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Legion Consortium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2129)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of Directors (the “**Directors**”) of Legion Consortium Limited (the “**Company**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 together with comparative figures for the corresponding period for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	<u>2022</u>	<u>2021</u>
		S\$	S\$
Revenue	4	57,035,967	45,785,662
Cost of services		(38,875,424)	(32,422,299)
Gross profit		18,160,543	13,363,363
Other income	5	621,139	764,063
Other gains, net	6	333,604	538,630
Selling expense		(160,094)	(76,661)
Administrative expenses		(13,234,466)	(9,875,671)
Impairment gains and losses (including reversals of impairment losses) on financial assets		2,000	2,000
Finance costs	7	(170,045)	(223,436)
Listing expenses	8	—	(774,080)
Profit before tax	8	5,552,681	3,718,208
Income tax expense	9	(987,115)	(861,856)
Profit and other comprehensive income for the year		<u>4,565,566</u>	<u>2,856,352</u>
Attributable to:			
Equity shareholders of the Company		4,539,208	2,856,352
Non-controlling interests		26,358	—
Profit and other comprehensive income for the year		<u>4,565,566</u>	<u>2,856,352</u>
Basic and diluted earnings per share (S\$ cents)	11	<u>0.36</u>	<u>0.23</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022	2021
		S\$	S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	13,961,293	6,642,386
Investment properties		3,645,513	3,834,655
Intangible assets		2,299,170	97,915
Deposits and other receivables	14	3,030,048	3,418,468
		22,936,024	13,993,424
Current assets			
Trade receivables	13	14,250,598	10,887,339
Other receivables, deposits and prepayments	14	2,909,156	1,297,244
Amounts due from related parties	15	3,983	373,268
Pledged deposits		200,000	550,000
Fixed deposits with maturity of over three months		14,361,995	—
Bank balances and cash		10,319,604	23,908,104
		42,045,336	37,015,955
Current liabilities			
Trade and other payables	16	5,863,303	4,050,473
Amounts due to related parties	15	359,099	97,874
Bank borrowings		106,413	45,757
Lease liabilities		3,820,533	2,622,473
Provisions		480,000	389,000
Income tax payable		1,059,983	842,003
		11,689,331	8,047,580
Net current assets		30,356,005	28,968,375
Total assets less current liabilities		53,292,029	42,961,799

	Note	<u>2022</u>	<u>2021</u>
		S\$	S\$
Non-current liabilities			
Trade and other payables	16	80,300	472,200
Bank borrowings		495,084	535,058
Lease liabilities		6,044,042	768,352
Provisions		—	91,000
Deferred tax liabilities		521,348	409,500
		<u>7,140,774</u>	<u>2,276,110</u>
Net assets		<u>46,151,255</u>	<u>40,685,689</u>
EQUITY			
Share capital		2,133,905	2,133,905
Reserves		43,090,992	38,551,784
Total equity attributable to shareholders of the Company		45,224,897	40,685,689
Non-controlling interests		926,358	—
Total equity		<u>46,151,255</u>	<u>40,685,689</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1 GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 20 June 2018 and its registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”) on 3 August 2018 and the principal place of business in Hong Kong and Singapore is at Unit 912, 9/F, Two Harbourfront 22 Tak Fung Street, Hunghom Kowloon, Hong Kong and 7 Keppel Road, #03-20/21/22/23/24 Tanjong Pagar Complex, Singapore respectively. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 13 January 2021 (“**Listing date**”).

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of trucking services, freight forwarding services and value added transport services.

The consolidated financial statements are approved by the Board of Directors of the Company on 30 March 2023.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared based on the accounting policies which conform with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standard Board (“**IASB**”), and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). They have been prepared under the historical cost convention. These consolidated financial statements are presented in Singapore dollars (“**S\$**”).

3. ADOPTION OF NEW AND REVISED STANDARDS

New and amended International Financial Reporting Standards (“IFRSs”) that are effective for the current year

The Group has applied the following amendments to IFRSs to these financial statements for the current accounting period:

Amendments to IAS 16	<i>Property, plant and equipment: Proceeds before intended use</i>
Amendments to IAS 37	<i>Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Annual Improvements	<i>Annual Improvements to IFRS Standards 2018-2020 Cycle</i>

The application of the amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRS Standards in issue but not yet effective

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

IFRS 17	<i>Insurance Contracts and the Related Amendments¹</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies¹</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates¹</i>
Amendments to IAS 12	<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture³</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback²</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current²</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants²</i>

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

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

2 Effective for annual periods beginning on or after 1 January 2024

3 Effective for annual periods beginning on or after a date to be determined

4 REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of trucking services, freight forwarding services and value added transport services by the Group to external customers, also represents the revenue from contracts with customers. This is consistent with the revenue information that is disclosed for each operating and reportable segment under IFRS 8. During the years ended 31 December 2022 and 2021, there is no inter-segment sales.

