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Legion Consortium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2129)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Legion Consortium Limited (the “**Company**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2020 together with comparative figures for the corresponding period for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 S\$	2019 S\$
Revenue	6	40,294,655	43,676,296
Cost of services		(26,409,962)	(26,633,370)
Gross profit		13,884,693	17,042,926
Other income	7	1,301,730	425,529
Other (losses) and gains	8	(5,061)	34,511
Selling expense		(50,346)	(64,749)
Administrative expenses		(8,283,029)	(8,226,288)
Impairment gains and losses (including reversals of impairment losses) on financial assets		104,092	(478,213)
Finance costs	9	(243,904)	(140,436)
Listing expenses	10	(1,477,675)	(1,032,245)
Profit before tax		5,230,500	7,561,035
Income tax expense	11	(973,280)	(1,494,902)
Profit and other comprehensive income for the year	10	4,257,220	6,066,133
Basic and diluted earnings per share (Singapore cents)	14	0.42	0.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 S\$	2019 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	7,973,790	8,533,490
Investment properties	16	4,023,795	4,212,935
Intangible assets	17	133,265	175,184
Deposits	19	576,646	436,414
		<u>12,707,496</u>	<u>13,358,023</u>
Current assets			
Trade receivables	18	9,914,734	10,289,473
Other receivables, deposits and prepayments	19	2,004,852	1,336,868
Amount due from related parties	20	6,147	7,751
Restricted bank deposit	21	450,000	350,000
Bank balances and cash	21	12,740,393	11,152,613
		<u>25,116,126</u>	<u>23,136,705</u>
Current liabilities			
Trade and other payables	22	4,115,834	3,012,689
Amount due to related parties	20	99,711	97,440
Bank borrowings	24	95,292	94,082
Lease liabilities	23	2,585,253	2,103,301
Income tax payable		1,390,221	1,434,598
		<u>8,286,311</u>	<u>6,742,110</u>
Net current assets		<u>16,829,815</u>	<u>16,394,595</u>
Non-current liability			
Trade and other payables	22	564,980	272,318
Bank borrowings	24	1,001,229	1,099,734
Lease liabilities	23	1,984,528	2,729,788
Provisions	25	480,000	389,000
Deferred tax liabilities	26	426,500	438,924
		<u>4,457,237</u>	<u>4,929,764</u>
Total liabilities		<u>12,743,548</u>	<u>11,671,874</u>
Net assets		<u>25,080,074</u>	<u>24,822,854</u>
EQUITY			
Share capital	27	134,698	14
Reserves		24,945,376	24,822,840
Total equity attributable to owners of the Company		<u>25,080,074</u>	<u>24,822,854</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

1 GENERAL

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 is at 7 Keppel Road, #03-22, Tanjong Pagar Complex, Singapore and in Hong Kong is at Unit 912, 9/F., Two Harbourbourt, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries were engaged in the provision of trucking services, freight forwarding services and value added transportation 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.

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, 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 (“Clear Bliss”)	BVI	100	—	Investment holding
Held through a subsidiary				
Rejoice Container Services (Pte) Ltd (“Rejoice”)	Singapore	—	100	Trucking and VATS
Radiant Overseas Pte Ltd (“Radiant”)	Singapore	—	100	Freight forwarding
Richwell Global Forwarding Pte. Ltd. (“Richwell”)	Singapore	—	100	Freight forwarding
Real Time Forwarding Pte. Ltd. (“Real Time Forwarding”)	Singapore	—	100	Freight forwarding

The historical financial information are 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

The historical financial information has been prepared based on the accounting policies which conform with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standard Board (“IASB”), and the principles of common control combination has been applied for the preparation of the historical financial information.

In preparing for the initial listing of the shares of the Company on the Stock Exchange, the companies comprising the Group underwent a group reorganisation (the “Reorganisation”) as described below. Prior to the Reorganisation and throughout the years ended 31 December 2017, 2018 and 2019 (the “Track Record Period”), Mr. Ng Choon Eng (“Mr. Ng”), an executive Director, controlled Rejoice, Radiant, Richwell and Real Time Forwarding, the major operating subsidiaries of the Group.

The Reorganisation comprised of the following steps:

On 1 November 2017, Clear Bliss was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class with a par value of United States dollars (“US\$”) 1.00 each. On 16 March 2018, 2 ordinary shares of par value of US\$1.00 were allotted and issued to Mr. Ng, representing 100% of the then total issued share capital of Clear Bliss, for cash at par.

