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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 2021

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 2021 together with comparative figures for the corresponding period for the year ended 31 December 2020 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	<u>2021</u>	<u>2020</u>
		S\$	S\$
<b>Revenue</b>	4	<b>45,785,662</b>	40,294,655
Cost of services		<b>(32,422,299)</b>	(26,409,962)
<b>Gross profit</b>		<b>13,363,363</b>	13,884,693
Other income	5	<b>753,980</b>	1,301,730
Other gains and (losses)	6	<b>538,630</b>	(5,061)
Selling expense		<b>(76,661)</b>	(50,346)
Administrative expenses		<b>(9,875,671)</b>	(8,283,029)
Impairment gains and losses (including reversals of impairment losses) on financial assets		<b>12,083</b>	104,092
Finance costs	7	<b>(223,436)</b>	(243,904)
Listing expenses	8	<b>(774,080)</b>	(1,477,675)
<b>Profit before tax</b>		<b>3,718,208</b>	5,230,500
Income tax expense	9	<b>(861,856)</b>	(973,280)
<b>Profit and other comprehensive income for the year</b>	8	<b><u>2,856,352</u></b>	<u>4,257,220</u>
<b>Basic and diluted earnings per share</b> (Singapore cents)	11	<b><u>0.23</u></b>	<u>0.42</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021	2020
		S\$	S\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	6,642,386	7,973,790
Investment properties		3,834,655	4,023,795
Intangible assets		97,915	133,265
Deposits	14	3,418,468	576,646
		<b>13,993,424</b>	12,707,496
<b>Current assets</b>			
Trade receivables	13	10,887,339	9,914,734
Other receivables, deposits and prepayments	14	1,297,244	2,004,852
Amounts due from related parties	15	373,268	6,147
Restricted bank deposit		550,000	450,000
Bank balances and cash		23,908,104	12,740,393
		<b>37,015,955</b>	25,116,126
<b>Current liabilities</b>			
Trade and other payables	16	4,050,473	4,115,834
Amounts due to related parties	15	97,874	99,711
Bank borrowings		45,757	95,292
Lease liabilities		2,622,473	2,585,253
Provisions		389,000	—
Income tax payable		842,003	1,390,221
		<b>8,047,580</b>	8,286,311
<b>Net current assets</b>		<b>28,968,375</b>	16,829,815
<b>Non-current liabilities</b>			
Trade and other payables	16	472,200	564,980
Bank borrowings		535,058	1,001,229
Lease liabilities		768,352	1,984,528
Provisions		91,000	480,000
Deferred tax liabilities		409,500	426,500
		<b>2,276,110</b>	4,457,237
<b>Total liabilities</b>		<b>10,323,690</b>	12,743,548
<b>Net assets</b>		<b>40,685,689</b>	25,080,074
<b>EQUITY</b>			
Share capital		2,133,905	134,698
Reserves		38,551,784	24,945,376
<b>Total equity attributable to owners of the Company</b>		<b>40,685,689</b>	25,080,074

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 1 GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 20 June 2018. The registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in Singapore is at 7 Keppel Road, #03-22, Tanjong Pagar Complex, Singapore and in Hong Kong is at Unit 912, 9/F., Two Harbourbourt, 22 Tak Fung Street, Hungghom, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is engaged in the provision of trucking services, freight forwarding services and value added transportation services (“VATS”).

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

Mirana Holdings Limited (“Mirana Holdings”), a company incorporated in the British Virgin Islands (the “BVI”), is the immediate holding company of the Company, and in the opinion of the Directors, which is also the ultimate holding company of the Company.

## 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 year:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest rate benchmark reform - phase 2</i>
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Amendments to IFRS 16	<i>COVID-19-related rent concessions beyond 30 June 2021</i>
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Other than the amendments to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 IFRSs 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 IFRSs that have been issued but are not yet effective:

Amendments to IAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract<sup>1</sup></i>
Amendments to IFRSs	<i>Annual improvements to IFRS standards 2018-2020 Cycle<sup>1</sup></i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before intended use<sup>1</sup></i>
Amendments to IFRS 3	<i>Reference to Conceptual Framework<sup>1</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current<sup>2</sup></i>
IFRS 17	<i>Insurance Contracts and the Related Amendments<sup>2</sup></i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies<sup>2</sup></i>
Amendments to IAS 8	<i>Definition of Accounting Estimates<sup>2</sup></i>
Amendments to IAS 12	<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction<sup>2</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture<sup>3</sup></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.

