You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our combined financial information as of and for the Track Record Period, including the notes thereto, included in Appendix I to this document. Our combined financial information has been prepared in accordance with IFRS. The following discussion contains forward-looking statements concerning events that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under "Risk factors" and elsewhere in this document.

OVERVIEW

During the Track Record period, our Group recorded revenues of approximately S$27.7 million, S$27.0 million and S$11.3 million for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Our Group provides transport and storage services which can be broadly segregated into trucking and hubbing services. Trucking services refer to the delivery of cargo, primarily containers, from our customers' designated pick up point to their designated delivery points. Hubbing services refer to the handling and storage of laden and empty containers at either our logistics yard or any other location which may be designated by our customer(s). Trucking revenue were approximately S$22.4 million, S$22.1 million and S$9.7 million, representing 80.8%, 81.7% and 85.7% of total revenue for the years ended 31 December 2015, 31 December 2016 and five months ended 31 May 2017 respectively. Hubbing revenue was approximately S$5.3 million, S$5.0 million and S$1.6 million, representing 19.2%, 18.3% and 14.3% of total revenue for the years ended 31 December 2015, 31 December 2016 and the five months ended 31 May 2017 respectively.

Our Group reported profit for the year of approximately S$3.0 million and S$3.3 million for the two years ended 31 December 2016 and loss of approximately S$0.7 million for the five months ended 31 May 2017 respectively.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the section headed "History, Reorganisation and corporate structure — Reorganisation" in the document, the Company became the holding company of the companies now comprising the Group on 25 September 2017. The companies now comprising the Group were under the common control of Mr. Chua Kang Lim (the "**Controlling Shareholder**") before and after the Reorganisation. Accordingly, for the purpose of this report, the historical financial information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods (as defined in Appendix I — Accountants' Report).

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Relevant Periods and the five months ended 31 May 2016 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholder, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2015 and 2016 and 31 May 2017 have been prepared to present the assets and liabilities of the subsidiaries and/or business using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**").

All IFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the historical financial information throughout the Relevant Periods and the five months ended 31 May 2016.

The historical financial information has been prepared under the historical cost convention, except for available-for-sale investment which has been measured at fair value.

SIGNIFICANT FACTORS AFFECTING THE RESULTS OF OPERATIONS

Our financial condition and results of operation have been and will continue to be affected by a number of factors, including those factors set out in the section headed "Risk factors" in this document. In particular:

Market Demand

As a transport and storage service provider in Singapore, we are primarily engaged in the provision of trucking and hubbing services to our customers to serve their needs along their respective supply chains. Our business performance will therefore, to a large extent, be affected by our customers' business performance and developments in Singapore. If our customers' sales in Singapore decline, such decline may likely lead to a corresponding decrease in demand for our transport and storage services. Adverse developments in our customers' business performance in Singapore could therefore materially and adversely affect our business, financial condition and results of operations.

Fluctuation in cost of sales

Our cost of sales mainly comprises of (i) staff cost, (ii) port and depot charges, (iii) vehicle cost, and (iv) fuel cost. Our staff cost relates to the salaries, wages and CPF contributions of our drivers. Port and depot charges refers to the fees that the port operator and shipping line depot operator charges for the use of port and depot facilities respectively. Vehicle cost relates to the maintenance, depreciation, insurance, parking and road tax of our Group's vehicles and fuel cost relates to our diesel and petrol expenses. These expenses account for more than approximately 90% of our Group's cost of sales and significant increases in such expenses will have an adverse impact on the financial performance and profitability of our Group.

SENSITIVITY AND BREAKEVEN ANALYSIS

Sensitivity analysis

During the Track Record Period, the four main components of our cost of sales namely, (i) staff cost, (ii) port and depot charges, (iii) vehicle cost, and (iv) fuel cost amounted to approximately (i) S$6.8 million, S$5.8 million, S$5.6 million and S$2.1 million for the year ended 31 December 2015 respectively, representing 31.0%, 26.4%, 25.4% and 9.7% of our total cost of sales for the same financial year respectively, (ii) S$6.7 million, S$5.7 million, S$5.2 million and S$1.7 million for the year ended 31 December 2016 respectively, representing 32.4%, 27.6%, 25.2% and 8.3% of our total cost for sales for the same financial year respectively, and (iii) S$2.9 million, S$2.3 million, S$2.3 million and S$1.0 million for five months ended 31 May 2017, representing 31.4%, 25.7%, 24.8% and 10.7% of our total cost of sales for the same financial period respectively.

The historical fluctuation in our staff cost, port and depot charges, vehicle cost and fuel cost for the two years ended 31 December 2016 are approximately 1.8%, 1.5%, 6.5% and 19.7% respectively.

For illustrative purpose only, the following table illustrates the sensitivity of the estimated increase/(decrease) in our profit before tax in relation to percentage changes in our main cost of sales components namely staff cost, port and depot charges, vehicle cost and fuel cost based on their historical fluctuations of 1.8%, 1.5%, 6.5% and 19.7% for the two years ended 31 December 2016 respectively with all other variables held constant:

	Increase/ (decrease) in percentage	Year ended 31 December		5 months ended 31 May
		2015	2016	2017
	%	*S$*	*S$*	*S$*
Staff cost	1.8%	(123,207)	(120,933)	(51,531)
	-1.8%	123,207	120,933	51,531
Port and depot charges	1.5%	(87,193)	(85,898)	(35,064)
	-1.5%	87,193	85,898	35,064
Vehicle cost	6.5%	(363,897)	(340,346)	(146,843)
	-6.5%	363,897	340,346	146,843
Fuel cost	19.7%	(422,071)	(338,751)	(192,580)
	-19.7%	422,071	338,751	192,580

Note: Our profit before tax was S$3.6 million and S$4.0 million for each of the two years ended 31 December 2016. Our loss before tax was S$0.5 million for the five months ended 31 May 2017.

Breakeven analysis

For the year ended 31 December 2015, it is estimated that we would achieve breakeven on our profit before tax if (i) staff cost increase by 48.9%, or (ii) port and depot charges increase by 61.8%, or (iii) vehicle cost increase by 64.1%, or (iv) fuel cost increase by 167.6%; holding all other variables constant.

For the year ended 31 December 2016, it is estimated that we would achieve breakeven on our profit before tax if (i) staff cost increase by 60.2%, or (ii) port and depot charges increase by 70.6%, or (iii) vehicle cost increase by 77.3%, or (iv) fuel cost increase by 235.2%; holding all other variables constant.

For the five months ended 31 May 2017, it is estimated that we would achieve breakeven if (i) staff cost decrease by 23.7%, or (ii) port and depot charges decrease by 29.0%, or (iii) vehicle cost decrease by 30.0%, or (iv) fuel cost decrease by 69.4%; holding all other variable constant.

SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our combined financial statements. Our significant accounting policies, judgements and estimates that are important for you to understand our financial condition and results of operations, are set out in detail in notes 3 and 4 of Appendix I to this document respectively. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Our estimates are based on historical experience, latest information and other assumptions that we believe to be reasonable under the current circumstances. Actual results may differ under different assumptions and conditions. We have not changed our assumptions or estimates in the past. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the foreseeable future.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Rendering of services

The majority of revenue is derived from the provision of transport management services, such as trucking and hubbing of customers' cargoes.

Trucking income is recognised when cargoes, primarily containers, are delivered from the customers' designated pick up points to their designated delivery points. Cargo delivery is normally completed within one day.

Hubbing income is recognised over the respective storage periods on a straight-line basis.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for this purpose is as follows:

Motor vehicles	—	20% to 10%
Furniture and fittings	—	20%
Office equipment	—	100%
Computer	—	100%
Buildings	—	Over the remaining lease term
Leasehold improvements	—	50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Functional currency

The financial information is presented in Singapore Dollars (S$), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Group currently has no exposure to foreign currency liabilities.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

RESULTS OF OPERATIONS

The following table sets forth our combined statements of profit or loss and other comprehensive income for the periods indicated, as derived from the Accountants' Report in Appendix I to this document.

COMBINED STATEMENTS OF PROFIT OR LOSS

	Year ended 31 December		5 months ended 31 May	
	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*
			(Unaudited)	
Revenue	27,684,381	27,008,662	11,364,887	11,279,435
Cost of sales	(22,059,670)	(20,763,078)	(8,490,763)	(9,106,877)
Gross profit	5,624,711	6,245,584	2,874,124	2,172,558
Other income	428,741	392,968	328,954	134,609
Administrative expenses	(2,302,888)	(2,474,257)	(1,059,096)	(2,758,550)
Finance costs	(159,897)	(119,347)	(54,838)	(57,916)
Profit/(loss) before tax	3,590,667	4,044,948	2,089,144	(509,299)
Income tax expense	(545,663)	(699,297)	(313,152)	(168,882)
Profit/(loss) for the year/period	3,045,004	3,345,651	1,775,992	(678,181)

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

Our Group is involved in the provision of transport and storage services in Singapore. Our services can be broadly categorised into trucking services and hubbing services. Our total revenue for the two years ended 31 December 2016 and the five months ended 31 May 2017 amounted to approximately S$27.7 million, S$27.0 million and S$11.3 million respectively. The following table sets out our segmented revenue for the Track Record Period:

	Year ended 31 December				5 months ended 31 May			
	2015		2016		2016		2017	
	S$	*%*	*S$*	*%*	*S$*	*%*	*S$*	*%*
					(Unaudited)			
Trucking	22,378,225	80.8	22,054,945	81.7	9,500,708	83.6	9,669,650	85.7
Hubbing	5,306,156	19.2	4,953,717	18.3	1,864,179	16.4	1,609,785	14.3
Total	27,684,381	100.0	27,008,662	100.0	11,364,887	100.0	11,279,435	100.0

Trucking services accounted for approximately 80.8%, 81.7% and 85.7% of our total revenue for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively, with hubbing services accounting for the remaining 19.2%, 18.3% and 14.3% respectively.

Trucking

Our Group's trucking revenue was approximately $22.4 million, S$22.1 million and S$9.7 million for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Trucking revenue mainly consists of revenue from transportation fees in relation to the transportation of full container load ("**FCL**") cargo and less than container load ("**LCL**") cargo.

	Year ended 31 December				5 months ended 31 May			
	2015		2016		2016		2017	
	S$	*%*	*S$*	*%*	*S$*	*%*	*S$*	*%*
FCL fees	20,946,008	93.6	20,563,380	93.2	8,834,742	93.0	9,045,685	93.5
LCL fees	1,432,217	6.4	1,491,565	6.8	665,966	7.0	623,965	6.5
Total	22,378,225	100.0	22,054,945	100.0	9,500,708	100.0	9,669,650	100.0

FCL fees accounted for 93.6%, 93.2% and 93.5% of total trucking fees for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. LCL fees accounted for 6.4%, 6.8% and 6.5% of total trucking fees for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively.