On 2 April 2018, pursuant to an agreement, (i) under the instructions of Mr. Ng, Mr. Ng Kong Hock (the son of Mr. Ng, as trustee for Mr. Ng) transferred 250,000 ordinary shares in Rejoice, representing 25% of the issued share capital of Rejoice to Clear Bliss at a consideration of S\$3,231,910; and (ii) Mr. Ng transferred 750,000 ordinary shares in Rejoice, representing 75% of the issued share capital of Rejoice to Clear Bliss at a consideration of S\$9,695,730. In consideration of the transfers, Clear Bliss issued and allotted a total of 2 ordinary shares in Clear Bliss, credited as fully paid-up to Mr. Ng.

On 2 April 2018, pursuant to an agreement, (i) under the instructions of Mr. Ng, Mr. Gilbert Ho Chee Wee, (as trustee for Mr. Ng) transferred 60,000 ordinary shares in Radiant, representing 30% of the issued share capital of Radiant, to Clear Bliss at a consideration of S\$825,720; and (ii) Mr. Ng transferred 140,000 ordinary shares in Radiant, representing 70% of the issued share capital of Radiant, to Clear Bliss at a consideration of S\$1,926,680. In consideration of the transfer, Clear Bliss issued and allotted a total of 2 ordinary shares in Clear Bliss, credited as fully paid-up to Mr. Ng.

On 2 April 2018, pursuant to an agreement, (i) under the instructions of Mr. Ng, Mr. Stephen Yeo Teck Nan (as trustee for Mr. Ng) transferred 150,000 ordinary shares in Richwell, representing 30% of the issued share capital of Richwell, to Clear Bliss at a consideration of S\$918,850; (ii) under the instructions of Mr. Ng, Ms. Khoo Zi Qi, Evelyn (as trustee for Mr. Ng) transferred 50,000 ordinary shares in Richwell, representing 10% of the issued share capital of Richwell, to Clear Bliss at a consideration of S\$306,283; and (iii) Mr. Ng transferred 300,000 ordinary shares in Richwell, representing 60% of the issued share capital of Richwell, to Clear Bliss at a consideration of S\$1,837,700. In consideration of the transfers, Clear Bliss issued and allotted a total of 2 ordinary shares in Clear Bliss, credited as fully paid-up to Mr. Ng.

On 2 April 2018, pursuant to the agreement, Mr. Ng transferred 300,000 ordinary shares in Real Time Forwarding, representing the entire issued share capital of Real Time Forwarding to Clear Bliss at a consideration of S\$572,958. In consideration of the aforesaid transfer, Clear Bliss issued and allotted a total of 2 ordinary shares in Clear Bliss, credited as fully paid-up to Mr. Ng.

Upon completion of the above shares swap, Clear Bliss became the immediate holding company of Rejoice, Radiant, Richwell and Real Time Forwarding.

On 19 June 2018, Mirana Holdings (a company not forming part of the Group) was incorporated in the BVI with limited liability to act as Mr. Ng's holding company to hold his interests in the Company. It is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each. On 19 June 2018, one ordinary share of par value of US\$1.00 was allotted and issued to Mr. Ng, representing 100% of the total issued share capital of Mirana Holdings, for cash at par.

On 20 June 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. Its initial authorised share capital is Hong Kong dollars ("HK\$") 380,000 divided into 38,000,000 shares of par value of HK\$0.01 each. On 20 June 2018, one fully paid share was issued to the initial subscriber which was transferred to Mirana Holdings on the same day.

On 18 December 2020, pursuant to a sale and purchase agreement entered into between the Company and Mr. Ng, the Company agreed to acquire the entire issued share capital in Clear Bliss. In consideration of such acquisition, the Company allotted and issued 78,124,999 new shares to Mirana Holdings, all credited as fully paid.

The Group resulting from the Reorganisation, including the Company and its subsidiaries, have always been under the common control of the Controlling Shareholder throughout the Track Record Period or since their respective dates of incorporation where there is a shorter period, and before and after the Group Reorganisation.

As a result, the historical financial information has been prepared under the principles of common control combination as if the Company had been the holding company of Clear Bliss, Rejoice, Radiant, Richwell and Real Time Forwarding throughout the Track Record Period and as at each reporting date taking into account the respective date of incorporation of the group entities. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective date of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2019 and 31 December 2020 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. ADOPTION OF NEW AND REVEISED STANDARDS

New and amended IFRSs that are effective for the current year

In the current year, the Group has applied the amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. 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 the current financial year, the Group has 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.

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> ⁴
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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> ³
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 *Effective for annual periods beginning on or after 1 January 2021*

⁴ *Date to be determined*

4 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Group have been prepared in accordance with IFRS issued by the IASB.

In addition, the consolidated financial statements 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.