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2022*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2023*

<sup>3</sup> *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 VATS by the Group to external customers, also represents the revenue from contracts with customers. This is consistent with the revenue information that is disclosed for each operating and reportable segment under IFRS 8. During the years ended 31 December 2021 and 2020, 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
- VATS

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

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

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Revenue from external customers		
– Trucking services	<b>15,776,194</b>	20,704,846
– Freight forwarding services	<b>24,440,509</b>	15,440,733
– VATS	<b>5,568,959</b>	4,149,076
	<u><b>45,785,662</b></u>	<u>40,294,655</u>
Segment result		
– Trucking services	<b>4,105,397</b>	7,253,937
– Freight forwarding services	<b>6,803,422</b>	4,627,480
– VATS	<b>2,454,544</b>	2,003,276
	<u><b>13,363,363</b></u>	<u>13,884,693</u>

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

During the years ended 31 December 2021 and 2020, the contract prices for trucking services and freight forward services are agreed based on factors such as weight and distance etc. and for VATS are based on storage space occupied and storage duration.

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

#### *Geographical information*

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

#### *Information about major customers*

For the years ended 31 December 2021 and 2020, no single customer contributes 10% or more of total revenue of the Group.

## 5 OTHER INCOME

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Government grants (Note 1)	<b>344,071</b>	988,888
Interest income	<b>18,013</b>	3,695
Rental income	<b>276,310</b>	224,377
Yard utilities income	<b>54,702</b>	41,323
Others	<b>60,884</b>	43,447
	<u><b>753,980</b></u>	<u>1,301,730</u>

Note 1: The government grants received mainly comprise Wage Credit Scheme (“WCS”), Job Growth Incentive (“JGI”), Special Employment Credit (“SEC”), Job Support Scheme (“JSS”) and Foreign Worker Levy Rebates (“FWL Rebates”), all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the year ended 31 December 2021, the Group recognised grants of S\$247,255 (2020: S\$809,962) under JSS. Under this scheme, the government provides wage support to employers, helping businesses retain their local employees (including Singapore citizens and permanent residents) during the economic uncertainty caused by the Coronavirus Disease 2019 (“COVID-19”).

During the year ended 31 December 2021, the Group received rebates of S\$nil (2020: S\$105,000) under FWL Rebates. Under this scheme, the government provides support to firms with workers who are unable to work during the economic uncertainty caused by the COVID-19.

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

The remaining balances of grants were 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 AND (LOSSES)**

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Gain on disposal of property, plant and equipment, net	<b>232,604</b>	960
Net foreign exchange gains (losses)	<b>306,026</b>	(11,413)
Others	<u>—</u>	<u>5,392</u>
	<b><u>538,630</u></b>	<b><u>(5,061)</u></b>

**7 FINANCE COSTS**

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Interest on:		
Bank borrowings	<b>24,485</b>	32,661
Lease liabilities	<b>198,951</b>	211,243
	<b><u>223,436</u></b>	<b><u>243,904</u></b>



## 8 PROFIT FOR THE YEAR

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

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Depreciation of property, plant and equipment		
– Recognised as cost of services	<b>3,404,635</b>	2,670,780
– Recognised as administrative expenses	<b>488,443</b>	310,319
	<u><b>3,893,078</b></u>	<u>2,981,099</u>
Depreciation of investment properties	<b>189,140</b>	189,140
Amortisation of intangible assets	<b>42,726</b>	48,114
Audit fee paid or payable to auditors of the Company	<b>180,000</b>	180,000
Non-audit fee paid or payable to auditors of the Company	—	16,000
Audit fees in connection with the listing of the Company (Note i)	<b>83,813</b>	322,688
Listing expenses (Note i)	<b>774,080</b>	1,477,675
Directors' remuneration	<b>1,320,954</b>	1,046,600
Other staff costs:		
– Salaries and other benefits	<b>8,160,897</b>	7,448,049
– Contributions to CPF	<b>665,059</b>	580,495
Total staff costs (including directors' remuneration) (Note ii)	<u><b>10,146,910</b></u>	<u>9,075,144</u>
Gross rental income from investment properties recognised as other income (Note 5)	<b>(276,310)</b>	(224,377)
Less: Direct operating expenses incurred for investment properties that generated rental income	<b>241,730</b>	234,631
	<u><b>(34,580)</b></u>	<u>10,254</u>
Rent waivers (Note iii)	—	269,196