FCL fees

FCL fees primarily includes transportation fees, port and depot fees and other miscellaneous fees. FCL fees is driven by the number of trips made, the volume of goods transported, the average FCL trucking rate, among other factors. The following table sets out the total number of FCL trips undertaken by our Group and the average FCL trucking rates for the Track Record Period:

	Year ended 31 December		5 months ended 31 May	
	2015	**2016**	**2016**	**2017**
FCL fees	S$20,946,008	S$20,563,380	8,834,742	9,045,685
Total number of FCL trips(1) . .	303,839	306,937	126,404	124,084
Average FCL trucking rate per trip(2)	S$68.9	S$67.0	S$69.9	S$72.9

Notes:

(1) The number of trips made by our drivers in relation to FCL operations.

(2) Average FCL trucking rate per trip is inclusive of port and deport fees and other miscellaneous fees.

The total number of FCL trips increased by 1.0% from 303,839 in the year ended 31 December 2015 to 306,937 in the year ended 31 December 2016. Our average FCL trucking rate per trip declined by 2.8% from S$68.9 for the year ended 31 December 2015 to S$67.0 for the year ended 31 December 2016. Please refer to "Period to period comparison of results of operations" for further details.

The total number of FCL trips decreased by 1.8% from 126,404 for the five months ended 31 May 2016 to 124,084 for the five months ended 31 May 2017. Our average FCL trucking rate per trip increased by 4.3% from S$69.9 for the five months ended 31 May 2016 to S$72.9 for the five months ended 31 May 2017. Please refer to "Period to period comparison of results of operations" for further details.

FCL trucking rates are driven by various factors such as trip distance, fuel cost and rates offered by our competitors. Please refer to "Period to period comparison of results of operations" for more details.

LCL fees

LCL fees primarily includes transportation fees and is driven by the volume of goods transported, the average LCL trucking rate, among other factors. LCL trucking rates are driven by trip distance, fuel cost and rates offered by our competitors. We generally charge our LCL customers based on either (i) an hourly rate basis, (ii) the volume of cargo transported or (iii) the number of trips.

Hubbing

Our Group's revenue from hubbing services was approximately S$5.3 million, S$5.0 million and S$1.6 million for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Revenue from hubbing services consists of storage and handling fees for container storage at either our logistics yard or locations designated by our customers. Such revenue is primarily driven by rate of fees, container volume passing thorough the hubbing location and the number of storage days such containers are stored.

The following table sets out (i) the container volume passing through, and (ii) the number of storage days these container units are stored at either our logistics yard or other locations designated by our customers:

	Year ended 31 December		5 months ended 31 May	
	2015	**2016**	**2016**	**2017**
Container volume				
20 foot container	47,113	41,170	18,933	14,554
40 foot container	66,420	69,277	27,468	26,447
Total (TEU)[1]	179,953	179,724	73,869	67,448

Note:

(1) TEU refers to "Twenty-foot Equivalent Unit". For the calculation of total TEU, a 20 foot container will count as one TEU and a 40 foot container will count as two TEUs.

	Year ended 31 December		5 months ended 31 May	
	2015	**2016**	**2016**	**2017**
Storage days				
20 foot container	228,279	201,949	93,469	71,791
40 foot container	337,674	350,021	140,847	135,796
Total	565,953	551,970	234,316	207,587

Cost of Sales

Our cost of sales mainly represents the direct costs incurred for the provision of our trucking and hubbing services. These direct costs primarily consist of staff cost, port and depot charges, vehicle cost, fuel cost and logistic yard service fees. The following tables sets out the breakdown of our Group's cost of sales for the Track Record Period:

	Year ended 31 December			
	2015		**2016**	
	S$	*%*	*S$*	*%*
Staff cost	6,844,835	31.0	6,718,497	32.4
Port and depot charges	5,812,880	26.4	5,726,539	27.6
Vehicle cost	5,598,417	25.4	5,236,087	25.2
Fuel cost	2,142,493	9.7	1,719,550	8.3
Logistic yard service fees	1,592,034	7.2	1,288,913	6.2
Miscellaneous cost	69,011	0.3	73,492	0.3
Total	22,059,670	100.0	20,763,078	100.0

	5 months ended 31 May			
	2016		2017	
	S$	*%*	*S$*	*%*
	(Unaudited)			
Staff cost	2,843,952	33.5	2,862,841	31.4
Port and depot charges	2,267,801	26.7	2,337,617	25.7
Vehicle cost	2,078,460	24.5	2,259,119	24.8
Fuel cost	641,079	7.6	977,564	10.7
Logistic yard service fees	631,788	7.4	624,019	6.9
Miscellaneous cost	27,683	0.3	45,718	0.5
Total	8,490,763	100.0	9,106,877	100.0

Our Group's cost of sales was approximately S$22.1 million, S$20.8 million and S$9.1 million for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively, representing approximately 79.7%, 76.9% and 80.7% of our revenue for the corresponding period.

Staff cost

Staff cost refer mainly to salaries and wages paid to our drivers. For the two years ended 31 December 2016 and the five months ended 31 May 2017, staff cost amounted to approximately S$6.8 million, S$6.7 million and S$2.9 million respectively, representing approximately 31.0%, 32.4% and 31.4% of our cost of sales for the corresponding periods respectively.

Port and depot charges

Port and depot charges refers to the fees that the port operator and depot operator charges for the use of port and depot facilities respectively. For the two years ended 31 December 2016 and the five months ended 31 May 2017, port and depot charges amounted to approximately S$5.8 million, S$5.7 million and S$2.3 million respectively, representing approximately 26.4%, 27.6% and 25.7% of our cost of sales for the corresponding period respectively.

Vehicle cost

Vehicle cost refers to the cost of repairing, maintaining our vehicles, vehicle insurance in addition to vehicle depreciation expense. For the two years ended 31 December 2016 and the five months ended 31 May 2017, vehicle cost amounted to approximately S$5.6 million, S$5.2 million and S$2.3 million respectively, representing approximately 25.4%, 25.2% and 24.8% of our cost of sales for the corresponding periods respectively.

Fuel cost

Fuel cost refers to the cost of diesel and petrol which is required to run our various motor vehicles. For the two years ended 31 December 2016 and the five months ended 31 May 2017, fuel cost amounted to approximately S$2.1 million, S$1.7 million and S$1.0 million respectively, representing approximately 9.7%, 8.3% and 10.7% of our cost of sales for the corresponding periods respectively.

Logistic yard service fees

Logistic yard service fees refer to the fees our Group pays for the use of logistics yard facilities. We initially used the logistics yard at Jalan Papan, which had an area of approximately 168,000 square feet. Meanwhile, Customer A requested us to have certain hubbing services to be conducted at their designated site, resulting in some of the space at the Jalan Papan site not being utilised. Eventually, Supplier C did not renew the logistics yard service agreement, and hence we ended the Jalan Papan logistics yard service agreement with Supplier C in May 2016. We then entered into a new logistics yard service agreement with Supplier F for the use of the logistics yard at Penjuru Road in May 2016, which had an area of approximately 90,000 square feet, and moved our hubbing business to Penjuru Road in June 2016. Whilst the logistics yard at Jalan Papan was larger in area than the Penjuru Road site, the bigger space was not fully utilised. After taking into account our provision of hubbing services at the yard designated by Customer A, the average monthly utilisation rate of our hubbing services during the Track Record Period when we were operating at the Jalan Papan logistics yard was approximately 72%. Since moving our hubbing business over to Penjuru Road, the average monthly utilisation rate of our hubbing services increased to approximately 85%. As the relocation from the Jalan Papan site to the Penjuru Road site was back to back, there was minimal impact on the operations of our day-to-day hubbing business with the total container volume passing through either our logistics yard or other locations designated by our customers remaining stable at 179,953 TEU and 179,724 TEU for the years ended 31 December 2015 and 2016 respectively. The lower logistics yard service fees at the Penjuru Road site contributed towards the improvement in our gross profit margin for the year ended 31 December 2016. For each of the two years ended 31 December 2016 and the five months ended 31 May 2017, logistic yard service fees amounted to approximately S$1.6 million, S$1.3 million and S$0.6 million, respectively, representing approximately 7.2%, 6.2% and 6.9% of our cost of sales for the corresponding periods.

Gross Profit and Gross Profit Margin

The following table sets out the breakdown of our gross profit and gross profit margin segment for the Track Record Period:

	Year ended 31 December		5 months ended 31 May	
	2015	2016	2016	2017
	S$	S$	S$	S$
			(Unaudited)	
Gross Profit				
Trucking	2,243,619	3,147,662	1,947,442	1,571,093
Hubbing	3,381,092	3,097,922	926,682	601,465
Total	5,624,711	6,245,584	2,874,124	2,172,558

	Year ended 31 December		5 months ended 31 May	
	2015	2016	2016	2017
	%	%	%	%
			(Unaudited)	
Gross Profit Margin				
Trucking	10.0	14.3	20.5	16.2
Hubbing	63.7	62.5	49.7	37.4
Overall	20.3	23.1	25.3	19.3

For the two years ended 31 December 2016 and the five months ended 31 May 2017, we recorded a gross profit of approximately S$5.6 million, S$6.2 million and S$2.2 million respectively. Trucking services accounted for approximately 39.9%, 50.4% and 72.3% of gross profit, for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Hubbing services accounted for approximately 60.1%, 49.6% and 27.7% of gross profit for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively.

The gross profit margin for trucking services improved from approximately 10.0% for the year ended 31 December 2015 to approximately 14.3% for the year ended 31 December 2016 mainly due to (i) the decrease in our fuel cost more than offsetting the effects of the downward adjustment to our trucking rates arising from lower diesel prices; (ii) lower vehicle cost; and (iii) lower logistics yard service fees we are paying for the usage of our current logistics yard at Penjuru Road as compared to our previous logistics yard. The gross profit margin for hubbing services remained relatively stable, declining slightly from approximately 63.7% for the year ended 31 December 2015 to approximately 62.5% for the year ended 31 December 2016.

Consequently, our gross profit margin improved from approximately 20.3% for the year ended 31 December 2015 to approximately 23.1% for the year ended 31 December 2016.

The gross profit margin for trucking services decreased from approximately 20.5% for the five months ended 31 May 2016 to approximately 16.2% for the five months ended 31 May 2017. This was mainly due to an increase in fuel cost and vehicle cost. Fuel cost increased by approximately S$0.4 million or 52.5% from approximately S$0.6 million for the five months ended 31 May 2016 to approximately S$1.0 million for the five months ended 31 May 2017. The increase in fuel cost was in line with the increase in diesel prices. The average diesel price charged by our suppliers increased by approximately 54.3% when comparing between the five months ended 31 May 2016 and the five months ended 31 May 2017. Vehicle cost increased by approximately S$0.2 million or 8.7% from approximately S$2.1 million for the five months ended 31 May 2016 to S$2.3 million for the five months ended 31 May 2017 due to an increase in vehicle fleet size.