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 years ended 31 December 2020 and 2019, there is no inter-segment sales.

Information is reported to the 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

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 years are as follows:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Revenue from external customers		
– Trucking services	20,704,846	21,845,794
– Freight forwarding services	15,440,733	17,399,097
– VATS	4,149,076	4,431,405
	<u>40,294,655</u>	<u>43,676,296</u>
Segment result		
– Trucking services	7,253,937	9,117,494
– Freight forwarding services	4,627,480	5,313,438
– VATS	2,003,276	2,611,994
	<u>13,884,693</u>	<u>17,042,926</u>

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 years ended 31 December 2020 and 2019, the contract prices for trucking services and freight forward 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 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.

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

As at 31 December 2020 and 2019, no single customer contributes 10% or more of total revenue of the Group.

7 OTHER INCOME

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Government grants (Note 1)	988,888	22,621
Interest income	3,695	3,092
Rental income	224,377	337,748
Yard utilities income	41,323	34,171
Others	43,447	27,897
	<u>1,301,730</u>	<u>425,529</u>

Note 1: The government grants received mainly comprise Wage Credit Scheme (“WCS”), Productivity Innovation Credit (“PIC”), Temporary Employment Credit (“TEC”), Special Employment Credit (“SEC”), Job 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.

During the year ended 31 December 2020, the Group recognised grants of S\$809,962, under JSS. Under this scheme, the government provides wage support to employers, helping businesses retain their local employees (including Singapore citizens and permanent residents) during the economic uncertainty caused by the Corona Virus Disease 2019 (“COVID-19”).

During the year ended 31 December 2020, the Group received rebates of S\$105,000, under FWL. Under this scheme, the government provides support to firms with workers who are unable to work during the economic uncertainty caused by the COVID-19.

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

8 OTHER (LOSSES) AND GAINS

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Gain on disposal of property and equipment, net	960	7,373
Net foreign exchange (losses) gains	(11,413)	27,138
Others	5,392	—
	<u>(5,061)</u>	<u>34,511</u>

9 FINANCE COSTS

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Interest on:		
Bank borrowings	32,661	30,254
Lease liabilities	211,243	110,182
	<u>243,904</u>	<u>140,436</u>

10 PROFIT FOR THE YEAR

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Depreciation of property, plant and equipment		
– Recognised as cost of services	2,670,780	1,461,770
– Recognised as administrative expenses	310,319	198,626
	<u>2,981,099</u>	<u>1,660,396</u>
Depreciation of investment property	189,140	189,140
Amortisation of intangible assets	48,114	37,570
Audit fee paid or payable to auditors of the Company	180,000	55,000
Non-audit fee paid or payable to auditors of the Company	16,000	16,000
Audit fees in connection with the listing of the Company (Note i)	322,688	197,250
Listing expenses (Note i)	1,477,675	1,032,245
Directors' remuneration (Note 12)	1,046,600	916,600
Other staff costs:		
– Salaries and other benefits	7,448,049	7,716,262
– Contributions to CPF	580,495	582,043
Total staff costs (including directors' remuneration) (Note ii)	<u>9,075,144</u>	<u>9,214,905</u>
Gross rental income from investment property recognised as other income (Note 7)	(224,377)	(337,748)
Less: Direct operating expenses incurred for investment property that generated rental income	<u>234,631</u>	<u>267,494</u>
	<u>10,254</u>	<u>(70,254)</u>
Rent waivers (Note iii)	<u>269,196</u>	<u>—</u>

Notes:

- (i) Included in listing expenses are audit fees of S\$322,688 (2019: S\$197,250) paid or payable to auditors of the Company and other assurance fees of S\$186,836 (2019: S\$182,798) paid or payable to other auditors of the Group in connection with the listing of the Company.
- (ii) The total staff costs of S\$2,875,343 (2019: S\$2,998,051) is included in cost of services and S\$6,199,801 (2019: S\$6,216,854) is included in administrative expenses respectively.
- (iii) These are rent relief received from the lessors which are direct consequences of COVID-19 pandemic. All the eligible rent concessions have been recognised as a reduction against rental in cost of sales as at 31 December 2020.

11 INCOME TAX EXPENSE

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax (“CIT”)	1,028,171	1,416,479
– (Over) Under provision in prior years	(42,467)	43,423
Deferred tax expense (Note 26)	<u>(12,424)</u>	<u>35,000</u>
	<u>973,280</u>	<u>1,494,902</u>

Singapore CIT is calculated at 17% of the estimated assessable profit and the subsidiaries in Singapore further eligible for CIT rebate of 25% capped at S\$15,000 for the Year of Assessment 2020 and nil for Year of Assessment 2021, determined based on financial year end date of the group companies.

