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4 Aug 2008

Initiate Coverage

Sky One Holdings

HK Logistics Player

Buy

Current S$0.100
Target S$0.120

FUNDAMENTALS	
Good	
VALUATION	
Neutral	

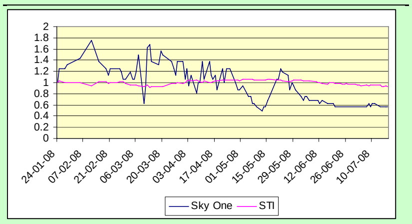
MAIN ACTIVITIES

Sky One Holdings, based in Hong Kong, specialises courier and logistics services between Hong Kong and China. It also provides freight forwarding services in between customers' premises, distribution centres, air and sea ports.

ISSUE STATISTICS

No of shares: 243.2m
Market cap: S$24.3m
Year Hi/Lo: S$0.560/S$0.08
Listing Bourse: Catalist
Listing SESDAQ: 12 Dec 2002
RTO: 28 Jan 2008

SHARE PRICE v STI



Source: SIAS Research

ANALYST

Koh Chin Lek
chinlek@siasresearch.com

Sky One Holdings Limited, headquartered in Hong Kong, is principally engaged in the freight forwarding and express delivery business. It provides express courier services as well as door-to-door transportation of air and sea cargo. It also specialises in customs declaration and delivery of goods from Hong Kong to China. The company was successfully listed on SGX-Catalist after the reverse take-over of loss making Semitech Electronics Ltd in January 08.

Despite the global economic slow down, China's economy continues to power ahead and so will logistics spending. With its proximity to China, new logistics centre and computerised system, as well as its track record and broad customer base, Sky One is expected to continue its growth. The management has also taken measures to reduce its exposure on currency fluctuation. Nevertheless, fierce competition and inflationary pressure may narrow profit margins.

We expect net profit for FY09 to rise 2.2% to about HK$19.4m on a 12% growth in revenue to HK$140m. The proposed acquisition of Jet International Courier Group may boost future earnings, but also lead to dilution due to issuance of new shares.

Based on our forecast EPS for FY09 of 8 HK cents (or 1.4 cents) and an undemanding P/E ratio of 8.5, we arrive at the fair value of 12 cents. With 20% upside potential at the price of 10 cents and potential contribution from proposed acquisition, we initiate with **Buy**.

Financial Summary

Year End March	FY06	FY07	FY08	FY09F
Revenue (HK$m)	72.8	105.8	125.2	140.2
Gross Profit (HK$m)	41.5	45.2	55.0	59.8
Earnings (HK$m)	15.4	17.5	19.0	19.4
EPS (HK cts)	6.4	7.2	7.8	8.0
EPS Growth (%)	29.5	13.1	8.3	2.2
Current Ratio (x)	2.3	2.5	2.6	3.7
Net Debt / Equity (%)	Cash	Cash	Cash	Cash
Return on Equity (%)	57.9	58.2	29.2	23.3
Return on Asset (%)	37.2	39.6	22.1	18.9
PER (x)	9.1	8.0	7.4	7.2
Price to Book (x)	5.2	4.7	2.2	1.7

Source: Company, SIAS Research

Refer to last page for important disclaimer

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COMPANY BACKGROUND

Logistics player Founded in 1999

Sky One Holdings Limited (天一控股有限公司), headquartered in Hong Kong, is principally engaged in the freight forwarding and express delivery business. It provides express courier services as well as door-to-door, door-to-port and port-to-port transportation of air and sea cargo. It also specialises in customs declaration and delivery of goods from Hong Kong to China.

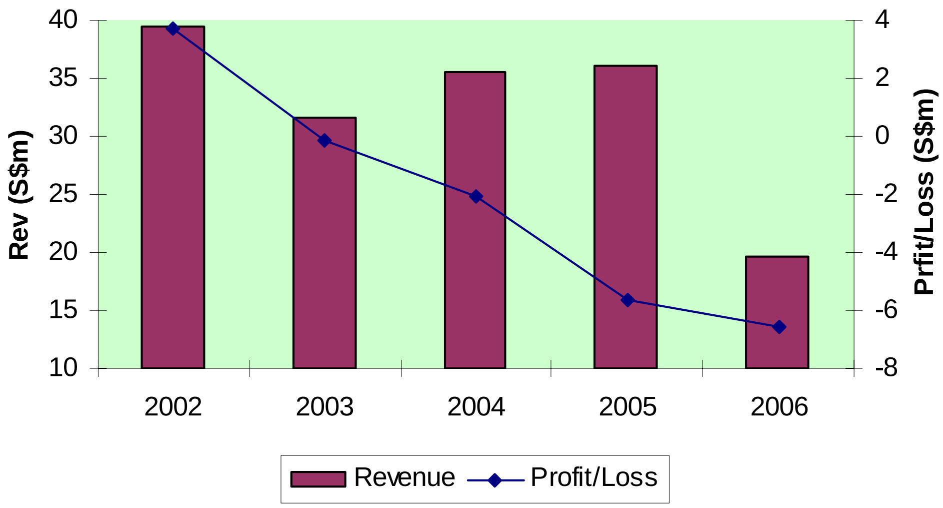
The company started in 1999 with only two men and a delivery truck. It has since grown into a company with over 100 staff, a fleet of more than 20 delivery trucks and over 40,000 sq ft of fully operational office space and work area.

