segment assets	4,847	11,778	–	16,625
Unallocated assets				354
				16,979
Segment liabilities	742	615	–	1,357
Unallocated liabilities				7,880
Total liabilities				9,237

27. Segment Reporting (cont'd)

(a) Business Segments (cont'd)

	Metal Logistics $'000	General Logistics $'000	Group Elimination $'000	Consolidated $'000
Assets and Liabilities				
2002				
Segment assets	11,713	9,316	–	21,029
Unallocated assets				472
				21,501
Segment liabilities	1,297	843	–	2,140
Unallocated liabilities				7,498
Total liabilities				9,638

(b) Other Segmental Information

	Metal Logistics $'000	General Logistics $'000	Group Elimination $'000	Consolidated $'000
2000				
Capital expenditure	187	954		1,141
Depreciation	133	645		778
Amortisation of negative goodwill	(6)	97		91
2001				
Capital expenditure	31	4,144		4,175
Depreciation	74	1,242		1,316
Amortisation of negative goodwill	(6)	97		91
2002				
Capital expenditure	4,635	1,157		5,792
Depreciation	309	1,168		1,477
Amortisation of negative goodwill	(6)	96		90

TAXATION

SINGAPORE TAXATION

This discussion is based on the tax laws in force in Singapore as at the date of this Prospectus and is subject to any changes in such laws, or in the interpretation of these laws, occurring after such date, which changes could be made on a retroactive basis.

The discussion below does not purport to be a comprehensive description of all the tax considerations of our Shares. Prospective purchasers of our Shares should consult their own tax advisors concerning the tax consequences unique to their particular situations.

INCOME TAX

General

Singapore resident taxpayers, which include individuals who are residing in Singapore and companies which are controlled or managed in Singapore, are subject to Singapore income tax on:-

(a) income accruing in or derived from Singapore; and

(b) foreign income received or deemed received in Singapore.

Foreign companies, subject to certain exceptions, are subject to Singapore income tax on:-

(a) income that is accrued in or derived from Singapore; and

(b) foreign income received or deemed received in Singapore.

Foreign individuals, subject to certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore.

A company is a tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is a tax resident in Singapore in a Year of Assessment ("YA") 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.

With effect from the YA 2002, the standard corporate tax rate in Singapore is 24.5 per cent. Further, corporate tax exemption will apply to the first $100,000 of a company's chargeable income as follows:-

(a) 75 per cent. of the first $10,000 of the chargeable income (excluding Singapore dividends); and

(b) 50 per cent. of the next $90,000 of the chargeable income (excluding Singapore dividends).

The remaining chargeable income will be taxed at 24.5 per cent. Pursuant to the Second off-Budget measures announced on 12 October 2001, a 5.0 per cent. tax rebate was granted to companies on the tax payable for YA2002 and the tax rebate will not apply to Singapore dividends received by companies. The corporate tax rate of 24.5 per cent. applies to our Company's business income for the financial year ended 31 March 2001 and other income including interest and dividends received from 1 January 2001.

On 3 May 2002, the Finance Minister announced in the Financial Year 2002 Budget that the corporate tax rate will be reduced to 22.0 per cent with effect from YA2003. The government also announced its intention to reduce the corporate tax rate to 20.0 per cent. by the Financial Year 2004 Budget. Please note, however that the reduction in corporate income tax from 24.5 per cent. to 22 per cent., as prepared by the Minister for Finance in his 2002 Budget Statement delivered on 3 May 2002, has not been enacted as a law yet.

For a Singapore tax resident individual, the tax rate will vary according to the individual's circumstances but is subject to a maximum marginal rate of 26.0 per cent. for YA2002. Pursuant to the Second Off-Budget measures announced on 12 October 2001, a 10.0 per cent. tax rebate was granted for YA2002. The reduction of the top marginal tax rate to 22 per cent. from YA2003 was proposed by the Minister of Finance in his 2002 Budget Statement delivered on 3 May 2002 and has not been enacted as a law yet.

Subject to the provisions of any applicable double taxation treaty, non-Singapore resident taxpayers who derive certain types of income from Singapore are subject to a withholding tax currently at 22.0 per cent. or generally 15 per cent. in the case of interest, royalty and rental of movable property income.

DIVIDEND DISTRIBUTIONS – CURRENT TAX SYSTEM

Under Singapore's taxation system, the tax paid by the company at the prevailing corporate tax rate is imputed to, and deemed to be paid on behalf of its shareholders. Shareholders are taxed on the gross amount of dividends (that is, on the amount of cash dividends plus an amount equal to the amount of tax deducted at source). The tax paid by the company effectively becomes available to the shareholders as a tax credit to offset their Singapore income tax liability on the gross amount of dividends paid by the company.

Singapore does not impose withholding tax on dividends paid to Singapore resident or non-Singapore resident shareholders. As the tax paid by the company at the prevailing corporate tax rate is imputed to and deemed to be paid by its shareholders, no further Singapore income tax liability would arise on dividends received by such non-resident shareholders. Further, non-resident shareholders will normally not receive any tax refund from the IRAS. Singapore taxpayers are taxed on dividends received from the company at their applicable income tax rates. Where their income tax liabilities on the dividends are lower or, as the case may be, higher than the tax deducted at source from such dividends at the prevailing corporate tax rate, the resident shareholders may receive a tax refund from or, as the case may be, have to pay further tax to the IRAS.

Where the company receives foreign income that has been relieved from Singapore income tax due to the availability of foreign tax credits, the company may pay tax exempt dividends out of such foreign income. Such dividends paid on shares not of a preferential nature are free of Singapore tax in the hands of recipient shareholders.

On 3 May 2002, the Finance Minister announced in the Financial Year 2002 Budget that Singapore will move to a "one tier" corporate tax system with effect from 1 January 2003. Under this proposed system, the tax collected from corporate profits is final and Singapore dividends are tax exempt in the hands of the shareholder, regardless of the tax residence status or the legal form of the shareholder. To enable companies to make full use of unutilised dividend franking credits as at 31 December 2002, the Finance Minister proposed to introduce a 5 year transition period from 1 January 2003 to 31 December 2007 for such companies to pay franked dividends out of its unutilised dividend franking credits. During this period, the shareholders will continue to receive these dividends with tax credits attached and will be entitled to set off the tax credits against their tax liability.

