

ACCORD CUSTOMER CARE SOLUTIONS LIMITED

- **CHANGE IN SHAREHOLDING IN DISTRIBUTION MANAGEMENT SOLUTIONS PTE. LTD.**
- **UPDATE ON GROUP RESTRUCTURING**

Change in shareholding in Distribution Management Solutions Pte. Ltd.

1. Introduction

The Board of Directors of Accord Customer Care Solutions Limited (the "**Company**") wishes to announce that, pursuant to the Company's entry into the commercial settlement (as described below), the Company has entered into a sale and purchase agreement (the "**S&P Agreement**") with Tan Hor Khim ("**THK**") and Dollaporn Ruengdech ("**DR**") for the transfer (the "**Transfer**") of 11,000,000 and 11,620,000 shares in the capital of Distribution Management Solutions Pte. Ltd. ("**DMS**") respectively (collectively the "**DMS Shares**") to the Company.

2. The Settlement

On 16 December 2004, the Company had entered into a sale and purchase agreement with, *inter alia*, THK and DR, pursuant to which the Company had agreed to sell 550,000 and 581,000 shares in DMS to THK and DR respectively (the "**2004 S&P Agreement**"). The 550,000 shares in DMS were sub-divided into 11,000,000 DMS shares while the 581,000 shares in DMS were sub-divided into 11,620,000 DMS shares pursuant to a share split.

The 2004 S&P Agreement provided, *inter alia*, that in the event of DMS not achieving a listing and quotation of its shares on the Singapore Exchange Securities Trading Limited by 30 June 2005 (the "**Listing**"), each of, *inter alia*, THK and DR would be entitled to the return of their deposits paid under the 2004 S&P Agreement.

Consequently, as the Listing did not occur by 30 June 2005, the Company has agreed to enter into a settlement arrangement with each of THK and DR in connection with the return of the abovementioned deposits to THK (deposit amount: S\$1,540,000) and DR (deposit amount: S\$1,626,800) (the "**Settlement**").

3. The Transfer of the DMS Shares

Pursuant to the terms of the Settlement, the Company would be entering into the S&P Agreement in respect of the Transfer of the DMS Shares, as follows:-

(a) Settlement with THK

- (i) THK shall transfer 11,000,000 DMS Shares to the Company;
- (ii) the Company shall pay to THK the sum of S\$1,040,000 in cash, in instalments as detailed in the S&P Agreement. The cash payments will be funded from internal resources;
- (iii) the Company shall assign to THK, of its right to a repayment of a debt amounting to S\$500,000, as detailed in the S&P Agreement; and
- (iv) THK and ACCS unconditionally agree to release and discharge each other in respect of any and all existing and/or future duties,

obligations, actions, proceedings, claims, demands and/or liabilities arising from or in connection with the 2004 S&P Agreement.

(b) Settlement with DR

- (i) DR shall transfer 11,620,000 DMS Shares to the Company;
- (ii) the Company shall pay to DR the sum of S\$122,304.41 in cash, in instalments as detailed in the S&P Agreement. The cash payments will be funded from internal resources;
- (iii) the Company shall procure the transfer of 993,000 ordinary shares in the capital of Precious Time Pte Ltd ("**PT**") (constituting 60% of the issued share capital of PT), a company incorporated in Singapore, to DR or DR's nominee. The said shares in PT are currently held by the Group's 50%-owned associated company, Tri-Max Pte Ltd ("**TM**");
- (iv) the Company shall procure the payment of the sum of S\$394,220.71 by TM for and on behalf of DR to PT, in instalments as detailed in the S&P Agreement;
- (v) the Company shall procure a novation to DR of a Sale and Leaseback Agreement dated 1 September 2004 entered into between TM and PT; and
- (vi) DR and ACCS unconditionally agree to release and discharge each other in respect of any and all existing and/or future duties, obligations, actions, proceedings, claims, demands and/or liabilities arising from or in connection with the 2004 S&P Agreement.

The DMS Shares shall be transferred free from all claims, charges, liens, equities and other encumbrances and with all rights, dividends, entitlements and advantages now and hereafter attaching thereto/as of and including completion date of the S&P Agreement.

Based on the audited FY2005 Full-Year Financial Statement of the Group, the Transfer does not have a material impact on the net tangible asset per share of the Group but reduces the loss per share of the Group by approximately 5.9%.

3. Information on DMS

Prior to the Transfer, the Company owns 50% of the issued share capital of DMS. Following the Transfer, the Company's interest in DMS will be increased to 56.79%.

Based on the latest unaudited financial statements of DMS and its subsidiaries (the "DMS Group") as at 31 December 2005, the DMS Group had net assets of S\$8.62 million and net tangible liabilities amounting to S\$553,000.

4. Interests of Directors and Controlling Shareholders

Mr Tong Choo Cherng, a director of the Company, is a nominee director of PT and a director of DMS. Following the Transfer, he will cease to be a director of PT.

Save as disclosed above, no director or controlling shareholder of the Company has any interest, direct or indirect, in the above transactions.

Update on Group Restructuring

As part of the Group's ongoing efforts to streamline its group structure and operations, the Company has liquidated its wholly-owned subsidiaries in Japan and South Korea respectively. Accordingly, the Group has ceased AMS operations in these two countries.

Based on the audited FY2005 Full-Year Financial Statement of the Group, the above cessation has no material financial impact on the net tangible asset per share or earnings per share of the Group.

BY ORDER OF THE BOARD

Woo Kah Wai
Company Secretary

16 May 2006
Singapore