To better access capital markets for future expansion, Sky One announced a reverse take-over with then SESDAQ listed Semitech Electronics Ltd in Jan 07.

Listed Through RTO Deal

Semitech was established in 1986 to manufacture printed circuit board assembly, electronic mechanical assembly as well as box-build and system integration of equipment for electronics industry. Since listed on the SGX-Sesdaq in Dec 2002, its financial results deteriorated over the years (see Figure 1) due to keen competition and loss of major customers.

Figure 1: Financial Performance of Semitech (2002 to 2006)



Source: Semitech, SIAS Research

Sky One entered a new era following the completion of the reverse take-over on 28 Jan 2008. The counter listed on SGX-Catalist officially changed its name from Semitech Electronics to Sky One Holdings.

Provide Freight services

Sky One provides freight forwarding and express courier services through its two wholly-owned subsidiaries. Sky One Express (HK) Limited provides land freight services within Hong Kong and cross border to China, whereas Sky One International Freight Limited provides air freight and sea freight internationally.

Figure 2: Organisation Structure

Source: Company

1. Express Land Transport

Cross Border Services

Sky One Express has many years of experience in operating China - Hong Kong express delivery and freight services. The company has the ability to provide speedy customers declaration, customs clearance and duty payment process through setting up Customs Declaration counters at various China Customs Express Centers in the GuangDong Province. The company has also established an efficient China - Hong Kong express transportation network, providing efficient inbound and outbound routing at a reasonable rate.

Most of these services to mainland China are provided through its long-standing mainland China partner, Shenzhen Huaxin International Freight Co. Ltd. (深圳市华信国际货运有限公司). Huaxin holds a mainland China Class 1 Logistics Licence which allows it to act as a warehousing and tax clearance centre.

This division contributed to 95% of group revenue and earnings in FY07. Some of the services provided are:

- Hong Kong-China cross border freight
- Hong Kong and China stocking service
- Hong Kong-China cross border courier services
- Customs declaration, customs clearance and duty paid
- Container services

2. Air and Sea Freight

New Air freight Division

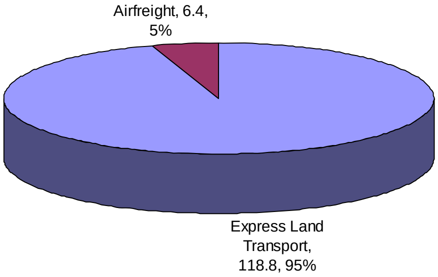
Sky One delivers cargo, mail and parcels from Hong Kong to international destinations together with its strategic partners. The company will ship Full Container Loads, Less Than Container Loads or consolidation to any seaport in the world or to any specifically assigned custom-made routes. Sky One also provides a worldwide network to move air cargo shipments, with time-defined and guaranteed services supported by preferred carriers together with competitive rates and end-to-end logistics processes.

Some of the services provided are:

- Port to Port
- Door to Door
- Dangerous Goods Cargo Handling
- Project Shipment
- Customs clearance and warehousing (Bonded)
- Break bulk & Consolidation services
- Inventory Management
- Document Preparation
- Garment on Hanger

Its main customers are other freight forwarders and express service companies. This new division made its maiden contribution of HK$6.42m in FY08.

Figure 3: FY08 Business Segmental Revenue (HK$'m, %)



Source: Company, SIAS Research

INDUSTRY ANALYSIS AND OUTLOOK

Strong economic growth in China

While US housing loans issue and rising inflationary pressure have slowed down the world's economy, China's economy continues to power ahead with projected growth rate of 9.7% and 9.8% respectively for 2008 and 2009. In the latest World Economic Outlook report released in July by IMF, the global economy is expected to grow at 4.1% and 3.9% respectively for these two years, and newly industrialized Asian economies (Hong Kong, Singapore, South Korea and Taiwan) will perform slightly better than the world average.