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

- Trucking services
- Freight forwarding services
- Value added transport services

No further detailed analysis of the Group’s assets and liabilities is regularly provided to the CODM for review.

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

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Revenue from external customers:		
– Trucking services	20,299,616	15,776,194
– Freight forwarding services	28,281,681	24,440,509
– Value added transport services	8,454,670	5,568,959
	<u>57,035,967</u>	<u>45,785,662</u>
Segment result:		
– Trucking services	6,447,581	4,105,397
– Freight forwarding services	7,226,934	6,803,422
– Value added transport services	4,486,028	2,454,544
	<u>18,160,543</u>	<u>13,363,363</u>
Unallocated:		
– Other income	621,139	764,063
– Other gains, net	333,604	538,630
– Selling expense	(160,094)	(76,661)
– Administrative expenses	(13,234,466)	(9,875,671)
– Impairment gains and losses (including reversals of impairment losses) on financial assets	2,000	2,000
– Finance costs	(170,045)	(223,436)
– Listing expenses	—	(774,080)
Profit before tax	<u>5,552,681</u>	<u>3,718,208</u>

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

During the years ended 31 December 2022 and 2021, the contract prices for trucking services and freight forward services are agreed based on factors such as weight and distance etc. and for value added transport services are based on storage space occupied and storage duration used.

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

Geographical information

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

Information about major customers

For the years ended 31 December 2022 and 2021, no single customer contributes 10% or more of total revenue of the Group.

5 OTHER INCOME

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Government grants (Note a)	105,518	344,071
Interest income	163,469	18,013
Rental income	279,301	276,310
Yard utilities income	45,617	54,702
Others	27,234	70,967
	<u>621,139</u>	<u>764,063</u>

Note a:

The government grants received mainly comprise Wage Credit Scheme (“WCS”), Job Growth Incentive (“JGI”), Special Employment Credit (“SEC”) and Job Support Scheme (“JSS”), all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the year ended 31 December 2022, the Group recognised grants of S\$nil (2021: S\$247,255) under JSS. Under this scheme, the government provides wage support to employers, helping businesses retain their local employees (including Singapore citizens and permanent residents) during the economic uncertainty caused by the Coronavirus Disease 2019 (“COVID-19”).

During the year ended 31 December 2022, the Group recognised grants of S\$42,321 (2021: S\$48,780) under JGI. Under this scheme, the government provides support to expend local workforce (eg: Singapore Citizen and Singapore Permanent Residents) from September 2020 to September 2022.

The remaining balances of grants for the years ended 31 December 2022 and 2021 are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

6 OTHER GAINS, NET

	<u>2022</u>	<u>2021</u>
	S\$	S\$
(Loss)/gain on disposal of property and equipment, net	(9,301)	232,604
Net foreign exchange gain	342,905	306,026
	<u>333,604</u>	<u>538,630</u>

7 FINANCE COSTS

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Interest on:		
Bank borrowings	18,374	24,485
Lease liabilities	151,671	198,951
	<u>170,045</u>	<u>223,436</u>

8 PROFIT BEFORE TAX

Profit before tax is arrived at after charging (crediting):

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Depreciation of property, plant and equipment		
– Recognised as cost of services	3,936,472	3,404,635
– Recognised as administrative expenses	717,347	488,443
	<u>4,653,819</u>	<u>3,893,078</u>
Depreciation of investment properties	189,142	189,140
Amortisation of intangible assets	74,620	42,726
Audit fee paid or payable to auditors of the Company	225,000	180,000
Audit fees in connection with the listing of the Company (Note i)	—	83,813
Listing expenses (Note i)	—	774,080
Directors' remuneration	2,371,989	1,320,954
Other staff costs:		
– Salaries and other benefits	8,538,396	8,160,897
– Contributions to Central Provident Fund (“CPF”)	778,247	665,059
Total staff costs (including Directors' remuneration) (Note ii)	<u>11,688,632</u>	<u>10,146,910</u>
Gross rental income from investment property recognised as other income (Note 5)	(279,301)	(276,310)
Less: Direct operating expenses incurred for investment property that generated rental income	245,266	241,730
	<u>(34,035)</u>	<u>(34,580)</u>

Note i: Included in listing expenses are audit fees of S\$nil (2021: S\$83,813) paid or payable to predecessor auditors of the Company in connection with the listing of the Company.

Note ii: The total staff costs of S\$2,617,714 (2021: S\$2,889,284) is included in cost of services and S\$9,070,918 (2021: S\$7,257,626) is included in administrative expenses respectively.

