

LEGION CONSORTIUM LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2129



INTERIM REPORT
2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ng Choon Eng
(Chairman and Chief Executive Officer)
Mr. Ng Kong Hock

Independent Non-Executive Directors

Mr. Yeo Teck Chuan
Mr. Wong Kwun Ho
Mr. Ho Wing Sum

AUDIT COMMITTEE

Mr. Yeo Teck Chuan (Chairman)
Mr. Wong Kwun Ho
Mr. Ho Wing Sum

REMUNERATION COMMITTEE

Mr. Ho Wing Sum (Chairman)
Mr. Wong Kwun Ho
Mr. Yeo Teck Chuan
Mr. Ng Kong Hock

NOMINATION COMMITTEE

Mr. Wong Kwun Ho (Chairman)
Mr. Yeo Teck Chuan
Mr. Ho Wing Sum
Mr. Ng Kong Hock

COMPANY SECRETARY

Mr. Man Yun Wah

AUTHORISED REPRESENTATIVES

Mr. Ng Kong Hock
Mr. Man Yun Wah

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

7 Keppel Road, #3-20/21/22/23/24
Tanjong Pagar Complex
Singapore, 089053

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 912, 9/F, Two Harbourfront
22 Tak Fung Street, Hunghom
Kowloon, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

COMPLIANCE ADVISER

Ample Capital Limited
Unit A, 14/F.
Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

PRINCIPAL BANKS

Malayan Banking Berhad
United Overseas Bank Limited

AUDITOR

Deloitte & Touche LLP
6 Shenton Way, #33-00 OUE Downtown 2
Singapore, 068809

COMPANY'S WEBSITE

www.legionconsortium.com

STOCK CODE

2129

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	For the six months ended 30 June	
		2021 (Unaudited) S\$	2020 (Unaudited) S\$
Revenue	6	21,425,543	19,656,168
Cost of services		(14,846,325)	(12,557,338)
Gross profit		6,579,218	7,098,830
Other income	7	428,321	734,618
Other gains and losses	8	173,134	229,406
Selling expense		(48,808)	(32,433)
Administrative expenses		(4,628,575)	(3,904,240)
Finance costs	9	(122,007)	(113,159)
Listing expenses	10	(815,030)	(610,322)
Profit before tax		1,566,253	3,402,700
Income tax expense	11	(420,492)	(628,920)
Profit and other comprehensive income for the period	10	1,145,761	2,773,780
Basic and diluted earnings per share (Singapore cents)	14	0.09	0.27

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	8,144,724	7,973,790
Investment properties	16	3,930,746	4,023,795
Intangible assets	17	117,862	133,265
Deposits	19	576,646	576,646
		12,769,978	12,707,496
Current assets			
Trade receivables	18	9,559,628	9,914,734
Other receivables, deposits and prepayments	19	4,644,191	2,004,852
Amount due from related parties	20	3,342	6,147
Restricted bank deposit	21	450,000	450,000
Bank balances and cash	21	22,683,278	12,740,393
		37,340,439	25,116,126
Current liabilities			
Trade and other payables	22	3,204,546	4,115,834
Amount due to related parties	20	82,932	99,711
Lease liabilities	23	3,045,845	2,585,253
Bank borrowings	24	45,377	95,292
Provisions	25	133,000	—
Income tax payable		994,057	1,390,221
		7,505,757	8,286,311
Net current assets		29,834,682	16,829,815

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Non-current liability			
Trade and other payables	22	750,380	564,980
Lease liabilities	23	1,604,692	1,984,528
Bank borrowings	24	557,990	1,001,229
Provisions	25	347,000	480,000
Deferred tax liabilities	26	369,500	426,500
		3,629,562	4,457,237
Total liabilities		11,135,319	12,743,548
Net assets		38,975,098	25,080,074
EQUITY			
Share capital	27	2,133,905	134,698
Reserves		36,841,193	24,945,376
Total equity attributable to owners of the Company		38,975,098	25,080,074

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital S\$	Share premium S\$	Other reserve (Note a) S\$	Retained earnings S\$	Total S\$
Balance at 1 January 2020 (Audited)	14	–	5,328,849	19,493,991	24,822,854
Profit for the period, representing total comprehensive income for the period	–	–	–	2,773,780	2,773,780
Dividends	–	–	–	(2,000,000)	(2,000,000)
Balance at 30 June 2020 (Unaudited)	14	–	5,328,849	20,267,771	25,596,634
Balance at 1 January 2021 (Audited)	134,698	–	5,194,165	19,751,211	25,080,074
Profit for the period, representing total comprehensive income for the period	–	–	–	1,145,761	1,145,761
Transactions with owners, recognised directly in equity					
Issue of shares pursuant to the Reorganisation (Note 27)	1,999,207	10,750,056	–	–	12,749,263
	1,999,207	10,750,056	–	1,145,761	13,895,024
Balance at 30 June 2021 (Unaudited)	2,133,905	10,750,056	5,194,165	20,896,972	38,975,098

Note:

a. Other reserve includes:

- i. The balance of S\$3,328,859 represents contribution from Mr. Ng Choon Eng ("Mr. Ng", the "Controlling Shareholder") resulting from acquisition of additional equity interest in Rejoice Container Services (Pte) Ltd ("Rejoice") and Radiant Overseas Pte Ltd ("Radiant") from then non-controlling interest in prior years without recharging back the purchase consideration to the Group.
- ii. The balance of S\$1,865,306 represents difference between the share capital of Rejoice, Radiant, Richwell Global Forwarding Pte. Ltd. ("Richwell"), Real Time Forwarding Pte. Ltd. ("Real Time") and Clear Bliss Holdings Limited ("Clear Bliss") at the date on which they were acquired by the Group and the share capital issued by the Company as consideration for the acquisition.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Operating activities		
Profit before tax	1,566,253	3,402,700
Adjustments for:		
Impairment gains and losses (including reversals of impairment losses) on financial assets	922	(173,496)
Depreciation and amortisation	1,911,579	1,425,120
Finance costs	122,007	113,159
Interest income	(3,419)	(1,768)
Gain on disposal of property and equipment	(30,669)	(960)
Rental waivers	–	(269,196)
Operating cash flows before movements in working capital	3,566,673	4,495,559
Decrease in trade receivables	354,184	17,877
Decrease in amount due from related parties	2,805	6,001
(Increase) decrease in other receivables, deposits and prepayments	(58,600)	545,159
Decrease in trade and other payables	(725,888)	(592,182)
(Decrease) increase in amount due to related parties	(16,779)	183
Cash generated from operations	3,122,395	4,472,597
Income taxes paid	(873,656)	(15,650)
Interest received	3,419	1,768
Interest paid	(122,007)	(113,928)
Net cash from operating activities	2,130,151	4,344,787