GAINS ON DISPOSAL OF ORDINARY SHARES LISTED ON A STOCK EXCHANGE

Singapore does not impose tax on capital gains. However, gains may be construed to be of an income nature and subject to tax if they arise from activities which the IRAS regards as amounting to the carrying on of a trade or business in Singapore.

Profits from the disposal of listed ordinary shares will not be taxable in Singapore unless the gains are treated as trading profits, in which case, the disposal profits would be taxable as ordinary income.

STAMP DUTIES

No stamp duty is payable on the issuance of new Shares of our Company.

Stamp duty is payable on the instrument of transfer of Shares of our Company at the rate of $2.00 for every $1,000 market value of such ordinary shares. Pursuant to the Second off-Budget measures announced on 12 October 2001, the stamp duty rate has been reduced by 30.0 per cent. in respect of the instrument of transfer of shares executed during the period from 13 October 2001 to 31 December 2002 (both dates inclusive). Effectively, the applicable stamp duty on the instrument of transfer of our Shares will be $1.40 for every $1,000 market value of our Shares registered in Singapore if the transfer of the written instrument is effected between 13 October 2001 to 31 December 2002. The purchaser is liable for stamp duty, unless otherwise agreed. No stamp duty is payable if no instrument of transfer is executed or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore. Stamp duty is not applicable to scrip-less transfers of the ordinary shares through CDP system (see "Clearance and Settlement" on page 103 of this Prospectus).

ESTATE DUTIES

Singapore estate duty is imposed on the value of most movable and immovable property situated in Singapore which passes on the death of a person, whatever the domicile of the deceased, subject to specific exemption limits. For persons domiciled in Singapore at the date of death, estate duty is also imposed on movable property, wherever situated. On 3 May 2002, the Finance Minister announced in the Financial Year 2002 Budget that movable assets of non-domiciles situated in Singapore will be exempt from estate duty. Our Shares are considered to be movable property situated in Singapore as we are a company incorporated in Singapore.

Accordingly, our Shares held by an individual are subject to Singapore estate duty upon such individual's death, if the individual is domiciled in Singapore. Singapore estate duty is payable to the extent that the value of the Shares aggregated with any other assets subject to Singapore estate duty exceeds $600,000. Unless estate duty exemptions apply to the other assets, any excess beyond $600,000 will be taxed at 5 per cent. on the first $12,000,000 of the individual's property subject to Singapore estate duty and the remainder at 10 per cent. Individuals should consult their own tax advisors regarding the Singapore estate duty consequences of their ownership of our Shares.

GOODS AND SERVICES TAX ("GST")

The sale of the shares by an investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is exempt sale not subject to GST.

Where the shares are sold by the investor to a person belonging outside Singapore, the sale is generally a taxable sale subject to GST at zero-rate. Any GST incurred by a GST registered investor in the making of this supply in the course of furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST registered person to an investor belonging in Singapore in connection with the investor purchase, sale, holding of shares will be subject to GST at the current rate of 3 per cent. The Minister of Finance, in his 2002 Budget Statement delivered on 3 May 2002, has proposed that the standard rate of GST be raised from 3 per cent. to 5 per cent. with effect from 1 January 2003. On 5 December 2002, the Minister for Finance proposed an amendment to the GST (Amendment) Bill to provide for an increase in the GST rate from 3 per cent. to 4 per cent. from 1 January 2003, and from 4 per cent. to 5 per cent. from 1 January 2004. Similar services rendered to an investor belonging outside Singapore are subject to GST at zero-rate.

DESCRIPTION OF OUR ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of our shareholders conferred by the laws of Singapore, the Listing Manual and our Articles of Association ("Articles"). These statements summarise the material provisions of our Articles but are qualified in entirely by reference to our Articles, a copy of which will be available for inspection at our offices during normal business hours for a period of six months from the date of this Prospectus.

Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of our shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to our shareholders may not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital (the percentage of issued share capital being calculated based on the maximum potential share capital at the time such authority is given (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time such authority is given and which were issued pursuant to previous shareholders' approval) adjusted for any subsequent consolidation or subdivision of Shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in our Register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the Shares, are recognised as our shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the depository register for that Share. We may close our Register of Shareholders for any time or times if we provide the Registrar of Companies and Businesses with at least 14 days' notice and the SGX-ST at least 10 clear Market Days' notice. However, the Register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. We typically close our Register of Shareholders to determine shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Listing Manual or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S$2 and furnishes any evidence and indemnity that our Board of Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit and must do so if shareholders representing not less than 10% of the total voting rights of all shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and our Articles, a change of our corporate name and a reduction in our share capital, share premium account or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, the chairman of the meeting shall be entitled to treat the first named proxy as the authorised representative to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. However, we may capitalise our share premium account and apply it to pay dividends, if such dividends are satisfied by the issue of Shares to our shareholders. See "Bonus and Rights Issue" below. All dividends are paid *pro rata* among our shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board of Directors may, with approval of our shareholders at a general meeting, capitalise any reserves or profits (including profits or moneys carried and standing to any reserve or to the share premium account) and distribute the same as bonus Shares credited as paid-up to our shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

Under the Singapore Code on Take-overs and Mergers ("Singapore Take-over Code"), issued by the MAS pursuant to section 321 of the Securities and Futures Act 2001, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any 6 month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:-

(a) the following companies:-

  (i) a company

  (ii) the parent company of (i);

  (iii) the subsidiaries of (i);

  (iv) the fellow subsidiaries of (i);

  (v) the associated companies of (i), (ii), (iii) or (iv); and

  (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);

(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:-

  (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

  (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(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;

(g) partners; and

(h) the following persons and entities:-

  (i) an individual;

  (ii) the close relatives of (i);

  (iii) the related trusts of (i);

  (iv) any person who is accustomed to act in accordance with the instructions of (i); and

  (v) companies controlled by any of (i), (ii), (iii) or (iv).

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding 6 months.

Liquidation or Other Return of Capital

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident shareholders to hold or vote in respect of our Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Act, which gives the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations where:-

(a) our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our shareholders; or

(b) we take an action, or threaten to take an action, or our shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Act itself. Without prejudice to the foregoing, the Singapore courts may:-

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of our affairs in the future;

(c) authorise civil proceedings to be brought in our name of, or on behalf of, by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority shareholder’s Shares by our other shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital; or

(e) provide that we be wound up.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The description below provides, among other things, information on the principal objects of our Company as set out in our Memorandum and Articles of Association and a summarised version of the main provisions in our Articles of Association which relate to the Directors' borrowing powers and remuneration, Directors' retirement and restrictions on voting powers of Directors in interested transactions. It also describes shareholders' voting rights, restrictions on the transferability of shareholdings and shareholders' rights to share in any surplus in the event of liquidation. Also included is a description of how we conduct our general meetings and the provisions relating to changes in the capital of our Company. This description is only a summary and is qualified by reference to Singapore law and our Memorandum and Articles of Association.