In Year of Assessment 2020 and 2021, Rejoice, Richwell, Radiant and Real Time can 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.

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

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Profit before taxation	<u>5,230,500</u>	<u>7,561,035</u>
Tax at applicable tax rate of 17%	889,185	1,285,376
Tax effect of expenses not deductible for tax purpose	340,494	255,134
Tax effect of income not taxable for tax purpose	(141,031)	—
Effect of tax concessions and partial tax exemptions	(72,251)	(89,031)
(Over) Under provision of current tax in prior years	(42,467)	43,423
Others	<u>(650)</u>	<u>—</u>
Taxation for the year	<u>973,280</u>	<u>1,494,902</u>

12 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 on 18 December 2020 and are entitled a director's fee commencing from the Listing Date.

During the years ended 31 December 2020 and 2019, 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:

Year ended 31 December 2020

		Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	Fees	(Note a)		(Note b)	
	S\$	S\$	S\$	S\$	S\$
Executive Directors					
Mr. Ng	48,000	176,000	528,000	13,260	765,260
Mr. Ng Kong Hock	24,000	60,000	180,000	17,340	281,340
	72,000	236,000	708,000	30,600	1,046,600

Year ended 31 December 2019

		Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	Fees	(Note a)		(Note b)	
	S\$	S\$	S\$	S\$	S\$
Executive Directors					
Mr. Ng	48,000	88,000	528,000	13,260	677,260
Mr. Ng Kong Hock	12,000	30,000	180,000	17,340	239,340
	60,000	118,000	708,000	30,600	916,600

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 directors in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

During the years ended 31 December 2020 and 2019, no remuneration was paid by the Group to the director of the Company 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.

13 DIVIDENDS

During the year ended 31 December 2019

No dividend declared or paid during the year ended 31 December 2019.

During the year ended 31 December 2020

Clear Bliss declared a dividend of S\$4,000,000 in respect of the financial year ended 31 December 2019. The dividend was paid out during the year ended 31 December 2020.

No dividend was paid or declared by the Company since its incorporation or subsequent to the year end.

14 EARNINGS PER SHARE

	<u>2020</u>	<u>2019</u>
Profit for the year attributable to the owners of the Company (S\$)	4,257,220	6,066,133
Weighted average number of ordinary shares in issue	1,015,625,000	1,015,625,000
Basic and diluted earnings per share (S\$ cents)	<u>0.42</u>	<u>0.60</u>

The calculation of basic earnings per share for the years ended 31 December 2020 and 2019 is based on the profit for the year 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 year ended 31 December 2019 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 2019 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 years ended 31 December 2020 and 2019.

15 PROPERTY, PLANT AND EQUIPMENT

	<u>Machinery</u>	<u>Computer and office equipment</u>	<u>Motor vehicles</u>	<u>Leasehold buildings</u>	<u>Leasehold improvement</u>	<u>Furniture and fittings</u>	<u>Total</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Cost:							
At 1 January 2019	1,304,784	449,038	12,488,720	55,577	1,064,029	52,097	15,414,245
Additions	—	21,838	1,034,520	4,865,346	—	710	5,922,414
Disposals/Written off	—	—	(485,874)	—	—	—	(485,874)
At 31 December 2019	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
Accumulated depreciation:							
At 1 January 2019	971,350	263,914	8,839,733	5,271	993,392	42,788	11,116,448
Charge for the year	144,507	81,118	624,329	774,129	32,126	4,187	1,660,396
Disposals/Written off	—	—	(459,549)	—	—	—	(459,549)
At 31 December 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
Carrying amounts:							
At 31 December 2019	<u>188,927</u>	<u>125,844</u>	<u>4,032,853</u>	<u>4,141,523</u>	<u>38,511</u>	<u>5,832</u>	<u>8,533,490</u>
At 31 December 2020	<u>44,420</u>	<u>137,742</u>	<u>3,407,348</u>	<u>4,317,751</u>	<u>62,895</u>	<u>3,634</u>	<u>7,973,790</u>

For the year ended 31 December 2020, there were additions of S\$2,425,255 (2019: S\$5,922,414) including non-cash additions of right-of-use assets of S\$2,274,688 (2019: S\$5,642,434).

For year ended 31 December 2020, the disposals refers to early termination of a lease under IFRS 16 with carrying values of a right-of-use assets and corresponding lease liability of S\$3,856 and S\$4,816 measured at the date of derecognition, respectively, the gain amounted to S\$960 has been recognised in other gains and losses (Note 8).