The gross profit margin for hubbing services declined from approximately 49.7% for the five months ended 31 May 2016 to approximately 37.4% for the five months ended 31 May 2017 mainly due to (i) a decline in hubbing revenue from approximately S$1.9 million to approximately S$1.6 million for the five months ended 31 May 2016 and 2017 respectively, attributed to a decline in hubbing contribution from Customer A and Customer B as detailed in the section headed "Financial Information — Five months ended 31 May 2017 compared to five months ended 31 May 2016 —Hubbing" , (ii) an additional depreciation of approximately S$0.04 million from two units of reach stackers which we purchased in December 2016, and (iii) an increase in staff cost of approximately S$8,800. Consequently, our gross profit margin decreased from approximately 25.3% for the five months ended 31 May 2016 to approximately 19.3% for the five months ended 31 May 2017.

Despite a decline in the Group's gross profit margin for hubbing services from approximately 49.7% for the five months ended 31 May 2016 to approximately 37.4% for the five months ended 31 May 2017, this does not represent a deterioration of our business operations nor of our profitability. Overall revenue only decreased slightly by approximately 0.8% and gross profit margin declined from approximately 25.3% to approximately 19.3%. The decline in profitability was due to certain costs which did not vary in line with trucking volume, for instance, yard rental and depreciation. On the other hand, the main revenue drivers of our business operation is trucking demand and container volume from clients, which are provided to us in terms of the volume of containers and the trips required. During the five months ended 31 May 2017, we had approximately 124,000 trips, which represented only a slight decrease of approximately 1.8% as compared to approximately 126,000 trips for the five months ended 31 May 2016. However, as our average FCL trucking rate per trip increased from S$69.9 per trip to S$72.9 per trip for the five months ended 31 May 2016 and 2017 respectively, our overall trucking revenue increased by approximately 1.8%.

As mentioned in the section headed "Business — 3.2 Hubbing", customers selected us as their trucking partner because we offer hubbing services as well, which (i) lower the cost for our customers; (ii) minimise disruptions to our customer's logistics workflow; and (iii) allow our customers to be asset-light. Our rates to our customers are based on the number of containers transported, and when our hubbing services are also required, we take into account the volume of containers stored and the number of storage days. During the five months ended 31 May 2017, hubbing revenue declined by approximately 13.6 % as compared to the five months ended 31 May 2016 due to a decline in container volume and storage days by approximately 6,400 containers and approximately 27,000 days, respectively. However, during this period, the number of trucking trips only decreased by approximately 1.8% from approximately 126,000 trips for the five months ended 31 May 2016 to approximately 124,000 trips for the five months ended 31 May 2017 and our overall trucking revenue increased by approximately 1.8% due to an increase in FCL trucking rates.

Other income

Our Group reported other income of approximately S$0.43 million, S$0.39 million and S$0.13 million for the two years ended 31 December 2016 and five months ended 31 May 2017 respectively. Other income relates to gain on disposal of items of property, plant and equipment and one-off incentive for wage subsidies. The following table sets forth the breakdown of other income during the Track Record Period:

	Year ended 31 December		5 months ended 31 May	
	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*
			(Unaudited)	
Gain on disposal of items of property, plant and equipment	11,000	17,283	5,000	31,056
One-off incentive for wage subsidies	417,741	375,685	323,954	103,103
Total	428,741	392,968	328,954	134,609

There were no unfulfilled conditions or contingencies relating to the wage subsidies from the Singapore Government.

Administrative expenses

Our Group reported administrative expenses of approximately S$2.3 million, S$2.5 million and S$2.8 million for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Administrative expenses for our Group primarily consist of staff cost, office expenses, professional expenses, bank charges, depreciation expenses, **[REDACTED]** related expenses and other miscellaneous expenses. For the five months ended 31 May 2017, **[REDACTED]** related expenses of approximately S$1.6 million were included in administrative expenses. Staff cost include director remuneration, office staff salary, CPF contribution and bonuses. Office expenses include office maintenance, telecommunications and printing. Professional expenses include audit and secretarial fees. Bank charges represents the bank service charges. Depreciation expenses include office property depreciation and office equipment depreciation. Miscellaneous expenses include mainly entertainment expenses and motor vehicle fines. The following table sets forth a breakdown of our administrative expenses during the Track Record Period:

	Year ended 31 December		**5 months ended 31 May**	
	2015	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*
			(Unaudited)	
Staff cost	1,923,862	2,120,633	927,150	911,657
Office expenses	190,175	195,586	78,291	126,398
Professional expenses	31,054	27,541	12,181	35,575
Bank charges	11,246	11,840	1,132	7,300
Depreciation expenses	31,965	36,309	27,840	25,913
Miscellaneous expenses	114,586	82,348	12,502	59,284
[REDACTED] related expenses	—	—	—	1,592,423
Total	2,302,888	2,474,257	1,059,096	2,758,550

Finance costs

Our Group reported finance costs of approximately S$0.16 million, S$0.12 million and S$0.06 million for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. Finance costs represent interest on borrowings and finance leases.

Income tax expense

As our operations are based in Singapore, our Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore. Income tax expense of our Group amounted to approximately S$0.5 million, S$0.7 million and S$0.2 million for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively.

The statutory corporate tax rate in Singapore was 17% for the two years ended 31 December 2016, while our corresponding effective tax rates were approximately 15.2% and 17.3% respectively.

Our effective tax rate was lower than the statutory tax rate for the year ended 31 December 2015 mainly due to tax relief of approximately S$0.3 million and effects of partial tax exemption and tax rebate of approximately S$0.1 million which were offset by expenses not deductible for tax of approximately S$0.3 million and adjustments to over provision in respect of previous periods of approximately S$142.

Our effective tax rate was slightly higher than the statutory tax rate for the year ended 31 December 2016 mainly due to adjustments to over provision respect of previous periods of S$8,866 and expenses not deductible for tax of approximately S$0.3 million which were offset by tax relief of approximately S$0.2 million and effects of partial tax exemption and tax rebate of approximately S$0.1 million.

For the five months ended 31 May 2017, the income tax expense of approximately S$0.2 million was mainly attributable to the offsetting effect of (i) tax credit of approximately S$0.1 million arising from the loss before tax and (ii) expenses not deductible for tax of approximately S$0.3 million.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our revenue is primarily derived from the provision of trucking and hubbing services by our Group. Against the backdrop of slower growth in the Singapore economy in 2016, our revenue remained fairly stable at approximately S$27.7 million for the year ended 31 December 2015 and approximately S$27.0 million for the year ended 31 December 2016. The slight decrease in revenue for the year ended 31 December 2016 was mainly due to a 1.4% decrease in trucking revenue and a 6.6% decrease in hubbing revenue.

Trucking

Trucking revenue decreased by approximately S$0.3 million or 1.4% from approximately S$22.4 million for the year ended 31 December 2015 to approximately S$22.1 million for the year ended 31 December 2016. This was largely due to an approximate S$0.3 million or 1.8% decrease in FCL fees from S$20.9 million for the year ended 31 December 2015 to approximately S$20.6 million for the year ended 31 December 2016 which was partially offset by an approximate S$60,000 or 4.1% increase in LCL fees from approximately S$1.43 million for the year ended 31 December 2015 to approximately S$1.49 million for the year ended 31 December 2016.

The number of FCL trips increased by approximately 1.0% from 303,839 trips in the year ended 31 December 2015 to 306,937 trips in the year ended 31 December 2016. However, the average FCL trucking rate per trip decreased by approximately 2.8% from S$68.9 for the year ended 31 December 2015 to S$67.0 for the year ended 31 December 2016 mainly due to the downward adjustments to our FCL trucking pricing to reflect the decrease in diesel prices. Our FCL trucking rates are determined after taking into account various factors including diesel prices. Average diesel price per litre in Singapore decreased by approximately 11.1% from S$1.17 for the year ended 31 December 2015 to S$1.04 for the year ended 31 December 2016 and we adjusted our FCL trucking rates downwards to remain competitive. Consequently, FCL fees decreased by approximately $0.4 million or 1.8% from approximately S$20.9 million for the year ended 31 December 2015 to S$20.6 million for the year ended 31 December 2016.

LCL fees accounted for approximately 6.4% and 6.8% of total trucking fees for the two years ended 31 December 2016 respectively. LCL fees increased by approximately 4.1% or S$60,000 for the year ended 31 December 2016 due to improved LCL business.

Hubbing

Hubbing revenue decreased by approximately S$0.3 million or 6% from approximately S$5.3 million for the year ended 31 December 2015 to approximately S$5.0 million for the year ended 31 December 2016.

This was largely due to the approximately 11.5% decrease in the number of storage days for 20 foot containers from 228,279 days to 201,949 days which was partially offset by the approximately 3.7% increase in the number of storage days for 40 foot containers from 337,674 days to 350,021 days. The total number of storage days for containers decreased by approximately 2.5% from 565,953 days to 551,970 days.

The reduction in the number of 20 foot containers stored and the number of storage days for 20 foot containers can be attributed to a reduction in the hubbing requirements of Customer B.

Cost of Sales

Cost of sales decreased by approximately S$1.3 million or 5.9% from approximately S$22.1 million for the year ended 31 December 2015 to approximately S$20.8 million for the year ended 31 December 2016. The decrease in cost of sales for the year ended 31 December 2016 was mainly due to a reduction in fuel cost, port and depot charges, vehicle cost, logistics yard service fees and staff cost.

Fuel cost decreased by approximately S$0.4 million or 19.7% from approximately S$2.1 million for the year ended 31 December 2015 to approximately S$1.7 million for the year ended 31 December 2016. The decrease in fuel cost was in line with the decrease in diesel prices. The average diesel price charged by our suppliers decreased by approximately 16.1% for the year ended 31 December 2016.

Port and depot charges decreased by approximately S$0.1 million from approximately S$5.8 million for the year ended 31 December 2015 to approximately S$5.7 million for the year ended 31 December 2016. The reduction was in line with our decrease in trucking revenue.

Logistic yard service fees decreased by approximately S$0.3 million or 19.0% from approximately S$1.6 million for the year ended 31 December 2015 to approximately S$1.3 million for the year ended 31 December 2016. In May 2016, we ended our previous logistics yard service agreement with Supplier C and we entered into a new logistics yard service agreement with Supplier F. The decrease in logistic yard service fees is attributed to the lower fees we are paying for the usage of our current logistic yard at Penjuru Road as compared to our previous logistics yard.

Vehicle cost decreased by approximately S$0.4 million or 6.5% from approximately S$5.6 million for the year ended 31 December 2015 to approximately S$5.2 million for the year ended 31 December 2016 on the back of lower vehicle repair cost, insurance expenses and vehicle depreciation.