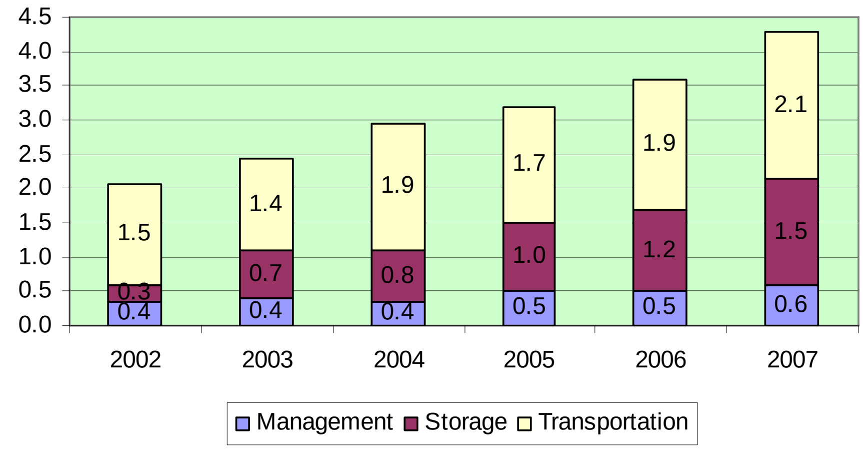
Figure 4: World Economic Outlook

			Projections	
	2006	2007	2008	2009
World Output	**5.1**	**5**	**4.1**	**3.9**
Advanced economices	3	2.7	1.7	1.4
United States	2.9	2.2	1.3	0.8
Euro area (Germany, France, Italy, Spain)	2.8	2.6	1.7	1.2
Japan	2.4	2.1	1.5	1.5
United Kingdom	2.9	3.1	1.8	1.7
Canada	3.1	2.7	1	1.9
Newly industrialised Asian economies	5.6	5.6	4.2	4.3
Other emerging market and developing countries	7.9	8	6.9	6.7
Africa	5.9	6.5	6.4	6.4
Sub-Sahara	6.4	7.2	6.6	6.8
Developing Asia	9.9	10	8.4	8.4
China	11.6	11.9	9.7	9.8
India	9.8	9.3	8	8
Asean-5 (Indonesia, Malaysia, Philippines, Thailand, Vietnam)	5.7	6.3	5.6	5.9
Middle East	5.5	5.9	6.2	6
World trade volume (Goods & Services)	**9.2**	**6.8**	**5.6**	**5.8**
Imports				
Advanced economices	7.4	4.2	3.1	3.7
Other emerging market and developing countries	14.4	12.8	11.8	10.7
Exports				
Advanced economices	8.2	5.8	4.5	4.2
Other emerging market and developing countries	10.9	8.9	7.1	8.7

Source: IMF World Economic Outlook Apr & Jul 2008

Hence, China's economy and trade growth will continue to create strong demand for logistics services, as in the past few years.

Figure 5: China's Spending on Logistics – RMB(trillions)



Source: Company, China Federation of Logistics and Purchasing 2008

Economic Agreement Between Hong Kong and China

The Closer Economic Partnership Arrangement between Hong Kong and the Mainland (CEPA) was first implemented in 2004 to give Hong Kong companies a head start of one to two years, over foreign companies, to set up wholly-owned enterprises on the mainland to provide logistics services, freight forwarding agency services, storage and warehousing services, and road freight transport services. This arrangement is being reviewed yearly with added supplement.

Under CEPA, Hong Kong companies (that meet assets and capital requirements) are permitted to provide direct non-stop road freight transport services between Hong Kong and any mainland city. In Jun 06, Hong Kong companies are allowed to set up wholly foreign-owned enterprises to operate road freight transport station (depot) and motor vehicle repair. Under CEPA V that took effect on 1 Jan 08, Hong Kong service suppliers can also set up joint venture enterprises in China to provide third party international shipping agency services.

Hence, Hong Kong's freight forwarders and warehouse operators with asset and capital requirements may penetrate China alone.

INVESTMENT MERITS

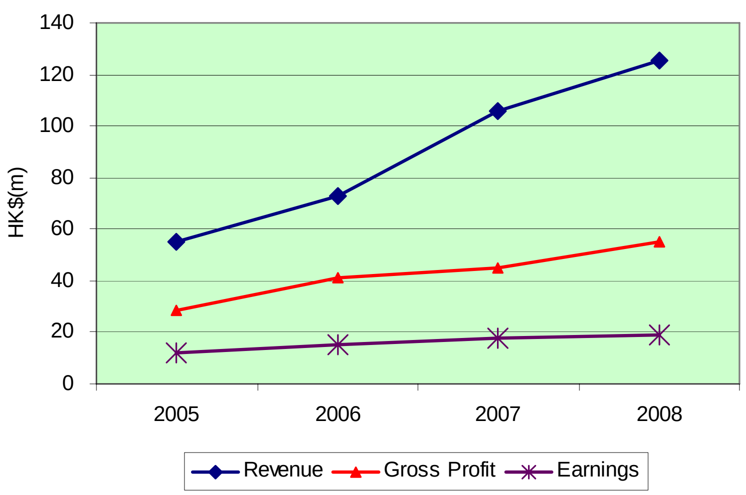
Strong track record and large customer base

Over the years, Sky One has grown steadily as a reliable provider of logistics services in Hong Kong. The management realises the importance of customer satisfaction and on time delivery of its logistics and warehousing services; and has developed systems and processes for better efficiency and improved quality. The company has been certified ISO 9001:2000 compliant on its procedures and processes.

