



CEO's Message 2008



Dear YCHees,

Well done! Our performance for 2007 was remarkable; with several awards garnered last year, such as the Frost & Sullivan ASEAN 4 Best Domestic LSP and Best IT/Electronics LSP of Singapore, as well as the Supply Chain Asia 'Asian 3PL of the Year'. I thank all of you for contributing to these proud moments. On a personal note, I am also excited and honoured to represent Singapore in the prestigious World Ernst and Young Entrepreneur of the Year in Monte Carlo this June. I couldn't have done it without your continuous support and heartwarming well-wishes.

We had, in the past years performed well in North Asia, and 2007 was no exception, as we saw the development of various key accounts take flight. Our expansion plans into South Asia regions such as India and Vietnam have also come to fruition. In fact we have performed exceptionally well in India - in slightly more than a year, we have today established our presence in 12 key Indian cities that will enable us to fulfill distribution for customers across India. Apart from being our IT solutions and development hub for customized SCM applications, our Chennai operations will also see our first and very important flagship India-based DistriPark kick off this year.

With this new development and over a decade of experience in China, YCH is poised to take on the bountiful SCM opportunities that are beckoning. The rapid advancements of India and China as the two largest growth engines of the world augur well for the entire manufacturing and SCM industry in Asia. ASEAN, in the midst of these two superpowers, is also a crucial link that will provide the necessary connections to create a seamless production network throughout the entire region. YCH's presence and firm foundations that have been planted in the various ASEAN countries, coupled with the increasing need for SCM services brought about by these two Asian giants therefore signify numerous growth prospects that would further solidify our stake in Asia.

We also recognize the importance of continuously improving manpower development and organizational culture to fuel our growth strategies. However, it is important that the organization remains lean and responsive to changes. While we should explore outsourcing of the various last mile functions, we aim to groom our current pool of talents into well-rounded individuals adept at problem-solving, thinking out of the box and exposed to cross-functional training. Each and every one of you has a significant role to play and contribute to making YCH world-class in the SCM industry.

As we continue our march towards Goal 2010, it is crucial that we stay close to our corporate RISE philosophy and family values of open sharing and respect for others, so that we can collectively work towards innovating revolutionary SCM solutions in the industry! I'm also delighted that the company has started our own YCH workout, called YCHairobics that would infuse more energy, fun and zest to revitalize the corporate family.

Being a 7PL™, YCH is able to leverage both its 3PL and 4PL™ capabilities by tailoring our services to fit seamlessly into our customer's business models. I reiterate the importance of being an effective freight manager and supply chain specialist in helping our MNC customers achieve increased value through streamlining and optimization of their logistics flows.

Lastly, I would like to wish everyone a fulfilling year ahead as we work towards being the best SCM brand in Asia!

highlights

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YCH STRATEGIC MANAGEMENT "ATTACK" 2008



Deliberately named a strategic management "attack" (instead of "retreat"), a three day getaway to Bintan, Indonesia was organised from 25th to 27th January for the key management team of YCH to establish the strategic direction and formulate growth plans for the company moving forward for 2008.

Focal themes arising from the strategic management "attack" include the importance of acquiring cross-functional expertise and understanding, having a well-integrated centre of control and leadership and building a strong network of customers and suppliers through sincere, engaging and mutually beneficial partnerships.

The session not only provided the team a great opportunity to analyze and discuss serious business-related matters, it also saw much fun and created a bond among the team through other group activities such as teambuilding games, beachside barbecue dinners and intensive breakout sessions structured on creating healthy and friendly competition amongst the various teams.

The ensuing overall strategy has also been finalized and communicated to the rest of the regional offices through the heads of the North Asia and South Asia regions since. The management team believes in the consistency of operations and implementation in one common voice throughout the entire YCH network.

RESPONSIBLE CARE® "HEALTH & SAFETY CODE" ACHIEVEMENT AWARD



At YCH, responsible care for both employees and partners has been a key value in our business and daily operations. We are committed to continuously improve our existing health and safety standards and are proactively taking steps to promote a greener environment. In this respect, we are proud to be recognized once again by the Singapore Chemical Industry Council (SCIC) as a responsible corporate company that has been awarded the Responsible Care® 'Employee Health and Safety Code' achievement award.

Responsible Care® is the chemical industry's global voluntary initiative under which companies, through their national associations, work together to continuously improve their health, safety and environmental performance, and communicate with stakeholders about their products and processes in the manufacture and supply of safe and affordable goods that bring real benefits to society. Other than encouraging SCIC Responsible Care® signatories to practice Responsible Care® management practices, the awards were implemented to recognize those who have performed well in health, safety and environment (HSE) through Responsible Care® implementation.