Notes:

- (i) Included in listing expenses are audit fees of S\$83,813 (2020: S\$322,688) paid or payable to predecessor auditors of the Company and other assurance fees of S\$nil (2020: S\$186,836) paid or payable to other auditors of the Group in connection with the listing of the Company.
- (ii) The total staff costs of S\$2,889,284 (2020: S\$2,875,343) is included in cost of services and S\$7,257,626 (2020: S\$6,199,801) is included in administrative expenses respectively.
- (iii) These are rent relief received from the lessors which are direct consequences of COVID-19 pandemic. All the eligible rent concessions have been recognised as a reduction against rental in cost of services as at 31 December 2020.

## 9 INCOME TAX EXPENSE

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax (“CIT”)	842,003	1,028,171
– Under (over) provision in prior years	36,853	(42,467)
Deferred tax expense	<u>(17,000)</u>	<u>(12,424)</u>
	<u><b>861,856</b></u>	<u><b>973,280</b></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% (2020: 17%) on the estimated assessable profit for the year ended 31 December 2021.

For the years ended 31 December 2020 and 2021 Rejoice Container Services (Pte) Ltd, Richwell Global Forwarding Pte. Ltd., Radiant Overseas Pte Ltd and Real Time Forwarding Pte. Ltd. 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 2021 (2020: Nil).

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

## 11 EARNINGS PER SHARE

	<u>2021</u>	<u>2020</u>
Profit for the year attributable to the owners of the Company (S\$)	<b>2,856,352</b>	4,257,220
Weighted average number of ordinary shares in issue	<b>1,242,294,521</b>	1,015,625,000
Basic and diluted earnings per share (S\$ cents)	<b><u>0.23</u></b>	<b><u>0.42</u></b>

The calculation of basic earnings per share for the years ended 31 December 2021 and 2020 is based on the profit for the year attributable to owners of the Company and the weighted average number of shares in issue.

The weighted number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2020 had been determined on the assumption that the group reorganisation to enable the Company to become the holding Company of the Group had been effective on 1 January 2020 and 1,015,625,000 shares in issue upon completion of the group reorganisation.

The weighted number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2021 had been determined by the issue of 234,375,000 new shares upon initial public offering (“IPO”) and prior year ordinary shares.

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 2021 and 2020.

## 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\$
<b>Cost:</b>							
<b>At 1 January 2020</b>	1,304,784	470,876	13,037,366	4,920,923	1,064,029	52,807	20,850,785
Additions	—	92,051	48,383	2,225,118	57,944	1,759	2,425,255
Disposals/Written off	—	(39,149)	—	(55,577)	—	—	(94,726)
<b>At 31 December 2020</b>	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)
<b>At 31 December 2021</b>	1,335,784	581,247	11,779,595	8,812,925	1,501,046	68,350	24,078,947
<b>Accumulated depreciation:</b>							
<b>At 1 January 2020</b>	1,115,857	345,032	9,004,513	779,400	1,025,518	46,975	12,317,295
Charge for the year	144,507	76,297	673,888	2,048,890	33,560	3,957	2,981,099
Disposals/Written off	—	(35,293)	—	(55,577)	—	—	(90,870)
<b>At 31 December 2020</b>	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)
<b>At 31 December 2021</b>	1,287,711	401,216	8,946,355	5,568,572	1,178,233	54,474	17,436,561
<b>Carrying amounts:</b>							
At 31 December 2020	<u>44,420</u>	<u>137,742</u>	<u>3,407,348</u>	<u>4,317,751</u>	<u>62,895</u>	<u>3,634</u>	<u>7,973,790</u>
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>

For the year ended 31 December 2021, there were additions of S\$2,626,919 (2020: S\$2,425,255) including non-cash additions of right-of-use assets of S\$1,979,331 (2020: S\$2,274,688).