Place of incorporation

We are registered in Singapore with the Registrar of Companies and Businesses. Our company registration number is 200001941G.

Our objects as contained in our Memorandum of Association

One of our principal objects as set out in our Memorandum of Association is to carry on the business of a holding company and in particular, to invest and deal with the moneys of our Company in or otherwise to acquire ad hold, *inter alia*, land, property, shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities.

The objects of our Company are set out in full in Clause 3 of our Memorandum of Association which is available for inspection at our registered office as stated in the section entitled "Documents for Inspection".

Selected Extracts of our Articles of Association

Provisions relating to Directors

(a) *Power to vote on a proposal, arrangement or contract in which the director is materially interested*

Article 105(1)

A Director who is in any way whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 156 of the Act.

Article 105(2)

A Director shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has directly or indirectly a personal material interest and if he shall do so his vote shall not be counted nor save as provided by Article 106 shall he be counted in the quorum present at the meeting.

Article 105(3)

A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. Subject to this Article 105, no such contract and no contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

Article 106

Subject to Article 105(2) above, a Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged.

(b) *Directors' power to vote for compensation to themselves or any members of their body in the absence of an independent quorum*

Article 101(3)

An alternate Director shall be entitled to contract and be interested in and benefit from contracts, arrangements or transactions to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any remuneration in respect of his appointment as alternate Director except only such part (if any) of the remuneration otherwise payable to his appointor in which event any fee paid by the Company to an alternate Director shall be deducted from the fees of the Director appointing the alternate.

Article 102(1)

The Directors shall be entitled to receive by way of fees for their services as Directors in each year such sum as shall from time to time, subject to Section 169 of the Act, be determined by the Company by resolution passed at a General Meeting, the notice of which shall specify the proposals concerning the same. Such remuneration shall be divided amongst the Directors as they shall determine or failing agreement equally.

Article 102(2)

The fees payable to the Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the Meeting.

Article 102(3)

The remuneration of a non-executive Director shall be by a fixed sum and not by a commission on or percentage of profits or turnover. The remuneration of an executive Director may not include a commission on or a percentage of turnover.

Article 102(4)

The provisions of this Article are without prejudice to the power of the Directors to appoint any of their number to be employee or agent of the Company at such remuneration and upon such terms as they think fit without the approval of the Members in General Meeting provided that such remuneration may include a commission on or percentage of profits but not a commission on or percentage of turnover.

Article 102(5)

Subject to the provisions of the Statutes, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme of fund to pay premiums.

Article 103

If any Director, being willing and having been called upon to do so, shall hold an executive office in the Company, shall render or perform extra or special services of any kind, including services on any committee established by the Directors, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses, and also such remuneration as the Directors may think fit, either as a fixed sum or as provided in Article 102(3) (but not by way of commission on or percentage of turnover) and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

Article 105(3)

A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as a vendor, purchaser or otherwise. Subject to this Article 105, no such contract and no contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

Article 114

The Directors shall (subject to the provisions of any contract between the Managing Director and the Company) from time to time fix the remuneration of the Managing Director which may be by way of fixed salary, commission or participation in profits (but not turnover) of the Company or by any or all of these modes.

(c) *Borrowing powers exercisable by the Directors and how such borrowing powers can be varied*

Article 62

The Directors may, from time to time, exercise all the powers of the Company to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Article 63

The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and, in particular, by the issue of debentures or debenture stock of the Company, perpetual or otherwise, charged upon or by mortgage charge or lien of and on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being, or by making, accepting, endorsing or executing any cheque, promissory note or bill of exchange.

(d) *Retirement or non-retirement of directors under an age limit requirement*

Article 98

Until otherwise determined by a Special Resolution at a General Meeting, the number of Directors shall not be less than three or more than eleven. All the Directors of the Company shall be natural persons.

Article 101(1)

Any Director may at any time and from time to time appoint any other person approved by a majority of the Directors for the time being to be his alternate. An alternate Director shall be entitled (subject to his giving to the Company an address within the Republic of Singapore at which notices may be served on him) to receive notice of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not present, and generally at such meeting to exercise all the powers, rights, duties and authorities of the Director appointing him. Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. All the appointments and removals of alternate Directors made by any Director in pursuance of this Article, shall be in writing under the hand of the Director making the same and shall be sent to or left at the Office. A Director may not act as an alternate for another Director. A person may not act as an alternate Director for more than one Director of the Company.

Article 101(2)

An alternate Director may be removed by his appointor and (subject to the approval of the Directors) may appoint another in his place. An alternate Director may be removed from office by a resolution of the Directors, but he shall be entitled to vote on such resolution and he shall, ipso facto, cease to be an alternate Director if his appointor ceases for any reason to be a Director. The appointment of an alternate Director shall also determine on the happening of any event which, if he were a Director, would cause him to vacate such office.

Article 104(1)

The office of a Director shall be vacant if the Director:-

(a) ceases to be a Director by virtue of the Statutes; or

(b) becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(c) is or becomes prohibited from being a Director by reason of any order made under the Statutes; or

(d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under any law relating to mental disorder; or

(e) resigns his office by notice in writing to the Company; or

(f) for more than six months is absent without permission of the Directors from meetings of the Directors held during that period and his alternate Director (if any) shall not during such period have attended in his stead; or

(g) is directly or indirectly interested in any contract or proposed contract with the Company and fails to declare the nature of his interest in manner required by the Statutes; or

(h) is removed from office pursuant to the Statutes.

Article 104(2)

The appointment of any Director to the office of Managing or Joint Managing Director shall automatically terminate if he ceases to be a Director but without prejudice to any claim for any damage or breach of any contract of service between him and the Company.

Article 104(3)

The appointment of any Director to any other executive office shall automatically terminate if he ceases from any cause to be a Director only if the contract or resolution under which he holds office expressly so provides, in which case such termination shall be without prejudice to any claim for damages or breach of any contract of service between him and the Company.