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 S\$ (Unaudited)	2020 S\$ (Unaudited)
Investing activities		
Proceeds from disposal of property and equipment	50,343	5,585
Purchase of property and equipment	(390,022)	(94,343)
Deposit refunded for terminating an acquisition of a property	–	–
Purchase on intangible assets	(5,991)	(6,195)
Placement of restricted bank deposit	–	–
Issue costs paid on behalf of a shareholder	(75,667)	(12,329)
Net cash used in investing activities	(421,337)	(107,282)
Financing activities		
Proceeds from share issues	12,749,263	–
Repayments of borrowings	(493,154)	(48,071)
Repayment of lease liabilities	(1,516,966)	(808,339)
Issue costs paid	(2,505,072)	(36,989)
Dividend paid	–	(2,000,000)
Net cash from (used in) financing activities	8,234,071	(2,893,399)
Net increase in cash and cash equivalents	9,942,885	1,344,106
Cash and cash equivalents at beginning of financial period	12,740,393	11,152,613
Cash and cash equivalents at end of financial period, represented by bank balances and cash	22,683,278	12,496,719

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1 GENERAL

Legion Consortium Limited (the "Company") was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 20 June 2018. The registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in Singapore 089053 is at 7 Keppel Road, #3-20/21/22/23/24, Tanjong Pagar Complex, Singapore 089053 and in Hong Kong is at Unit 912, 9/F, Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are primarily engaged in the provision of trucking services, freight forwarding services, and value added transport services ("VATS").

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 January 2021 (the "Listing Date").

Mirana Holdings Limited ("Mirana Holdings"), a company incorporated in the British Virgin Islands (the "BVI"), is the immediate holding company of the Company, and in the opinion of the directors of the Company (the "Director(s)"), which is also the ultimate holding company of the Company.

The Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Country of incorporation	Percentage of equity attributable to the Company		Principal activities
		Direct %	Indirect %	
Held by the Company				
Clear Bliss Holdings Limited	BVI	100	–	Investment holding
Held through a subsidiary				
Rejoice Container Services (Pte) Ltd	Singapore	–	100	Trucking and VATS
Radiant Overseas Pte Ltd	Singapore	–	100	Freight forwarding
Richwell Global Forwarding Pte. Ltd.	Singapore	–	100	Freight forwarding
Real Time Forwarding Pte. Ltd.	Singapore	–	100	Freight forwarding
Relief Logistics Pte. Ltd.	Singapore	–	100	Freight transport
Will Knight Limited	Hong Kong	–	100	Business development

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1 GENERAL *(continued)*

The historical financial information of the Company is expressed in Singapore dollars ("S\$"), which is also the functional currency of the Company. No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

2 GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

For the purpose of the listing of the shares of the Company on the Stock Exchange, the companies comprising the Group underwent a group reorganisation (the "Reorganisation") as set out in the section headed "History, Development and Reorganisation" in the prospectus of the Company dated 30 December 2020 (the "Prospectus").

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared to include the financial statements of the companies now comprising the Group.

3 ADOPTION OF NEW AND REVISED STANDARDS

New and amended IFRSs that are effective for the current period

For the six months ended 30 June 2021, the Group applied the amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements, except as discussed below:

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In 2020, the Group applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16: 46B, and has not restated prior period figures.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. ADOPTION OF NEW AND REVISED STANDARDS *(continued)*

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17	<i>Insurance Contracts</i> ¹
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i> ³
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ¹
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ²
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i> ²
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ²
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹

The Directors do not expect that the adoption of the new and amendments to IFRSs and IASs listed above will have a material impact on the consolidated financial statements of the Group in future periods.

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Date to be determined

4 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with IFRS issued by the IASB.

In addition, the consolidated financial statements of the Group for the six months ended 30 June 2021 include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the applicable disclosures required by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

6 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of trucking services, freight forwarding services and VATS by the Group to external customers, also represents the revenue from contracts with customers. This is consistent with the revenue information that is disclosed for each operating and reportable segment under IFRS 8. During the six months ended 30 June 2021 and 2020, there is no inter-segment sales.

Information is reported to Mr. Ng, which is also the Chief Operating Decision Maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews segment revenue and results attributable to each segment, which is measured by reference to respective segments' gross profit. The segment information is defined by nature of services provided:

- Trucking services
- Freight forwarding services
- VATS

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6 REVENUE AND SEGMENT INFORMATION *(continued)*

No further detailed analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review.

An analysis of the Group's revenue and segment result for the financial periods is as follows:

	30 June 2021 (Unaudited) S\$	30 June 2020 (Unaudited) S\$
Revenue from external customers		
– Trucking services	8,750,185	10,375,009
– Freight forwarding services	10,204,942	7,464,711
– VATS	2,470,416	1,816,448
	21,425,543	19,656,168
Segment result		
– Trucking services	2,881,494	3,761,714
– Freight forwarding services	2,642,577	2,289,419
– VATS	1,055,147	1,047,697
	6,579,218	7,098,830

The Group derives its revenue from provision of trucking services, freight forwarding services and VATS over time. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

During the six months ended 30 June 2021 and 2020, the contract prices for trucking services and freight forwarding services are agreed based on factors such as weight and distance etc. and for VATS are based on storage space occupied and storage duration.

The accounting policies for segment information are the same as the Group's accounting policies with segment results represent the profit earned by each segment without allocation of other income, other gains and losses, selling expenses, administrative expenses, impairment gains and losses (including reversals of impairment losses), finance costs and listing expenses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6 REVENUE AND SEGMENT INFORMATION *(continued)*

Geographical information

The Group principally operates in Singapore, which is also the place of domicile. The Group's all non-current assets other than financial assets are all located in Singapore.

Information about major customers

During the six months ended 30 June 2021 and 2020, no single customer contributed 10% or more of the total revenue of the Group.