Staff cost, primarily wages to our drivers, decreased by approximately S$0.1 million or 1.8% from approximately S$6.8 million for the year ended 31 December 2015 to approximately S$6.7 million for the year ended 31 December 2016. Our drivers are paid basic salaries and trip incentives in accordance to various factors, including the number of trips in a given month and distance of trip. Due to the optimisation of trip distances by one of our major customer during the year, average distance per trip decreased and we made less incentive payment to our drivers per trip.

Gross profit and gross profit margin

Gross profit increased by approximately S$0.6 million or 11.0%, from approximately S$5.6 million for the year ended 31 December 2015 to approximately S$6.2 million for the year ended 31 December 2016.

Gross profit from trucking increased by approximately S$0.9 million or 40.3% from approximately S$2.2 million for the year ended 31 December 2015 to approximately S$3.1 million for the year ended 31 December 2016. Gross profit margin for trucking improved from 10.0% for the year ended 31 December 2015 to 14.3% for the year ended 31 December 2016. This was mainly due to (i) the decrease in our fuel cost more than offsetting the effects of the downward adjustment to our trucking rates arising from lower diesel prices; (ii) lower vehicle cost and (iii) lower logistics yard service fees.

Gross profit from hubbing decreased by approximately S$0.3 million or 8.4% from approximately S$3.4 million for the year ended 31 December 2015 to approximately S$3.1 million for the year ended 31 December 2016. This was in line with the decrease in hubbing revenue which can be attributed to a reduction in the hubbing requirements of Customer B. Gross profit margin for hubbing remained relatively stable, declining slightly from 63.7% for the year ended 31 December 2015 to 62.5% for the year ended 31 December 2016.

Consequently, our gross profit margin improved from 20.3% for the year ended 31 December 2015 to 23.1% for the year ended 31 December 2016.

Other income

Other income decreased by approximately S$36,000 or 8.3%, from approximately S$0.43 million for the year ended 31 December 2015 to approximately S$0.39 million for the year ended 31 December 2016. The decrease was mainly due to lower one-off incentive for wage subsidies from the Wage Credit Scheme where under this scheme, the Singapore Government co-funded 40% of wage increases given to Singapore citizen employees between 2013 to 2015. This co-funding has decreased to 20% of wage increases given to Singapore citizen between 2016 to 2017.

Administrative expenses

Administrative expenses increased by approximately S$0.2 million or 7.4% from approximately S$2.3 million for the year ended 31 December 2015 to approximately S$2.5 million for the year ended 31 December 2016. This was largely due to an increase in staff cost by approximately S$0.2 million or 10.2% from approximately S$1.9 million for the year ended 31 December 2015 to approximately S$2.1 million for the year ended 31 December 2016. The increase in staff cost was due to wage increases for staff.

Finance costs

Finance costs decreased by approximately S$0.04 million or 25.0%, from approximately S$0.16 million for the year ended 31 December 2015 to approximately S$0.12 million for the year ended 31 December 2016. The decrease was mainly due to the decrease in interest paid on finance lease obligations.

Profit before tax

Profit before tax increased by approximately S$0.4 million or 12.7%, from approximately S$3.6 million for the year ended 31 December 2015 to approximately S$4.0 million for the year ended 31 December 2016. The increase was mainly due to a 11.0% increase in gross profit from approximately S$5.6 million to approximately S$6.2 million in year ended 31 December 2016 which was partially offset by an increase in administrative expenses of 7.4%, from approximately S$2.3 million to approximately S$2.5 million in the year ended 31 December 2016.

Income tax expense

Income tax expenses increased by approximately S$0.2 million or 28.2% from approximately S$0.5 million for the year ended 31 December 2015 to approximately S$0.7 million for the year ended 31 December 2016. This increase was due to a larger tax relief of approximately S$0.3 million for the year ended 31 December 2016 as compared to approximately S$0.2 million for the year ended 31 December 2015.

Profit for the year

Profit for the year increased by approximately S$0.3 million or 9.9%, from approximately S$3.0 million for the year ended 31 December 2015 to approximately S$3.3 million for the year ended 31 December 2016.

Profit margin

Our profit margin improved from 11.0% for the year ended 31 December 2015 to 12.4% for the year ended 31 December 2016 mainly due to improved gross profit margin which were partially offset by higher administrative expenses and income tax expense.

Five months ended 31 May 2017 compared to five months ended 31 May 2016

Revenue

Our revenue remained stable at approximately S$11.3 million for the five months ended 31 May 2017 compared to S$11.4 million for the five months ended 31 May 2016. There was a S$0.3 million or 13.6% decrease in hubbing revenue for the five months ended 31 May 2017 which was partially offset by a S$0.2 million or 1.8% increase in trucking revenue for the five months ended 31 May 2017.

Trucking

Trucking revenue increased by approximately S$0.2 million or 1.8% from approximately S$9.5 million for the five months ended 31 May 2016 to approximately S$9.7 million for the five months ended 31 May 2017 on the back of business from new customers. FCL fees increased by approximately S$0.2 million or 2.4% from S$8.8 million for the five months ended 31 May 2016 to approximately S$9.0 million for the five months ended 31 May 2017. LCL fees remained stable at S$0.7 million and S$0.6 million for the five months ended 31 May 2016 and 31 May 2017 respectively.

The total number of FCL trips remained stable at approximately 124,000 trips for the five months ended 31 May 2017 as compared to approximately 126,000 trips for the 5 months ended 31 May 2016. Our average FCL trucking rates increased by approximately 4.3% from S$69.9 for the five months ended 31 May 2016 to S$72.9 for the five months ended 31 May 2017. Consequently, FCL fees increased by approximately S$0.2 million or 2.4% from approximately S$8.8 million for the five months ended 31 May 2016 to S$9.0 million for the five months ended 31 May 2017.

LCL fees accounted for approximately 7.0% and 6.5% of total trucking fees for the five months ended 31 May 2016 and 2017 respectively. LCL fees remained stable at S$0.7 million and S$0.6 million for the five months ended 31 May 2016 and 31 May 2017 respectively.

Hubbing

Hubbing revenue decreased by approximately S$0.3 million or 13.6% from approximately S$1.9 million for the five months ended 31 May 2016 to approximately S$1.6 million for the five months ended 31 May 2017 due to lower hubbing revenue from Customer A and B. For the five months ended 31 May 2016 and 2017, hubbing revenue from Customer A amounted to approximately S$0.9 million and S$0.8 million respectively, representing a decline of approximately 16.7% in hubbing revenue from Customer A. Hubbing revenue from Customer B for the five months ended 31 May 2016 and 2017 amounted to approximately S$0.4 million and S$0.1 million respectively, representing a decline of approximately 58.8% in our hubbing revenue from Customer B.

To the knowledge of our management, the lower hubbing revenue from Customer A was partially due to a scheduled plant shutdown for maintenance purposes in April 2017, which generally occurs once every few years, by one of its customers, a global petrochemical company. This resulted in a decrease in Customer A's order volume to us for that month. The plant started to resume its operation in May 2017 and monthly hubbing revenues from Customer A for June 2017 and July 2017 have gradually returned to normal levels as compared to the average monthly revenue derived from Customer A for the year ended 31 December 2016. Our hubbing revenue derived from Customer A was S$0.8 million for the five months ended 31 May 2017 and S$1.4 million (unaudited) for the eight months ended 31 August 2017.

During the five months ended 31 May 2017, Customer B had reduced their orders to us due to the relocation of one of their customer's plant overseas as indicated by Customer B, which in-turn affected its demand for our hubbing services. Our revenue derived from Customer B increased from S$0.1 million for the five months ended 31 May 2017 to S$0.2 million (unaudited) for the eight months ended 31 August 2017. Average monthly hubbing revenue from Customer B for the eight months ended 31 August 2017 remained lower than the average monthly revenue derived from Customer B for the year ended 31 December 2016.

The number of storage days decreased by approximately 27,000 days from approximately 234,000 days for the five months ended 31 May 2016 to approximately 208,000 days for the five months ended 31 May 2017. This was mainly due to lower business volume from Customer B.

Cost of Sales

Cost of sales increased by approximately S$0.6 million or 7.3% from approximately S$8.5 million for the five months ended 31 May 2016 to approximately S$9.1 million for the five months ended 31 May 2017. The increase in cost of sales for the five months ended 31 May 2017 was mainly due to an increase in fuel cost and vehicle cost.

Fuel cost increased by approximately S$0.3 million or 52.5% from approximately S$**[REDACTED]** million for the five months ended 31 May 2016 to approximately S$1.0 million for the five months ended 31 May 2017. The increase in fuel cost was in line with the increase in diesel prices. The average diesel price charged by our suppliers increased by approximately 54.3% when comparing between the five months ended 31 May 2016 and the five months ended 31 May 2017.

Port and depot charges increased by approximately S$70,000 or 3.1% from approximately S$2.27 million for the five months ended 31 May 2016 to S$2.34 million for the five months ended 31 May 2017 on the back of higher depot charges for the five months ended 31 May 2017.

Vehicle cost increased by approximately S$0.2 million or 8.7% from approximately S$2.1 million for the five months ended 31 May 2016 to approximately S$2.3 million for the five months ended 31 May 2017 due to an increase in vehicle fleet size.

Logistics yard service fees remained stable at approximately S$0.6 million and approximately S$0.6 million for the five months ended 31 May 2016 and 31 May 2017 respectively.

Staff cost remained stable at approximately S$2.8 million and S$2.9 million for the five months ended 31 May 2016 and 31 May 2017 respectively.

Gross profit and gross profit margin

Gross profit decreased by approximately S$0.7 million or 24.4%, from approximately S$2.9 million for the five months ended 31 May 2016 to approximately S$2.2 million for the five months ended 31 May 2017.

Gross profit from trucking decreased by approximately S$0.3 million or 19.3% from approximately S$1.9 million for the five months ended 31 May 2016 to approximately S$1.6 million for the five months ended 31 May 2017. The gross profit margin for trucking services decreased from 20.5% for the five months ended 31 May 2016 to 16.2% for the five months ended 31 May 2017. This was mainly due to an increase of approximately S$0.3 million in fuel cost as the average price for diesel for the five months ended 31 May 2017 increased by approximately 54.3% as compared to the five months ended 31 May 2016.

The gross profit margin for hubbing services decreased from approximately 49.7% for the five months ended 31 May 2016 to approximately 37.4% for the five months ended 31 May 2017 mainly due to (i) a decline in hubbing revenue from approximately S$1.9 million to approximately S$1.6 million for the five months ended 31 May 2016 and 2017 respectively, attributed to a decline in hubbing contribution from Customer A and Customer B detailed in the section headed "Financial Information — Five months ended 31 May 2017 compared to five months ended 31 May 2016 — Hubbing" , (ii) an additional depreciation of approximately S$0.04 million from two units of reach stackers which we purchased in December 2016 and (iii) an increase in staff cost of approximately S$8,800. Gross profit from hubbing decreased from approximately S$0.9 million for the five months ended 31 May 2016 to approximately S$0.6 million for the five months ended 31 May 2017.