Article 107

An election of Directors shall take place each year in accordance with the provisions hereinafter contained. At the Annual General Meeting in every year one-third of the Directors for the time being (other than the Managing Director), or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office Provided Always that all Directors (except the Managing Director) shall retire from office at least once every three years.

Article 108

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Article 109

Subject to the Statutes, a retiring Director shall be eligible for re-election at the meeting at which he retires.

(e) *Number of Shares, if any, required for Director's qualification*

Article 100

A Director shall not be required to hold any share in the Company.

(f) *Nomination of Directors*

Article 110

No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless some Member intending to propose him has, at least eleven clear days before the meeting, left at the Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him Provided Always that in the case of a person recommended by the Directors for election, nine clear days' notice only shall be necessary, and notice of each and every candidate for election to the board of Directors shall be served on the Members at least seven days prior to the meeting at which the election is to take place.

Article 111

The Company by Special Resolution in General Meeting may, from time to time, increase or reduce the number of Directors, and may alter their qualification, if any.

Article 112

The Directors may from time to time appoint one or more of their body to the office of Managing Director for such period (not exceeding five years) and on such terms as they think fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Managing Director shall be subject to the control of the Directors. A Director so appointed shall not, while holding that office be subject to retirement but his appointment shall be automatically determined if he ceases from any cause to be a Director.

Article 117

The Directors shall have power at any time and from time to time to appoint any other qualified person as a Director either to fill a casual vacancy or as an addition to the Board. But any Director so appointed shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election.

Article 118

The Company may from time to time by Ordinary Resolution remove any Director before the expiration of his period of office, and may by an Ordinary Resolution appoint another person in his stead. The person so appointed shall continue to hold office until the next Annual General Meeting.

Article 125

The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to these Articles, the continuing Directors may, except in an emergency, act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting of the Company, notwithstanding that there shall not be a quorum, but for no other purpose.

Provisions relating to Shares

(a) *Dividend rights*

Article 135

The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid-up on the shares held by them respectively.

Article 136

The Company in General Meeting may by Ordinary Resolution declare a dividend on or in respect of any share to the Members according to their rights and interest in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend.

Article 137

No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.

Article 138

The declaration of the Directors as to the net profits of the Company shall be conclusive.

Article 139

The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided no such dividends shall be declared more than once in six months.

Article 140

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

Article 141

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the shares against the Depositor's name in the Depository Register, as the case may be.

Article 142

Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payment shall be made to any Member upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividends as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.

Article 143

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmissions of shares hereinbefore contained entitled to become a Member, or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.

Article 144

In case several persons are registered in the Register or entered in the Depository Register, as the case may be, as the holders of any share, any resolution of the Directors or the Company in General Meeting declaring a dividend on shares of any class may specify that the dividend shall be payable to such persons at the close of business on a particular date and thereupon the dividend shall be payable in accordance with their respective holdings so registered. Any person registered in the Register or in the Depository Register, as the case may be, as the holder or joint holder of any share or is entitled jointly to a share in consequence of the death or bankruptcy of the holder may give effectual receipts for dividends, bonuses, other moneys payable or properties distributable and payment on account of dividends on or in respect of such shares.

Article 145

Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement.

Article 146

Unless otherwise directed, any dividend may be paid by cheque, dividend warrant or Post Office Order, sent through the post to the registered address appearing in the Register or the Depository Register, as the case may be, of the Member or person entitled, or where two or more persons are registered in the Register or entered in the Depository Register, as the case may be, as joint holders or are entitled to the dividend as a result of the death or bankruptcy of the holder, to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect thereof and every cheque, dividend warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent or to any person and address as such Member(s) or person(s) may direct in writing. The Company shall not be responsible for the loss of any cheque, dividend warrant or Post Office Order, which shall be sent by post duly addressed to and at the sole risk of the Member or person for whom it is intended. Payment of the cheque, dividend warrant or Post Office Order by the bank upon which they are respectively drawn shall be a full and valid discharge to the Company. Notwithstanding the provisions of these Articles, payment by the Company to the Depository of any dividend payable to a Depositor shall also be a full and valid discharge of the Company from liability to the Depositor in respect of that payment to the extent of the payment made to the Depository.

Article 147

The Depository will hold all dividend unclaimed for six years after having been declared and paid before release to the Directors, and the Directors may invest or otherwise make use of the unclaimed dividends for the benefit of the Company until claimed.

(b) *Voting rights*

Article 10

Preference shareholders shall have the same rights as ordinary Members as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning the sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

Article 13(3)

The joint holder first named in the Register or the Depository Register, as the case may be, shall as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share.

Article 80

At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by:-

(a) the Chairman of the meeting; or

(b) not less than two Members present in person or by proxy and entitled to vote; or

(c) a Member or Members present in person or by proxy, holding or representing, as the case may be:-

  (i) not less than one-tenth of the total voting rights of all Members entitled to vote at the meeting; or

  (ii) shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid-up equal to not less than one-tenth of the total sum paid-up on all the shares conferring that right.

Article 81(1)

If a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Article 81(2)

No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

Article 82

Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the minute book of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Article 83(1)

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting, as the case may be, at which the vote objected to is or may be given, tendered or cast, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

Article 83(2)

If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

Article 84

In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.

Article 85(1)

Subject to and without prejudice to any special privileges or restriction as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company:-

(a) every Member who is present in person or by proxy shall have one vote on a show of hands, the Chairman shall be entitled to treat the first named proxy as the authorized representative to vote where a Member is represented by two proxies; and

(b) every Member who is present in person or by proxy, in case of a poll, shall have one vote for every share which he holds or represents and upon which all calls or other sums due thereon to the Company have been paid.

Article 85(2)

For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting upon a poll being called, the number of shares held or represented shall, in relation to the shares of that Depositor, be the number of shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company.

Article 86

In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be.

Article 87

Unless the Directors otherwise determine, no person other than a Member who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.

Article 88

A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.

Article 89

On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Article 90(1)

A proxy need not be a Member.

Article 90(2)

A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting Provided Always that where the Member is a Depositor, the Company shall be entitled and bound:-

(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company;

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at the Cut-Off Time as certified by the Depository to the Company, whether that number be greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and

(c) in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.

Article 90(3)

In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

Article 91

Any corporation which is a Member may, by resolution of its directors or other governing body, authorise any person to act as its representative at any meetings of the Company or any class of Members of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.