7 OTHER INCOME

	30 June 2021 (Unaudited) S\$	30 June 2020 (Unaudited) S\$
Government grants (Note 1)	262,549	561,899
Interest income	3,419	1,768
Rental income	133,655	152,347
Yard utilities income	9,039	8,969
Others	19,659	9,635
	428,321	734,618

Note:

- (1) The government grants received mainly comprise Wage Credit Scheme ("WCS"), Productivity Innovation Credit ("PIC"), Temporary Employment Credit ("TEC"), Special Employment Credit ("SEC"), Jobs Support Scheme ("JSS") and Foreign Worker Levy Rebates ("FWL Rebates"), all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

8 OTHER GAINS AND LOSSES

	30 June 2021 (Unaudited) S\$	30 June 2020 (Unaudited) S\$
Net impairment (loss) gains	(922)	173,496
Gain on disposal of property and equipment, net	30,669	960
Net foreign exchange (losses) gains	143,387	54,950
	173,134	229,406

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

9 FINANCE COSTS

	30 June 2021 (Unaudited) S\$	30 June 2020 (Unaudited) S\$
Interest on:		
Bank borrowings	18,562	18,807
Lease liabilities	103,445	94,352
	122,007	113,159

10 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	30 June 2021 (Unaudited) S\$	30 June 2020 (Unaudited) S\$
Depreciation of property, plant and equipment		
– Recognised as cost of services	1,567,606	1,181,707
– Recognised as administrative expenses	229,530	123,828
	1,797,136	1,305,535
Depreciation of investment property	93,049	94,572
Amortisation of intangible assets	21,394	25,013
Listing expenses	815,030	610,322
Directors' remuneration	621,109	407,250
Other staff costs:		
– Salaries and other benefits	4,033,114	3,733,131
– Contributions to CPF	331,471	271,510
Total staff costs (including directors' remuneration) (Note i)	4,985,694	4,411,891
Gross rental income from investment property recognised as other income (Note 7)	133,655	152,347
Less: Direct operating expenses incurred for investment property that generated rental income	(120,155)	(115,527)
	13,500	36,820

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10 PROFIT FOR THE PERIOD *(continued)*

Notes:

- (i) The total staff costs of S\$1,497,163 (30 June 2020: S\$1,401,048) is included in cost of services and S\$3,488,531 (30 June 2020: S\$3,010,843) is included in administrative expenses respectively.

11 INCOME TAX EXPENSE

	30 June 2021 (Unaudited) S\$	30 June 2020 (Unaudited) S\$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax ("CIT")	477,492	628,920
Deferred tax expense (Note 26)	(57,000)	–
	420,492	628,920

Singapore CIT is calculated at 17% of the estimated assessable profit and the subsidiaries of the Company in Singapore can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$190,000 of chargeable income for both the years of assessment 2021 and 2022.

The income tax expense for the period can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	30 June 2021 (Unaudited) S\$	30 June 2020 (Unaudited) S\$
Profit before taxation	1,566,253	3,402,700
Tax at applicable tax rate of 17%	266,263	578,459
Tax effect of expenses not deductible for tax purpose	201,671	157,103
Tax effect of income not taxable for tax purpose	(16,344)	(70,516)
Effect of tax concessions and partial tax exemptions	(31,098)	(36,126)
Taxation for the period	420,492	628,920

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

Mr. Yeo Teck Chuan, Mr. Wong Kwun Ho and Mr. Ho Wing Sum were appointed as the independent non-executive Directors and are entitled to director's fee commencing from the Listing Date.

During the six months ended 30 June 2020 and 2021, the emoluments paid or payable to the Directors and chief-executive of the Company (including emoluments for services as employee/directors of the Group prior to becoming the directors of the Company) by entities comprising the Group as follows:

For the six months ended 30 June 2021 (Unaudited)

	Fees	Discretionary bonus (Note a)	Salaries and allowances	Contributions to retirement benefit scheme (Note b)	Total
	S\$	S\$	S\$	S\$	S\$
Directors					
Mr. Ng	24,000	88,000	290,400	8,580	410,980
Mr. Ng Kong Hock	12,000	30,000	99,000	11,220	152,220
Mr. Yeo Tech Chuan	19,305	—	—	—	19,305
Mr. Wong Kwun Ho	19,302	—	—	—	19,302
Mr. Ho Wing Sum	19,302	—	—	—	19,302
	93,909	118,000	389,400	19,800	621,109

For the six months ended 30 June 2020 (Unaudited)

	Fees	Discretionary bonus (Note a)	Salaries and allowances	Contributions to retirement benefit scheme (Note b)	Total
	S\$	S\$	S\$	S\$	S\$
Directors					
Mr. Ng	24,000	—	264,000	8,580	296,580
Mr. Ng Kong Hock	12,000	—	90,000	8,670	110,670
	36,000	—	354,000	17,250	407,250

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION *(continued)*

Directors' and chief executive's emoluments *(continued)*

Notes:

- (a) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.
- (b) No other retirement benefits were paid to the Directors in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

During the six months ended 30 June 2020 and 2021, no remuneration was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office and none of the directors waived any remuneration.

Employees' emoluments

During the six months ended 30 June 2020 and 2021, included in the five individuals with the highest emoluments in the Group, two were Directors (2020: two) whose emoluments are included in the disclosures above. The emoluments of the remaining three (2020: three) individuals were as follows:

	For the six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Salaries and allowances	231,993	254,881
Discretionary bonus	52,500	12,000
Contribution to retirement benefits scheme	21,080	16,560
	305,573	283,441

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION *(continued)*

Employees' emoluments *(continued)*

The emoluments of the five highest paid individuals (including directors) were within the following bands:

	Number of individuals	
	For the six months ended 30 June	
	2021	2020
Nil to HK\$1,000,000	4	4
HK\$1,000,001 to HK\$1,500,000	—	—
HK\$1,500,001 to HK\$2,000,000	—	1
HK\$2,000,001 to HK\$2,500,000	1	-

During the six months ended 30 June 2020 and 2021, no remuneration was paid by the Group to the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office and none of the employees waived any remuneration.

13 DIVIDENDS

No dividend has been declared by the Company or any Group entities for the six months ended 30 June 2021.

A dividend of S\$4 million was declared and paid out by the Group entities during the year ended 31 December 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14 EARNINGS PER SHARE

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Profit for the period attributable to the owners of the Company (S\$)	1,145,761	2,773,780
Weighted average number of ordinary shares in issue	1,250,000,000	1,015,625,000
Basic and diluted earnings per share (S\$ cents)	0.09	0.27

The calculation of basic earnings per share for the six months ended 30 June 2021 and 2020 is based on the profit for the period attributable to owners of the Company and the weighted average number of shares in issue.