### 13 TRADE RECEIVABLES

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Trade receivables	<b>11,031,168</b>	10,064,011
Allowance for doubtful receivables	<b>(143,829)</b>	(149,277)
	<b><u>10,887,339</u></b>	<b><u>9,914,734</u></b>

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>2021</u>	<u>2020</u>
	S\$	S\$
Within 30 days	<b>5,096,742</b>	4,111,077
31 days to 60 days	<b>2,446,328</b>	3,037,013
61 days to 90 days	<b>946,611</b>	1,357,659
91 days to 180 days	<b>965,383</b>	738,419
181 days to 1 year	<b>668,684</b>	333,811
Over 1 year	<b>763,591</b>	336,755
	<b><u>10,887,339</u></b>	<b><u>9,914,734</u></b>

As at 31 December 2021, S\$1,249,519 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. Customer A expected to sell the cargo and distribute the proceeds of the sale to its creditors.

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 and expected credit loss is minimal.

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

	<b>Lifetime ECL (simplified approach)</b>	<b>Lifetime ECL (assessed individually)</b>	<b>Total</b>
	S\$	S\$	S\$
At 1 January 2020	—	456,000	456,000
Reversal of provision for the year	—	(104,092)	(104,092)
Write-offs	—	(202,631)	(202,631)
At 31 December 2020	—	<b>149,277</b>	<b>149,277</b>
Write-offs	—	<b>(3,448)</b>	<b>(3,448)</b>
Provision/(reversal of provision) for the year	<b>23,494</b>	<b>(25,494)</b>	<b>(2,000)</b>
At 31 December 2021	<b><u>23,494</u></b>	<b><u>120,335</u></b>	<b><u>143,829</u></b>

## 14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Rental and other deposits (Note a)	<b>4,234,098</b>	794,348
Prepayments	<b>370,672</b>	179,156
Staff advances	<b>48,050</b>	49,200
Grant receivable (Note b)	—	101,017
Deferred issue costs	—	1,062,645
Issue costs reimbursable by a shareholder (Note c)	—	354,215
Others	<b>62,892</b>	40,917
	<b><u>4,715,712</u></b>	<b><u>2,581,498</u></b>
Analysed as:		
– Current	<b>1,297,244</b>	2,004,852
– Non-current	<b>3,418,468</b>	576,646
	<b><u>4,715,712</u></b>	<b><u>2,581,498</u></b>

### Notes:

- (a) The deposit balances pertain to non-current deposit of yard, warehouse and office rental amounted to S\$418,468 (2020: S\$576,646). As at 31 December 2021, included in the non-current deposits was a refundable deposit of S\$3 million (2020: nil) paid by the Group in respect of a strategic acquisition.
- (b) As at 31 December 2020, the Group was eligible for the JSS, a government grant announced to provide wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during the period of economic uncertainty caused by the COVID-19. The Group has fulfilled the conditions to receive the grant, hence a grant receivable and a deferred grant income were recognised as at 31 December 2020.
- (c) The balance is interest free and will be repaid within 12 months.

## 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 2021 are aged within 30 days (2020: 30 days) presented based on the invoice date.

## 16 TRADE AND OTHER PAYABLES

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Trade payables	<b>1,945,208</b>	955,697
GST payables	<b>177,486</b>	191,718
Customer deposits	<b>815,380</b>	636,980
Accrued operating expenses	<b>1,577,061</b>	1,260,928
Accrued listing expenses	—	1,459,933
Deferred grant income (Note a)	—	163,514
Others	<b>7,538</b>	12,044
	<b><u>4,522,673</u></b>	<b><u>4,680,814</u></b>
Analysed as:		
– Current	<b>4,050,473</b>	4,115,834
– Non-current (Note b)	<b>472,200</b>	564,980
	<b><u>4,522,673</u></b>	<b><u>4,680,814</u></b>



Notes:

- (a) During the year ended 31 December 2020, the Group received government grants of S\$872,460 in cash in connection with JSS for the purpose of retaining local employees during the period of economic uncertainty. At 31 December 2020, grants receivables of S\$101,017 (Note 14) have been recognised as there is reasonable assurance that the conditions attached to the grants have been fulfilled under the JSS.