Article 92

An instrument appointing a proxy shall be in writing in any usual or common form (including the form approved from time to time by the Depository) or in any other form which the Directors may approve and:-

(1) in the case of an individual shall be signed by the appointor or his attorney;

(2) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

Article 93

Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

Article 94

The signature on an instrument of proxy need not be witnessed.

Article 95

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided Always that no notice in writing of the death or revocation or transfer shall have been received at the Office one hour at least before the time fixed for holding the meeting.

Article 96

An instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and to speak at the meeting.

Article 97

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

(c) *Right to share in the Company's profits*

Article 148(1)

The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution; and accordingly that such sum be set free for distribution amongst the holders of shares in the Register or in the Depository Register, as the case may be, who would have been entitled thereto if distributed by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up on full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid-up to and amongst such holders or in their nominees in the proportion aforesaid or partly in the one way and partly in the other and the Directors shall give effect to such resolution Provided Always that a capital redemption reserve fund may, for the purpose of this Article, only be applied in the paying up of unissued shares to be issued to such holders as fully paid bonus shares unless otherwise permitted by the provisions of the Act.

Article 148(2)

Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register or in the Depository Register, as the case may be, under such resolution to a fractional part of a share by the issue of fractional certificates or by payment in cash or otherwise as they think fit and also to authorise any persons to enter on behalf of such holders entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully paid-up of any further shares to which they may be entitled upon such capitalisation; and any agreement made under such authority shall be effective and binding on all such holders and their nominees.

(d) *Right to share in any surplus in the event of liquidation*

Article 169

If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid-up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Article 170

If the Company shall be wound up, the liquidators may, with the sanction of a Special Resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved or 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 306 of the Act. 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 share or other consideration receivable by the Liquidators 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.

Article 171

On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been ratified by the Members. The amount of such payment shall be notified to all Members at least seven days prior to the meeting at which it is to be considered.

(e) *Redemption provisions*

Article 60(2)

The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or share premium account in any manner and with and subject to any requirement authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the nominal amount of the issued ordinary share capital of the Company shall be diminished by the nominal amount of the share so cancelled.

(f) *Sinking fund provisions*

Article 149

The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sums as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes the Directors shall, in their absolute discretion, think conducive to the interest of the Company.

(g) *Liability to further capital calls by the Company*

Article 26

The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares or on any class of shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen 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 his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

Article 27

The joint holders of a share shall be jointly and severally liable to pay all calls and interest (if any) in respect thereof.

Article 28

If before or on the day appointed for payment thereof a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at the rate of eight per cent per annum from the day appointed for payment thereof to the time of actual payment, but the Directors shall have power to waive payment of such interest or any part thereof.

Article 29

Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date whether on account of the nominal value of the share or by way of premium and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest and expenses, forfeiture and the like, and all the other relevant provisions of these Articles or the Statutes shall apply as if such sum were a call duly made and notified as hereby provided.

Article 30

The Directors may from time to time make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.

Article 31

The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.

(h) *Discrimination against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares*

There is no provision relating to such discrimination in our Articles of Association.

(i) *Change in Capital*

Article 56

The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct.

Article 57(1)

Unless otherwise determined by the Company in General Meeting or except as permitted by the listing rules of the Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled.

Article 57(2)

The offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided.

Article 58

Notwithstanding Article 56 above, the Company may pursuant to Section 161 of the Act by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to issue shares where:-

(a) the aggregate number of shares to be issued pursuant to such authority does not exceed fifty per cent (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to the Members of the Company does not exceed twenty per cent (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (the percentage of issued share capital being calculated based on the maximum potential share capital at the time such authority is given (taking into account the conversion or exercise of any convertible securities and employee share options on issue at the time such authority is given and which were issued pursuant to previous shareholders' approval) adjusted for any subsequent consolidation or subdivision of shares); and

(b) unless previously revoked or varied by the Company in General Meeting, such authority to issue shares does not continue beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

Article 59

Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and all new shares shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

Article 60(1)

The Company may by Ordinary Resolution:-

(a) consolidate and divide its capital into shares of larger amount than its existing shares; or

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or

(c) by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association. The resolution by which the subdivision is effected may determine that, as between the holders of the resulting shares, one or more of such shares may have any such preferred, deferred or other special rights or be subject to any restriction as the Company has power to attach to unissued or new shares; or

(d) subject to the Statutes, convert any class of shares into any other class of shares.

Article 60(2)

The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or share premium account in any manner and with and subject to any requirement authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the nominal amount of the issued ordinary share capital of the Company shall be diminished by the nominal amount of the share so cancelled.

(j) *Variation of Shareholders' rights*

Article 9

Subject to the provisions of the Statutes, all or any of the special rights or privileges for the time being attached to any preference share for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorized by a Special Resolution passed by holders of such preference shares at a special meeting called for the purpose. To any such special meeting, all provisions of these Articles as to General Meetings of the Company shall *mutatis mutandis* apply but so that the necessary quorum shall be two persons at least holding or representing by proxy not less than one third of the issued preference shares concerned and that every holder of the preference shares concerned shall be entitled on a poll to one vote for every such share held by him and that any holder of the preference shares concerned present either in person or by proxy may demand a poll Provided Always that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from holders of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

Article 61

Subject to the Statutes and save as provided by these Articles, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being issued may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the holders of not less than three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting, but so that the quorum thereof shall be not less than two persons personally present and holding or representing by proxy one-third of issued shares of the class, and that any holder of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class held or represented by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or Resolution to the Registrar of Companies.

(k) *Arrangements for transfer and any restrictions on the free transferability of the shares*

Article 40

Save as provided by these Articles, there shall be no restriction on the transfer of fully paid shares (except where required by law or by the rules, bye-laws or listing rules of the Exchange). All transfers of shares may be effected by way of book-entry in the Depository Register Provided Always that the legal title in the shares may be transferred by the registered holders thereof by an instrument of transfer in the form approved by the Directors and the Exchange. The instrument of transfer shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain the registered holder of the shares until the name of the transferee is entered in the Register in respect thereof.

Article 41

The instrument of transfer shall be signed both by the transferor and by the transferee, and it shall be witnessed Provided Always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository.

Article 42

Shares of different classes shall not be comprised in the same instrument of transfer.

Article 43

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Article 44

All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.