The weighted number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2020 had been determined on the assumption that the Group Reorganisation to enable the Company to become the holding Company of the Group had been effective on 1 January 2020 and 1,015,625,000 shares in issue upon completion of the Group Reorganisation as detailed in Note 2.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the six months ended 30 June 2021 and 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15 PROPERTY, PLANT AND EQUIPMENT

	Machinery S\$	Computer and office equipment S\$	Motor vehicles S\$	Leasehold buildings S\$	Leasehold improvement S\$	Furniture and fittings S\$	Total S\$
Cost:							
At 1 January 2020	1,304,784	470,876	13,037,366	4,920,923	1,064,029	52,807	20,850,785
Additions	–	92,051	48,383	2,225,118	57,944	1,759	2,425,255
Disposals/Written off	–	(39,149)	–	(55,577)	–	–	(94,726)
At 31 December 2020	1,304,784	523,778	13,085,749	7,090,464	1,121,973	54,566	23,181,314
Additions	–	34,861	–	1,597,722	349,733	5,428	1,987,744
Disposals/Written off	–	–	(414,874)	–	–	–	(414,874)
At 30 June 2021	1,304,784	558,639	12,670,875	8,688,186	1,471,706	59,994	24,754,184
Accumulated depreciation:							
At 1 January 2019	1,115,857	345,032	9,004,513	779,400	1,025,518	46,975	12,317,295
Charge for the year	144,507	76,297	673,888	2,048,890	33,560	3,957	2,981,099
Disposals/Written off	–	(35,293)	–	(55,577)	–	–	(90,870)
At 31 December 2020	1,260,364	386,036	9,678,401	2,772,713	1,059,078	50,932	15,207,524
Charge for the period	12,773	34,732	338,144	1,365,086	44,576	1,825	1,797,136
Disposals/Written off	–	–	(395,200)	–	–	–	(395,200)
At 30 June 2021	1,273,137	420,768	9,621,345	4,137,799	1,103,654	52,757	16,609,460
Carrying amounts:							
At 31 December 2020	44,420	137,742	3,407,348	4,317,751	62,895	3,634	7,973,790
At 30 June 2021	31,647	137,871	3,049,530	4,550,387	368,052	7,237	8,144,724

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful life:

Machinery	5 years
Company and office equipment	3 – 5 years
Motor	10 years
Leasehold buildings	Lease terms of 2 – 3 years
Leasehold improvement	Shorter of 5 years and lease term
Furniture and fittings	3 – 5 years

The carrying value of rights-of-use assets and the depreciation by classes of rights-of-use assets are set out as below:

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
<i>Carrying values</i>		
Leasehold buildings	4,550,387	4,317,751
Computer and office equipment	40,146	49,916
Motor vehicles	–	1,217,417
	4,590,533	5,585,084

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

15 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	For the six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
<i>Depreciation recognised in profit and loss</i>		
Leasehold buildings	1,365,086	844,180
Computer and office equipment	9,774	8,540
Motor vehicles	–	46,646
	1,374,860	899,366
<i>Additions</i>		
Leasehold buildings	1,597,722	–
Computer and office equipment	–	22,180
Motor vehicles	–	–
	1,597,722	22,180

16 INVESTMENT PROPERTIES

	Investment properties S\$
Cost:	
At 1 January 2020, 31 December 2020 and 30 June 2021	5,528,341
Accumulated depreciation:	
At 1 January 2020	1,315,406
Charge for the year	189,140
At 31 December 2020	1,504,546
Charge for the period	93,049
At 30 June 2021	1,597,595
Carrying amount:	
At 31 December 2020	4,023,795
At 30 June 2021	3,930,746

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

16 INVESTMENT PROPERTIES *(continued)*

The investment properties comprise industrial properties that are leased to external customers. The leases contain initial non-cancellable period of between 1 to 4 years. Subsequent renewals are negotiated with the lessees. Investment properties with net carrying value amounting to S\$972,477 (31 December 2020: S\$1,780,090) are mortgaged to the bank to secure bank loans (Note 24).

The above items of investment properties are depreciated on a straight-line basis over 30 years after taking into account the residual values.

As at 30 June 2021, the fair values of the investment property amounted to S\$5,900,000. The fair value measurement of the Group's investment property as at 31 August 2020 was carried out by Ravia Global Appraisal Advisory Limited, an independent valuer not related to the Group, and who has the appropriate qualifications and relevant experience. Management has assessed that the key inputs and assumptions used by the valuer for valuation date 31 August 2020 remain applicable and reasonable as at 31 December 2020 and 30 June 2021. The fair values are based on comparable market transactions of similar properties in the neighbourhood that have been transferred in the open market.

The investment properties are categorised within level 3 of the fair value hierarchy.

In estimating the fair value of the property, the highest and best use of the property is its current use.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17 INTANGIBLE ASSETS

	Software S\$
Cost:	
At 1 January 2020	336,446
Charge for the year	6,195
	<hr/>
At 31 December 2020	342,641
Charge for the period	5,991
	<hr/>
At 30 June 2021	348,632
Accumulated amortisation:	
At 1 January 2020	161,262
Charge for the year	48,114
	<hr/>
At 31 December 2020	209,376
Charge for the period	21,394
	<hr/>
At 30 June 2021	230,770
Carrying values:	
At 31 December 2020	133,265
	<hr/>
At 30 June 2021	117,862
	<hr/>

The intangible assets included above consist of software with useful life of 3 to 5 years, over which the assets are amortised, after taking into account the residual values.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

18 TRADE RECEIVABLES

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Trade receivables	9,706,786	10,064,011
Allowance for doubtful receivable	(147,158)	(149,277)
	9,559,628	9,914,734

The Group provides trucking services to new customers at cash upon delivery and grants credit terms to other customers typically ranging from 30 to 90 days from the invoice date for trade receivables.