Consequently, our gross profit margin decreased from approximately 25.3% for the five months ended 31 May 2016 to approximately 19.3% for the five months ended 31 May 2017.

Other income

Other income decreased by approximately S$0.2 million or 59.1%, from approximately S$0.3 million for the five months ended 31 May 2016 to approximately S$0.1 million for the five months ended 31 May 2017. The decrease was mainly due to lower one-off incentive for wage subsidies from the Wage Credit Scheme where under this scheme, the Singapore Government co-funded 40% of wage increases given to Singapore citizen employees between 2013 to 2015. This co-funding has decreased to 20% of wage increases given to Singapore citizen between 2016 to 2017. The government subsidies from the Wage Credit Scheme are dispersed to the Company in the year subsequent to which such wage incentives were given.

Administrative expenses

Administrative expenses increased by approximately S$1.7 million or 160.5% from approximately S$1.1 million for the five months ended 31 May 2016 to approximately S$2.8 million for the five months ended 31 May 2017. This was largely due to the one-off **[REDACTED]** related expenses of approximately S$1.6 million for the 5 months ended 31 May 2017.

Finance costs

Finance costs increased by approximately S$3,000 or 5.6%, from approximately S$55,000 for the five months ended 31 May 2016 to approximately S$58,000 for the five months ended 31 May 2017. The increase was mainly due to the increase in interest paid on bank loans.

Profit/loss before tax

Profit before tax decreased by approximately S$2.6 million from approximately S$2.1 million of profits for the five months ended 31 May 2016 to a loss of approximately S$0.5 million for the five months ended 31 May 2017. The decrease was mainly due to **[REDACTED]** related expenses of approximately S$1.6 million and lower gross profit margin.

Income tax expense

Income tax expense decreased by approximately S$0.1 million from approximately S$0.3 million for the five months ended 31 May 2016 to S$0.2 million for the five months ended 31 May 2017. The decrease in income tax expense was due to the offsetting effect of (i) tax credit of approximately S$0.1 million arising from the loss before tax; and (ii) expenses not deductible for tax of approximately S$0.3 million.

Profit/loss for the year

Profit for the year decreased by approximately S$2.5 million from a profit of approximately S$1.8 million for the five months ended 31 May 2016 to a loss of approximately S$0.7 million for the five months ended 31 May 2017. This was mainly due to **[REDACTED]** related expenses of approximately S$1.6 million and a S$0.7 million or 24.4% decrease in gross profit.

Profit/loss margin

Our profit margin decreased from 15.6% for the five months ended 31 May 2016 to -6.0% for the five months ended 31 May 2017 mainly due to **[REDACTED]** related expenses of approximately S$1.6 million and a S$0.7 million or 24.4% decrease in gross profit.

LIQUIDITY AND CAPITAL RESOURCES

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 2015, 31 December 2016 and 31 May 2017, we had cash and cash equivalent of approximately S$2.6 million, S$1.5 million and S$1.5 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 following table sets forth a summary of net cash flows for the periods indicated:

	Year ended 31 December		5 months ended 31 May	
	2015	**2016**	**2016**	**2017**
	S$	*S$*	*S$* (Unaudited)	*S$*
Net cash flows generated from operating activities	4,503,816	4,596,433	2,204,563	408,730
Net cash flows (used in) investing activities	(448,677)	(709,833)	(8,674)	(820,531)
Net cash flows (used in)/generated from financing activities	(2,632,642)	(4,993,968)	(1,830,606)	422,247
Net increase/(decrease) in cash and cash equivalents	1,422,497	(1,107,368)	365,283	10,446
Cash and cash equivalents at beginning of the year/period	1,127,927	2,550,424	2,550,424	1,443,056
Cash and cash equivalents at end of the year/period	2,550,424	1,443,056	2,915,707	1,453,502

Cash flows generated from operating activities

Net cash generated from operating activities primarily consisted of profit before tax adjusted for non-cash items, such as depreciation of property, plant and equipment, gains on disposals of items of property, plant and equipment, impairment losses on available-for-sale investment and finance costs. We derive our cash inflow from operations principally from our revenue. Our cash outflow used in operations is principally for payment to suppliers and for our working capital needs.

For the year ended 31 December 2015, our net cash flows generated from operating activities were S$4.5 million. The net cash flows from operating activities were mainly attributable to our profit before tax of approximately S$3.6 million, which was adjusted primarily for (i) depreciation of property, plant and equipment of approximately S$1.8 million, (ii) increase in trade receivables of approximately S$0.7 million, (iii) decrease in trade payables of approximately S$0.5 million, and (iv) increase in other payables and accruals of approximately S$0.2 million.

For the year ended 31 December 2016, our net cash flows generated from operating activities were S$4.6 million. The net cash flows from operating activities were mainly attributable to our profit before tax of approximately S$4.0 million, which was adjusted primarily for (i) depreciation of property, plant and equipment of approximately S$1.7 million, (ii) increase in trade receivables of approximately S$0.5 million, (iii) decrease in trade payables of approximately S$0.1 million, and (iv) decrease in deposits and other receivables of approximately S$0.1 million.

For the five months ended 31 May 2017, our net cash flows generated from operating activities were approximately S$0.4 million. The net cash flows from operating activities were mainly attributable to our loss before tax of approximately S$0.5 million, which was adjusted primarily for (i) depreciation of property, plant and equipment of approximately S$0.8 million, (ii) increase in trade receivables of approximately S$0.5 million, (iii) increase in trade payables of approximately S$0.8 million, and (iv) increase in other payables and accruals of approximately S$0.3 million.

Cash flows used in investing activities

Our cash flows used in investing activities are principally due to the purchases of property, plant and equipment. Our cash inflows from investing activities are primarily due to proceeds from the disposal of property, plant and equipment.

For the year ended 31 December 2015, our net cash used in investing activities was approximately S$0.4 million, primarily due to the purchases of 3 prime movers, 1 lorry and 10 trailers.

For the year ended 31 December 2016, our net cash used in investing activities was approximately S$0.7 million, primarily due to the purchases of 4 prime movers, 2 lorries, 30 trailers and 2 reach stackers.

For the five months ended 31 May 2017, our net cash used in investing activities was approximately S$0.8 million. This was primarily due to S$0.9 million in cash used for the purchases of 12 prime movers, 10 trailers and 1 lorry for the five months ended 31 May 2017.

Cash flows used in/generated from financing activities

Our cash flows used in financing activities are primarily due to payment of finance lease obligations, repayment of advances from director, repayment of loans and borrowings, payment of dividend and interest paid. Our cash flows generated from financing activities are primarily due to proceeds from loans and borrowings and advances from a director.

For the year ended 31 December 2015, our net cash flows used in financing activities were approximately S$2.6 million, primarily due to: (i) payment of finance lease obligations of approximately S$2.6 million, (ii) repayment of loan and borrowings of approximately S$0.3 million, (iii) dividend payment of approximately S$0.2 million, (iv) interest paid of approximately S$0.2 million, and (v) repayment of an amount to a director of approximately S$0.1 million, which was partially offset by proceeds from loans and borrowings of approximately S$0.8 million.

For the year ended 31 December 2016, our net cash flows used in financing activities were approximately S$5.0 million, primarily due to: (i) repayment of an amount due to a director of approximately S$2.6 million, (ii) payment of finance lease obligations of approximately S$2.7 million, (iii) repayment of loan and borrowings of approximately S$0.5 million, (iv) interest paid of approximately S$0.1 million, and (v) advance to a director of approximately S$0.1 million which was partially offset by proceeds from loans and borrowings of approximately S$1.0 million.

For the five months ended 31 May 2017, our net cash flows generated from financing activities were approximately S$0.4 million, primarily due to (i) advance from a director of approximately S$1.7 million, (ii) repayment of obligations under finance leases of approximately S$1.2 million, (iii) repayment of loans and borrowings of approximately S$0.4 million and (iv) new loans and borrowings of approximately S$0.3 million.

As at 31 August 2017, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and cash equivalents of approximately S$0.9 million.

NET CURRENT ASSETS/(LIABILITIES)

The following table sets forth current assets and current liabilities as at the dates indicated:

	As at 31 December		31 May	31 August
	2015	2016	2017	2017
	S$	S$	S$	S$ (unaudited)
Current assets				
Trade receivables	4,136,359	4,639,182	5,094,309	6,011,036
Deposits and other receivables	99,792	286,622	293,943	355,150
Prepayments	22,583	—	518,635	541,055
Pledged deposits	302,455	304,575	304,575	304,575
Cash and bank balances	2,550,424	1,488,087	1,453,502	886,338
	7,111,613	6,718,466	7,664,964	8,098,154
Current liabilities				
Trade payables	1,214,156	686,027	1,497,061	1,992,308
Other payables and accruals	3,344,473	696,498	2,750,278	955,687
Loans and borrowings	2,880,942	2,793,844	2,526,328	2,207,773
Tax payable	314,900	298,915	348,459	265,083
	7,754,471	4,475,284	7,122,126	5,420,851
Net current (liabilities)/assets	(642,858)	2,243,182	542,838	2,677,303

Our current assets consist primarily of trade receivables, deposits and other receivables, pledged deposits, prepayments and cash and bank balances. Our current liabilities consist primarily of trade payables, other payables and accruals, loans and borrowings and tax payable.

Our Group recorded net current liabilities of approximately S$0.6 million as at 31 December 2015 and net current assets of approximately S$2.2 million and S$0.5 million as at 31 December 2016 and 31 May 2017.

There was an approximate S$2.9 million increase in the net current asset position as at 31 December 2016 when compared against the net current liability position as at 31 December 2015. The increase in net current assets was due mainly to a decrease in other payables and accruals from approximately S$3.3 million as at 31 December 2015 to approximately S$0.7 million as at 31 December 2016. The decrease in other payables and accruals was due mainly to the repayment of an amount due to a director of approximately S$2.6 million.

There was a decrease in net current assets as at 31 May 2017 of approximately S$1.7 million when compared against the net current assets position as at 31 December 2016. The decrease was mainly due to (i) an increase in trade payables of approximately S$0.8 million, of which approximately 65.6% are not past due; (ii) increase in other payables and accrual of approximately S$2.0 million mainly due to an advance from a director of S$1.7 million; and (iii) decrease in loans and borrowings of S$0.3 million which was offset by S$0.5 million increase in prepayments due to the capitalization of certain **[REDACTED]** related expenses and an increase in trade receivables of approximately S$0.5 million.

INDEBTEDNESS

The table below sets out the indebtedness of our Group as at the respective dates indicated.