9 INCOME TAX EXPENSE

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax (“CIT”)	1,042,266	842,003
– (Over)/under provision in prior years	(9,154)	36,853
Deferred tax credit	<u>(45,997)</u>	<u>(17,000)</u>
	<u>987,115</u>	<u>861,856</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Singapore

The subsidiaries of the Company which operate in Singapore are subject to CIT at a rate of 17% (2021: 17%) on the estimated assessable profit for the year.

For the years ended 31 December 2022 and 2021, Rejoice Container Services (Pte) Ltd, Richwell Global Forwarding Pte. Ltd, Radiant Overseas Pte Ltd, Real Time Forwarding Pte. Ltd. and Resolute Solutions Pte. Ltd. (“**Resolute Solutions**”) (the subsidiaries of the Company) can enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$190,000 of chargeable income.

10 DIVIDENDS

No dividend was paid or declared by the Company for the year ended 31 December 2022 (2021: Nil).

11 EARNINGS PER SHARE

	<u>2022</u>	<u>2021</u>
Profit for the year attributable to the owners of the Company (S\$)	4,539,208	2,856,352
Weighted average number of ordinary shares in issue	1,250,000,000	1,242,294,521
Basic and diluted earnings per share (S\$ cents)	<u>0.36</u>	<u>0.23</u>

The calculation of basic earnings per share for the years ended 31 December 2022 and 2021 is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue.

Diluted earnings per share is the same as the basic earnings per share because the Group has no dilutive securities that are convertible into shares during the years ended 31 December 2022 and 2021.

12 PROPERTY, PLANT AND EQUIPMENT

	<u>Machinery</u>	<u>Computer and office equipment</u>	<u>Motor vehicles</u>	<u>Leasehold buildings</u>	<u>Leasehold improvement</u>	<u>Furniture and fittings</u>	<u>Total</u>
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Cost:							
At 1 January 2021	1,304,784	523,778	13,085,749	7,090,464	1,121,973	54,566	23,181,314
Additions	31,000	105,639	157,385	1,940,038	379,073	13,784	2,626,919
Disposals/Written off	—	(48,170)	(1,463,539)	(217,577)	—	—	(1,729,286)
At 31 December 2021	1,335,784	581,247	11,779,595	8,812,925	1,501,046	68,350	24,078,947
Additions	—	62,666	1,341,621	9,829,635	29,299	10,256	11,273,477
Acquisitions from business combinations (Note 17)	—	18,169	774,235	11,807	7,225	—	811,436
Disposals/Written off	—	(74,518)	(847,674)	(5,571,760)	—	(5,831)	(6,499,783)
At 31 December 2022	1,335,784	587,564	13,047,777	13,082,607	1,537,570	72,775	29,664,077
Accumulated depreciation:							
At 1 January 2021	1,260,364	386,036	9,678,401	2,772,713	1,059,078	50,932	15,207,524
Charge for the year	27,347	63,351	666,247	3,013,436	119,155	3,542	3,893,078
Disposals/Written off	—	(48,171)	(1,398,293)	(217,577)	—	—	(1,664,041)
At 31 December 2021	1,287,711	401,216	8,946,355	5,568,572	1,178,233	54,474	17,436,561
Charge for the year	18,398	67,099	817,218	3,582,514	160,303	8,287	4,653,819
Disposals/Written off	—	(81,810)	(773,887)	(5,526,068)	—	(5,831)	(6,387,596)
At 31 December 2022	1,306,109	386,505	8,989,686	3,625,018	1,338,536	56,930	15,702,784
Carrying amounts:							
At 31 December 2021	<u>48,073</u>	<u>180,031</u>	<u>2,833,240</u>	<u>3,244,353</u>	<u>322,813</u>	<u>13,876</u>	<u>6,642,386</u>
At 31 December 2022	<u>29,675</u>	<u>201,059</u>	<u>4,058,091</u>	<u>9,457,589</u>	<u>199,034</u>	<u>15,845</u>	<u>13,961,293</u>

For the year ended 31 December 2022, there were additions of S\$11,273,477 (2021: S\$2,626,919) including non-cash additions of right-of-use assets of S\$9,885,779 (2021: S\$1,979,331).

13 TRADE RECEIVABLES

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Trade receivables	14,325,817	11,031,168
Allowance for doubtful receivable	(75,219)	(143,829)
	<u>14,250,598</u>	<u>10,887,339</u>

The Group provides trucking services to new customers at cash upon delivery and grants credit terms to other customers typically ranging from 30 to 90 days from the invoice date for trade receivables. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date which approximated the revenue recognition date at the end of each financial year:

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Within 30 days	6,644,174	5,096,742
31 days to 60 days	3,969,181	2,446,328
61 days to 90 days	1,113,844	946,611
91 days to 180 days	1,025,961	965,383
181 days to 1 year	401,040	668,684
Over 1 year	1,096,398	763,591
	<u>14,250,598</u>	<u>10,887,339</u>

As at 31 December 2022, S\$1,571,579 (2021: S\$1,249,319) due from a customer (“**Customer A**”), an independent third party, was past due and expected credit loss is assessed individually.