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date which approximated the revenue recognition date at the end of each financial period:

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Within 30 days	4,773,800	4,111,077
31 days to 60 days	1,515,588	3,037,013
61 days to 90 days	1,307,030	1,357,659
91 days to 180 days	1,064,339	738,419
181 days to 1 year	338,914	333,811
Over 1 year	559,957	336,755
	9,559,628	9,914,734

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

18 TRADE RECEIVABLES *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (credit-impaired) S\$
1-Jan-20	456,000
Credit impaired receivable (individually assessed)	161,908
Write-offs	(202,631)
Reversal of provision from prior year	(266,000)
31-Dec-20	149,277
Write-offs	(2,119)
30-Jun-21	147,158

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Rental and other deposits	4,431,798	794,348
Prepayments	172,308	179,156
Staff advances	50,750	49,200
Grant receivable (Note a)	–	101,017
Deferred issue costs	–	1,062,645
Issue costs reimbursable by a shareholder (Note b)	370,257	354,215
Others	195,724	40,917
	5,220,837	2,581,498
Analysed as:		
– Current	4,644,191	2,004,852
– Non-current	576,646	576,646
	5,220,837	2,581,498

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

Note:

- (a) As at 30 June 2021, the Group was not eligible for any further Jobs Support Scheme ("JSS"), a government grant announced to provide wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during the period of economic uncertainty caused by the COVID-19. Grant receivable and a deferred grant income (Note 22) are recognised when the Group has fulfilled the conditions to receive the grant.
- (b) As at 30 June 2021, there was refundable deposit of S\$3 million (31 December 2020: S\$Nil) for strategic acquisition included in the rental and other deposit.
- (c) The balance is interest free and will be repaid within 12 months from the date of this report.

20 AMOUNT DUE FROM (TO) RELATED PARTIES

The average credit period for services provision from/to the related parties is 30 days. The balances as at 30 June 2021 are aged within 30 days (31 December 2020: 30 days) presented based on the invoice date.

21 BANK BALANCES AND CASH

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Cash and bank balances	22,683,278	12,740,393
Pledged deposits	450,000	450,000
	23,133,278	13,190,393

As at 30 June 2021, bank balances of S\$22,683,278 (31 December 2020: S\$12,740,393) carried interest ranging from 0.01% to 0.05% (31 December 2020: 0.01% to 0.05%) per annum.

As at 30 June 2021, included in the pledged deposit of S\$450,000 (31 December 2020: S\$450,000) represents restricted bank deposit for issuance of letter of credits with original maturity of 6 months to 1 year and being renewed automatically by month.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

22 TRADE AND OTHER PAYABLES

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Trade payables	1,428,944	955,697
GST payables	175,208	191,718
Customer deposits	822,380	636,980
Accrued operating expenses	1,273,743	1,260,928
Accrued listing expenses	–	1,459,933
Deferred grant income	–	163,514
Others	254,651	12,044
	3,954,926	4,680,814
Analysed as:		
– Current	3,204,546	4,115,834
– Non-current (Note a)	750,380	564,980
	3,954,926	4,680,814

Note:

- (a) Non-current trade and other payables arise from customer deposit for yard rental. The lease term for these yard rental range from 1 to 3 years (31 December 2020: 1 to 3 years).

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Within 30 days	871,433	644,002
31 to 60 days	358,012	261,847
61 to 90 days	146,171	32,485
Over 90 days	53,328	17,363
	1,428,944	955,697

The credit period on purchases from suppliers is between 0 to 30 days or payable upon delivery.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

23 LEASE LIABILITIES

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Minimum lease payments due:		
- Within one year	3,045,845	2,585,253
- More than one year but not more than two years	1,584,390	1,638,998
- More than two years but not more than five years	20,302	345,530
	4,650,537	4,569,781
Less: Amount due for settlement within one year shown under current liabilities	(3,045,845)	(2,585,253)
Amount due for settlement after one year shown under non-current liabilities	1,604,692	1,984,528

The Group leases offices, staff dormitory and warehouses, computer and office equipment and motor vehicles for operation and these lease liabilities were measured at the present value of the lease payment that are not yet paid. All leases are entered at fixed prices.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Extension options are not involved in lease agreements entered by the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

24 BANK BORROWINGS

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Secured and guaranteed - at amortised cost:		
Bank loans	603,367	1,096,521
Analysed as:		
Carrying amount repayable:		
- Within one year	45,377	95,292
- More than one year, but not exceeding two years	46,210	100,277
- More than two years, but not exceeding five years	144,303	328,408
- More than five years	367,477	572,544
	603,367	1,096,521
Less: Amount due for settlement within 12 months (show under current liabilities)	(45,377)	(95,292)
Amount due for settlement after one year shown under non-current liabilities	557,990	1,001,229

The bank borrowings are secured by:

- (i) First legal mortgage over the Group's investment properties (Note 16); and
- (ii) Joint and several guarantees from the directors and shareholders of the Group in their personal capacities.

As at 30 June 2021, the weighted average effective interest rate of the loans is 6.25% (31 December 2020: ranged 2.48% to 4.18%). The amounts are repayable at the dates throughout to 2033.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

25 PROVISIONS

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
At beginning of the period	480,000	389,000
Additions	—	91,000
At end of the period	480,000	480,000
Analysed as:		
– Current	133,000	—
– Non-current	347,000	480,000
	480,000	480,000

Provisions for reinstatement cost were recognised for the expected costs associated with restoring the requirements of the lease contract, based on the estimated costs of dismantlement, removal and restoration to be incurred for yard spaces. The provisions are based on estimates made from historical data associated with reinstatement works incurred for similar properties, adjusted for the size of the properties.

26 DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and the movements thereon:

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
At beginning of the period	426,500	438,924
(Credit) Charged to profit or loss for the period (Note 11)	(57,000)	(12,424)
At end of the period	369,500	426,500

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax law in Singapore.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

27 SHARE CAPITAL

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 13 January 2021 by way of placement of 156,250,000 ordinary shares and public offer of 156,250,000 ordinary shares at the price of HK\$0.40 per share ("Share Offer").

	Number of ordinary shares	Par Value HK\$	Share capital HK\$
Authorised share capital of the Company:			
At 1 January 2019, 31 December 2019 and 1 January 2020	38,000,000	0.01	380,000
Increased on 18 December 2020 (Note a)	<u>1,962,000,000</u>	0.01	<u>19,620,000</u>
As at 31 December 2020 and 30 June 2021	<u>2,000,000,000</u>		<u>20,000,000</u>

	Number of ordinary shares	Share capital S\$
Issued and fully paid of the Company:		
1 January 2020	1	—*
Issue of shares pursuant to the Reorganisation (Note 2)	<u>78,124,999</u>	<u>134,698</u>
At 31 December 2020	78,125,000	134,698
Capitalisation issue (Note a)	<u>937,500,000</u>	<u>1,599,366</u>
Issue of shares under the initial public offering	<u>234,375,000</u>	<u>399,841</u>
At 30 June 2021	<u>1,250,000,000</u>	<u>2,133,905</u>

* The amount is less than S\$1.

