

Dextrans Worldwide Group

Credit Control Policy

The Dextrans Group Credit Control Policy primarily refers to its management for direct Customers and Overseas Freight Agent. The approach adopted is a holistic one where the control starts from the receipt of the job and not when the job is completed and invoiced out.

In a holistic approach whilst the local account receivable (AR) team is entrusted with the task to recover and manage all outstandings, yet it is the site manager that must be held accountable for the collection. In terms of functional responsibilities, operations and sales/business development staff are key to this essential accounting control since they are at the upstream level of the reception of order. All in all, it is always envisage that an effective credit control system requires the good and close cooperation between the staff in the various departments. It must be emphatically noted that at Dextrans, we adopt a zero tolerance for bad debt. Local AR team is required to follow up daily on AR collection.

Customer Data Form (CDF)

- Attached under appendix 1 is copy of CDF to be set up for a new customer account (including COD account)
- CDF must be filled and recommended by the sales person and approved by branch/country manager and country accountant before any transaction or shipment handling can begin.
- CDF can only be keyed in by accountant or accounts staff after all verified signatures are in place with the proper salesman's code filled and coded.

Agent Data Form (ADF)

- Attached under appendix 2 is copy of ADF to be set up for a new overseas agent account (including COD account)
- ADF must be filled and recommended by the sales person and approved by branch/country manager and country accountant before any transaction or shipment handling can begin.
- ADF can only be keyed in by accountant or accounts staff after all verified signatures are in place

Credit Approval limits

- up to USD 10,000 (Country/Site Manager/Group Accountant)
- USD 10,000 to USD 50,000 (either CEO or COO)
- Above USD 50,000 (case to case basis to be assess jointly by CEO/COO)

Overseas Agents

- All overseas agents must only be invoiced in USD. In order for this to take place, it is important that our rates/pricing quotation given to overseas agent must always be quoted in USD so as not to allow for any disputes.
- WCAF agents

- The WCAF agents list is updated daily on the WCAF website and any office that intends to handle business on credit basis must first ensure that agent is a WCAF agent and also is not a “Blacklisted” agent per Dextrans Group blacklisted agents list.
- An approved WCAF agent means Dextrans is protected against WCAF guaranteed payment protection subjected to the conditions laid out by WCAF. (please refer to WCAF website for rules regarding payment protection – Gold Medallion scheme)
- An approved WCAF agent does not mean that the agent has been granted a credit approved status by WCAF as there are no provisions anywhere in WCAF undertakings.
- Dextrans site operations is advised that despite agent being a WCAF agent does not mean that we relax our guards and automatically grant credit to an agent. It is the duty of the Dextrans site operations (site managers are to be involved in this process) to still exercise due diligence to assess the credibility of agent, profit margin against credit granted etc. In essence to be able to exercise good business sense. Hence, where possible, Cash On Delivery (COD) is highly encouraged.
- Escalation and reminders to be send to debtors.
 - Payment request - Invoices at due date
 - 1st reminder request - 7 days after due date
 - 2nd reminder request - 10 days after due date
 - 3rd reminder request - 14 days after due date and copy JH
 - Once invoice date pass 90 days, country accountant must alert Management for approval to file Gold Medallion claim. Very important to note: Once invoice date pass 150 days, WCA will not entertain any claim.
- **Non WCAF agents**
 - The general rule is in this category of agents, credit will not be accorded unless a pre-approved credit has been granted by the Group Accountant or JH/SY.
 - It is highly encourage to handle all businesses on COD basis where possible.
 - The Dextrans site operator is to get clarification from Dextrans Group HQ accounting for clarification of credit status on this category of agents.
 - Escalation and reminders to be send to debtors.
 - Payment request - Invoices at due date
 - 1st reminder request - 7 days after due date
 - 2nd reminder request - 10 days after due date
 - 3rd reminder request - 14 days after due date and copy JH

Local Customers

- This category of customers are defined as those customers either locally procured by the existing sales or previous sales staff but remains with Dextrans and serviced by our customer services team. Additionally, it could be also suppliers of nominated accounts through agents where we handle directly the shipments on nomination basis but there are however some essential local charges to be collected.
- Escalation & Reminders to be send to debtors.
 - Payment request - Invoices at due date
 - 1st reminder request - 7 days after due date
 - 2nd reminder request - 10 days after due date

- 3rd reminder request - 14 days after due date and copy JH

Credit Notes (CN)

- Can only be issued by accounts staff after approval from CEO/COO or Group Accountant. Before any CN is to be considered, Dextrans site operations must exhaust all avenues to rectify all disputes with customers or overseas agent. Branch Manager/accountant to tender to group management to approve CN. The golden rule is that the person who procured that business must not be empowered to issue CN so as to prevent prejudice. Hence if the branch manager is the one who procured the business, he is not empowered to approve a CN and must be escalated up the next level.