Its staff work closely with customers to provide customised freight and storage solutions, accommodating factors such as flexible timing, load and discharge times and port congestion.

Logistics is an industry in which track record and experience are important competitive factors. And the company has established good business relationships with its customers. The company has over 5,000 active customers from diverse industry sectors including logistics service providers, manufacturers and retailers. With this broad base of customers, Sky One is relatively less exposed to economic downturns in any one industry sector.

Figure 6: Revenue & Profits (HK$m) from 2005 to 2008



Source: Company, SIAS Research

Enhancing its network and Services

In addition to its traditional express land transport service, Sky One's new venture in air-freight services has made its maiden contribution in FY08. The company has also moved into its wholly-owned premises in 2007. This 35,000 square feet Sky One Logistics Centre, which can accommodate more than 200 employees and 30 large trucks, is located in Sheung Shui. This new logistics centre will trim delivery cost due to its close proximity to the border with China.

The company has also upgraded its computerised Enterprise Resource Planning (ERP) System to reduce manpower and improve efficiency. Some functions provided by this new system include online goods tracking, bar-code scanning, handheld (PDA) connectivity and trucking team management.

Regional Expansion

Sky One is considering to expand its business into the PRC market. Leveraging on rapidly economic expansion, the management believes total expenditure on logistics will grow substantially over the next few years. Management is also exploring opportunities regionally through more strategic alliances and joint ventures as well as investing in more strategic assets such as warehouses and point-of-sales outlets.

On 22 July 2008, Sky One signed a letter of intent (which is valid for four months) to acquire 50.1% of Jet International Courier Group Holdings for a consideration of not less than 10 times Jet's 2007 audited PE. On a preliminary basis, 50% of the purchase price will be satisfied in cash and the balance 50% by issuance of new Sky One shares at S$0.15 each.

Jet is the largest private courier group in mainland China with operations in China, Hong Kong and Taiwan. The proposed acquisition will not only speed up Sky One's expansion in China, but also gain access into the lucrative Taiwan market.

Reduce Forex Exposure

The Hong Kong Dollar, which pegs with US currency, has depreciated against Chinese Renminbi in the last few years. In 2008 alone, the Renminbi had appreciated almost 4% against the Hong Kong Dollar. Since about 85% of services are related to transportation into mainland China, substantial amount of operating expenses such as China domestic transportation and fuel expenses as well as customs duty and tariffs are dominated in Renminbi. In FY08, forex loss rose more than 4 times to HK$0.3m from HK$0.06m previously.

To minimise the exposure in currency fluctuation, the company has changed its quoted prices from the Hong Kong Dollar to Renminbi from 1 May 2008 for services between Hong Kong and China. For services to countries outside of the People's Republic of China, prices will continue to be quoted in Hong Kong Dollar. To facilitate payments by customers and business associates, the company accept payments either in Renminbi or Hong Kong Dollar (based on prevailing exchange rate stated in the invoice).

RISKS

Keen Competition

Logistics service industries in Hong Kong and China are highly competitive. The competition is not just confined to its competitors in Hong Kong and mainland China, but also includes international players. Some competitors with similar size and markets are S. F. Express (HK) Ltd and Top Gun Express Centre. In addition, entry barrier is low as the capital investment and start-up costs are relatively low. Hence, failure to retain its existing customers or attract new customers will adversely affect its business.

Over Reliance on partner

Currently, Sky One's cross border (Hong Kong – China) service, which significantly contributes to revenue and earnings, is provided together with Shenzhen Huaxin. Should Huaxin ceases the co-operation partnership or Huaxin's mainland China Class 1 Logistics Licence is revoked, its business may be adversely affected.

Litigation Exposure

Sky One received a Writ of Summons issued in the High Court of Singapore on 24 March 2008. mDR Limited has claimed damages arising from a sale and purchase agreement dated 1 March 2006 entered into between the company (then Semitech) and mDR:

(i) S$315,000 for an alleged breach of contract;
(ii) US$124,228 for alleged breach of warranties;
(iii) US$12,533, EU35,337 and S$37,685 for alleged breach of warranties.

In any event, Sky One has obtained a deed of indemnity dated 28 January 2008 from Mr Manson Tay Soon Lee (a former director of Semitech) against the above claim.

However, another Writ of Summons issued on 23 May 2008 by Victor Chow Yew Wai (the former Chief Executive Officer and Director of then Semitech) is claiming S$457,760 relating to liabilities before the reverse takeover. Sky One is currently seeking legal advice on this matter. This may adversely affect the company results.

FINANCIALS

Growing revenue

Revenue grew steadily over the last four years with FY08 total revenue rose 72% to HK$125.2m. Revenue for Express Land Transport division rose 12% to HK$118.8m from handling greater volume of goods following aggressive marketing strategies. There was also a maiden contribution of HK$6.4m from the new Airfreight division.