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

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

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

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Within 30 days	<b>1,421,308</b>	644,002
31 to 60 days	<b>378,440</b>	261,847
61 to 90 days	<b>38,503</b>	32,485
Over 90 days	<b>106,957</b>	17,363
	<u><b>1,945,208</b></u>	<u>955,697</u>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND PROSPECTS**

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

The Group has developed a reputation as an integrated logistics solution provider equipped with a vehicle fleet, logistics yards, and experienced management team. We navigate the complexities of sea, air, and road logistics to move cargo more efficiently.

As at 31 December 2021, the Group had a vehicle fleet comprising 49 prime movers, 466 trailers and two flat vans, and machineries comprising two reach stackers and three forklifts. Furthermore, we are operating three logistics yards of approximately 38,240 sq. m. for the provision of our open-yard storage services as part of our VATS.

The Company was successfully listed on the Main Board of the Stock Exchange on 13 January 2021. It represents an important milestone to the Group. Through our business, we seek not only to contribute to the success of our customers and stakeholders, but to the success of their customers, communities, and the realization of a better future.

## **Prospects**

The Group has managed well on the uncertainties and challenges attributable to geopolitical tensions, macro situations around the pandemic. We expect the lingering industrywide supply chain shocks to continue to have an ongoing impact on our freight and logistics business. Meanwhile, on the demand front, we saw a deceleration growth momentum for our services since 2021 compared to prior year, we expect this trend to continue through 2022. However, the logistics sector remains a key cornerstone of Singapore's economy. Not only does it play a critical role in connecting various supply chains, it also supports the operational continuity of other industries.

With ongoing COVID-19 outbreak, the Group will keep continuous attention on the situations, adhere to government measures and recommendations, and continue to mitigate the risk of further local transmission of COVID-19. The measures include the expansion of workplace premises and enhanced safe distancing measures.

In preparation for the post-pandemic, the Group continues to identify Potential Targets and investments in VATS and operational scale through the strategic acquisition of logistics company which provides warehousing services and the expansion of our open-yard storage services, as well as improvements for our existing business.

The Group is constantly seeking ways to enhance our operational efficiency and the profitability of our business. The Group will also proactively explore opportunities to expand our customer base and our market share which will boost value to our shareholders.

The net proceeds from the Share Offer will provide financial resources to the Group to meet and achieve our business objectives and strategies which will further strengthen the Group's market position in Singapore.

We will also devote resources to improving the efficiency of our processes and through all these, enhance the value brought to our stakeholders.

However, before we start to see the fruits, these growth areas will take time to fully realise, will require additional spending in our operating expenses and may affect the short- to medium-term business performance.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue increased by approximately 13.6% from approximately S\$40.3 million for the year ended 31 December 2020 to approximately S\$45.8 million for the year ended 31 December 2021. The increase was mainly attributable to the COVID-19 having a global effect on the economy and demand for logistics space.

### **Trucking services**

Our Group's trucking services revenue was approximately S\$20.7 million and S\$15.8 million for the years ended 31 December 2020 and 2021 respectively. Trucking revenue consists of revenue from transportation fees in relation to the transportation of cargo. The decrease of approximately S\$4.9 million or 23.7% was due to COVID-19 impact on certain end customer's industry, but the impact is not significantly felt by the Group due to increase in request from customers in essential service e.g. supermarket chain, for trucking services.

### **Freight forwarding services**

Our Group's revenue from freight forwarding services was approximately S\$15.4 million and S\$24.4 million for the years ended 31 December 2020 and 2021 respectively. Revenue from freight forwarding services consists of fees from import and export freight forwarding arrangement (by either air or sea), local trucking and haulage to and from airport/seaport and customers/warehouses, as well as other related services such as cargo permit declaration and crating. Such revenue is mainly driven by the volume of goods, type of services provided, type of cargoes, among other factors. The increase of approximately S\$9.0 million or 58.4% was due to high demand during the COVID-19 pandemic on global trade.

## **VATS**

Our Group's revenue from VATS was approximately S\$4.1 million and S\$5.6 million for the years ended 31 December 2020 and 2021 respectively. Revenue from VATS consists of open-yard storage fees, stuffing and unstuffing fees and transportation fees for the container haulage between our logistics yard and our customers designated pick up and/or delivery points. Such revenue is primarily driven by land area that the containers are stored for. The increase of approximately S\$1.5 million or 36.6% was due to increase in revenue from the new logistics yard leased in June 2020 and May 2021 with ad-hoc storage.