Blacklisted Agents

A list of payment delinquent agents will be maintain and updated by the Group Credit Controller. Every Friday the latest copy will be circulated to all Country/Site Managers and Accountants. Site accountants must coordinate with Group Credit Controller to propose any delinquent agents.

Group Central Settlement

The group's central settlement is managed and operated by Dextrans Singapore (DWS) and in certain cases by Dextrans Hong Kong (DWHK). Basically the concept entails the consolidation and contra of various bilateral outstanding accounts either piecemeal or on a periodic basis such as a monthly period into a single netting offset system. In practice, through the nett off, DWS on behalf of the group clears the outstanding both within Intra Dextrans offices and Overseas Agents through 1 single transaction ie. Either being paid or to receive payment.

- List of central settlement accounts approved are updated every Monday and is uploaded on the Dextrans website "myDextrans" section.

The group also keeps and update a list blacklisted Freight Agents who had a previous default or slow payment record. Site offices are not to deal business with any of these agents without any clearance from group management.

- List of blacklisted accounts are updated every Monday and is uploaded on the Dextrans website "myDextrans" section.
- Site accountants are encouraged to share within the group accounting team agents who exhibits recalcitrant disposition towards prompt settlement.

Invoice Disputes and Resolution

- All disputes regarding invoices must be immediately resolve whether in the form of operational or sales discontent. In such an event, site AR team to bring matter to staff involved to have matter resolve within 3 working days, otherwise it has to be escalated to management.
- All intra-Dextrans invoices disputes must be amicably resolved at local level between the 2 site managers. In the event that there is no resolution, this will be brought to the Group HQ management for arbitration. Any decision made by the HQ is final and no further appeal by either party will be entertain.

Accounting settlement – what are the current issues

- Different accounting systems in different countries
- Different level of accounting regulations, competence, taxation policies and standard practices in various countries
- Lack of information on the exposure to any agent from a corporate level and therefore a delayed reaction time in case of doubtful debt
- Multiple currencies transactions and need for consolidation
- Lack of visibility on the financial situation of an individual Dextrans office

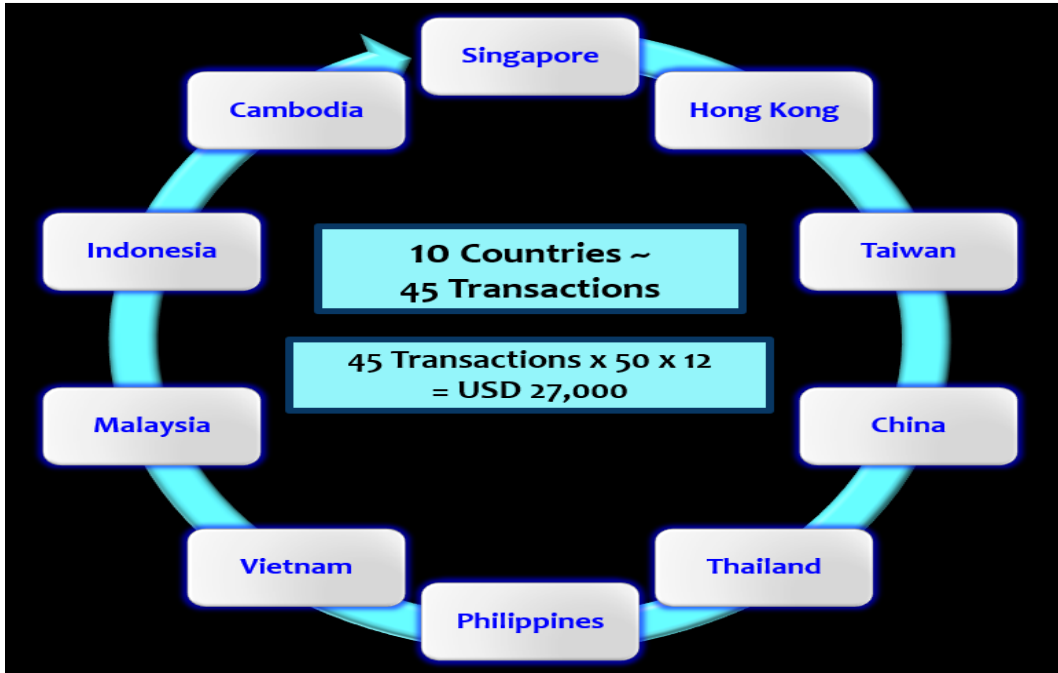
The Objectives

To use CBS as a strategic tool to WIN customers through:

