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## **Legion Consortium Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2129)**

**(1) MAJOR TRANSACTION  
IN RELATION TO ACQUISITION OF PROPERTY IN  
SINGAPORE;  
(2) CHANGE IN USE OF PROCEEDS;  
AND  
(3) RESUMPTION OF TRADING**

### **ACQUISITION OF PROPERTY IN SINGAPORE**

The board of directors of Legion Consortium Limited announces that on 29 August 2023 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the Acquisition of the Property.

### **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out as below:

#### **Date**

29 August 2023

#### **Parties**

- (1) the Purchaser as purchaser; and
- (2) the Vendor as vendor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

## **Subject Matter**

Pursuant to the Sale and Purchase Agreement, the Purchaser agreed to purchase and the Vendor agreed to sell the Property at a total consideration of S\$18,000,000.

The market valuation of the Property as at 31 March 2023 as appraised by an independent valuer appointed by the Vendor based on market approach was S\$17,500,000 (equivalent to approximately HK\$100,800,000).

## **Consideration**

S\$18,000,000 (equivalent to approximately HK\$103,700,000), payable in the following manners:

- (i) 1% of the total consideration (being S\$180,000) has been paid by the Purchaser to the Vendor prior to the entering into of the Sale and Purchase Agreement;
- (ii) 4% of the total consideration (being S\$720,000) has been paid by the Purchaser to the Vendor's solicitor upon entering into the Sale and Purchase Agreement; and
- (iii) the rest of the total consideration (being S\$17,100,000) will be paid by the Purchaser to the Vendor upon completion of the Acquisition.

The total consideration for the Acquisition was determined upon arm's length negotiation between the Purchaser and the Vendor, having regard to, amongst others, (i) the market price of the Property; (ii) the market price of comparable properties in the vicinity; and (iii) the location of the Property.

The Directors consider the consideration is fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

It is expected that (i) approximately 27.2% of the total consideration (being S\$4,900,000) will be financed by the Group's internal resources, (ii) approximately 17.2% of the total consideration (being S\$3,100,000) will be financed by the Net Proceeds, and (iii) approximately 55.6% (being S\$10,000,000) will be financed by bank facilities.

## **Completion**

Completion shall take place on the latest occurrence of the followings:

- (i) Within eight (8) weeks from the date of the in-principle approval letter of JTC (or equivalent term named by JTC) for the sale and purchase of the Property; or

- (ii) Where JTC requires an EBS (or the equivalent term named by JTC) to be carried out to the Property, within eight (8) weeks from the date of the JTC's satisfactory clearance of the results of the EBS; or
- (iii) Where JTC requires decontamination works to be carried out to the Property, within eight (8) weeks from the JTC's satisfactory clearance of the decontamination works.

### **Conditions Precedent**

Completion of the Acquisition is subject to the following conditions precedent:

- (i) shareholders' approval of the Company;
- (ii) shareholders' approval of the Vendor, and/or the Stock Exchange (if applicable);
- (iii) the Acquisition is subject to the "Law Society of Singapore's Conditions of Sale 2020" in so far as the same are applicable to a sale by private treaty and are not varied by or inconsistent with the conditions in the Sale and Purchase Agreement;
- (iv) the Property is sold with vacant possession and free from encumbrances on completion;
- (v) the Purchaser's solicitors receiving (1) satisfactory replies to all requisitions sent by the solicitors to the various government departments; (2) satisfactory road interpretation plans from the competent authorities; and (3) satisfactory reply from the Land Transport Authority of Singapore that the Property is not affected in any way by any MRT proposal;
- (vi) the Property is sold on and "as-is, where-is" basis and the Purchaser shall be deemed to have notice of the actual state and condition of the Property and the Purchaser shall not be entitled to make or raise any objection or requisition whatsoever in respect thereof;
- (vii) the Acquisition is subject to (1) the approval from the National Environment Agency (NEA), JTC and all relevant authorities for the Purchaser's proposed use of the Property for storage of general cargoes, logistics and transportation; (2) the terms and conditions contained in the existing agreement, lease, memorandum of lease and such other documents made between the JTC and the Vendor relating to the Property and the Purchaser shall not raise any objection; and (3) written approval being granted by the JTC for the Vendor to sell and the Purchaser to buy the Property (the "**JTC Consent**") and such terms and conditions as JTC may at its absolute discretion impose, including payment of

any revised rent/ levy and/ or fees, compliance with the environmental baseline study/ result and the decontamination requirements (if applicable), which terms and conditions shall be accepted and complied with by the Vendor and the Purchaser within the time stipulated by the JTC;