Article 45

The Directors may decline to accept any instrument of transfer unless:-

(a) all or any part of the stamp duty (if any) payable on each share transfer is paid to the Company; and

(b) such fee not exceeding two Singapore Dollars as the Directors may from time to time determine or such other sum as may from time to time be prescribed by the Exchange is paid to the Company in respect of the registration of any instrument of transfer, probate, letters of administration, certificate of marriage or death, power of attorney or any document relating to or affecting the title to the shares.

Article 46

The Directors may refuse to register the transfer of shares or allow the entry of or against a person's name in the Depository Register in respect of shares transferred or to be transferred to such person:-

(a) which are not fully paid-up; or

(b) on which the Company has a lien.

Article 47

If the Directors refuse to register any transfer of any share they shall, where required by the Statutes, serve on the transferor and transferee, within one month beginning with the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and of the facts which are considered to justify the refusal.

Article 48

The Register may be closed at such times and for such periods as the Directors may from time to time determine Provided Always that the Register shall not be closed for more than thirty days in any year Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange stating the period and purpose or purposes for which such closure is to be made.

(l) *Necessary actions to change the rights of holders of the stock*

There is no provision relating to the necessary actions to change the rights of holders of the stock in our Articles of Association.

(m) *General meetings*

Article 66

In addition to any other meetings, a General Meeting shall be held at least once in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings.

Article 67

The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.

Article 68

The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine.

Article 69

The Directors may call an Extraordinary General Meeting of the Company whenever they think fit in accordance with the Statutes.

Article 70

The Directors shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect:-

(a) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.

(b) If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.

(c) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the Directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Statutes.

(d) Any meeting convened under this Article by the requisitonists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.

Article 71

Subject to the Statutes relating to the convening of meetings to pass Special Resolutions, at least fourteen days' notice specifying the place, day and hour of the meeting, and in case of special business, a notice setting out the general nature of such special business, accompanied by a statement regarding the effect of any proposed resolution in respect of such special business, shall be given to all Members other than such as are not entitled under these Articles to receive such notices from the Company. At least fourteen days' notice in writing of any General Meeting shall be given and at least twenty-one days' notice in writing in the case of a Meeting to pass Special Resolution shall be given to the Exchange. Every such notice shall be published in at least one English Language daily newspaper circulating in Singapore at least fourteen days before the meeting. Whenever any meeting is adjourned for fourteen days or more, at least seven days' notice of the place and hour of such adjourned meeting shall be given in like manner Provided Always that when a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(n) *Limitations on rights to hold or exercise voting rights on ordinary shares*

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of non-resident Shareholders to hold or exercise voting rights on our ordinary shares.

(o) *Delaying, deferring or preventing change in control of the Company*

There is no provision in our Articles of Association which would have an effect of delaying, deferring or preventing a change in control of the Company and which would operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to subscribe for the New Shares at the Issue Price for each New Share subject to the following terms and conditions:-

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES AND INTEGRAL MULTIPLES THEREOF. YOUR APPLICATIONS FOR ANY OTHER NUMBER OF NEW SHARES WILL BE REJECTED.**

2. Your applications for the Offer Shares may be made by way of Offer Shares Application Forms or by way of Electronic Applications through ATMs belonging to the Participating Banks ("ATM Electronic Applications") or through IB Websites of the relevant Participating Banks ("Internet Electronic Applications", which together with ATM Electronic Applications, shall be referred to as "Electronic Applications"). Your applications for the Placement Shares (other than Reserved Shares) may only be made by way of Placement Shares Application Forms. Your applications for Reserved Shares may only be made by way of Reserved Shares Application Forms. **YOU MAY NOT USE YOUR CPF FUNDS TO APPLY FOR THE NEW SHARES.**

3. **You are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares (other than Reserved Shares). If you submit an application for Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and vice versa. If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company**.

   If you, other than an approved nominee company, have submitted an application in your own name, you should not submit any other application, whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.

   If you have made an application for Placement Shares (other than Reserved Shares), you may not make any application for Offer Shares either by way of an Application Form or by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.

   Conversely, if you have made an application for Offer Shares either by way of an Electronic Application OR by way of an Application Form, you may not make any application for Placement Shares (other than Reserved Shares). Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.

   If you have made an application for Reserved Shares, you may submit ONE separate application for the Offer Shares in your own name by way of an Application Form or by way of an Electronic Application or submit one separate application for Placement Shares (other than Reserved Shares), provided that you adhere to the terms and conditions of this Prospectus. Such separate applications shall not be treated as multiple applications.

Joint applications shall be rejected. Multiple applications for New Shares will be liable to be rejected at the discretion of our Company. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or a combination), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act 2001 of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at the discretion of our Company.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) bear post office box numbers.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of an Application Form, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.

6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY**. Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (in the case of an application by way of an Application Form), or you will not be able to complete your Electronic Application (in the case of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address as stated in the Application Form or, in the case of an Electronic Application, in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**

9. **Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Prospectus and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

10. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment which shall be at the discretion of our Company, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you. This will be the only acknowledgement of application moneys received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of printed Application Forms and by way of Electronic Applications.

12. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

    Any of the Reserved Shares not taken up shall be made available first to satisfy applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares and then to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares.

    In the event of an under-subscription for the Placement Shares (other than Reserved Shares) as at the close of the Application List, that number of Placement Shares (other than Reserved Shares) under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

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

    In all of the above instances, the basis of allotment of the New Shares as may be decided upon by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and by advertisement in a generally circulating daily press.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to authorised operators.

14. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application and a person applying for the Placement Shares through the Placement Agent.

15. By completing and delivering an Application Form or, in the case of an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or in the case of an Internet Electronic Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB Website screen in accordance with the provisions of this Prospectus, you:-

    (a) irrevocably offer to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such New Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and the Memorandum and Articles of Association of our Company; and

    (b) warrant the truth and accuracy of the information provided in your application.

16. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:-

    (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares and the New Shares on the Official List of the SGX-SESDAQ; and

    (b) the Management and Underwriting Agreement and the Placement Agreement referred to on page 101 of this Prospectus have become unconditional and have not been terminated.

17. We will not hold any application in reserve.

18. We will not allot Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

19. Additional terms and conditions for applications by way of Application Forms are set out on pages 216 to 219 of this Prospectus.