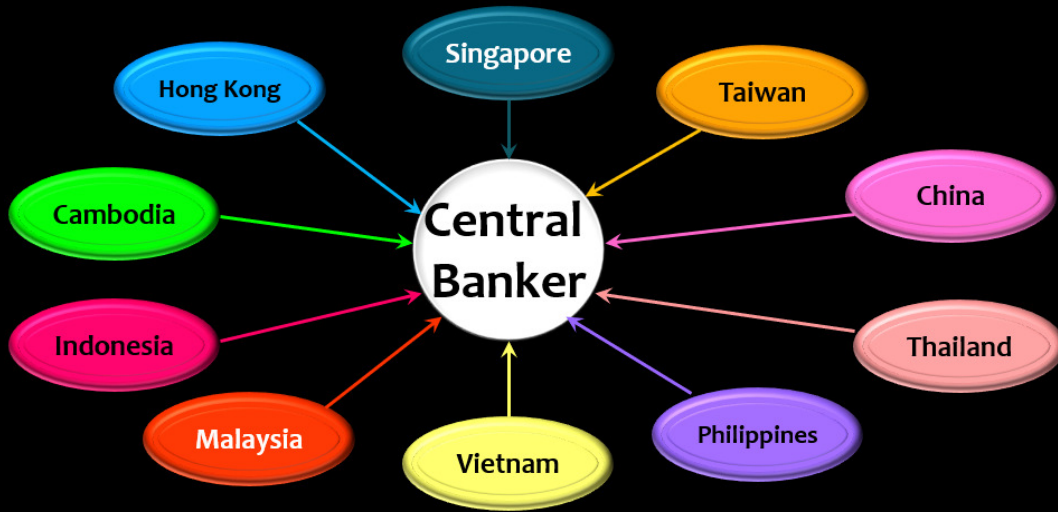
- Institutionalize Biz, Anchor customers/agents
- Greater visibility across both operating & accounting phases
- Monetize CBS – through transactions
- Lower transactional operating cost
- Heighten corporate image and branding
- Project a Dextrans identity – 1 group 1 system, 25 sites 10 countries – only 1 approach
- Derive Cost Savings
- Central and Live AR and Agent Risk Management
- Efficient cash management – reduce wastage
- Quick access of information – accessible by all accounting, operations and business development staff in Dextrans offices
- Taxation Planning
- Group consolidation process
- Foreign exchange risk management
- Use financial information as a tool for decision making
- CBS must be used to control and command our Partnerships / Alliances

Intra Dextrans Transactions

Currently this is what we spent yearly



Intra Dextrans Transactions



10 Countries ~ 10 Transactions
10 transactions x 50 x 12 = USD 6,000
Group savings - USD 20,000 and each site saves about USD 2,000