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

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:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
<i>Carrying values</i>		
Leasehold buildings	4,317,751	4,141,523
Computer and office equipment	49,916	24,660
Motor vehicles	1,217,417	1,370,058
	<u>5,585,084</u>	<u>5,536,241</u>
<i>Depreciation recognised in profit and loss</i>		
Leasehold buildings	2,048,890	774,129
Computer and office equipment	18,654	22,004
Motor vehicles	152,641	135,134
	<u>2,220,185</u>	<u>931,267</u>
<i>Additions</i>		
Leasehold buildings (Note A)	2,225,118	4,865,346
Computer and office equipment	49,570	—
Motor vehicles	—	777,088
	<u>2,274,688</u>	<u>5,642,434</u>

Note:

(A) For the year ended 31 December 2020, the additions of leasehold buildings include S\$91,000 (2019: Nil) of reinstatement costs.

16 INVESTMENT PROPERTIES

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Cost:		
At beginning and end of the year	<u>5,528,341</u>	<u>5,528,341</u>
Accumulated depreciation:		
At beginning of the year	1,315,406	1,126,266
Charge for the year	<u>189,140</u>	<u>189,140</u>
At end of the year	<u>1,504,546</u>	<u>1,315,406</u>
Carrying amount:		
At end of the year	<u>4,023,795</u>	<u>4,212,935</u>

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 renewal are negotiated with the lessees. Investment properties with net carrying value amounting to S\$1,780,090 (2019: S\$1,856,449) 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 31 December 2020, the fair values of the investment property amounted to S\$5,900,000 (2019: S\$5,900,000). The fair value as at 31 December 2019 have been arrived at by management and are based on valuations carried out by Ravia Global Appraisal Advisory Limited. 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.

17 INTANGIBLE ASSETS

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Cost:		
At beginning of year	336,446	243,541
Additions	<u>6,195</u>	<u>92,905</u>
At end of year	<u>342,641</u>	<u>336,446</u>
Accumulated amortisation:		
At beginning of year	161,262	123,692
Charge for the year	<u>48,114</u>	<u>37,570</u>
At end of year	<u>209,376</u>	<u>161,262</u>
Carrying values		
At end of year	<u>133,265</u>	<u>175,184</u>

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

18 TRADE RECEIVABLES

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Trade receivables	10,064,011	10,745,473
Allowance for doubtful receivable	<u>(149,277)</u>	<u>(456,000)</u>
	<u>9,914,734</u>	<u>10,289,473</u>

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 year:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Within 30 days	4,111,077	4,317,667
31 days to 60 days	3,037,013	3,252,340
61 days to 90 days	1,357,659	1,578,989
91 days to 180 days	738,419	973,120
181 days to 1 year	333,811	115,965
Over 1 year	336,755	51,392
	<u>9,914,734</u>	<u>10,289,473</u>

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

	<u>Lifetime ECL</u> <u>(credit-impaired)</u>
	S\$
1 January 2019	466,986
Credit impaired receivable (individually assessed)	478,213
Write-offs	(489,199)
	<u>456,000</u>
31 December 2019	456,000
Credit impaired receivable (individually assessed)	161,908
Write-offs	(202,631)
Reversal of provision from prior year	(266,000)
	<u>149,277</u>
31 December 2020	<u>149,277</u>

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Rental and other deposits (Note a)	794,348	664,938
Prepayments	179,156	19,770
Staff advances	49,200	56,050
Grant receivable (Note b)	101,017	—
Deferred issue costs (Note 10)	1,062,645	719,639
Issue costs reimbursable by a shareholder (Note c)	354,215	239,880
Others	40,917	73,005
	<u>2,581,498</u>	<u>1,773,282</u>
Analysed as:		
– Current	2,004,852	1,336,868
– Non-current	576,646	436,414
	<u>2,581,498</u>	<u>1,773,282</u>

Note:

- (a) The deposit balances pertain to non-current deposit of yard rental amounted to S\$576,646 (2019: S\$436,414).
- (b) As at 31 December 2020, the Group was eligible for the Job 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. The Group has fulfilled the conditions to receive the grant, hence a grant receivable and a deferred grant income (Note 22) were recognised as at 31 December 2020.
- (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 31 December 2020 are aged within 30 days (2019: 30 days) presented based on the invoice date.

21 BANK BALANCES AND CASH

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Cash and bank balances	12,740,393	11,152,613
Pledged deposits	450,000	350,000
	13,190,393	11,502,613
Less: Pledged deposits	(450,000)	(350,000)
Cash and cash equivalents in the consolidated statement of cash flows	<u>12,740,393</u>	<u>11,152,613</u>

As at 31 December 2020, bank balances of S\$12,740,393 (2019: S\$11,152,613) carry interest ranging from 0.01% to 0.05% (2019: 0.01% to 0.05%) per annum.