In his capacity as Chairman of the ASEAN Business Advisory Council as well as reigning winner of the Ernst & Young Entrepreneur of the Year 2007, our Chairman & CEO Dr Robert Yap was invited by the Business Times to contribute an article on economic integration in the ASEAN landscape.

Economic disparities in Asean can be an advantage

There are enormous benefits to be reaped from the deeper economic integration envisioned in the AEC blueprint

By ROBERT YAP

THE 13th Association of Southeast Asian Nations (Asean) Summit held in Singapore in November last year saw the landmark signing of the Declaration on the Blueprint for the Asean Economic Community (AEC) by the region's leaders, putting in place a road-map to create a single market and production base in the region with a free flow of goods, services, investments, skilled labour and capital by 2015.

The bold vision will eliminate non-tariff barriers by increasing the efficiency of Customs clearance and harmonising product and technical standards, while reforming tariffs by removing internal tariffs and aligning external duties. Restrictions on cross-border investments within Asean will be lifted, and an Asean-wide competition policy will be introduced.

The signing of the blueprint is great news for the region's business community. Bringing forward the timeline for the realisation of the AEC by five years from 2020 to 2015 clearly signals that regional leaders understand the urgency for Asean to pursue economic integration in order to rise up to the challenge from the two economic juggernauts of China and India.

Furthermore, the blueprint not only reassures businesses of political leaders' commitment to economic integration in the region but also makes it easier for companies to explore opportunities by providing a useful timeline for economic integration that they can refer to when mapping their business plans.

There are enormous benefits to be reaped from the deeper economic integration envisioned in the AEC blueprint. According to McKinsey, it will bring about economic benefits of at least 10 per cent of Asean's gross domestic product (GDP).

In value terms, this translates to over US\$100 billion based on estimated Asean GDP in 2006. Production cost in the region is also estimated to go down by 20 per cent, greatly enhancing South-east Asia's attractiveness as a production base.

Further economic integration presents huge opportunities for companies in the region to enhance their competitiveness. The economic disparity in the region has often been cited as an obstacle to effective integration.

However, viewed from another perspective, it is precisely the different levels of economic development among the South-east Asian countries that create competitive advantages for each country that are complementary, which companies can leverage.

Vietnam, for example, is set to become the region's manufacturing hub and tipped to become South-east



Landmark pact: The signing of the Asean Economic Community blueprint by the region's leaders in November last year is great news for the business community

Asia's next big centre for electronics manufacturing, especially since its accession to the World Trade Organization in January this year. It offers political stability, ideal geographic location and skilled workers, having evolved from a low-cost manufacturer of apparel into a centre for high-tech production.

The Philippines is an attractive proposition for electronics software programming and back-office and call-centre operations with its skilled and low-cost labour force fluent in English, while Indonesia offers a huge market of more than 230 million and natural resources such as palm oil, natural gas, rubber, pulp and paper and other commodities.

Malaysia's upcoming Iskandar Development Region will offer state-of-the-art physical infrastructure with world-class logistics facilities, while Singapore, home to the world's busiest container port and transshipment hub, is positioning itself as a regional hub for financial services, biotechnology, transport and logistics.

Thailand has, meanwhile, focused on developing itself into the "Detroit of the East", and is already the third-largest Asian car manufacturer, behind Japan and South Korea.

One way that companies can capitalise on the distinctive strengths of each Asean member country is to explore the development of robust regional production networks. However, this will bring about challenges of its own, such as increasing complexities in the supply chain, with an expanded number of suppliers of different levels.

A common grouse within the regional business community is with regard to Customs clearance. With 10 countries in Asean, and therefore 10 borders and 10 different Customs authorities, there are huge transactional costs for the movement of goods within the region, which has placed Asean at a huge disadvantage when compared to China and India, where goods only have to pass one Customs checkpoint.

The Asean Business Advisory Council has therefore been actively championing the creation of an Asean Green Lane, to move goods produced in the region seamlessly across the borders of member countries. The initiative will provide a single window

for Customs clearance, hence increasing producers' speed-to-market, bringing about higher efficiency and reducing process redundancies. A pilot project has just been started between Singapore and Malaysia, and three more countries are expected to join the project next year.

Another problem hindering the free flow of goods in the region is the state of regional infrastructure, a problem that is not unique to South-east Asia. In fact, the Asian Development Bank estimates that Asia will need a total of US\$3 trillion for infrastructure development over the next 10 years, or US\$300 billion per annum.

Inadequate transport and communication infrastructure and uncompetitive transport and logistics services have pushed up the cost of cross-country production.