Customer A rented certain space in the Group’s yard for storing cargo. In October 2020, Customer A entered into a settlement agreement with its creditors, pursuant to which Customer A obtained its creditors’ approval for payment of the storage cost due to the Group before any distributions are made to the rest of the creditors of Customer A. The Directors expected that Customer A will sell the cargo, which is kept in the Group’s yard, and distribute the proceeds of the sale to its creditors with first priority given to the Group.

In the opinion of the Directors of the Group, the estimated market value of the cargo is higher than the outstanding balance due from Customer A. Therefore the Group will be able to recover the outstanding balance in full and expected credit loss is minimal.

The following table shows the movement in lifetime expected credit loss (“ECL”) that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (simplified approach)	Lifetime ECL (credit- impaired)	Total
	S\$	S\$	S\$
At 1 January 2021	—	149,277	149,277
Provision/(reversal of provision) for the year	23,494	(25,494)	(2,000)
Write-offs	—	(3,448)	(3,448)
At 31 December 2021	23,494	120,335	143,829
Reversal of provision for the year	—	(2,000)	(2,000)
Write-offs	—	(66,610)	(66,610)
At 31 December 2022	<u>23,494</u>	<u>51,725</u>	<u>75,219</u>

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Rental and other deposits (Note a)	3,865,500	4,234,098
Deposits paid for acquisition of property, plant and equipment	1,185,403	—
Prepayments	621,732	370,672
Interest receivable	103,839	—
Staff advances	91,378	48,050
Others	71,352	62,892
	<u>5,939,204</u>	<u>4,715,712</u>
Analysed as:		
– Current	2,909,156	1,297,244
– Non-current	3,030,048	3,418,468
	<u>5,939,204</u>	<u>4,715,712</u>

Note:

- (a) The deposit balances pertains to non-current deposit of yard, warehouse and office rental amounted to S\$344,645 (2021: S\$418,468). As at 31 December 2022, included in the non-current deposits was a refundable deposit of S\$1,500,000 (2021: S\$3,000,000) paid by the Group in respect of a strategic acquisition, of which the remaining balance of S\$1,500,000 was subsequently refunded in February 2023.

15 AMOUNTS DUE FROM (TO) RELATED PARTIES

The average credit period for services provision from/to the related parties is 30 days. The balances as at 31 December 2022 are aged within 30 days (2021: 30 days) presented based on the invoice date.

16 TRADE AND OTHER PAYABLES

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Trade payables	2,424,032	1,945,208
GST payables	253,431	177,486
Customer deposits	725,949	815,380
Accrued operating expenses	2,540,191	1,577,061
Others	—	7,538
	<u>5,943,603</u>	<u>4,522,673</u>
Analysed as:		
– Current	5,863,303	4,050,473
– Non-current (Note a)	80,300	472,200
	<u>5,943,603</u>	<u>4,522,673</u>

Note:

- (a) Non-current trade and other payables arise from customer deposit for office and yard rental. The lease term for these office and yard rental range from 1 to 3 years (2021: 1 to 3 years).

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

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Within 30 days	2,222,656	1,421,308
31 to 60 days	38,836	378,440
61 to 90 days	86,878	38,503
Over 90 days	75,662	106,957
	<u>2,424,032</u>	<u>1,945,208</u>

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

17 BUSINESS COMBINATIONS

On 15 July 2022, the Group completed the acquisition of 70% equity interest in Resolute Solutions from an independent third party at a cash consideration of S\$2,100,000 (the “**Resolute Solutions Acquisition**”). Resolute Solutions is a private company limited by shares incorporated on 24 January 2018 under the laws of Singapore and engaged in handling less than container load (the “**LCL**”) shipments and providing services to freight forwarders and consignees including the delivery of goods to and from local ports for custom clearance, local distribution island-wide for events, shopping malls, places of attractions and construction sites. The Directors believe that through the Resolute Solutions Acquisition, it enlarges the scope of services that Legion is able to provide LCL services for the customers, and the Group will have the ability to provide a fuller suite of services.