20. Additional terms and conditions for applications by way of Electronic Applications are set out on pages 219 to 223 of this Prospectus.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under the section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" beginning on page 213 of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. Your application must be made using the **WHITE** Application Forms for Offer Shares and **WHITE** official envelopes "A" and "B" or the **BLUE** Application Forms for Placement Shares (other than Reserved Shares) or the **PINK** Application Forms for Reserved Shares accompanying and forming part of this Prospectus. We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **We reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS.**

3. You must complete all spaces in your Application Forms except those under the heading "FOR OFFICIAL USE ONLY" and you must write the words "NOT APPLICABLE" or "N.A." in any space that is not applicable.

Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name appearing in your identity cards (if you have such an identification document) or in your passports and, in the case of corporations, in your full name as registered with a competent authority. If you are a non-individual completing the Application Form under the hand of an official, you must state the name and capacity in which that official signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You (whether you are an individual or a corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of **"GKE SHARE ISSUE ACCOUNT"** crossed "A/C PAYEE ONLY", with your name and address of the applicant written clearly on the reverse side. WE WILL NOT ACCEPT APPLICATIONS ACCOMPANIED BY ANY OTHER FORM OF PAYMENT. WE WILL REJECT REMITTANCES BEARING "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by us or the Manager for applications and application moneys received.

8. Unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within three Market Days after the close of the Application List at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement, the application moneys received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 5 Market Days of the termination of the Invitation.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. By completing and delivering the Application Form, you agree that:-

    (a) In consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 20 January 2003** or such other time or date as our Directors may, in consultation with the Manager, decide and by completing and delivering the Application Form, you agree that:-

        (i) your application is irrevocable; and

        (ii) your remittance will be honoured on first presentation and that any moneys returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

    (b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (c) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf and not otherwise, notwithstanding any remittance being presented for payment by or on our behalf;

    (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

    (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Manager, the Underwriter, the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes "A" and "B". **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. You must:-

    (a) enclose the WHITE Offer Shares Application Form, duly completed and signed, together with your remittance in the WHITE envelope "A" provided;

    (b) in the appropriate spaces on WHITE envelope "A":-

        (i) write your name and address;

        (ii) state the number of Offer Shares applied for; and

        (iii) affix adequate Singapore postage;

    (c) SEAL **WHITE** ENVELOPE "A";

    (d) write, in the special box provided on the larger **WHITE** envelope "B" addressed to **UOB ASIA LIMITED, 1 RAFFLES PLACE #13-01, OUB CENTRE, SINGAPORE 048616,** the number of Offer Shares you have applied for; and

(e) insert **WHITE** envelope "A" into **WHITE** envelope "B", seal **WHITE** envelope "B" and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to UOB ASIA LIMITED, 1 RAFFLES PLACE #13-01, OUB CENTRE, SINGAPORE 048616, to arrive by 12.00 noon on 20 January 2003 or such other time as our Company may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance are liable to be rejected.

Applications for Placement Shares (other than Reserved Shares)

1. Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed **BLUE** Placement Shares Application Form and your remittance with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to UOB ASIA LIMITED, 1 RAFFLES PLACE #13-01, OUB CENTRE, SINGAPORE 048616, to arrive by 12.00 noon on 20 January 2003 or such other time as our Company may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

Applications for Reserved Shares

1. Your application for Reserved Shares must be made using the **PINK** Reserved Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed **PINK** Reserved Shares Application Form and your remittance with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to our Company at 1 Jalan Besut, Singapore 619554**, to arrive **by 12.00 noon on 20 January 2003 or such other time as our Company may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used**. No acknowledgement of receipt will be issued for any application or remittance received.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB Website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, UOB Group and DBS are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through the ATMs and the IB Website of UOB Group are set out, respectively, in the "Steps for ATM Electronic Applications for Offer Shares at the ATM of UOB Group" and the "Steps for Internet Electronic Applications for Offer Shares at the IB Website of UOB Group" (collectively, the "Steps") appearing on pages 224 to 227 of this Prospectus. The Steps set out the actions that you must take at an ATM or the IB Website of UOB Group to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" or the "applicant" in the additional terms and conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB Website of a relevant Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an ATM Electronic Application at the ATMs of that Participating Bank. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with and a User Identification ("User ID") and a Personal Identification Number/Password ("PIN") given by a relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB Website of UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB Websites of other Participating Banks are set out on the ATM screens or the IB Website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your ATM Electronic Application. Upon completion of your Internet Electronic Application, there will be an on-screen confirmation ("Confirmation Screen") of the application which you can print out for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use an ATM card issued in your own name or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise, your application is liable to be rejected.

You shall make an Electronic Application on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under the section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" beginning on page 213 of this Prospectus as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:-

   (a) that you have received a copy of this Prospectus (in the case of an ATM Electronic Application only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

   (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CPF Investment Account number, CDP Securities Account number, and application details (the "Relevant Particulars") by the relevant Participating Bank to the Share Registrar, CDP, SCCS, our Company and the Manager (the "Relevant Parties"); and

   (c) that this is your only application for Offer Shares and it is made in your own name and at your own risk.

   Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM or click "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB Website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(4) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS NOMINEE FOR ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

   YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES, WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES) ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed. **Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATM or the IB Website through which your Electronic Application is being made shall be rejected**.

   You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB Website of a relevant Participating Bank for Offer Shares using cash only by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB Website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by our Memorandum and Articles of Association of our Company.

5. **We will not keep any application in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application moneys will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within three Market Days after the close of the Application List. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

   Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application moneys, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List.

   Responsibility for timely refund of application moneys from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any moneys to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on the SGX-SESDAQ. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, ourselves, nor the Manager assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the Participating Banks.

If you made an Electronic Application through the ATMs or IB Websites of the following Participating Banks, you may check the results of your Electronic Applications as follows:-

Bank	Telephone	Available at	Operating Hours	Service Expected From
UOB Group	1800-222 2121	ATM (Other Transactions – "IPO Enquiry") (1)	ATM / Phone Banking - 24 hours a day	Evening of the balloting day
		http://www.uobgroup.com(1)(2)	Internet Banking-24 hours a day	Evening of the balloting day
DBS	1800-339 6666 (for POSB account holders) 1800-111 1111 (for DBS account holders)	Internet Banking or Internet Kiosk http://www.dbs.com(2)	24 hours a day	7.00 p.m. on the balloting day
OCBC	1800-363 3333	ATM	ATM / Phone Banking – 24 hours a day	Evening of the balloting day

(1) If you make your Electronic Application through the ATM or IB Website of UOB Group, you may check the results of your application through UOB Personal UniBanking, UOB Group ATMs or UOB PhoneBanking Services.