As at 31 December 2020, included in the pledged deposit of S\$450,000 (2019: S\$350,000) 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.

22 TRADE AND OTHER PAYABLES

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Trade payables	955,697	1,085,141
GST payables	191,718	195,504
Customer deposits	636,980	376,218
Accrued operating expenses	1,260,928	930,665
Accrued listing expenses	1,459,933	689,939
Deferred grant income (Note 26)	163,514	—
Others	12,044	7,540
	<u>4,680,814</u>	<u>3,285,007</u>
Analysed as:		
– Current	4,115,834	3,012,689
– Non-current (Note a)	564,980	272,318
	<u>4,680,814</u>	<u>3,285,007</u>

Note:

- (a) During the year ended 31 December 2020, the Group received government grants of S\$872,460 in cash in connection with JSS for the purpose of retaining local employees during the period of economic uncertainty. At 31 December 2020, grants receivables of S\$101,017 (Note 19) have been recognised as there is reasonable assurance that the conditions attached to the grants have been fulfilled under the JSS.

The grants relating to the relevant staff costs are recognised in other income over the period necessary to match them with the costs that the grants are intended to compensate. This scheme has resulted in a credit to income in the year ended 31 December 2020 of S\$809,963. As at 31 December 2020, an amount of S\$163,514 remains to be deferred.

- (b) 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 (2019: 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:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Within 30 days	644,002	606,223
31 to 60 days	261,847	338,504
61 to 90 days	32,485	86,441
Over 90 days	17,363	53,973
	<u>955,697</u>	<u>1,085,141</u>

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

23 LEASE LIABILITIES

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Minimum lease payments due:		
– Within one year	2,585,253	2,103,301
– More than one year but not more than two years	1,638,998	1,828,209
– More than two years but not more than five years	345,530	901,579
	4,569,781	4,833,089
Less: Amount due for settlement within one year shown under current liabilities	<u>(2,585,253)</u>	<u>(2,103,301)</u>
Amount due for settlement after one year shown under non-current liabilities	<u>1,984,528</u>	<u>2,729,788</u>

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.

24 BANK BORROWINGS

	2020	2019
	S\$	S\$
Secured and guaranteed - at amortised cost:		
Bank loans	<u>1,096,521</u>	<u>1,193,816</u>
Analysed as:		
Carrying amount repayable:		
– Within one year	95,292	94,082
– More than one year, but not exceeding two years	100,277	97,190
– More than two years, but not exceeding five years	328,408	310,730
– More than five years	<u>572,544</u>	<u>691,814</u>
	1,096,521	1,193,816
Less: Amount due for settlement within 12 months (show under current liabilities)	<u>(95,292)</u>	<u>(94,082)</u>
	<u>1,001,229</u>	<u>1,099,734</u>

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 31 December 2020, the weighted average effective interest rate of the loans are ranged various from 2.00% to 6.25% (2019: 2.48% to 4.18%). The amounts are repayable at the dates throughout to 2033.

25 PROVISIONS

	2020	2019
	S\$	S\$
At beginning of the year	389,000	389,000
Additions	<u>91,000</u>	<u>—</u>
At end of the year	<u>480,000</u>	<u>389,000</u>

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 is 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:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
At beginning of the year	438,924	403,924
(Credit) Charged to profit or loss for the year (Note 11)	<u>(12,424)</u>	<u>35,000</u>
At end of the year	<u>426,500</u>	<u>438,924</u>

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.

27 SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Reorganisation in the consolidated statement of financial position, the balance as at 31 December 2019 represented the share capital of Clear Bliss and the Company.

The shares of the Company were successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited 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”).

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

	Number of ordinary shares	Share capital S\$
Issued and fully paid of Clear Bliss and the Company		
At 1 January 2019 and 31 December 2019	<u>10</u>	<u>14</u>
Issued and fully paid of the Company		
At 1 January 2019, 31 December 2019 and 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	<u>78,125,000</u>	<u>134,698</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 will 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.

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 31 December 2020, the Group had a vehicle fleet comprising 56 prime movers, 500 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 sq. m. 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 contracted by 5.4 per cent in year 2020, with the container throughput for year 2020 dipping for the first time in 3 years by 0.9% on a year-on-year basis, a reversal from the 1.6% growth in the previous year.

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.

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately 7.8% from approximately S\$43.7 million for the year ended 31 December 2019 as compared to approximately S\$40.3 million for the year ended 31 December 2020. The decrease was mainly attributable to the COVID-19 having a global effect on the economy.