The fair value of net identifiable assets acquired and liabilities assumed in the Resolute Solutions Acquisition were as follows:

	S\$
Property, plant and equipment (Note 12)	811,436
Intangible assets (excluding goodwill)	632,820
Trade receivables	448,907
Other receivables, deposits and prepayments	44,850
Cash and cash equivalents	334,485
Trade and other payables	(177,824)
Amount due to non-controlling interests	(281,000)
Bank borrowings	(77,731)
Lease liabilities	(214,710)
Income tax payable	(2,443)
Deferred tax liabilities	(157,845)
	<hr/>
Total net identifiable assets acquired and liabilities assumed	1,360,945
Goodwill on acquisition	1,639,055
Less: Non-controlling interests	(900,000)
	<hr/>
Total consideration satisfied by cash	<u>2,100,000</u>

An analysis of the cash outflows in respect of the business combination is as follows:

	S\$
Cash consideration	(2,100,000)
Cash and cash equivalents acquired	<u>334,485</u>
Net cash outflows in respect of the business combination	<u><u>(1,765,515)</u></u>

The goodwill of S\$1,639,055 arises from a number of factors. Most significant amongst these is the premium attributable to a pre-existing, well positioned business operating in a competitive market. Other important elements included expected synergies through combining a highly skilled workforce and obtaining economies of scale. None of the goodwill is the deductible for income tax purpose. The Resolute Solutions Acquisition related cost is immaterial.

Resolute Solutions contributed net profit of approximately S\$87,859 and revenue of S\$1,331,777 to the Group's profit and revenue for the year ended 31 December 2022 respectively for the period between the date of The Resolute Solutions Acquisition and the end of the reporting period.

The following is an illustrative pro forma financial information of the Group as enlarged by the Resolute Solutions Acquisition (the “**Pro Forma Financial Information**”). Assuming the Resolute Solutions Acquisition had been completed on 1 January 2022, the Group's enlarged profit and revenue for the year ended 31 December 2022 would be S\$5,542,941 and S\$58,390,269 respectively.

The Pro Forma Financial Information was for illustrative purposes only and was not necessarily an indication of the revenue and results of the Group that would actually have been impacted the Resolute Solutions Acquisition been completed on 1 January 2022, nor was it intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is a Singapore-based logistics services provider with offering a complete array of logistics solutions. We offer multiple services that facilitate the movement, these services include trucking, freight forwarding, transportation and value added transportation services (“VATS”) VATS to our customers.

The Group not only built a well-established infrastructure, a good market reputation and a strong portfolio of prestigious clients but also expanded our corporate footprint across the Singapore region. Singapore’s strategic location makes it primed to be a regional distribution centre. Such strong foundations have supported us in maintaining our position amidst the upheaval of the current industry situation.

On 15 July 2022, the Group completed the acquisition of 70% equity interest in Resolute Solutions. Resolute Solutions is a private company limited by shares incorporated on 24 January 2018 under the laws of Singapore and engaged in handling LCL shipments and providing services to freight forwarders and consignees including the delivery of goods to and from local ports for custom clearance, local distribution island-wide for events, shopping malls, places of attractions and construction sites. In view of the Group’s long-term strategy in further developing its business, the Directors consider that the Resolute Solutions Acquisition enlarges the scope of services that the Company is able to provide LCL services for our customers. The Directors believe that after the Resolute Solutions Acquisition, the Company can (i) enhance its logistic services by extending its services to LCL; (ii) reduce the costs of the Group where the Company does not need to outsource the LCL service; (iii) increase its revenue by incorporating the financial performance of Resolute Solutions in the Group; and (iv) increase the market share of the Group by the synergy provided among Resolute Solutions and the Group.

As at 31 December 2022, the Group had a vehicle fleet comprising 50 prime movers, 463 trailers and 19 flat vans, and machineries comprising two reach stackers and three forklifts. Furthermore, we are operating four logistics yards and two warehouse of approximately 52,957 sq. m. and 15,254 sq. m., respectively, for the provision of our open-yard storage and warehousing services as part of our VATS.

The Group expects enhanced visibility of the logistics business and improved access to capital, which will allow us to achieve our expansion plans and further strengthen our position in the market.

Prospects

As the COVID-19 pandemic has gone endemic and global economic recovery remains an ongoing process. The financial year 2022 has been a challenging year characterised by escalating operational costs, as well as global economic and political uncertainty. In spite of the dynamic macro environment and uncertainties, the Group managed to stay resilient to deliver a stable performance that was in line with market expectations. We believe that the overall business operations are making an effort to return to pre-pandemic levels. However, we continue to closely monitor the potential resurgence of COVID-19, the inflationary and rising interest rates environment. While our business and customers have remained largely unaffected at this time, any escalation of the conflict may have wider implications on the price of global oil, energy and commodity prices. Such a situation will invariably increase the risk of a global recession.

Meanwhile, the Group remains focused on our long-term goals of increasing the scale of our operations by growing our transportation fleet, expanding and enhancing our value-added transportation services and expanding our operations into warehousing, which will help to create a conducive environment for further business growth.

With premises and increased warehousing capacities, as part of our efforts to position the Group for future sustainable growth. We will be able to help our customers consolidate their supply chain operations under one roof and reaffirm our role as a leading provider of total integrated logistics solutions.