Dextrans Offices spend with 1 Agent currently



10 Countries ~ 10 Transactions
10 transactions x 50 x 12 = USD 6,000

Dextrans Offices spend with 50 Agents currently

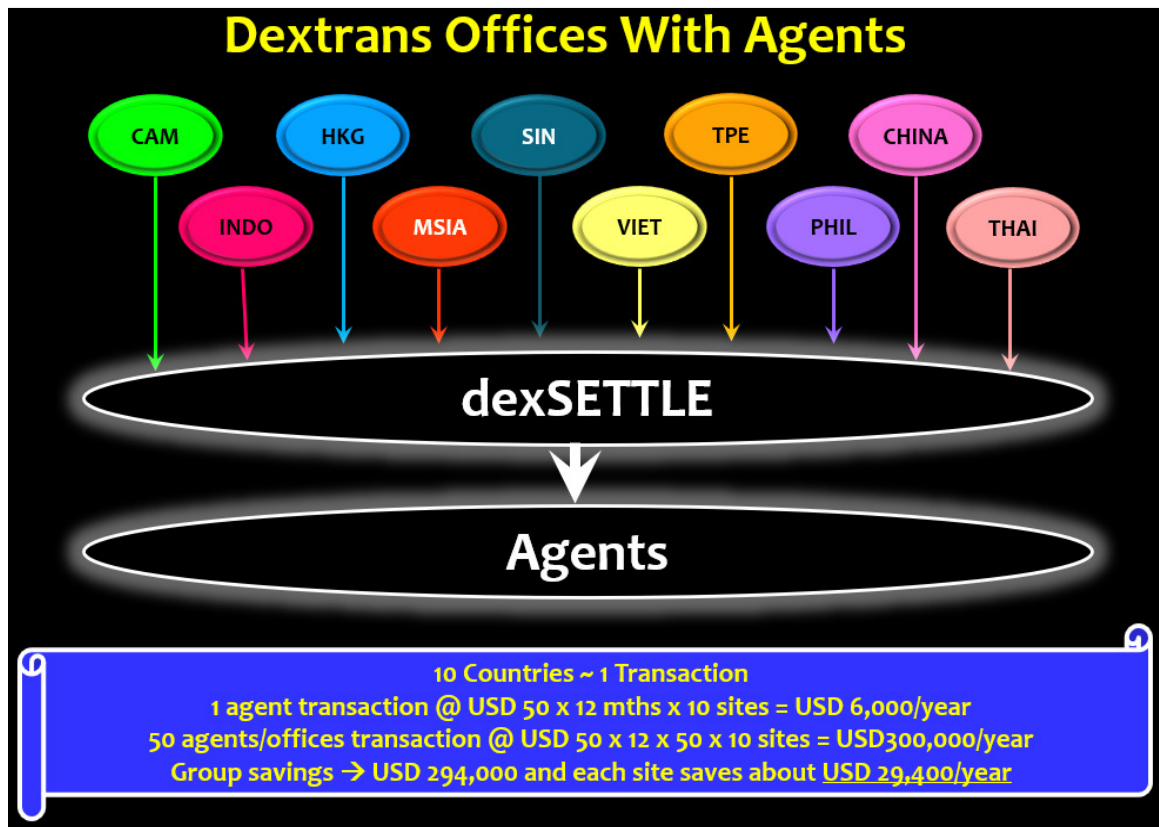


**10 Countries ~ 50 Agents
500 transactions x 50 x 12 = USD 300,000**

Dextrans Offices spend with 50 Agents currently



**10 Countries ~ 50 Agents
500 transactions x 50 x 12 = USD 300,000
Group savings = USD 250,000/year**



Central Banking Features

- Dextrans offices use only 1 standard currency
 - o e.g. USD to trade with each other.
- Weekly exchange rate denominated in standard currency (USD) with individual countries
- Invoices has validity period and hence forces the operator to verify or dispute invoices promptly
- All Dextrans offices deals only with the central bank
- Central bank will handle all the settlement with overseas agents
- Group verification set date
 - o e.g. Month +45 days, month +60days
- Group Contra settlement set date
 - o e.g. Month +60 days, month +75 days etc.

Benefits

- Only 1 settlement with central bank per month
- Better circulation of funds where loans can be extended within the group.
- Helps to reduce reliance of banks for financial support
- Pressure to keep up to date accounts
- Onus and pressure on the operating staff in the local office to settle disputed invoices
- Up to date accounting and settlements

- Monthly updated country accounting statement which will help to reduce year end group consolidation
- Better security for payment to overseas agencies
- System will allow immediate information to know financial exposure as a group to any agent
- System can be set to limit exposure to the agent as a group
- Year end consolidation can be done with easier ease, maybe even quarterly especially when we are public
- Quicker access to financial information
- Better image to public, investor relations
- With better foreign exchange management we can use it as a tool to extract revenue
- CBS can be used as conduit to ensure that all operations come into system
- Increase sales potential
- Substantially reduced transactional cost for all site offices

Cost Savings

- Inter-Dextrans offices 10 countries
 - o USD 20,000 annually or USD 2,000/site
- Dextrans with agents
 - o e.g. 50 agents ~ USD 294,000 annually = USD 29,400/site
- Average savings on the internal source of funding through internal lending can range from USD 100,000 depending on our size
- Total savings approx. ~ USD 250,000 per annum after taking into consideration cost of manpower + software cost

Implementation and Process Flow of CASS – (with Overseas Agents)

Dextrans Worldwide Group CASS will be overall managed by the designated Group Credit Controller.

1. Branch accountants will send updated AR/AP report to DWSG weekly by close of Friday
2. DWSG will consolidate the SOA & get agents to pay to DWSG weekly by close of Monday for those agents designated as under CASS
3. DWSG will send CN/INV to branch accountants for receiving/paying on behalf after payment settled
4. Invoice Disputes will be passed to branch accountants to be settled with their ops