Gross margin for Express land Transport division improved from 42.7% to 45.7% (due to cost savings resulting from higher volume of goods handled) while Airfreight Division reported a relatively low gross margin of 10.3% (which is comparable with industrial average of about 10%). Hence, total gross profit rose 21.8% to HK$55m and gross margin improved 1.2 percentage points to 43.9%.

Figure 7: Revenue, Earning and Margins

Rev (HK$'m)	FY05	FY06	FY07	FY08
Express Land Transport	55.0	72.8	105.8	118.8
Airfreight	NA	NA	NA	6.4
Gross Profit (HK$'m)	**FY05**	**FY06**	**FY07**	**FY08**
Express Land Transport	28.4	41.5	45.2	54.3
Airfreight	NA	NA	NA	0.7
Gross Margin (%)	**FY05**	**FY06**	**FY07**	**FY08**
Express Land Transport	51.6	57.0	42.7	45.7
Airfreight	NA	NA	NA	10.3

Year End Mar	FY05	FY06	FY07	FY08
Profit & Loss (HK$m)				
Revenue	55.0	72.8	105.8	125.2
Gross Profit	28.4	41.5	45.2	55.0
Earnings	11.9	15.4	17.5	19.0
EPS (fully diluted – HK cts)	4.9	6.4	7.2	7.8
Gross Margin (%)	51.6	57.0	42.7	43.9
Net Margin (%)	21.7	21.2	16.5	15.1

Source: Company, SIASResearch

Improved net profit but lower margin

Other Income fell 40.07% to HK$0.55m due to the absence of any reversal of allowance for doubtful trade receivables. Operating Expenses rose 28.3% due to an expanded sales team and higher depreciation charges from the new logistics centre. Hence, net profit rose 8.5% to HK$19m while net margin eased from 16.5% to 15.1%. Earnings per share was 9.95 HK cents. Meanwhile, the Board has proposed a tax-exempt dividend of 0.78 HK cents.

No Gearing

The RTO of Semitech not only resulted in a HK$22.5m goodwill entry that caused a surge in long term assets from HK$8.7m to HK$32.7, but also increased other payables by S$900k (or HK$5m). Coupled with higher trade payables which arose from longer payment terms to suppliers, current liabilities rose 45% to HK$20.3m.

Longer credit terms given to customers with good credit history and larger volume of business caused a 97% increase in trade payables to HK$36.3m. In addition, deposits for express tax clearance centres in China have increased sharply from HK$0.8m to HK$5.8m. Current assets thus increased to HK$53.2m.

The increase in working capital and RTO deal caused a HK$1.3m decline in cash & equivalent. Current ratio maintained above 2.5x and gearing remained at net cash. Nevertheless, ROE and ROA were dragged down by higher equity and assets following the RTO deals.

Figure 8: Cash Flow

Cash Flow (HK$m)	FY05	FY06	FY07	FY08
Operating Cash Flow	2.8	8.8	20.4	-0.8
Investing Cash Flow	-0.6	-2.2	-4.1	-0.8
Financing Cash Flow	-0.3	-1.1	-18.7	0.3
Net Cash Increase/(Decrease)	1.9	5.5	-2.4	-1.3
Cash & Equivalent	3.8	9.3	6.9	5.6

Balance Sheet (HK$m)	FY05	FY06	FY07	FY08
Long Term Assets	3.3	7.7	8.7	32.7
Current Assets	17.9	33.8	35.4	53.2
Current Liabilities	9.4	14.4	14.0	20.3
Long Term Liabilities	0.5	0.4	0.1	0.6
Total Equity	11.2	26.7	30.0	64.9
Financial Ratios	**FY05**	**FY06**	**FY07**	**FY08**
Current Ratio (x)	1.9	2.3	2.5	2.6
Book value per share (HK cts)	4.6	11.0	12.4	34.1
Net Cash per share (HK cts)	0.2	2.3	2.7	2.6
Net Debt / Equity (%)	Cash	Cash	Cash	Cash
Return on Equity (%)	106.2	57.9	58.2	29.2
Return on Asset (%)	56.4	37.2	39.6	22.1

Source: Company

Valuation

Although US economic growth is slowing down, Hong Kong and China are expected to perform relatively well arising from growing trade volume with other parts of the world. Sky One is expected to benefit from its new Air-freight division and improved services through its new computerised system and logistics centre.

While forex exchange rate remains volatile, the switching of quoted price from HK Dollar into Renminbi for services between Hong Kong and China will help to moderate the impact. However, escalating oil prices and inflationary pressure may drag down profit margins.