Moving forward, the Group is determined to stay abreast of times and maintain its leading position in the industry. We are also mindful of the business impact of external factors, such as fluctuations in diesel prices and interest rates, tightening of the labour market and pressure on wage costs. As such, we will strive to persist in our prudent cost management, while seeking synergistic collaborative partners to enhance our competitive edge.

Undeterred by these challenges, we remain focused on delivering on our strategy with restrained optimism. We embark on our financial year 2023 journey in a strong financial position and have numerous viable options for growth and value creation.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately 24.5% from approximately S\$45.8 million for the year ended 31 December 2021 to approximately S\$57.0 million for the year ended 31 December 2022. The increase was mainly attributable to the COVID-19 pandemic has gone endemic and business operations are making an effort to return to pre-pandemic levels, global economic recovery remains an ongoing process.

Trucking services

Our Group's trucking services revenue was approximately S\$15.8 million and S\$20.3 million for the years ended 31 December 2021 and 2022, respectively. Trucking revenue consists of revenue from transportation fees in relation to the transportation of cargo. The increase of approximately S\$4.5 million or 28.5% was mainly due to re-opening border and lifting the restrictions imposed by Singapore government to control the COVID-19 situation earlier which has greatly impacted the driver's retention and recruitment efforts causing driver shortage. The post COVID-19 economic recovery makes the Group continue growth in customer demand for trucking services.

Freight forwarding services

Our Group's revenue from freight forwarding services was approximately S\$24.4 million and S\$28.3 million for the years ended 31 December 2021 and 2022, respectively. Revenue from freight forwarding services consists of fees from import and export freight forwarding arrangement (by either air or sea), local trucking and haulage to and from airport/seaport and customers/warehouses, as well as other related services such as cargo permit declaration and

crating. Such revenue is mainly driven by the volume of goods, type of services provided, type of cargoes, among other factors. The increase of approximately S\$3.9 million or 16.0% was due to the economic rebound effect and recovery of global trade since the COVID-19 pandemic has gone endemic.

VATS

Our Group's revenue from VATS was approximately S\$5.6 million and S\$8.5 million for the years ended 31 December 2021 and 2022, respectively. Revenue from VATS consists of open-yard storage fees, stuffing and unstuffing fees and transportation fees for the container haulage between our logistics yard and our customers designated pick up and/or delivery points. Such revenue is primarily driven by land area that the containers are stored for. The increase of approximately S\$2.9 million or 51.8% was due to increase in revenue from the new logistics yard and warehouse leased in December 2022 and May 2021 with ad-hoc storage.

Gross Profit and Gross Profit Margin

For the years ended 31 December 2021 and 2022, we recorded a gross profit of approximately S\$13.4 million and S\$18.2 million, respectively. The increase of approximately S\$4.8 million or 35.8% was due to the recovery of global trade from COVID-19 on the local trucking and freight forwarding industry. Trucking services accounted for approximately 30.6% and 35.2% of our total gross profit for the years ended 31 December 2021 and 2022, respectively. Freight forwarding services accounted for approximately 50.7% and 39.6% of our total gross profit for the years ended 31 December 2021 and 2022 respectively. VATS accounted for approximately 18.7% and 25.2% of our total gross profit for the years ended 31 December 2021 and 2022, respectively.

For the years ended 31 December 2021 and 2022, we recorded a gross profit margin of approximately 29.3% and 31.9%, respectively. Gross profit margin for trucking services were approximately 25.9% and 31.5% for the years ended 31 December 2021 and 2022, respectively. The increase in gross profit margin of trucking services was due to the increase in pricing and high demand from customers. Gross profit margin for freight forwarding

services remained consistent at approximately 27.9% and 25.4% for the years ended 31 December 2021 and 2022, respectively. Gross profit margin for VATS were approximately 44.6% and 52.9% for the years ended 31 December 2021 and 2022, respectively. The increase in gross profit margin of VATS was due to the new logistics yard leased in May 2021 with ad-hoc storage.

Other income

Our Group reported other income of approximately S\$0.8 million and S\$0.6 million for the years ended 31 December 2021 and 2022, respectively. Other income mainly relates to government grants which mainly comprise of the WCS, SEC, JGI, interest income and rental income from investment properties. The government grants comprise of the WCS were received until the year ended 31 December 2021 only and the JGI for the period of September 2020 to March 2023. During the period of economic restructuring, businesses could face a tight labour market with rising wages. Through the WCS, the Government provides businesses with co-funding support for wage increases made to their citizen employees. This would allow businesses to free up resources to invest in productivity, and to share productivity gains with their employees. While the JGI supports employers to expand local hiring.