However, companies in the region can be assured that this fundamental issue has already attracted the attention of regional leaders, and finance ministers from Asean member countries have agreed to set up a task force to consider building an Asean infrastructure fund to support infrastructure developments in the region.

Beyond putting a regional production network in place, companies can also take advantage of the increasingly free flow of goods, services, investments, skilled labour and capital to expand their regional footprint.

The challenge in doing so is that companies must be able to compete effectively against both global giants with deep resources, as well as local players that are well-entrenched and have strong in-market knowledge.

In terms of capabilities, Asian players are a match for global players in many sectors including the logistics industry. There is potential for regional companies to thrive as long as they have a clear strategy to differentiate their services from those of multinational powerhouses.

As economic integration accelerates in the region, fuelling intra-regional trade and bringing to reality a truly single market and production base, demand for logistical services will grow simultaneously. From a national perspective, Singapore, as an aviation and shipping hub, has the unique potential to become a world-class regional logistics nerve centre.

To be the nerve centre for supply

chain, Singapore must house the best brains and become the centre of excellence where all the best practices, solutions and talent are.

Ultimately, opportunities abound for both countries and companies in the region to tap onto opportunities presented by regional economic integration. Whether a country or a company manages to do so will depend on whether it realises where its value lies and the strategy it has to differentiate and carve up a niche for itself.

This article is contributed by Robert Yap, chairman and CEO of YCH Group, Ernst & Young Entrepreneur of the Year 2007, and chairman of the Asean Business Advisory Council

Business Times, 3 Jan 2008 (pg 21)

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YCH ANNUAL DINNER & DANCE 2008:

irresistible india



Welcoming YCHees from YCH India



Chairman & CEO Dr Robert Yap sharing YCH's growth in India and the region



Comedian Mustafa and sporting YCHees performing a boogie

YCH annual Dinner & Dance was held at the Marriott Hotel, Singapore on 23 February 2008. Themed "India Night", YCHees turned up that evening dressed in their colourful traditional Indian garbs of saris, dhotis and Punjabi suits, while others sashayed Bollywood style replete with chic fusion-inspired dresses and ethnic accessories. It was certainly an enriching cultural experience as we immersed in the specially planned games and programs all night.

Celebrating our successful foray into the India market, we launched over 12 key locations in just over a year. Everyone cheered on and gave our deserving colleagues their worthy encouragement for having achieved tremendous results in successfully building YCH India and its network during this short period of time.

First up was a special Bollywood dance segment put up by eight of our very talented and charming YCHees whose enthusiasm got the crowd moving and raving for more. Next, a comedy show, followed by a scavenger hunt and an acting game tickled the audience and sent them into fits of laughter.

The main crux that evening was the exclusive launch of the YCH Workout, better known as the YCHairobics exercise. The exercise comprises five basic steps that includes neck rotation exercises and stretching of the arms, legs, shoulders and back. These moves were specially choreographed by the YCH Interns under the Y-Talent™ program, in a bid to introduce a healthier lifestyle to YCHees during working hours. (See back cover for the steps of YCHairobics!)



Launch of the YCHairobics by the Y-Talent™ Interns

Last but not least, the annual Long Service Awards and Model Employee Awards were also presented to our dedicated employees. Congratulations, and our heartfelt admiration to all who were honoured that evening.



Dancing the night away after a very enjoyable dinner



Guests and Staff having a whale of a time at YCH India Night



Our heartiest congratulations to our award winners



Best Employee (RISE) award goes to Ben Zhang of YCH Tianjin

AWARDS LIST

Best Driver - Kwek Soon Heng

Best Employee - Zhang Yu Shun Ben (YCH Tianjin)

LONG SERVICE AWARDS

5 Years

Michelle Chong Mui Joo, Mohd Ibrahim B. Sahol Hamid, Patricia Shoba d/o S Rethinavel, Koh Mui Cheng, Yeo Eng Chye

10 Years

Muhd Yazid Johari B Yunos, Chen Zhen Wen, Lu Wen Xian, Chong Ming Fooi, Lim Fua Seng, Huang Ping He, Lin Jing Xing, Ravi s/o Muniandi, Morgan s/o Marimuthu, Rajappa Natarajan, Gary Ooi Kheng Jin, Chan Yoke Ping

15 Years

Anwar Bin Abu, Lim Tong Chun, Lee Aik Guan, Mohd Salleh Bin Abdullah, Lee Swee Beng, Kunji Subramaniam, Margaret Toh Koon Hap