Figure 9: FY09 and FY10 forecast

Year End March Profit & Loss (HK$m)	FY09F	FY10F
Revenue	140.2	156.3
Gross Profit	59.8	65.6
Earnings	19.4	22.4
EPS (Diluted – HK cts)	8.0	9.2
Gross Margin (%)	42.7	42.0
Net Margin (%)	13.8	14.3

Source: SIAS Research

For FY09, net profit is expected to rise 2.2% to about HK$19.4m on a 12% growth in revenue to HK$140m. In FY10, net profit is expected to reach HK$22.4m, on revenue of HK$156m. The proposed acquisition of Jet International Courier Group may boost future earnings, but also lead to dilution due to issuance of new shares.

Recommendation

Figure 10: Peer Comparison

Company	Last Px (S$)	PER (07)	PER (08)	Div Yld (%) (07)	ROE (%) (07)
CWT	0.770	11.6	4.3	2.6	20.3
ENG KONG HOLDINGS	0.165	6.1	6.1	3.5	12.7
FREIGHT LINKS EXPRESS	0.065	8.7	N.A.	3.8	16.2
GOODPACK	1.450	13.7	16.4	2.1	22.5
SKY ONE	0.100	5.7	N.A.	0.0	N.A.
POH TIONG CHOON	0.210	6.3	N.A.	13.1	17.4
Average		**8.7**	**8.9**		**17.8**

Source: Bloomberg, SIAS Research

Based on our forecast EPS for FY09 of 8 HK cents (or 1.4 Scents) and an undemanding P/E ratio of 8.5, we arrive at the fair value of 12 cents. With 20% upside potential at the price of 10 cents and potential contribution from proposed acquisition, we initiate with **Buy**. **(Koh, Chin Lek)**

FINANCIAL TABLES AND RATIOS

Year End Mar Profit & Loss (HK$m)	FY06	FY07	FY08	FY09F	FY10F
Revenue	72.8	105.8	125.2	140.2	156.3
Gross Profit	41.5	45.2	55.0	59.8	65.6
EBITDA	20.2	22.6	26.6	27.3	30.7
Operating Profit	18.3	20.5	23.8	23.9	27.0
Pretax	18.8	21.2	24.0	24.2	27.3
Earnings	15.4	17.5	19.0	19.4	22.4
EPS (HK cts)	6.4	7.2	7.8	8.0	9.2
Balance Sheet (HK$m)	**FY06**	**FY07**	**FY08**	**FY09F**	**FY10F**
Long Term Assets	7.7	8.7	32.7	34.2	35.9
Current Assets	33.8	35.4	53.2	68.3	86.2
Current Liabilities	14.4	14.0	20.3	18.6	17.2
Long Term Liabilities	0.4	0.1	0.6	0.6	0.6
Total Equity	26.7	30.0	64.9	83.3	104.3
Cash Flow (HK$m)	**FY06**	**FY07**	**FY08**	**FY09F**	**FY10F**
Operating Cash Flow	8.8	20.4	-0.8	16.7	20.3
Investing Cash Flow	-2.2	-4.1	-0.8	-4.5	-5.0
Financing Cash Flow	-1.1	-18.7	0.3	-0.8	-1.3
Net Cash Increase/(Decrease)	5.5	-2.4	-1.3	11.5	14.0
Cash & Equivalent	9.3	6.9	5.6	17.1	31.1
Financial Ratios	**FY06**	**FY07**	**FY08**	**FY09F**	**FY10F**
Revenue Growth (%)	32.5	45.2	18.4	11.9	11.5
Gross Profit Growth (%)	46.2	8.9	21.8	8.7	9.7
Earnings Growth (%)	29.5	13.1	8.5	2.2	15.5
EPS Growth (%)	29.5	13.1	8.3	2.2	15.5
Gross Margin (%)	57.0	42.7	43.9	42.7	42.0
Net Margin (%)	21.2	16.5	15.1	13.8	14.3
Current Ratio (x)	2.3	2.5	2.6	3.7	5.0
Book value per share (HK cts)	11.0	12.4	26.7	34.2	42.9
Net Cash/(Debt) per sh (HK cts)	2.3	2.7	2.0	6.6	12.4
Net Debt / Equity (%)	Cash	Cash	Cash	Cash	Cash
Dividend per share (S cts)	0.0	0.0	0.1	0.1	0.1
Dividend payout ratio (%)	0.0	0.0	10.0	10.0	8.7
Return on Equity (%)	57.9	58.2	29.2	23.3	21.5
Return on Asset (%)	37.2	39.6	22.1	18.9	18.3
Valuations	**FY06**	**FY07**	**FY08**	**FY09F**	**FY10F**
Price to sales (x)	1.9	1.3	1.1	1.0	0.9
PER (x)	9.1	8.0	7.4	7.2	6.3
Price to book (x)	5.2	4.7	2.2	1.7	1.3
Dividend Yield (%)	0.0	0.0	1.4	1.4	1.4