	As at 31 December		31 May	31 August
	2015	2016	2017	2017
	S$	*S$*	*S$*	*S$* (unaudited)
Indebtedness				
Current				
Finance lease payables	2,362,115	1,875,328	1,860,444	1,618,856
Bank overdraft — secured	—	45,031	—	29,505
Bank loans — secured	35,313	45,162	101,855	102,094
Bank loans — unsecured	84,426	127,184	135,884	138,110
Other loans — unsecured	399,088	701,139	428,145	319,208
Amount due to a director	2,577,707	—	1,710,833	—
	5,458,649	2,793,844	4,237,161	2,207,773
Non-current				
Finance lease payables	1,066,731	930,321	1,550,836	1,357,605
Bank loans — secured	528,574	481,932	684,194	658,584
Bank loans — unsecured	—	403,149	345,124	309,340
Other loans — unsecured	223,862	—	—	—
	1,819,167	1,815,402	2,580,154	2,325,529
Total	7,277,816	4,609,246	6,817,315	4,533,302

Loans and bank overdraft

The table below sets forth the breakdown of our bank loans, other loans and bank overdraft as at the respective dates indicated.

	As at 31 December		31 May	31 August
	2015	2016	2017	2017
	S$	S$	S$	S$ (Unaudited)
Bank loans — secured	563,887	527,094	786,049	760,678
Bank loans — unsecured	84,426	530,333	481,008	447,450
Other loans — unsecured	622,950	701,139	428,145	319,208
Bank overdraft — secured	—	45,031	—	29,505
	1,271,263	1,803,597	1,695,202	1,556,841

Our Group's bank and other loans comprised of secured and unsecured bank loans and unsecured other loans. These borrowings together with our secured bank overdraft are interest bearing and denominated in Singapore dollars. For the Relevant Periods, the effective interest rates of the Group's bank loans, bank overdraft and other loans range from 3.8% to 10.88%, 1.17% to 10.88% and 1.17% to 7.93% per annum, respectively.

Our Group's secured bank loans and bank overdraft are secured by our Group's property interests and time deposits and are guaranteed by Mr. K L Chua and Ms. S F Chua on a joint and several basis. Our Group's unsecured other loans are also guaranteed jointly and severally by Mr. K L Chua and Ms. S F Chua. Personal guarantee given jointly and severally by Mr. K L Chua and Ms. S F Chua to banks in connection with our Group's bank loans will be fully released and replaced by corporate guarantee(s) to be provided by our Company and/or other member(s) of our Group upon **[REDACTED]** while guarantees given to financing companies in connection with our Group's other loans have been fully released as at the Latest Practicable Date upon repayment.

As at the Latest Practicable Date, we have no material covenants relating to our outstanding borrowings, save for certain financial covenants the details, amongst others, of which are set out as follows: (i) Nexis Logistics cannot incur a net loss after tax for 2 consecutive years, (ii) Nexis Logistics is required to maintain a minimum shareholders' fund of at least S$1.5 million throughout the loan period, (iii) the Group has term loan covenants which required the Group to have a minimum local shareholding of 30%, an annual turnover that does not exceed S$100 million or an employment size that does not exceed 200 workers and the sum of the Small and Medium Enterprise ("**SME**") micro loan, SME working capital loan, SME equipment loan and SME factory loan cumulatively must not exceed S$15 million.

During the Track Record Period and up to the Latest Practicable Date, the Group had complied with these covenant requirements. However, the Group is aware that certain term loan covenants will be breached upon the finalisation of the restructuring exercise as it will no longer meet the requirement of having a minimum local shareholding of 30%. As at the Latest Practicable Date, our Group's outstanding term loans with covenants relating to the minimum local shareholding of 30% amounted to approximately S$0.3 million, or approximately 16.8% of our Group's bank borrowings as at 31 August 2017. The Group intends to repay such outstanding term loan amounts with our internal resources prior to **[REDACTED]** and the Directors confirm that there will not be any adverse effect to the cash flow of the Group.

As at 31 August 2017, our total amount of banking facilities was approximately S$9.6 million and we had un-utilised banking facilities of approximately S$2.9 million.

Unutilised banking facilities

The table below summarises the details of our banking and finance leases as at 31 August 2017:

	Facility granted	Utilisation	Unutilised
	S$	*S$*	*S$*
Bank loans	2,657,000	2,657,000	—
Bank overdraft	930,000	29,505	900,495
Finance leases	5,900,000	3,917,067	1,982,933
	9,487,000	6,603,572	2,883,428

Note:

(1) Unutilised finance leases refer to finance leases which have been granted by the bank but not utilised by the Group.

The table below sets forth the maturity profile of our bank loans and bank overdraft.

	As at 31 December		31 May	31 August
	2015	2016	2017	2017
	S$	*S$*	*S$*	*S$*
				(Unaudited)
Bank loans and overdraft are analysed as follows:				
Within one year or on demand	119,739	217,377	237,739	269,709
In the second year	31,810	186,294	224,081	209,131
In the third to fifth years, inclusive	148,131	442,866	522,973	487,818
Beyond five years	348,633	255,921	282,264	270,975
	648,313	1,102,458	1,267,057	1,237,633

Except for other loan of S$0.2 million as at 31 December 2015 which was repayable beyond one year, all our other loans are repayable within one year or on demand.

Finance Lease Commitments

Our Group's finance leases are hire purchases related to motor vehicles such as prime movers, trailers, lorries and reach stackers. The tenure of the hire purchase agreements ranges from one to five years. The average effective interest rates of the leases were 2.41%, 2.49% and 2.62% per annum for year ended 31 December 2016, 31 December 2017 and five months ended 31 May 2017 respectively.

The following table sets forth the maturity profile of our finance leases as at the respective dates indicated:

	As at 31 December		31 May	31 August
	2015	2016	2017	2017
	S$	S$	S$	S$
				(Unaudited)
Minimum lease payments				
Not later than one year	2,419,929	1,922,009	1,926,516	1,678,064
In the second year	935,916	641,989	1,177,202	1,054,599
In the third to fifth years, inclusive	146,315	309,449	402,588	326,746
	3,502,160	2,873,447	3,506,306	3,059,409
Less: Amounts representing future finance charges	(73,314)	(67,798)	(95,026)	(83,488)
Present value of minimum lease payments	3,428,846	2,805,649	3,411,280	2,975,921

	As at 31 December		31 May	31 August
	2015	2016	2017	2017
	S$	S$	S$	S$
				(Unaudited)
Present value of minimum lease payments				
Not later than one year	2,362,115	1,875,328	1,860,444	1,618,856
In the second year	921,986	624,865	1,151,800	1,033,183
In the third to fifth years, inclusive	144,745	305,456	399,036	323,882
	3,428,846	2,805,649	3,411,280	2,975,921

Operating Lease Commitments

Our Group leases our logistics yard under operating lease arrangements. Such leases for the logistics yard are negotiated for terms ranging from one to three years. Our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		As at 31 May	As at 31 August
	2015	2016	2017	2017
	S$	*S$*	*S$*	*S$*
				(Unaudited)
Within one year	1,504,824	1,479,000	1,479,000	1,252,000
After one year but within 5 years	1,440,000	759,000	142,750	—
	2,944,824	2,238,000	1,621,750	1,252,000

Capital commitments

Our Group's capital commitments are as follows:

	As at 31 December		As at 31 May	As at 31 August
	2015	2016	2017	2017
	S$	*S$*	*S$*	*S$*
				(Unaudited)
Contracted, but not provided for:				
Capital expenditure in respect of acquisition of items of property, plant and equipment	1,100,000	1,320,000	520,478	270,786

Contingent Liabilities

Performance guarantees were given by financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn, provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of such types of guarantees given by the financial institutions and insurance companies was approximately S$0.6 million as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively.

As at 31 August 2017, except as disclosed in this section, our Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities. Our Directors confirm that save as disclosed in this section, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since 31 August 2017.

ANALYSIS OF SELECTED COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, plant and equipment

Our Group's property, plant and equipment mainly consist of (i) motor vehicles including prime movers, trailers, lorries and reach stackers, (ii) leasehold property, and (iii) computers. The following table sets out the carrying amounts of each type of property, plant and equipment of our Group as at the dates indicated:

	As at 31 December		As at 31 May
	2015	2016	2017
	S$	*S$*	*S$*
Motor vehicles	9,034,218	10,102,097	11,505,263
Furniture and fittings*	—	—	—
Office equipment*	—	—	—
Computers	—	45,955	49,382
Buildings	742,408	712,404	1,060,600
Leasehold improvements	—	—	44,379
	9,776,626	10,860,456	12,659,624

* *Assets were fully depreciated.*

The carrying amount of motor vehicles increased from approximately S$9.0 million as at 31 December 2015 to approximately S$10.1 million as at 31 December 2016 mainly due to the acquisition of 2 additional reach stackers to cater to the increased demand from our customers for our transport and storage services. The carrying amount of motor vehicles increased from approximately S$10.1 million as at 31 December 2016 to S$11.5 million as at 31 May 2017 due to the acquisition of 12 prime movers, 10 trailers and 1 lorry. The carrying amount of buildings increased from approximately S$0.7 million as at 31 December 2016 to S$1.1 million as at 31 May 2017 due to the acquisition of a new office unit located at Pioneer Junction. During the Track Record Period, our capital expenditures have principally consisted of expenditures on motor vehicles, buildings and computer equipment. We incurred cash flows on capital expenditures for purchase of motor vehicles, buildings and computer equipment in the amounts of approximately S$0.5 million, S$0.7 million and S$0.9 million for the two years ended 31 December 2016 and the five years ended 31 May 2017 respectively.

Trade receivables

Trade receivables represent the balances due from customers which amounted to approximately S$4.1 million, S$4.6 million and S$5.1 million as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively.

The following table sets forth our Group's trade receivables as at the dates indicated.

	As at 31 December		As at 31 May
	2015	2016	2017
	S$	*S$*	*S$*
Trade receivables			
— External parties	4,136,359	4,639,182	5,094,309

The following table sets out the ageing analysis of trade receivables, based on the invoice date, as at the dates indicated:

	As at 31 December		As at 31 May
	2015	2016	2017
	S$	*S$*	*S$*
Trade receivables:			
Less than 30 days	2,143,768	2,555,729	2,967,481
31–60 days	1,529,979	1,564,159	1,502,924
61–90 days	245,775	285,914	496,640
Over 90 days	216,837	233,380	127,264
	4,136,359	4,639,182	5,094,309

The following table sets out the aging analysis of trade receivables that are neither individually nor collectively considered to be impaired:

	As at 31 December		As at 31 May
	2015	2016	2017
	S$	*S$*	*S$*
Trade receivables:			
Neither past due nor impaired	3,097,533	3,262,896	3,890,835
Less than 30 days past due	554,310	891,515	693,730
31–60 days past due	268,168	251,464	331,945
61–90 days past due	216,348	233,307	145,599
More than 90 days	—	—	32,200
	4,136,359	4,639,182	5,094,309

Receivables that were past due but not impaired relate to a number of customers that have a good track record with our Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The following table sets out the trade receivables turnover days for the Track Record Period:

	As at 31 December		As at 31 May
	2015	2016	2017
Trade receivables turnover days[1]	50	59	65

Notes:

1. Trade receivables turnover days for each of the two years ended 31 December 2016 and the five months ended 31 May 2017 are calculated by the average trade receivables divided by the total revenues for the year/period and (i) multiplied by 365 days for each of the two years ended 31 December 2016; or (ii) multiplied by 151 days for the five months ended 31 May 2017. Average trade receivables are calculated as the average of the beginning and ending trade receivables balances for the respective periods.