- (viii) the subsistence and/or non-revocation of the JTC's Further Term (as defined hereinafter) (without reduction) on the completion date;
- (ix) there being no investment criteria, payment, premium or levy imposed by JTC in respect of the grant of the Further Term; and
- (x) if JTC imposes investment criteria, payment, premium or levy in respect of the assignment of the lease to the Purchaser, such aggregate investment criteria, payment, premium or levy must not exceed the sum of S\$5,000,000.

In the event that the condition precedent numbered (vii) cannot be fulfilled or the JTC Consent is not obtained within twelve (12) months from the date of the Sale and Purchase Agreement (each a "**JTC Event**"), then:

- (a) if the JTC Event is attributable to the Purchaser's action or omission or any default, then all payments paid by the Purchaser to the Vendor shall be forfeited and belong to the Vendor, the Sale and Purchase Agreement shall become null and void and of no further effect and thereafter neither party shall have any claim or demand against the other for damages, costs or otherwise whatsoever in the matter;
- (b) if the JTC Event is attributable to the Vendor's action or omission or any default, then all payments paid by the Purchaser to the Vendor shall be refunded to the Purchaser without any interest or deduction, the Sale and Purchase Agreement shall become null and void and of no further effect and thereafter neither party shall have any claim or demand against the other for damages, costs or otherwise whatsoever in the matter; or
- (c) if the JTC Event is due to no fault of either party, then the Vendor and the Purchaser shall have the option to rescind the Sale and Purchase Agreement or, if both parties agree, to extend the time to obtain the JTC Consent. In the event of rescission of the Sale and Purchase Agreement, the Vendor shall refund to the Purchaser all payments paid by the Purchaser to the Vendor without any interest or deduction and thereafter neither party shall have any claim or demand against the other for damages, costs or otherwise whatsoever in the matter.

In the event that the conditions precedent numbered (viii), (ix) and (x) cannot be fulfilled, the Purchaser may, at its sole discretion, choose to abort the Acquisition by giving notice in writing to the Vendor's solicitors, and the Sale and Purchase

Agreement shall become null and void and of no further effect and the Vendor shall refund to the Purchaser all payments paid by the Purchaser without any interest and neither party shall have any claim against the other for costs, damages and compensation whatsoever.

### **Land Area**

21,383.90 sq.m. (as per JTC's record)

### **Gross Floor Area**

7,347.46 sq.m. (as per JTC's record)

### **Tenure**

60 years + 21 years 2 months and 22 days with effect from 1 September 1967 (the criteria for the option to renew for the second term of 21 years 2 months and 22 days (“**Further Term**”) has been met, and there shall be no further criteria and/or levy imposed in the aspect).

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Currently, the Group has a vehicle fleet comprising 49 prime movers, 465 trailers and 17 flat vans, and machineries comprising 3 reach stackers and 3 forklifts. Furthermore, the Group is operating 3 logistics yards and 2 warehouses of approximately 38,240 sq. m. and 15,254 sq. m., respectively, for the provision of our open-yard storage and warehousing services as part of our VATS.

In order to deal with the expanding capacity and vehicle fleet, the Group has been renting a yard space in Pandan, Singapore for storage purpose, which the monthly rental cost is approximately S\$102,105. Assuming the estimated yearly rental cost is approximately S\$1,225,260, which represents approximately 2.15% of the total income of the Group for the year ended 31 December 2022. In addition, the Group has been earning revenue by leasing the unoccupied portion of the logistics yard owned by the Group for the provision of open-yard storage service as part of the VATS.

In this regard, the Company has identified a piece of land which the Company considers appropriate and suitable to the business development and expansion of the Group taking into account its, including but not limited to, location, usable floor area, facilities and terms of tenure.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange which is, through its subsidiaries, principally engaged in provision of well-established logistics service in Singapore offering trucking services, freight forwarding services and value added transport services to customers.

### **The Purchaser**

The Purchaser, a private company limited by shares under the Laws of Singapore and a wholly-owned subsidiary of the Company, principally engaged in provision of container depot services, as well as the installation of industrial machinery and equipment, and mechanical engineering works.