Source: Company, SIAS Research
Note: Financial results of Sky One

Board of Directors & Key Executives

Board of Directors	
Chairman and Non-Executive Director	Mr Peter Chang
Director and Chief Executive Officer	Mr Dicky Suen Yiu Chung
Director and Chief Operations Officer	Mr Lau Hon Kit
Independent Director	Mr Lim Chee San
Independent Director	Mr Kung Seah Lim
Independent Director	Mr Wong Shun Cheong

Source: Company

Major Shareholders	Direct Interest	Deemed Interest
Mr Dicky Suen Yiu Chung	22.48	22.48
Mr Lau Hon Kit	9.63	9.63
Mr Peter Chang	0.53	-

Source: Bloomberg, Company

Mr Teo Chew Seng @ Peter Chang- Chairman and Non-Executive Director
Mr Peter Chang was appointed Chairman and Non-Executive Director on 28 January 2008. He is primarily responsible for the working of the Board and reviewing the effectiveness of the governance process of the Board. He is responsible for representing the Board to shareholders, overseeing the overall business strategy and expansion of the group. He started his career in 1974 as a Chartering Manager with Pacific International Lines (Pte) Ltd, and rose through the ranks to become the current Deputy Chairman in charge of overall ship management in Pacific International Lines (Pte) Ltd. He is also a director of a number of companies. Mr Peter Chang obtained his certificate in ship management from Galbraith's, London in 1971.

Mr Dicky Suen Yiu Chung- Chief Executive Officer and Executive Director
Mr Dicky Suen was appointed Chief Executive Officer and Executive Director on 28 January 2008. He is also the Chairman of the Executive Committee and member of the Remuneration Committee. He is responsible for setting strategy for the Group and the future growth of the Group. He is involved in developing and implementing the corporate direction and the day-to-day general management of the Group's business operations. He has approximately 20 years' experience in the logistics industry. Mr Dicky Suen started as an operations staff of Rockwood International Freight Ltd from 1986 to 1988, and set up Far East Transportation Company (which was subsequently de-registered) as a sole proprietor between 1988 and 1989. Mr Dicky Suen was an operations staff of Linehaul Express (HK) Limited from 1989 to 1990, and an operations supervisor with China Jet International Courier Limited from 1990 to 1992. From 1992 to 1994, he was the owner and the Managing Director of JDS International Courier Ltd. Mr Dicky Suen re-joined China Jet International Courier Limited as Operations Manager from 1994 to 1996. From 1996 to 1999, he was the General Manager of Unishine International Express Co. Ltd. Together with Mr Lau Hon Kit, Mr Dicky Suen established Sky One's business in 1999, and has developed and expanded the Group's network of clients and delivery routes within Hong Kong and into mainland China. Mr Suen is also a director of several companies in Hong Kong.

Mr Lau Hon Kit - Chief Operations Officer and Executive Director

Mr Lau was appointed Chief Operations Officer and Executive Director on 28 January 2008. He is also a member of the Executive Committee. He is responsible for the management of the day-to-day operations of the Group. He is responsible for developing new streams of revenue and providing the strategy for the Group jointly with Mr Dicky Suen, as well as maximising the profitability through cost control and efficient use of resources within the Group. He has approximately 20 years' experience in the logistics industry. Mr Lau started as a warehouse keeper of E.I. Freight Ltd from 1988 to 1989, and a press machine operator of Tin Tin Daily (newspaper) from 1989 to 1990. He set up a tow truck operation as a sole proprietor from 1990 to 1992. Mr Lau was an operations department staff of China Jet International Courier Limited from 1992 to 1995, and Operations Manager of Unishine International Express Co. Ltd from 1995 to 1999. Together with Mr Dicky Suen, Mr Lau established Sky One's business in 1999.

Mr Kung Seah Lim - Independent Director

Mr Kung is the Chairman of the Audit Committee and a member of the Remuneration Committee. Mr Kung started his career as an audit assistant with Chua Swee Ming & Co from 1978 to 1982. He was a junior partner with Chua Swee Ming & Co from 1982 to 1988. He has been the sole proprietor of Kung Seah Lim & Co since 1988. He has been a member of The Chartered Association of Certified Accountants since 2006. He obtained his Bachelor in Commerce in 1978 from Nanyang University.

Mr Wong Shun Cheong - Independent Director

Mr Wong is the Chairman of the Nominating Committee and is a member of the Remuneration Committee. Mr Wong is presently an accountant with Dynamic Dragons & Co, a Certified Public Accountants firm which provides audit and consultancy services to customers in Hong Kong and PRC. He started his career as an auditor with Lowe Bingham & Matthews from 1978 to 1980. He joined Novel Enterprise Limited as an accountant from 1980 to 1982. From 1983 to 2006, he was the Financial Controller of Fabricators International Limited, a private company incorporated in Hong Kong which manufactures portable battery chargers. From 1995 to 1996, he was also a director of Fabricators International Limited and International Components Corporation Limited, which is a private company incorporated in Hong Kong. Mr Wong has a Higher Diploma in Accountancy from the Hong Kong Polytechnic. Mr Wong has been a member of The Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants since 1995.