Notes:

- (a) Pursuant to the written resolution on 18 December 2020, it was resolved that the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 to HK\$20,000,000 divided into 2,000,000,000 shares of par value of HK\$0.01 each by the creation of 1,962,000,000 shares of par value of HK\$0.01 each; and conditional on the share premium account of the Company being credited as a result of the Share Offer, an amount of HK\$9,375,000 which would then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 937,500,000 shares for allotment, each ranking pari passu in all respects with the shares then in issue.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

28 RESERVES

The amounts of the Group's reserves and the movements therein for the period ended 30 June 2021 and period ended 30 June 2020 are presented in the consolidated statements of changes in equity.

Share premium

Share premium represents the difference between the nominal value and the issuing value of the shares.

Other reserve

For the purposes of the preparation of the consolidated statements of financial position, the balance of other reserve at the financial period ended 30 June 2021 and period ended 30 June 2020 represents the aggregate of the paid up share capital of the subsidiaries now comprising the Group attributable to the Controlling Shareholders prior to the Reorganisation.

29 OPERATING LEASE ARRANGEMENTS

Lease commitments

The Group as lessor

The details of rental income earned on investment properties are disclosed in Note 10.

At the end of the respective reporting periods, the Group had contracted with tenants for the following future minimum lease receivables:

	As at 30 June 2021 (Unaudited) S\$	As at 31 December 2020 (Audited) S\$
Within one year	445,944	477,944
In the second to fifth year inclusive	216,634	417,744
	662,578	895,688

The leases have tenures ranging from one to four years. The lease receivables are fixed over the lease term and no contingent rent income is included in the contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

30 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. Related parties refer to entities in which directors of the Group has a beneficial interest in it.

Apart from disclosure elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties for the six months ended 30 June 2020 and 2021:

	For the six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
<u>Provision of services by the Group</u>		
<i>Provision of freight services</i>		
JH Tyres & Batteries Pte Ltd	3,908	3,644
<i>Provision of trucking services</i>		
Crystal Parts Pte Ltd	2,202	1,325
JH Tyres & Batteries Pte Ltd	7,291	5,513
R&S Engineering Works Pte Ltd	6,271	4,006
<u>Purchases of services by the Group</u>		
<i>Purchase of motor vehicle upkeep services</i>		
JH Tyres & Batteries Pte Ltd	(216,396)	(189,814)
R&S Engineering Works Pte Ltd	(279,166)	(293,728)

Compensation of directors and key management personnel

	For the six months ended 30 June	
	2021 (Unaudited) S\$	2020 (Unaudited) S\$
Short-term benefits	826,893	610,481
Post-retirement benefits	43,260	35,009
	870,153	645,490

A director of the Group and Controlling Shareholder has provided personal guarantees in relation to bank borrowings, of which S\$603,367 (2020: S\$1,514,578) remained outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is a well-established logistics service provider in Singapore offering trucking, freight forwarding and VATS to our customers.

The Group has developed a reputation as an integrated logistics solution provider equipped with a vehicle fleet, logistics yards, and experienced management team.

As at 30 June 2021, the Group had a vehicle fleet comprising 51 prime movers, 499 trailers and three flat vans, and machineries comprising two reach stackers and two forklifts. Furthermore, we are operating three logistics yards of approximately 38,240 square meter for the provision of our open-yard storage services as part of our VATS.

The Company was successfully listed on the Main Board of the Stock Exchange on 13 January 2021. It represents an important milestone to the Group and will greatly benefit the Group's further development in the future.

Prospects

Since the outbreak of the COVID-19, the Singapore government has taken emergency public health and safe distancing measures to reduce the risk of further local transmission of COVID-19. The measures include the closure of workplace premises and enhanced safe distancing measures. According to the Singapore Ministry of Trade and Industry (MTI), the Singapore economy grew by 14.7 per cent in the second quarter of 2021 as compared to the similar period in 2020, with the container throughput for first half of 2021 increasing 5.0 % as compared to the similar period in 2020.

The logistics sector remains a key cornerstone of Singapore's economy. Not only does it play a critical role in connecting various supply chains, it also supports the operational continuity of other industries. Recognised for its importance, it has been identified to be one of the recipients of pro-government policies by the Singapore government such as i) economic diversification; ii) Logistics Industry Transformation Map; and iii) Singapore's Mega Port development. Singapore has also pivot itself as the main Southeast Asian for major alliances boost logistics opportunities with various joint venture efforts making Singapore the primary port of call for its services and main hub for major shipping lines and alliances.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue increased by approximately 8.6% from approximately S\$19.7 million for the six months ended 30 June 2020 to approximately S\$21.4 million for the six months ended 30 June 2021. The increase was mainly attributable to the opening of global economy following better control of the COVID-19 situation by larger countries such as China, Europe and the United States of America following aggressive vaccination efforts.

Trucking services

Our Group's trucking services revenue was approximately S\$10.4 million and S\$8.7 million for the six months ended 30 June 2020 and 2021 respectively. Trucking revenue consists of revenue from transportation fees in relation to the transportation of cargo. The decrease of approximately S\$1.7 million or 16.3% was mainly due to border restrictions imposed by the Singapore government to control the COVID-19 situation which has greatly impact the driver's retention and recruitment efforts causing driver shortage, and the slowdown in customers importing COVID-19 essentials.

Freight forwarding services

Our Group's revenue from freight forwarding services was approximately S\$7.5 million and S\$10.2 million for the six months ended 30 June 2020 and 2021 respectively. Revenue from freight forwarding services consists of fees from import and export freight forwarding arrangement (by either air or sea), local trucking and haulage to and from airport/seaport and customers/warehouses, as well as other related services such as cargo permit declaration and crating. Such revenue is mainly driven by the volume of goods, type of services provided, type of cargoes, among other factors. The increase of approximately S\$2.7 million or 36.0% was due to the recovery of the global trade from COVID-19.