### **The Vendor**

The Vendor is a company incorporated in Singapore with limited liability and is owned as to 88.2% by Chuang's Consortium International Limited and as to 11.8% by Mr. Cheung Loon Hoi, a director of the Vendor.

Chuang's Consortium International Limited is a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 367). Chuang's Consortium International Limited and its subsidiaries are principally engaged in property development, investment and trading, hotel operation and management, development and operation of cemetery, manufacturing, sales and trading of goods and merchandises, securities investment and trading and money lending business.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

## **WRITTEN CONTROLLING SHAREHOLDER'S APPROVAL**

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders and their respective associates has any material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting on the resolution in respect of the Acquisition if the Company were to convene a general meeting for the approval of the Acquisition. As at the date of this announcement, Mirana Holdings Limited is the controlling Shareholder and beneficially holds 937,500,000 Shares, representing 75% of the entire issued share capital of the Company. Written approval of the Acquisition has been obtained from Mirana Holdings Limited. Pursuant to Rule 14.44 of the Listing Rules, such written approval may be accepted in lieu of holding a general meeting of the Company, and accordingly, no general meeting of the Company will be convened for the purpose of approving the Acquisition.

## **DESPATCH OF CIRCULAR**

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details of the Acquisition and financial information of the Group is expected to be on or before 19 September 2023.

**Shareholders and potential investors should note that the Acquisition contemplated under the Option Agreement is subject to satisfaction of certain conditions and it may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.**

## **CHANGE IN USE OF PROCEEDS**

References are made to (i) the Prospectus; (ii) the announcements of the Company dated 12 January 2021, 3 December 2021, 25 October 2022 and 22 December 2022 (the “**Announcements**”); and (iii) the 2022 Annual Report.

The Shares were listed on the Main Board of the Stock Exchange on 13 January 2021 by way of Share Offer for which the Company issued 312,500,000 new shares at HK\$0.4 per offer share. After deducting share issuance expense and professional fee relating to the Share Offer, the Net Proceeds amounted to approximately HK\$41.5 million.

As at the date of this announcement, the Company had utilised approximately HK\$14.9 million of the Net Proceeds, representing approximately 35.9% of the Net Proceeds, and the amount of the unutilised Net Proceeds was approximately HK\$26.6 million, representing approximately 64.1%. In order to improve the efficiency of the use of the Net Proceeds, the Board has resolved to change the use of the unutilised Net Proceeds as follow:

	<b>Original allocation of the Net Proceeds</b> <i>HK\$ million (approximately)</i>	<b>Utilised Net Proceeds as at the date of this announcement</b> <i>HK\$ million (approximately)</i>	<b>Unutilised Net Proceeds as at the date of this announcement</b> <i>HK\$ million (approximately)</i>	<b>Revised allocation of the unutilised Net Proceeds</b> <i>HK\$ million (approximately)</i>	<b>Expected timeline for utilising the unutilised Net Proceeds</b> <i>HK\$ million (approximately)</i>
Strategic Acquisition	17.7	0	17.7	—	—
Expansion of our fleet in relation to our trucking services segment	16.5	(8.0)	8.5	8.5	Before 31 December 2023
Increase and strengthen our freight forwarding services segment	2.5	(2.1)	0.4	0.4	Before 31 December 2023
Working capital and other general corporate purposes	0.2	(0.2)	0	0	—
Purchase of a pallet racking system	4.6	(4.6)	0	0	—
Acquisition of the Property	—	—	—	17.7	Before 31 December 2023
	<u>41.5</u>	<u>14.9</u>	<u>26.6</u>	<u>41.5</u>	
Total	<u>41.5</u>	<u>14.9</u>	<u>26.6</u>	<u>41.5</u>	

## **REASONS FOR CHANGE IN USE OF NET PROCEEDS**

As disclosed in the announcement of the Company dated 22 December 2022, the Company had identified numerous prospective targets. However, due to unforeseen circumstances and adaptability of business to the global economy recovery from the COVID-19 pandemic, the Company expected that additional time was required for strategic acquisition to negotiate the prospective targets and assess their business and financial performance for the year ended 31 December 2022 on a conservative basis.