Mr Lim Chee San - Independent Director

Mr Lim is the Chairman of the Remuneration Committee and is a member of audit Committee. He presently a founding partner of the law firm, Tan Lim Partnership, and a director of HupSteel Limited, which is a company listed on the Main Board of the SGX-ST. He is also a director of several other companies. Mr Lim started his career as an audit supervisor with Price Waterhouse from 1983 to 1989, and joined Deloitte & Touche as a manager from 1992 to 1994. From 1989 to 1992, he was the Assistant Vice President (Audit) of Oversea-Chinese Banking Corporation Limited. From 1994 to 2002, he was the Chief Area Auditor of Maybank and from 2001 to 2002, he was the Head of Banking Operations of Maybank. From 2002 to 2003, he was a foreign lawyer at Rajah & Tann LLP. From 1 September 2003 to 23 December 2004, he was a director of Full Skill Technology Pte Ltd. Mr Lim has been a member of The Chartered Association of Certified Accountants since 1982, and a member of the Institute of Certified Public Accountants of Singapore since 1989. He has been a chartered information technology practitioner of the British Computer Society since 1992. Mr Lim obtained his LL.B (Hons) from University of London in 1992, and was admitted as a Barrister-at-Law at Lincoln's Inn in 1999 and admitted to the Singapore Bar in 2004.

Key Executives	
Chief Financial Officer	Mr Khoo Yee Yen
Information Technology Manager	Mr Au Kit Bun, Banny

Source: Company

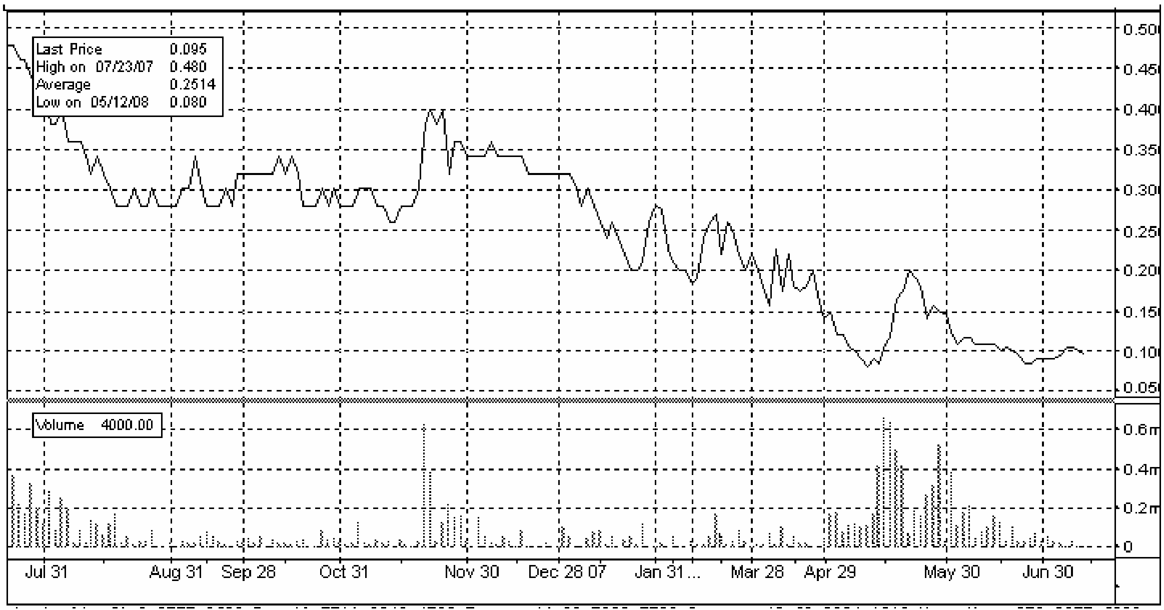
Mr Khoo Yee Yen - Chief Financial Officer

Mr Khoo is responsible for all financial and fiscal management aspects of the operations of the Group, and leading and coordinating the administrative, business planning, accounting and budgeting efforts of the Group. Mr Khoo has a Bachelor of Economic and Social Studies in Accounting and Economics from the University of Wales (Cardiff, United Kingdom). Mr Khoo has been a member of the Association of Chartered Certified Accountants in the United Kingdom since January 2003.

Mr Au Kit Bun, Banny – Information Technology Manager

Mr Au is responsible for the management and maintenance of the information technology systems of the Group, as well as upgrading and streamlining systems processes of the Group. Mr Au has a Bachelor of Engineering (Honours) in Electrical Engineering from the Hong Kong Polytechnic University.

Historical Price Chart



Source: Bloomberg

SGX Research Incentive Scheme

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As of the date of the report, the analyst and his immediate family do not hold positions in the securities recommended in this report.

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