Other gains and losses

Our Group reported other gains of approximately S\$0.5 million and S\$0.3 million for the years ended 31 December 2021 and 2022, respectively. Other gains relate to gain on disposal of property, plant and equipment, and net foreign exchange gains or losses.

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

Impairment gains of S\$2,000 were recognised for the years ended 31 December 2021 and 2022, respectively. The impairment gains recognised for the year ended 31 December 2021 and 2022 was mainly due to the reversal of impairment losses recognised previously for the amounts owing from a certain customer which has been recovered the debt during the year.

Administrative expenses

Our Group reported administrative expenses of approximately S\$9.9 million and S\$13.2 million for the years ended 31 December 2021 and 2022, respectively. Administrative expenses for our Group primarily consist of Directors' remuneration cost, staff cost, depreciation and amortisation expenses and other miscellaneous expenses. Directors' remuneration cost includes Director salary, CPF contribution, bonuses and Director fee. Staff cost includes office staff salary, CPF contribution and bonuses. Depreciation and amortisation expenses include property depreciation, office equipment depreciation and software amortisation. Miscellaneous expenses include office expenses such as utility expenses, insurance expenses and office rental expenses as well as professional expenses such as audit and secretarial fees and other expenses. The increase in the administrative expenses mainly was due to increase in depreciation of property, plant and equipment, staff cost and Directors' remuneration.

Income tax expense

As our operations are based in Singapore, the Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore. Income tax expense of the Group amounted to approximately S\$0.9 million and S\$1.0 million for the years ended 31 December 2021 and 2022, respectively. The increase of S\$0.1 million or 11.1% was due to the increase in profit before tax.

The statutory corporate tax rate in Singapore was 17% for the years ended 31 December 2021 and 2022, while our corresponding effective tax rates were approximately 24.3% and 17.9% respectively. The effective tax rate for the year ended 31 December 2022 decreased by 6.4 percentage points as compared with the year ended 31 December 2021, which is mainly due to the Company's IPO expenses incurred in year 2021 which are non-deductible expenses caused by different tax jurisdiction, but in contrast, no IPO expenses were incurred in year 2022.

Profit for the year

As a result of the foregoing, profit of the Group increased by approximately S\$1.7 million from approximately S\$2.9 million for the year ended 31 December 2021 to approximately S\$4.6 million for the year ended 31 December 2022. Net profit margin increased from approximately 6.3% for the year ended 31 December 2021 to approximately 8.1% for the year ended 31 December 2022.

Final dividend

No dividend was declared or paid out during the year ended 31 December 2022.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

Liquidity and capital assets

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on the Listing Date and there has been no change in capital structure of the Group since then. The capital structure of the Group consists of debt, which includes amounts due to related parties, trade and other payables, lease liabilities and bank borrowings, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.

Our primary uses of cash are to satisfy our working capital needs. Our working capital needs have been financed through a combination of funds generated from operations and bank borrowings. As at 31 December 2021 and 31 December 2022, we had bank balances and cash of approximately S\$23.9 million and S\$10.3 million respectively. As at 31 December 2022, we had fixed deposits with maturity of over three months approximately S\$14.4 million. Going forward, we expect to fund our working capital and other capital requirements with a combination of various sources, including but not limited to cash generated from our operations and short-term or long-term indebtedness.

The bank balances and cash of the Group, mainly denominated in SGD, HKD and USD, are generally deposited with authorised financial institutions. As at 31 December 2022, approximately 73.0% (31 December 2021: 43.0%) of the Group's bank balances and cash was denominated in SGD, approximately 25% (31 December 2021: 11.0%) was denominated in USD and approximately 2.0% (31 December 2021: 46.0%) was denominated in HKD.

As at 31 December 2022, the Group had banking facilities with credit limit amounting to approximately S\$0.2 million (31 December 2021: S\$0.6 million). There was no unutilised credit facilities at the end of the year 2022.

As at 31 December 2022, the gearing ratio of the Group, based on total interest-bearing liabilities (including bank borrowings and lease liabilities) to total equity (including all capital and reserves) of the Company was approximately 22.7% (31 December 2021: 9.8%). The increase in gearing ratio was mainly attributable to the increase in lease liabilities of approximately S\$6.5 million for the new lease of logistics yard and warehouse.

Foreign currency exposure

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

Pledge of assets

The deposit of S\$0.2 million (2021: S\$0.6 million) is pledged as security with a financial institution to obtain letter of credit facilities with original maturity of 1 year.

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

Reference is made to the announcements of the Company dated 7 July 2022 and 30 September 2022. The Company through its wholly-owned subsidiary acquired 70% of the entire issued and paid-up share capital of Resolute Solutions at the total consideration of S\$2,100,000. In view of the Group's long-term strategy in further developing its business, the Directors considered that the Resolute Solutions Acquisition will enlarge the scope of services that the Company is able to provide LCL services for the customers. With Resolute Solutions as part of the Group, there will be a good synergy within the Group.