(2) If you make your Internet Electronic Application through the IB Website of DBS or UOB Group, you may also check the results of your application through the same channels listed in the table above in relation to ATM Electronic Applications made at ATMs of DBS or UOB Group.

7. Electronic Applications shall close at **12.00 noon on 20 January 2003** or such other time as we may, in consultation with the Manager, decide. Subject to paragraph 9 below, your Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation of the application.

8. You are deemed to have irrevocably requested and authorised our Company to:-

(a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant Share certificate(s) to CDP;

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application moneys, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount within three Market Days after the close of the Application List; and

(d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application moneys, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company and the Manager and if, in any such event, our Company, the Manager and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Manager and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name and without qualification. We will reject any application by any person acting as nominee except those made by approved nominee companies only.

11. All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.

12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejecte**d. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:-

    (a) in consideration of us making available the Electronic Application facility, through the Participating Banks acting as agents of our Company, at the ATMs and the IB Websites (if any):-

        (i) your Electronic Application is irrevocable;

        (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (b) none of us, the Manager or the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;

    (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

    (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

    (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Manager, the Underwriter, the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.

STEPS FOR ELECTRONIC APPLICATIONS THROUGH ATMS AND THE IB WEBSITE OF UOB GROUP

The instructions for Electronic Application will appear on the ATM screens and the IB Website screens of the respective Participating Banks. For illustration purposes, the steps for making an Electronic Application through UOB Group's ATMs or through the IB Website of UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB Website screens (if any) of the Participating Banks (other than UOB Group), may differ from those represented below.

Due to space constraints on UOB Group's ATM screen, the following terms will appear in abbreviated form:-

"&"	:	AND
"A/C" and "A/CS"	:	ACCOUNT and ACCOUNTS respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	CENTRAL PROVIDENT FUND
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO" or "NO."	:	NUMBER
"PERSONAL NO"	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"YR"	:	YOUR

Steps for ATM Electronic Application through the ATMs of UOB

1. Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

2. Select "CASHCARD/OTHER TRANSACTIONS".

3. Select "SECURITIES APPLICATION".

4. Select "ESA – FIXED".

5. Select the share counter you wish to apply for.

6. Read and understand the following statements which will appear on the screen:-

   – **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT**
   (Press "ENTER" to continue)

   – **PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/DOCUMENT**

   – **WHERE APPLICABLE, A COPY OF THE PROSPECTUS HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS**
   Press the "ENTER" to continue

7. Read and understand the following terms which will appear on the screen:-

   – **YOU HAVE READ UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/DOCUMENT AND THIS ELECTRONIC APPLICATION**

   – **YOU CONSENT TO DISCLOSE YR NAME IC/PSSPT NATIONALITY ADDR APPLN AMT CPFINVT A/C NO AND CDP A/C NO FROM YR A/CS TO CDP CPF SCCS REGISTRARS AND ISSUER/VENDOR(S)**

   – **THIS IS YR ONLY FIXED PRICE APPLN & IS IN YR NAME AND AT YR RISK**

   (Press "ENTER" to continue)

8. Screen will display:-

   NRIC/Passport No. XXXXXXXXXXX

   IF YOUR NRIC NO/PASSPORT NO. IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.
   (Press "CANCEL" or "CONFIRM")

9. Select mode of payment i.e. "CASH ONLY". You will be prompted to select Cash A/c type to debit (i.e., Current A/c or Saving A/c). Should you have a few accounts linked to this ATM card, a list of linked A/cs Number will be displayed for you to select

10. After you have selected ACCOUNT, CDP A/c No. will be displayed for you to confirm or change. (This screen with CDP A/c No. will be shown for applicants whose CDP A/c No. is already stored in our ATM system). For applicant who is using UOB's ATM to apply for IPO for the first time, the CDP A/c No. will not be stored in UOB's ATM system, hence the screen below will be displayed to you for your input of CDP A/c No.. Read and understand the following terms which will appear on the screen:-

    – **PLEASE DO NOT APPLY FOR YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**

    – **PLEASE USE YOUR OWN ATM CARD**

    – **DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**

    – **KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX**

    – **PRESS ENTER KEY**

11. Key in your CDP Securities Account number (12 digits) and press the "ENTER" key

12. Select your nationality status

13. Key in the number of Shares you wish to apply for and press the "ENTER" key

14. Check the details of your Electronic Application on the screen and press "ENTER" key to confirm your Electronic Application.

15. Select "NO" if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for you own reference only.

Owing to space constraints on UOB Group's IB Website screen, the following terms will appear in abbreviated form:-

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or I/C"	:	National Registration Identify Card
"PR"	:	Permanent Resident
"SGD" or "$"	:	Singapore Dollars
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

Steps for Internet Electronic Application through the IB Website of UOB Group

1. Connect to UOB web-site at http://www.uobgroup.com

2. Locate the Login icon at the top title bar of the Home Page

3. Click on Login >to UOB>Personal UniBanking

4. Enter your Username and Password and click "Submit"

5. Select Investment Services (IPO Application should be the default transaction that appears, if not click IPO Application)

6. Complete the declaration found on the bottom of the page by answering Yes/No to the questions

7. Click Continue

8. Select your country of residence (you must be residing in Singapore to apply)

9. Select the IPO counter from the drop list (if there are concurrent IPOs)

10. Select the IPO type and payment mode if multiple options are available:-

    (a) For Fixed or Max Price applications, select your nationality, enter CDP Securities account number and the number of shares applied for, check your NRIC/Passport number and click "Submit".

    (b) For Tender price applications, select your nationality, enter CDP Securities account number, tender price, and number of shares applied for, check your NRIC/Passport number and click "Submit".

11. Click on "Confirm" to confirm that:-

    (a) You have read, understood and agreed to all the terms and conditions on the application and Prospectus;

    (b) You consent to the disclosure of your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment account number, and application details to the share registrars, CDP, SGX-ST, CPF, issuer/vendor(s), and lead issue manager;

    (c) This application is made in your own name and at your own risk;

    (d) For FIXED price share application, this is your only application. For TENDER price share application, this is your only application for this share at the selected tender price.

12. Check the share counter, the payment mode and the account number to debit is correct and click on "Submit".

13. Check details of your application, your NRIC/Passport Number, CDP securities account and the number of shares shown.

14. Print the Confirmation Screen (optional) for your reference.