Trucking services

Our Group's trucking services revenue was approximately S\$21.8 million and S\$20.7 million for the years ended 31 December 2019 and 2020 respectively. Trucking revenue consists of revenue from transportation fees in relation to the transportation of cargo. The decrease of S\$1.1 million or 5.0% was due to COVID-19 impact on certain end customer's industry, but the impact is not significantly felt by the Group due to increase in request from customers in essential service e.g. supermarket chain, for trucking services.

Freight forwarding services

Our Group's revenue from freight forwarding services was approximately S\$17.4 million and S\$15.4 million for the years ended 31 December 2019 and 2020 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 decrease of S\$2.0 million or 11.5% was due to the COVID-19 impact on global trade.

VATS

Our Group's revenue from VATS was approximately S\$4.4 million and S\$4.2 million for the years ended 31 December 2019 and 2020 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 decrease of S\$0.2 million or 4.5% was due to decrease in ad hoc storage revenue in line with the decrease in trucking services, offset by the increase in revenue from the new logistics yard leased in June 2020.

Gross Profit and Gross Profit Margin

For the years ended 31 December 2019 and 2020, we recorded a gross profit of approximately S\$17.0 million and S\$13.9 million respectively. The decrease of S\$3.1 million or 18.2% was due to COVID-19 having a negative impact on the global economy causing a decrease in revenue and the increase in cost incurred for detention charges and for the new logistics yard leased in June 2020. Trucking services accounted for approximately 53.5% and 52.5% of our total gross profit for the years ended 31 December 2019 and 2020 respectively. Freight forwarding services accounted for approximately 31.2% and 33.1% of our total gross profit for the years ended 31 December 2019 and 2020 respectively. VATS accounted for approximately 15.3% and 14.4% of our total gross profit for the years ended 31 December 2019 and 2020 respectively.

For the years ended 31 December 2019 and 2020, we recorded a gross profit margin of approximately 39.0% and 34.5% respectively. Gross profit margin for trucking services were approximately 41.7% and 35.3% for the years ended 31 December 2019 and 2020 respectively. The decrease in gross profit margin of trucking services was due to the increase in detention charges incurred for the delay of retrieving and/or returning of customers containers as there were certain restrictions imposed by COVID-19. Gross profit margin for freight forwarding services remained consistent at approximately 30.5% and 29.9% for the years ended 31 December 2019 and 2020 respectively. Gross profit margin for VATS were approximately 59.1% and 47.6% for the years ended 31 December 2019 and 2020 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\$0.4 million and S\$1.3 million for the years ended 31 December 2019 and 2020 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 launched 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\$0.8 million for the year ended 31 December 2020 (No JSS grant was recognised for the year ended 31 December 2019).

Other gains and losses

Our Group reported other gains of approximately S\$0.03 million and loss of S\$5,061 for the years ended 31 December 2019 and 2020 respectively. 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.

Impairment gains and losses (including reversals of impairment losses) on financial assets

Impairment losses of approximately S\$0.5 million and gains of S\$0.1 million were recognised for the years ended 31 December 2019 and 2020 respectively. The impairment gains recognised for the year ended 31 December 2020 was mainly due to the reversal of impairment losses recognised previously for the amounts owing from a certain customer which has been reassessed to be collectible.

Administrative expenses

Our Group reported administrative expenses of approximately S\$8.2 million and S\$8.3 million for the years ended 31 December 2019 and 2020 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. There was no significant increase in the administrative expenses.

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\$1.5 million and S\$1.0 million for the years ended 31 December 2019 and 2020 respectively. The decrease of S\$0.5 million or 33.3% was due to the decrease in profit before tax and the income from the government grant, JSS, was non-taxable.

The statutory corporate tax rate in Singapore was 17% for the years ended 31 December 2019 and 2020, while our corresponding effective tax rates were approximately 19.7% and 19.2% respectively. The higher effective tax rate for the year ended 31 December 2019 and 31 December 2020 as compared to the statutory corporate tax rate in Singapore were mainly due to the IPO expenses incurred in both years which are non-deductible expenses for tax purpose.

Profit for the year

As a result of the foregoing, profit for the period decreased by approximately S\$1.8 million from approximately S\$6.1 million for the year ended 31 December 2019 to approximately S\$4.3 million for the year ended 31 December 2020. Net profit margin decreased from approximately 14.0% for the year ended 31 December 2019 to approximately 10.7% for the year ended 31 December 2020.