For the two years ended 31 December 2016 and the five months ended 31 May 2017, our Group recorded trade receivables turnover days of approximately 50 days, 59 days and 65 days respectively. The trade receivables turnover days increased from 50 days and 59 days as a result of the longer credit terms we provided to our new customers and the increase in overdue trade receivables as at 31 December 2016. We had to provide some of our new customers with longer credit terms in order to secure their business. Overdue trade receivables increased from approximately S$1.0 million as at 31 December 2015 to S$1.4 million as at 31 December 2016 due to slower payment from customers.

The trade receivables turnover days increased from 59 days for the year ended 31 December 2016 to 65 days for the five months ended 31 May 2017 due to longer credit terms offered to customers. Nonetheless, (i) overdue trade receivables decreased from approximately S$1.4 million at 31 December 2016 to approximately S$1.2 million as at 31 May 2017; and (ii) the trade receivables turnover days of 65 days for the five months ended 31 May 2017 was only slightly higher than the 30–60 day credit period which we typically grant to our clients.

We negotiate with and offer credit terms to our customers prior to entering into contracts or accepting customers' orders. Our credit period granted to customers are in line with industry practice and confirmed after negotiation between us and customers.

In our business operation cycle, the time taken to receive sales proceeds is longer than the time to pay our suppliers. In general, we have a working capital mismatch in our operation. However, we finance our business operation through our internally generated funds, banking facilities and debt financing from banks.

As at 31 May 2017, our balances of trade payables stood at approximately S$1.5 million whilst our cash and bank balances and unutilised bank overdraft facility amounted to approximately S$1.5 million and S$0.9 million respectively. In the event that our internally generated funds are insufficient to finance our business operations, we will tap into our existing cash and bank balances or unutilised bank overdraft facilities for the settlement of our trade payables. The Directors confirm that the combined cash and bank balances and unutilised bank overdraft facilities of S$2.4 million as at 31 May 2017 should be sufficient to satisfy any immediate settlement for our trade payables in case of any unforeseen circumstances.

In addition, we will consider obtaining debt financing from banks from time to time to meet our funding needs in the medium term. We successfully obtained approximately S$0.8 million, S$1.0 million and S$0.3 million of loans and borrowings for each of the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. As such, our Directors consider that our Group should have sufficient cash flow in our business operation in the absence of proceeds from the **[REDACTED]**.

	Trade receivables as at 31 May 2017	Repaid Up to the Latest Practicable Date	
	S$	*S$*	*%*
Less than 30 days	2,967,481	2,900,676	97.7%
31 days to 60 days	1,502,924	1,502,539	100.0%
61 days to 90 days	496,640	495,142	99.7%
Over 90 days	127,264	126,450	99.4%
	5,094,309	5,024,807	98.6%

As shown in the table above, up to the Latest Practicable Date, 98.6% (or S$5.0 million) of our trade receivables as at 31 May 2017 had been settled.

Cash and bank balances

Our cash and bank balances comprise cash at bank and cash on hand. Cash and bank balances amounted to approximately S$2.6 million, S$1.5 million and S$1.5 million as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively.

Prepayments

Our prepayments as at 31 May 2017 is approximately S$0.5 million. This is mainly due to capitalization of certain **[REDACTED]** related expenses incurred over the five months ended 31 May 2017.

Pledged deposits

Our pledged deposits comprise of time deposits pledged for our bank overdraft facility. Pledged deposits amounted to approximately S$0.3 million, S$0.3 million and S$0.3 million as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively.

Please refer to the section headed "Financial information — Liquidity and capital resources" for further details on the cash flow activities of the Group during the Track Record Period.

Deposits and other receivables

	Year ended 31 December		As at 31 May
	2015	**2016**	**2017**
	S$	*S$*	*S$*
Current			
Other receivables	41,841	35,111	43,715
Advance to a director	—	100,000	100,000
Deposits	57,951	151,511	150,228
	99,792	286,622	293,943
Non-current			
Deposits	323,039	87,948	97,535
	422,831	374,570	391,478

Deposits and other receivables (current) amounted to approximately S$0.1 million, S$0.3 million and S$0.3 million as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively. Other receivables (current) represent mainly credit notes from our suppliers. It decreased from approximately S$42,000 as at 31 December 2015 to approximately S$35,000 as at 31 December 2016 and then increased to approximately S$44,000 as at 31 May 2017. There was an advance to a director of approximately S$0.1 million as at 31 December 2016 which has since been fully repaid in June 2017. Deposits (current) represent mainly the deposits paid to port operators and other various deposits paid. Deposits (current) increased from approximately S$58,000 as at 31 December 2015 to approximately S$152,000 as at 31 December 2016 mainly due to the reclassification of deposits paid to port operators from the non-current portion to current portion between different balance sheet dates. Deposit agreements with the port operators can range from one to two year(s). Such agreements are renewable upon expiry. As at 31 December 2015, such deposits were placed for agreements with the port operators that had an expiry date of more than 12 months from 31 December 2015. As such, in accordance with International Accounting Standard 1 "Presentation of Financial Statements" ("**IAS 1**"), such deposits were classified as non-current assets. However, as at 31 December 2016, such deposits had an expiry date of less than 12 months from 31 December 2016 and had to be classified as current assets in accordance with IAS 1 requirements. The reclassification does not imply any changes in our business operations and arrangement with the port operators. Deposits (current) remained stable at approximately S$150,000 as at 31 May 2017.

Deposits (non-current) amounted to approximately S$0.3 million, S$0.1 million and S$0.1 million as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively. Deposits (non-current) mainly represent the logistic yard deposits, deposits paid to port operators and deposit paid for the acquisition of vehicles. The decrease in deposits (non-current) was mainly due to the (i) capitalisation of deposits paid for acquisition of vehicles to property, plant and equipment, and (ii) reclassification of deposits paid to port operators from the non-current portion to current portion between different balance sheet dates.

Trade payables

Trade payables primarily relate to the payables to suppliers. Trade payables amounted to approximately S$1.2 million, S$0.7 million and S$1.5 million as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively.

The following table sets forth our Group's trade payables as at the dates indicated.

	As at 31 December		As at 31 May
	2015	2016	2017
	S$	*S$*	*S$*
Trade payables			
— External parties	1,214,156	686,027	1,497,061

The trade payables are non-interest-bearing and are normally settled on terms of 30 days.

The following table sets forth the ageing analysis of the trade payables based on the invoice dates as at the dates indicated.

	As at 31 December		As at 31 May
	2015	2016	2017
	S$	*S$*	*S$*
Trade payables:			
Less than 30 days	856,114	664,226	982,245
31–60 days	177,357	18,496	431,333
61–90 days	79,263	3,144	66,599
Over 90 days	101,422	161	16,884
	1,214,156	686,027	1,497,061

The following table sets out the trade payables turnover days for the Track Record Period:

	As at 31 December		As at 31 May
	2015	2016	2017
Trade payable turnover days[2]	24	17	18

Notes:

1. Trade payables turnover days for each of two the years ended 31 December 2016 and the five months ended 31 May 2017 are calculated by the average trade payables divided by the cost of sales for the year/period and (i) multiplied by 365 days for each of the two years ended 31 December 2016; or (ii) multiplied by 151 days for the five months ended 31 May 2017. Average trade payables are calculated as the average of the beginning and ending trade payables balances for the respective periods.

The credit term offered by our major suppliers is typically 30 days. For the two years ended 31 December 2016 and 31 May 2017, our Group recorded trade payables turnover days of approximately 24 days, 17 days and 18 days respectively. Our trade payables decreased from 24 to 18 days due to our faster payments to our major suppliers.

Up to 31 May 2017, 99.5% of our trade payables as at 31 December 2016 had been settled.

Other payables and accruals

Other payables and accruals mainly comprise accrued liabilities, amount due to a director, GST payable and dividend payable. The following table sets forth our Group's other payables and accruals as at the dates indicated:

	As at 31 December		As at 31 May
	2015	2016	2017
	S$	*S$*	*S$*
Accrued liabilities	620,140	656,607	998,664
Amount due to a director	2,577,707	—	1,710,833
GST payable	146,626	39,891	40,781
	3,344,473	696,498	2,750,278

The amount due to a director was approximately S$2.6 million, S$0 and S$1.7 million as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively. The approximately S$2.6 million amount due to a director in 2015 was repaid in the year ended 31 December 2016. The amount due to a director as at 31 May 2017 of approximately S$1.7 million was due to advances provided by a director during the five months ended 31 May 2017. As at the Latest Practicable Date, all the amounts due to director have been repaid.

Available-for-sale investment

Our available-for-sale investment represents a listed equity investment. The listed equity investment was valued at market price and amounted to approximately S$11,400, S$6,750 and S$6,750 as at 31 December 2015, 31 December 2016 and 31 May 2017 respectively. During the Track Record Period, we recognised impairment losses of approximately S$17,053, S$4,650 and nil for the two years ended 31 December 2015 and 2016 and the five months ended 31 May 2017 respectively. Please refer to note 17 of the Accountants' Report in Appendix I for further details. The listed equity investment was a one-off investment made prior to the Track Record Period and we do not intend to continue making such investments after **[REDACTED]**.

Deferred tax liabilities/assets

Deferred tax liabilities were mainly derived from the temporary differences in respect of the excess of net book values of plant and equipment over their corresponding tax values and deferred tax assets were mainly derived from the temporary differences in respect of the tax benefit available for offsetting against future taxable profits as at the end of each of the Relevant Periods. For further details, please refer to note 16 in the Accountants' Report in Appendix I to this document.

KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios as at the dates indicated:

	Year ended 31 December		As at 31 May
	2015	2016	2017
Gross profit margin(1)	20.3%	23.1%	19.3%
Net profit margin(2)	11.0%	12.4%	(6.0)%
Return on assets(3)	17.6%	18.9%	N/A
Return on equity(4)	40.0%	30.5%	N/A
Interest coverage ratio(5)	23.5	34.9	N/A

	As at 31 December		As at 31 May
	2015	2016	2017
Current ratio(6)	0.9	1.5	1.1
Gearing ratio(7)	0.6	0.4	0.5

Notes:

1. Gross profit margin is calculated by dividing the gross profit for the year/period by total revenue for the year/period and multiplied by 100%.

2. Net profit margin is calculated by dividing the net profit for the year/period by total revenue for the year/period and multiplied by 100%.