Save as the Resolute Solutions Acquisition disclosed in Note 17 to the consolidated financial statements for the year ended 31 December 2022, the Group did not have other significant investment held, any material acquisitions or disposals of subsidiaries or associated companies during the year ended 31 December 2022.

Future plans for material investments and capital assets

As at 31 December 2022, the Group did not have other plans for material investments and capital assets.

Employees and remuneration policy

As at 31 December 2022, the Group had a total of 190 employees (2021: 163 employees), including executive Directors. Total staff costs including Directors' emoluments, salaries, wages and other staff benefits, contributions and retirement schemes in the year ended 31 December 2022 amounted to approximately S\$11.7 million (2021: approximately S\$10.1 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically

reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from central provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Environmental policies and performance

Details of environmental policies, performance and compliance with laws and regulations will be set out in the "Environmental, Social and Governance Report" section in the annual report of the Company for the year ended 31 December 2022.

Capital commitments

As at 31 December 2022, the Group had capital commitments of approximately S\$0.8 million (2021: nil) in relation to the acquisition of property, plant and equipment.

Contingent liabilities

As at 31 December 2022, the Group had no material contingent liabilities (2021: nil).

Use of proceeds

On the Listing Date, the shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange. The Group intends to apply the proceeds from the issuance 312,500,000 Shares at the offer price of HK\$0.40 per Share in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. After deducting share issuance expense and professional fee regarding to the Share Offer, the net proceeds amounted to approximately HK\$41.5 million (equivalent to approximately S\$7.0 million).

Reference is made to the announcements of the Company dated 25 October 2022 and 22 December 2022. In order to enable the Group to effectively implement the business strategies to respond to the fast-evolving market and trends and enhance its competitiveness, the Board changed the use of the remaining net proceeds.

Up to 31 December 2022, the Group had utilised the net proceeds as follows:

Intended uses of the net proceeds	Original	Revised	Utilised net	Unutilised net	Expected timeline for utilising remaining net proceeds
	allocation	allocation	proceeds up to 31 December 2022	proceeds as at 31 December 2022	
		<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
		<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>	
Strategic acquisition	17.7	—	—	17.7	Before 31 December 2023
Expansion of our fleet in relation to our trucking services segment	16.5	—	8.0	8.5	Before 31 December 2023
Increase and strengthen our freight forwarding services segment	2.5	—	2.1	0.4	Before 31 December 2023
Purchase of an accounting and operations system	4.6	(4.6)	—	—	—
Working capital and other general corporate purposes	0.2	—	0.2	—	—
Purchase of a pallet racking system	—	4.6	4.6	—	—
Total	<u>41.5</u>	<u>—</u>	<u>14.9</u>	<u>26.6</u>	

Events after the reporting period

Save as disclosed in elsewhere in this announcement, there are no significant events affecting the Group which have occurred after the year ended 31 December 2022 and up to the date of this announcement.

Annual General Meeting

The forthcoming annual general meeting of the Company (the “**Annual General Meeting**”) will be held on Monday, 26 June 2023. Notice of the Annual General Meeting and all other relevant documents will be published and despatched to shareholders of the Company in due course.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 20 June 2023 to Monday, 26 June 2023, both days inclusive, during which no transfer of shares of the Company will be registered. To be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 June 2023.

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

The Company has adopted the Model Code as rules governing dealings by the Directors in the listed securities of the Company on 13 January 2021. Based on specific enquiry with the Directors, all the Directors had complied with the required standards as set out in the code conduct and the Model Code during the period from the Listing Date to 31 December 2022.

Corporate governance

The Company confirms that it had complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules during the period from the Listing Date to 31 December 2022 save as disclosed below.

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

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

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

During the period from the Listing Date to 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Audit committee

The Company has established the audit committee (the “**Audit Committee**”) in accordance with the requirements of the Listing Rules for the purpose of reviewing and supervising the Group’s financial reporting process.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Yeo Teck Chuan, Mr. Ho Wing Sum and Mr. Teo Rainer Jia Kai. Mr. Yeo Teck Chuan is the chairman of the audit committee. The Audit Committee has reviewed the Group's audited consolidated financial statement for the year ended 31 December 2022 and discussed with the management and the auditors of the Company on the accounting principles and practices adopted by the Group with no disagreement by the Audit Committee.

Publication of final results announcement and annual report

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.legionconsortium.com. The annual report of the Company for the year ended 31 December 2022 will be available on the aforesaid websites and dispatched to the shareholders of the Company in due course.

By Order of the Board

Legion Consortium Limited

Ng Choon Eng

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 March 2023

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