Final dividend

During the year ended 31 December 2020, a dividend of S\$4.0 million was declared and paid out in respect of the financial year ended 31 December 2019. No dividend was declared or paid out during the year ended 31 December 2019.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

Liquidity and capital assets

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 13 January 2021 (the “Listing Date”) 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, 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 2019 and 31 December 2020, we had bank balances and cash of approximately S\$11.2 million and S\$12.7 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\$ and US\$, are generally deposited with authorised financial institutions. As at 31 December 2020, 87.5% (31 December 2019: 91.0%) of the Group’s bank balances and cash was denominated in S\$ and 12.4% (31 December 2019: 8.9%) was denominated in US\$.

As at 31 December 2020, the Group had banking facilities with credit limit amounting to approximately S\$1.1 million (31 December 2019: 1.2 million). There was no unutilised credit facilities at the end of the year 2020.

As at 31 December 2020, 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 22.7% (31 December 2019: 24.2%). The decrease in gearing ratio was mainly attributable to the decrease in lease liabilities of approximately S\$0.3 million.

Foreign currency exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. 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 (2019: S\$0.4 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.

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" of the prospectus of the Company dated 30 December 2020 (the "Prospectus")), there were no significant investments held, material acquisitions or disposals of subsidiaries, associated companies or joint ventures by the Group during the years ended 31 December 2019 and 31 December 2020. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 December 2020.

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 31 December 2020.

Employees and remuneration policy

As at 31 December 2020, the Group had a total of 141 employees (2019: 149 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes in the year ended 31 December 2020 amounted to approximately S\$9.1 million (2019: approximately S\$9.2 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.

Environmental policies and performance

Details of environmental policies, performance and compliance with laws and regulations are set out in the "Environmental, Social and Governance Report" section in the annual report.

Capital commitments and contingent liabilities

As at 31 December 2020, the Group had no capital commitment and contingent liabilities.

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 proceeds from the issuance 312,500,000 Shares at the offer price of HK\$0.40 per Share in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds", in the Prospectus. After deducting share issuance expense and professional fee regarding to the Share Offer, the net proceeds amounted to approximately HK\$40.5 million (equivalent to approximately S\$7.0 million).

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

			Utilised net proceeds	Unutilised net proceeds	
	Planned usage		up to the	up to the	Expected timeline
Percentage of	of net		date of this	date of this	for utilising the
net proceeds	proceeds		announcement	announcement	remaining proceeds
<i>%</i>	<i>HK\$ million</i>		<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	<i>(approximately)</i>		<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Strategic Acquisition	42.6%	17.2	—	17.2	Before 31 December 2021
Expansion of our fleet in relation to our trucking services segment	39.7%	16.1	—	16.1	Before 31 December 2023
Increase and strengthen our freight forwarding services segment	6.1%	2.5	—	2.5	Before 31 December 2023
Purchase of an accounting and operations system	11.1%	4.5	—	4.5	Before 30 June 2022
Working capital and other general corporate purposes	0.5%	0.2	—	0.2	Before 30 June 2022
	<u>100%</u>	<u>40.5</u>	<u>—</u>	<u>40.5</u>	

Events after the reporting period

Save as disclosed in elsewhere in this announcement, there are no significant events affecting the Group which have occurred after the year ended 31 December 2020 and up to the date of this announcement.

Compliance with the model code for securities transactions by directors of listed issuers (the “Model Code”)

The Company has adopted 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 have complied with the required standards as set out in the code conduct and the Model Code since the Listing Date and up to the date of this announcement.

Corporate governance

As the Shares were not listed on the Stock Exchange until 13 January 2021, the Company has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules since the Listing Date and up to the date of this announcement save as disclosed below.

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, chief executive officer and executive Director 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

Since 13 January 2021, being the Listing Date, and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Audit committee

The Company has established the audit committee in accordance with the requirements of the CG Code for the purpose of reviewing and supervising the Group's financial reporting process. The audit committee currently comprises three independent non-executive Directors, namely Mr. Wong Kwun Ho, Mr. Ho Wing Sum and Mr. Yeo Teck Chuan. Mr. Yeo Teck Chuan is the chairman of the audit committee.

The audit committee of the Company has reviewed the Group's audited consolidated financial statement for the year ended 31 December 2020 and discussed with the management and the auditors of the Company on the accounting principles and practices adopted by the Group with no disagreement by the audit committee of the Company.

Publication of final results announcement and annual report

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.legionconsortium.com. The annual report of the Company for the year ended 31 December 2020 will be available on the aforesaid websites and dispatched to the shareholders of the Company in due course.

By Order of the Board

Legion Consortium Limited

Ng Choon Eng

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 March 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.