VATS

Our Group's revenue from VATS was approximately S\$1.8 million and S\$2.5 million for the six months ended 30 June 2020 and 2021 respectively. Revenue from VATS consists of open-yard storage fees, stuffing and unstuffing fees and transportation fees for the container haulage between our logistics yard and our customers' designated pick up and/or delivery points. Such revenue is primarily driven by land area that the containers are stored for. The increase of approximately S\$0.7 million or 38.9% was due to the revenue generated from the new logistics yard leased in June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2020 and 2021, we recorded a gross profit of approximately S\$7.1 million and S\$6.6 million respectively. The decrease of approximately S\$0.5 million or 7.0% was due to the more competitive landscape caused by COVID-19 on the local trucking industry. The trucking revenue decreased by approximately 16.3% while certain operational fixed costs remained constant, this impact was offset by the better performing freight forwarding and VATS segment with the new logistics yard leased in June 2020. Trucking services accounted for approximately 53.5% and 43.9% of our total gross profit for the six months ended 30 June 2020 and 2021 respectively. Freight forwarding services accounted for approximately 32.4% and 39.4% of our total gross profit for the six months ended 30 June 2020 and 2021 respectively. VATS accounted for approximately 14.1% and 16.7% of our total gross profit for the six months ended 30 June 2020 and 2021 respectively.

For the six months ended 30 June 2020 and 2021, we recorded a gross profit margin of approximately 36.0% and 30.8% respectively. Gross profit margin for trucking services was approximately 36.5% and 33.3% for the six months ended 30 June 2020 and 2021 respectively. The decrease in gross profit margin of trucking services was due to the decrease in trucking revenue by approximately 16.3%. The border restrictions imposed by the Singapore government to control the COVID-19 situation has greatly impact the driver's retention and recruitment efforts. Gross profit margin for freight forwarding services decreased from approximately 30.7% to approximately 25.5% for the six months ended 30 June 2020 and 2021 respectively due to the more competitive landscape caused by the decrease in global freight prices with freight forwarders having to mark down accordingly to remain competitive. Gross profit margin for VATS decreased from approximately 55.6% to approximately 44.0% for the six months ended 30 June 2020 and 2021 respectively. The decrease in gross profit margin of VATS was due to the increase in costs incurred in the new logistics yard leased in June 2020.

Other income

Our Group reported other income of approximately S\$0.7 million and S\$0.4 million for the six months ended 30 June 2020 and 2021 respectively. Other income mainly relates to government grants which mainly comprise of the Wage Credit Scheme, Productivity Innovation Credit, Temporary Employment Credit, Special Employment Credit, Jobs Support Scheme ("JSS") and Foreign Worker Levy Rebates, interest income and rental income from investment properties. The JSS was introduced by the Singapore government in February 2020 to help businesses retain their local employees during the period of uncertainty caused by the outbreak of COVID-19 and the Group received grants under this scheme of approximately S\$0.4 million and S\$0.3 million for the six months ended 30 June 2020 and 2021 respectively.

Other gains and losses

Our Group reported other gains of approximately S\$0.2 million for both the six months ended 30 June 2020 and 2021. Other gains and losses relate to gain on disposal of property and equipment, loss on disposal of intangible assets and net foreign exchange gains or losses.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

Our Group reported administrative expenses of approximately S\$3.9 million and S\$4.6 million for the six months ended 30 June 2020 and 2021 respectively. Administrative expenses for our Group primarily consist of directors' remuneration cost, staff cost, depreciation and amortisation expenses and other miscellaneous expenses. Directors' remuneration cost includes Directors' remuneration. Staff cost includes office staff salary, CPF contribution and bonuses. Depreciation and amortisation expenses include property depreciation, office equipment depreciation and software amortisation. Miscellaneous expenses include office expenses such as utility expenses, insurance expenses and office rental expenses as well as professional expenses such as audit and secretarial fees and other expenses. The increase in the administrative expenses of approximately S\$0.7 million was mainly due to the increase in staff cost from a discretionary bonus provided to staff in recognition of their contribution to the successful listing of the Company on the Stock Exchange.

Income tax expense

As our operations are based in Singapore, the Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore. Income tax expense of the Group amounted to approximately S\$0.6 million and S\$0.4 million for the six months ended 30 June 2020 and 2021 respectively. The decrease of approximately S\$0.2 million or 33.3% was due to the decrease in profit before tax.

The statutory corporate tax rate in Singapore was 17% for the six months ended 30 June 2020 and 2021, while our corresponding effective tax rates were approximately 17.6% and 25.0% respectively. The higher effective tax rate for the six months ended 30 June 2020 and 2021 as compared to the statutory corporate tax rate in Singapore were mainly due to the IPO expenses incurred in both periods which are non-deductible expenses for tax purpose.

Profit for the period

As a result of the foregoing, profit decreased by approximately S\$1.7 million from approximately S\$2.8 million for the six months ended 30 June 2020 to approximately S\$1.1 million for the six months ended 30 June 2021. Net profit margin decreased from approximately 14.2% for the six months ended 30 June 2020 to approximately 5.1% for the six months ended 30 June 2021.

Interim dividend

The board of Directors (the "Board") did not recommend a payment of an interim dividend for the six months ended 30 June 2021 (30 June 2020: S\$2.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and capital assets

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 13 January 2021 and there has been no change in capital structure of the Group since then. The capital structure of the Group consists of debt, which includes amount due to related parties, trade and other payables, lease liabilities and bank borrowings as disclosed in Notes 20, 22, 23 and 24, to the consolidated financial statements of the Group for the six months ended 30 June 2021, respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.

Our primary uses of cash are to satisfy our working capital needs. Our working capital needs have been financed through a combination of funds generated from operations and bank borrowings. As at 31 December 2020 and 30 June 2021, we had bank balances and cash of approximately S\$12.7 million and S\$22.7 million respectively. Going forward, we expect to fund our working capital and other capital requirements with a combination of various sources, including but not limited to cash generated from our operations and short-term or long-term indebtedness.

The bank balances and cash of the Group, mainly denominated in S\$, HK\$ and US\$, are generally deposited with authorised financial institutions. As at 30 June 2021, 41.5% (31 December 2020: 87.5%), 50.0% (31 December 2020: 0.1%) and 8.5% (31 December 2020: 12.4%) of the Group's bank balances and cash was denominated in S\$, HK\$, and US\$ respectively.

As at 30 June 2021, the Group had banking facilities with credit limit amounting to approximately S\$1.1 million (31 December 2020: S\$1.1 million). There was no unutilised credit facilities at the end of the period.