3. Return on assets equals to net profit for the year divided by total assets at the end of the year and multiplied by 100%. Return on assets for the five months 31 May 2017 is not applicable since the recorded net loss only represents the amount for the five months ended 31 May 2017.

4. Return on equity equals to net profit for the year divided by total equity at the end of the year and multiplied by 100%. Return on equity for the five months 31 May 2017 is not applicable since the Group's recorded net loss only represents the amount for the five months ended 31 May 2017.

5. Interest coverage ratio equals to the net profit before interest and tax for the year divided by the net interest expenses for the year. Interest coverage ratio for the five months ended 31 May 2017 is not applicable since our Group recorded a net loss for the five months ended 31 May 2017.

6. Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year/period.

7. Gearing ratio is calculated by dividing the sum of borrowings by the total equity at the end of each year/period and multiplied by 100%.

Gross profit margin

Our gross profit margin improved from 20.3% for the year ended 31 December 2015 to 23.1% for the year ended 31 December 2016 mainly due to the 5.9% decrease in cost of sales which was offset against the 2.4% decrease in revenue for the year ended 31 December 2016.

Our gross profit margin for the five months ended 31 May 2017 was lower at 19.3% mainly due the increase in fuel cost and vehicle cost.

Net profit margin

Our net profit margin improved from 11.0% for the year ended 31 December 2015 to 12.4% for the year ended 31 December 2016 mainly due to improved gross profit by approximately S$0.6 million which were partially offset by higher administrative expenses and income tax expenses by approximately S$0.2 million and approximately S$0.2 million respectively for the year ended 31 December 2016.

Our net profit margin decreased from 12.4% for the year ended 31 December 2016 to -6.0% for the five months ended 31 May 2017 mainly due to **[REDACTED]** related expenses of approximately S$1.6 million and a S$0.7 million or 24.4% decrease in gross profit.

Return on assets

Our return on assets increased from 17.6% for the year ended 31 December 2015 to 18.9% for the year ended 31 December 2016 mainly due to improvements in our gross profit margin and net profit margin whilst total assets of the Group remained relatively stable. Net profit increased by 9.9% from approximately S$3.0 million for the year ended 31 December 2015 to approximately S$3.3 million for the year ended 31 December 2016 as compared against the 1.7% increase in total assets from approximately S$17.4 million as at 31 December 2015 to approximately S$17.7 million as at 31 December 2016.

Return on equity

Our return on equity decreased from 40.0% for the year ended 31 December 2015 to 30.5% for the year ended 31 December 2016. This decrease was mainly due to the 43.9% increase in total equity from approximately S$7.6 million as at 31 December 2015 to approximately S$11.0 million as at 31 December 2016 as compared against the 9.9% increase in net profit from approximately S$3.0 million for the year ended 31 December 2015 to approximately S$3.3 million for the year ended 31 December 2016.

Interest coverage ratio

Our interest coverage ratio increased from 23.5 times for the year ended 31 December 2015 to 34.9 times for the year ended 31 December 2016 mainly due to (i) a 25.4% decrease in finance cost from approximately S$160,000 for the year ended 31 December 2015 to approximately S$119,000 for the year ended 31 December 2016, and (ii) a 11.0% increase net profit before interest and tax from approximately S$3.8 million for the year ended 31 December 2015 to approximately S$4.2 million for the year ended 31 December 2016.

Current ratio

Our current ratio increased from 0.9 times as at 31 December 2015 to 1.5 times as at 31 December 2016 mainly due to the 42.3% decrease in current liabilities from approximately S$7.8 million as at 31 December 2015 to approximately S$4.5 million as at 31 December 2016 outweighing the 5.6% decrease in current assets from approximately S$7.1 million as at 31 December 2015 to approximately S$6.7 million as at 31 December 2016. Current liabilities as 31 December 2016 were lower as compared to 31 December 2015 due to decreases in trade payables, other payables and accruals, loans and borrowings, and tax payable.

Our current ratio decreased from 1.5 times as at 31 December 2016 to 1.1 times as at 31 May 2017. This decrease was mainly due to the 59.1% increase in current liabilities from approximately S$4.5 million to S$7.1 million dollars which was mainly due to an advance from a director of approximately S$1.7 million and a 118.2% increase in trade payables from approximately S$0.7 million as at 31 December 2016 to S$1.5 million as at 31 May 2017.

Gearing ratio

Our gearing ratio decreased from 0.6 times as at 31 December 2015 to 0.4 times as at 31 December 2016. This decrease was mainly due to (i) the 43.9% increase in total equity from approximately S$7.6 million as at 31 December 2015 to approximately S$11.0 million as at 31 December 2016, and (ii) the 2.1% decrease in total borrowings from approximately S$4.7 million as at 31 December 2015 to approximately S$4.6 million as at 31 December 2016.

Our gearing ratio increased slightly from 0.4 as at 31 December 2016 to 0.5 as at 31 May 2017. This increase was mainly due to (i) a 6.2% decrease in total equity from approximately S$11.0 million as at 31 December 2016 to S$10.3 million as at 31 May 2017; and (ii) a 10.8% increase in total borrowings from approximately S$4.6 million as at 31 December 2016 to S$5.1 million as at 31 May 2017.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any off-balance sheet arrangements.

FINANCIAL RISKS

Our Group is exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from our Group's financial instruments are credit risk and liquidity risk. The Board of Directors reviews and agrees on policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than six months from the end of each of the Relevant Periods.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. The Group's policy is to keep 60% to 80%, 60% to 90% and 60% to 80% of its loans and borrowings at fixed rates of interest for the Relevant Periods. Approximately 88%, 98% and 79% of the Group's borrowings are at fixed rates of interest at 31 December 2015, 31 December 2016 and 31 May 2017 respectively.

Sensitivity analysis for interest rate risk

As at 31 December 2016 and 31 May 2017, if interest rates had been 75 basis points higher for the Group's floating rate debts with all the other variables held constant, the Group's profit before tax for the year ended 31 December 2016 and the five months ended 31 May 2017 would have remained substantially. For the year ended 31 December 2015, the Group's profit before tax would have been S$4,395 lower if interest rate had been risen by 75 basis points. The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment, showing higher volatility as in prior years.

Credit risk

Our Group's main exposure to credit risk arises primarily from trade and other receivables. The credit risk on such trade and other receivables is minimal as our Group adopts the policy of dealing only with customers and counterparties of appropriate credit history.

Liquidity risk

Our Group's exposure to liquidity risk arises in the general funding of the Group's operating activities. Our Group's cash and cash equivalents and operating cash flows are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

RECENT DEVELOPMENTS

For the recent developments, subsequent to the Track Record Period and up to the date of this document, please refer to the section headed "Summary — Recent development".

SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources available to the Group, including the internally generated funds, available banking facility and the estimated net proceeds of the **[REDACTED]**, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of the document.

During the Track Record Period and up to the Latest Practicable Date, the Directors confirm that the Group (i) has not encountered any difficulty in obtaining external borrowings; (ii) has not been recalled or requested for early repayment of borrowings; (iii) has not had any delay or default in repayment of trade and non-trade payables and bank borrowings, and/or breaches of other covenants under its borrowings; and (iv) has not breached of any finance covenants.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in the Accountants' Report in Appendix I in this document, the Directors confirm that these transactions were conducted on normal commercial terms and/or on terms not less favourable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of its Shareholders as a whole.

DISTRIBUTABLE RESERVES

Subject to the Companies Law and the Articles, our Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by our Board. The Articles provide that dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. Our Company can also pay dividends out of the share premium with the approval of our Shareholders and subject to a statutory solvency test.

Our Company was incorporated in the Cayman Islands on 10 February 2017 and had no distributable reserves as at 31 December 2015, 31 December 2016 and 31 May 2017.

DIVIDEND

For the year ended 31 December 2015, Nexis Logistics declared dividend of S$0.2 million and this dividend has been paid as at the Latest Practicable Date.

The payment and the amount of any dividends, if paid, will depend on the results of operations, cash flows, financial condition, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that we may consider relevant. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares.

There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Our Group does not have any pre-determined dividend payout ratio and any dividends will be made at the discretion of the Board and will be based upon the Group's earnings, cash flow, financial condition, capital requirements and any other conditions that our Directors consider relevant.

Accordingly, the financial results of the Group for the year ending 31 December 2017 are expected to be materially affected by the estimated expenses in relation to the **[REDACTED]**. The Directors would like to emphasise that such cost is a current estimate for reference only and the final amount to be recognised in the combined statement of profit or loss of the Group for the year ending 31 December 2017 is subject to adjustment based on audit and the then changes in variables and assumptions.

[REDACTED]

The total estimated expenses in relation to the **[REDACTED]** are approximately HK$**[REDACTED]** million. For the five months ended 31 May 2017, we incurred **[REDACTED]** of approximately HK$**[REDACTED]** million, of which approximately HK$**[REDACTED]** million was charged directly to profit and loss of our Group and approximately HK$**[REDACTED]** million which was directly attributable to the issue of **[REDACTED]** to the public has been capitalised as prepayments. Such prepayments will be accounted for as a deduction from equity upon **[REDACTED]**. Out of the remaining estimated **[REDACTED]** of approximately HK$**[REDACTED]** million to be borne by us, approximately HK$**[REDACTED]** million is expected to be charged to profit and loss of our Group during the seven months ending 31 December 2017 and the remaining HK$**[REDACTED]** million which is directly attributable to the issue of **[REDACTED]** to the public will be accounted for as a deduction from equity upon **[REDACTED]**. The recognition of such **[REDACTED]** is expected to materially affect our financial results for the year ending 31 December 2017. The estimated **[REDACTED]** of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the **[REDACTED]**.

PROPERTY INTEREST

As at the Latest Practicable Date, our Group owns three industrial property units in Singapore which we use for our own office purposes. Please refer to the section headed "Business — Properties" for further details.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please refer to Appendix II to this document for further details.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors confirm that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in its financial or trading position or prospects since 31 May 2017, being the date of the last audited financial statement as set out in Appendix I in this document, up to the date of this document.

SUBSEQUENT EVENTS

The Group had the following material events occurred after the Track Record Period:

(a) On 25 September 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares to HK$50,000,000 divided into 5,000,000,000 ordinary shares by the creation of additional 4,962,000,000 ordinary shares.

(b) conditional upon the share premium amount of the Company being credited as a result of the initial **[REDACTED]** of the Company's shares, the Company's directors were authorised to capitalise the amount of HK$**[REDACTED]** from the amount standing to the credit of the share premium account of the Company and apply such sum to pay up in full at par **[REDACTED]** ordinary shares for allotment and issue to the person(s) whose name(s) appear(s) on the register of members of our Company at the close of business.

(c) the share option scheme of the Company was adopted on 25 September 2017 and the principal terms of which are set out in Appendix IV to the document.