20 Years

Mohamed Bin Jonid

YCH POWERS UP REGIONAL VALUE CHAIN WITH RFID INNOVATION

Shanghai, China, 21 Feb 2008 – YCH Deploys First RFID Enabled Warehouse in Lingang Logistics Park - Collaboration with Shanghai Lingang Economic Development Group is testament to YCH's pioneering and extensive experience in RFID implementation

YCH recently launched another Radio Frequency Identification (RFID) project in China, this time in the Shanghai Lingang Logistics Park. As the industrial zone's first RFID project, it will bring about increased security as well as a more precise and visible inventory information system that will significantly improve productivity and efficiency for the region. Apart from enhanced real-time communication interface between warehouse management systems and Yangshan Free Trade Port Area Management System Platform for efficient workflow with the various government bureaus, the introduction of RFID serves as a standard middleware interface for warehouse management systems and the system interaction for a seamless management of inventory and movement of goods.



Administering the RFID system enables real-time tracking and visibility like no other solutions in the supply chain space

Mr. James Loo Wai Kheong, Chief Information Officer of the YCH Group and the Chief Operating Officer of Y3 Technologies was excited about the launch. "RFID has the potential to dramatically improve logistics business processes and very soon we will see the use of RFID technology throughout the complete supply chain. Logistics companies that are slow to adopt RFID technology may find that they lose out as it effectively enables real-time tracking and visibility like no other solutions," he said.

Co. Ltd, which manages the construction, investment promotion and development of the park, expressed that YCH has contributed significantly to the development of the Lingang Logistics Park by bringing in SCM and RFID expertise to set the standard for the management of other facilities within the park.

By bringing in best practices in RFID technology implementation and management to Lingang, YCH is also committed to developing local talent and expanding its base of supply chain professionals in the municipality. Mr. Zhu Weiqiang, President and General Manager of Shanghai Lingang International Logistics Development

A significant step to creating a true real-time supply chain for our customers, the launch of the RFID project at Lingang Logistics Park in Shanghai "marks the next step forward for YCH in our ongoing expansion plans to strengthen our capabilities in China and North Asia" said CEO Dr Robert Yap.

2008 SECURITY EXCELLENCE AWARD FOR YCH TIANJIN



Over the years, YCH Group has been recognized for our innovative solutions as well as high service quality and operational standards. It was no surprise that the local Chinese authorities awarded the "Security Merit (Class 3) Award" to our facility in Tianjin Free Trade Zone ("FTZ") for our outstanding security standards and contribution and to the FTZ security environment.

and Class 2 companies) as a testimony of the local police authorities' satisfaction of our safety measures, surveillance system and overall security processes that were designed to incorporate the regulatory requirements. We have also received commendation from the local FTZ administration for the award.

YCH strongly believes that excellent security is a fundamental in Supply Chain Management and is consistently looking for innovative solutions to secure the high net worth supply chains of our customers. In the next few months, the company is also looking forward to be certified as the world's first logistics company that will receive the ISO28000 certification for supply chain security.

With over a hundred companies under evaluation, YCH Tianjin emerged one of the top companies that were awarded the top tier award (over other Class 1

YCH SUPPORTS 2010 YOUTH OLYMPICS



The trio displayed a terrific performance at the Table Tennis National Grand Finale 2007

YCH joins the nation's celebrations with the award of the hosting rights for the world's first Youth Olympics Games in 2010 to Singapore. This is a great honour and privilege as it is the first time that the Olympics flame will blaze in Singapore as well as Southeast Asia. YCH wishes the organizers success and looks forward to the increased buzz and dynamism that the event will bring to Singapore and the region.

As part of YCH's ongoing efforts to encourage sportsmanship in our journey towards SCM Excellence, we sponsored three paddlers to participate in the National Table Tennis Championship 2007 hosted by the Singapore Table Tennis Association (STTA) at the Table Tennis National Grand Finale 2007 and are thrilled with the players' outstanding performance.

9 Jan 2008

SOURCES OF COMPETITIVE ADVANTAGE IN FAMILY BUSINESSES

Chairman & CEO Dr Robert Yap was invited to address the strengths and dynamics of family-owned businesses at the Singapore Management University recently. The interactive session covered unique characteristics of a family enterprise in relation to topics such as the company's management of family relationships and governance, ownership and succession, as well as conflict and strategy in a family enterprise that has successfully sustained and flourished in today's environment.



Founded in 1955 by the late Mr Yap Chwee Hock as a passenger transportation business, YCH has evolved dramatically since, into an end-to-end SCM player in the Asia Pacific today. With over 50 years of pedigree, YCH Group has successfully ridden on the advantages of a family business with its strong values, unique culture and reinforced identity.

corporate family. This is what keeps the organization strong, with its open and caring culture that encourages bonding and frank communications among its employees.