As at 30 June 2021, the gearing ratio of the Group, based on total interest-bearing liabilities (including bank borrowings and lease liabilities) to total equity (including all capital and reserves) of the Company was approximately 13.6% (31 December 2020: 22.7%). The decrease in gearing ratio was mainly attributable to the increase in equity from the listing offer.

Foreign currency exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. The Group retains a large part of its proceeds from the Share Offer in HK\$. The Group currently does not have a foreign currency hedging policy but maintains a conservative approach to foreign currency management to ensure its exposure to fluctuations in foreign exchange rates is minimised.

Pledge of assets

The deposit of S\$0.5 million (31 December 2021: S\$0.5 million) is pledged as security with a financial institution to obtain letter of credit facilities with original maturity of 6 months to 1 year and being renewed automatically by month.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant investment held, material acquisitions and disposal of subsidiaries, associated companies or joint ventures

Apart from the Reorganisation in relation to the Listing (as set out under the section headed "History, Development and Reorganisation" in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries, associated companies or joint ventures by the Group during the six months ended 30 June 2021.

Save for the business plan as disclosed in the Prospectus, there was no other plan for material investments or capital assets as at 30 June 2021.

Future plans for material investments or capital assets

Save as disclosed in the Prospectus, the Group did not have other future plans for material investments or capital assets as at 30 June 2021.

Employees and remuneration policy

As at 30 June 2021, the Group had a total of 151 employees (31 December 2020: 141 employees), including the executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes in the six months ended 30 June 2021 amounted to approximately S\$5.0 million (30 June 2020: approximately S\$4.4 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Capital commitments and contingent liabilities

As at 30 June 2021, the Group had no capital commitment and contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of proceeds

On the Listing Date, the shares of the Company (the "Shares") were listed on the Main Board of the Stock Exchange. The Group intends to apply the net proceeds from the issuance of 312,500,000 Shares at the offer price of HK\$0.40 per Share in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. After deducting share issuance expense and professional fee relating to the Share Offer, the net proceeds amounted to approximately HK\$41.5 million (equivalent to approximately S\$7.2 million).

The below table sets out the proposed applications of the net proceeds:

	Percentage of net proceeds %	Planned usage of net proceeds HK\$ million (approximately)	Utilised net proceeds up to the date of this announcement HK\$ million (approximately)	Unutilised net proceeds up to the date of this announcement HK\$ million (approximately)	Expected timeline for utilising the remaining proceeds
Strategic Acquisition	42.6%	17.7	–	17.7	Before 31 December 2021
Expansion of our fleet in relation to our trucking services segment	39.7%	16.5	–	16.5	Before 31 December 2023
Increase and strengthen our freight forwarding services segment	6.1%	2.5	0.7	1.8	Before 31 December 2023
Purchase of an accounting and operations system	11.1%	4.6	–	4.6	Before 30 June 2022
Working capital and other general corporate purposes	0.5%	0.2	0.1	0.1	Before 30 June 2022
	100%	41.5	0.8	40.7	

The Company is presently looking at perspective targets. Bearing unforeseen circumstances and adaptability of business to COVID-19, we expect more time to establish collaboration, plan for due diligence on acquisition targets and spend on the negotiation. Moreover, there were labour shortages in Singapore due to COVID-19 related border restrictions, the Company expects more time to recruit drivers, perform trucking fleet expansion and undergo expansion on freight forwarding services segment.

Events after the reporting period

Save as disclosed in this report, there were no significant events affecting the Group which have occurred after the six months ended 30 June 2021 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Compliance with the model code for securities transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as rules governing dealings by the Directors in the listed securities of the Company on 13 January 2021. Based on specific enquiry with the Directors, all the Directors had complied with the required standards as set out in the code conduct and the Model Code during the period from the Listing Date up to 30 June 2021.

Corporate governance

During the six months ended 30 June 2021, the Company complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) except for the following deviation:

CG Code A.2.1

The Company is aware of the requirement under paragraph A.2.1 of the CG Code that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not separately have any officer with the title of “chief executive”. Mr. Ng Choon Eng, the chairman of the Board, executive Director and chief executive officer of the Company, is also responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the role of the chairman and chief executive. The Board is of the view that this structure provides the Group with strong and consistent leadership, facilitates effective and efficient planning and implementation of business decisions and strategies, and ensures the generation of shareholders’ benefits.

The Board shall nevertheless review the structure from time to time to ensure appropriate measures would be taken should suitable circumstance arise.

Purchase, sale or redemption of the company’s listed securities

During the period from the Listing Date up to 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Audit committee

The audit committee of the Company has reviewed the Group’s unaudited consolidated financial statements for the six months ended 30 June 2021 and discussed with the management of the Company on the accounting principles and practices adopted by the Group.

The Group’s consolidated financial statements for the six months ended 30 June 2021 have not been audited and reviewed by the auditors of the Company.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code to the Listing Rules were as follows:

(a) Long positions in the ordinary shares of HK\$0.01 each of the Company ("Shares")

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital
Mr. Ng (<i>Note</i>)	Interest in controlled corporation	937,500,000	75%

Note: Mirana Holdings is legally and beneficially owned as to 100 % by Mr. Ng. Mr. Ng is deemed to be interested in the 937,500,000 Shares held by Mirana Holdings pursuant to the SFO.

(b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of Shares held	Percentage of interest in associated corporation
Mr. Ng (<i>Note</i>)	Interest in controlled corporation	Beneficial owner	1	100%

Note: Mirana Holdings is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the following persons (not being the Director or chief executive) had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital
Mirana Holdings (<i>Note 1</i>)	Beneficial owner	937,500,000	75%
Ms. Liyani (<i>Note 2</i>)	Interest of spouse	937,500,000	75%

Notes:

1. Mirana Holdings is the direct shareholder of the Company and is legally and beneficially owned as to 100% by Mr. Ng.
2. Ms. Liyani is the spouse of Mr. Ng. Accordingly, Ms. Liyani is deemed to be interested in the Shares in which Mr. Ng is interested in under the SFO.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

By Order of the Board

Legion Consortium Limited

Ng Choon Eng

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 August 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Choon Eng and Mr. Ng Kong Hock; and three independent non-executive Directors, namely Mr. Wong Kwun Ho, Mr. Ho Wing Sum, and Mr. Yeo Teck Chuan.