After due diligence performed on the identified targets, the Company was not satisfied with their business and financial performance for the year ended 31 December 2022.

Currently, the Group has a vehicle fleet comprising 49 prime movers (31 December 2022: 50), 465 trailers (31 December 2022: 463) and 17 flat vans (31 December 2022: 19), and machineries comprising 3 reach stackers (31 December 2022: 2) and 3 forklifts (31 December 2022: 3). Furthermore, the Group is operating 3 logistics yards (31 December 2022: 4) and 2 warehouses (31 December 2022: 2) of approximately 38,240 sq. m. and 15,254 sq. m. ((31 December 2022: 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.

In order to deal with the expanding capacity and vehicle fleet, the Group has been renting a yard space in Pandan, Singapore for storage purpose, which the monthly rental cost is approximately S\$102,105. Assuming the estimated yearly rental cost is approximately S\$1,225,260, which represents approximately 2.15% of the total income and approximately 22.07% of the profit before tax of the Group for the year ended 31 December 2022. In addition, the Group has been earning revenue by leasing the unoccupied portion of the logistics yard owned by the Group for the provision of open-yard storage service as part of the VATS.

In this regard, the Company has identified the Property which the Company considers appropriate and suitable to the business development and expansion of the Group taking into account its, including but not limited to, location, gross floor area and terms of tenure.

In order to i) improve the efficiency of the use of the Net Proceeds; ii) avoid continuous and massive rental and other related expenses in relation to storage of the prime movers and containers of the Group; and iii) utilise the unoccupied portion of logistics yard for generating other income, rather than continuously holding onto the unutilised Net Proceeds for the planned Strategic Acquisition and earning minimal bank interest income by depositing in banks, the Board believes that the reallocation of the portion of the unutilised Net Proceeds from Strategic Acquisition to acquisition of the Property will enable the Group to effectively enhance its productivity and cost-efficiency and implement business expansion.

The Board considers the above change in the use of the unutilised Net Proceeds is fair, reasonable and in the interests of the Company and the Shareholders as a whole. The Board confirms that there is no change in the business nature of the Group as set out in the Prospectus and considers that the proposed change in the use of the unutilised Net Proceeds will not have any material adverse impact on the operations of the Group.

The Board will continuously assess the plans for use of the Net Proceeds, and may revise or amend such plans where necessary to cope with the changing market conditions and strive better business performance of the Group.

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was halted at the request of the Company with effect from 9:00 a.m. on 30 August 2023 pending the publication of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 31 August 2023.

## **DEFINITIONS**

“2022 Annual Report”	the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023
“Acquisition”	acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Legion Consortium Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2129)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EBS”	environmental baseline study
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“independent third party(ies)”	an independent third party(ies) which is/are not connected with the chief executive, directors and substantial shareholders of the Company or any of its subsidiaries and their respective associates
“JTC”	Jurong Town Corporation, a Singapore government agency in charge of Singapore’s industrial progress and is the landlord of the land portion of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Proceeds”	the proceeds from the Share Offer after deducting share issuance expense and professional fee regarding the Share Offer
“PRC”	the People’s Republic of China
“Property”	a factory complex located at 245 Jalan Ahmad Ibrahim, Jurong Town, Singapore
“Prospectus”	the prospectus of the Company dated 30 December 2020
“Purchaser”	Rejoice Container Services (Pte) Ltd, a private company limited by shares under the laws of Singapore and a wholly-owned subsidiary of the Company
“S\$”	Singapore dollar, the lawful currency of Singapore
“Sale and Purchase Agreement”	an sale and purchase agreement dated 29 August 2023 entered into by the Purchaser and the Vendor in relation to the Acquisition
“Share Offer”	as defined in the Prospectus
“Shareholder(s)”	shareholder(s) of the Company
“Singapore”	the Republic of Singapore
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“VATS”	value added transportation services
“Vendor”	Sintex Nylon and Cotton Products (Pte.) Limited, a company incorporated in Singapore with limited liability, owned as to 88.2% by Chuang’s Consortium International Limited (a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 367)) and 11.8% by Mr. Cheung Loon Hoi, a director of the Vendor
“%”	percentage

By Order of the Board  
**Legion Consortium Limited**  
**Ng Choon Eng**  
*Chairman, Chief Executive Officer and Executive Director*

Singapore, 30 August 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.*