YCH Group takes pride in being a corporate family in two ways – it started off as a family business; and although it is professionally managed and run today, all YCH employees are treated as 'family members' of the large

Enterprises with a family history are increasingly being seen as a strategic resource in the global economy today. YCH is one such key example of a distinctive knowledge-based organization that benefits from the best of both worlds, in gaining wisdom from family counselling as well as management consulting.

24 Jan 2008

SMU'S CEO TALK SERIES

The SMU's CEO Talk Series programme is the educational institution's platform to invite significant CEOs in the Singapore business scene to share their thoughts on leadership and management strategies with the SMU students and academic staff. Highly acclaimed with a promise of broadening the school's perspectives on a variety of issues, the series was started in January 2003 to help students and their lecturers gain meaningful interaction with the business leaders and expand their learning on a variety of business issues. To date, other CEOs who have been invited to share their stories at the Talk Series include Ron Sim of Osim, Richard Eu of Eu Yan Sang, Jannie Tay of The Hour Glass and and Andrew Tjioe of Tung Lok Group.

Chairman & CEO Dr Robert Yap was invited to share with the audience on YCH's evolution and growth over the last 53 years, in particular its approaches in its journey to realise its vision of building the logistics superhighway by integrating the physical, information and financial flows.

Y-Talent™

"The only good is knowledge and the only evil is ignorance". – Socrates (469 – 399BC)

The amazing thing about knowledge is that when you think you know a lot, there's always a lot more you can learn! Hence we have the Y-Talent™ Program. Why the letter "Y"? It not only represents YCH, it also refers to Generation Y – the Young talents of our future!

Two of our exciting segments within the Y-Talent™ framework include the Internship Program, which provides a fresh perspective and allows for two-way knowledge sharing between interns and their YCH mentors, as well as the Scholarship Program, where YCH partners leading universities, polytechnics and other specialized training institutions to bring in new talent every year. In line with YCH's Corporate Social Responsibility efforts in the realm of SCM education, these initiatives will create a highly versatile SCM talent pool for the industry.

Holistically, the Y-Talent™ Framework aims to develop YCHees at three different levels. The first level will be the Operator level, this is followed by the Supervisory level and finally the Management level.

For each of these three levels, we have a total of three training components. The first component is to develop Functional Competencies through mediums such as OJT and Standards Training Program. Following that, we will look at Development Competencies such as Y-Smile Service Focus, Email Etiquette and so on. Thirdly, we aim to develop each YCHee through RISE@Work™ culture immersion program.

We hope that through each YCHees' individual learning journey, opportunities will arise for us to move both laterally and vertically.

*Soon to come... our exciting launch of our YCH elearning portal... stay tuned!

Article contributed by Marako Marcus (Head, Centre of Organizational Development).

YCHAIROBICS FOR EVERYONE

A healthy worker is a happy worker. With that in mind, our Y-Talent™ Interns were put on a mission – to zest up the workplace!

A preliminary observation revealed that bad posture, tired eyes and some form of lethargy were a common impediment to work productivity in the office. Hence, the group came together to brainstorm on ways to resolve this problem – and since there’s no better way than exercise to rejuvenate one mentally and physically, the interns came up with a few simple and easy aerobic movements that can be done anytime and anywhere and are suitable for everyone – young and old. The steps of the workout are done to the tune of our YCH Corporate Song, “Just a Handshake” and can be performed either standing or seated on a chair.

As exercise releases endorphins – chemicals that leaves one feeling happier and more relaxed than before working out, we encourage all to take a few minutes’ break away from your screen at various times throughout the day, move about and enjoy a few simple exercise steps and laughs with your office neighbour!

Try it and feel the positive effects of higher energy levels, stress reduction as well as looking and feeling better during work.

Fun fact: Did you know that simple stretching exercises can increase blood flow, metabolism and secretion of ‘happy’ enzymes?

STEPS OF THE YCHAIROBICS!

Step 1

Handshake – right, left then point at yourself twice
Stretch your arms and wrist muscles



Step 2

Neck rotation - counter clockwise, clockwise, then clap twice
Stretch your neck muscles



Step 3

Raise your right leg and left hand, and do the march (repeat 9 times)
Promote blood circulation in your legs



Step 4

Do the “Y”, “C”, and “H”
Stretch your arms and back muscles



Step 5

Swing both arms and stretch backwards
Finally, some shoulder stretching. That’s all!



YCHairobics takes place around 3pm daily.

To watch the video, YCHees can log on to our Intranet at <http://hrelearn.ych.com/blog/ychairobics/>