## **Gross Profit and Gross Profit Margin**

For the years ended 31 December 2020 and 2021, we recorded a gross profit of approximately S\$13.9 million and S\$13.4 million respectively. The decrease of approximately S\$0.5 million or 3.6% was due to COVID-19 having a negative impact on the global economy causing the increase in cost incurred for the fuel cost and direct staff cost. Trucking services accounted for approximately 52.5% and 30.6% of our total gross profit for the years ended 31 December 2020 and 2021 respectively. Freight forwarding services accounted for approximately 33.1% and 50.7% of our total gross profit for the years ended 31 December 2020 and 2021 respectively. VATS accounted for approximately 14.4% and 18.7% of our total gross profit for the years ended 31 December 2020 and 2021 respectively.

For the years ended 31 December 2020 and 2021, we recorded a gross profit margin of approximately 34.5% and 29.3% respectively. Gross profit margin for trucking services were approximately 35.3% and 25.9% for the years ended 31 December 2020 and 2021 respectively. The decrease in gross profit margin of trucking services was due to the increase in fuel cost and direct staff cost. There are substantially impacted by driver manpower shortage due to the Singapore government tightening rules on hiring foreign worker and entry restrictions for foreign workers after the COVID-19 pandemic. Gross profit margin for freight forwarding services remained consistent at approximately 29.9% and 27.9% for the years ended 31 December 2020 and 2021 respectively. Gross profit margin for VATS were approximately 48.8% and 44.6% for the years ended 31 December 2020 and 2021 respectively. The decrease in gross profit margin of VATS was due to the increase in costs incurred in the new logistics yard leased in May 2021.

## **Other income**

Our Group reported other income of approximately S\$1.3 million and S\$0.8 million for the years ended 31 December 2020 and 2021 respectively. Other income mainly relates to government grants which mainly comprise of the Wage Credit Scheme, Special Employment Credit, Jobs Support Scheme (JSS), Jobs Growth Incentive (JGI), interest income and rental income from investment properties. The government grants comprise of the Foreign Worker Levy Rebates were received for the year ended 31 December 2020 only. The JSS was launched to help businesses retain their local employees during the period of uncertainty caused by the outbreak of COVID-19 and the Group received grants under this scheme of approximately S\$0.8 million and S\$0.2 million for the year ended 31 December 2020 and 2021 respectively.

## **Other gains and losses**

Our Group reported other losses of S\$5,061 and other gains of approximately S\$0.5 million for the years ended 31 December 2020 and 2021 respectively. Other gains and losses 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 approximately S\$0.1 million and gains of S\$12,083 were recognised for the years ended 31 December 2020 and 2021 respectively. The impairment gains recognised for the year ended 31 December 2021 was mainly due to the reversal of impairment losses recognised previously for the amounts owing from a certain customer which has been reassessed to be collectible.

## **Administrative expenses**

Our Group reported administrative expenses of approximately S\$8.3 million and S\$9.9 million for the years ended 31 December 2020 and 2021 respectively. Administrative expenses for our Group primarily consist of directors' remuneration cost, staff cost, depreciation and amortisation expenses and other miscellaneous expenses. Directors' remuneration cost includes 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 right-of-use assets, 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\$1.0 million and S\$0.9 million for the years ended 31 December 2020 and 2021 respectively. The decrease of S\$0.1 million or 10.0% was due to the decrease in profit before tax.

The statutory corporate tax rate in Singapore was 17% for the years ended 31 December 2020 and 2021, while our corresponding effective tax rates were approximately 19.2% and 24.3% respectively. The higher effective tax rate for the year ended 31 December 2020 and 31 December 2021 as compared to the statutory corporate tax rate in Singapore were mainly due to the Company expenses (including IPO expenses) incurred in both years which are non-deductible expenses caused by different tax jurisdiction and there was under-provision of tax expenses in prior years amounting of S\$36,853.

## **Profit for the year**

As a result of the foregoing, profit of the Group decreased by approximately S\$1.4 million from approximately S\$4.3 million for the year ended 31 December 2020 to approximately S\$2.9 million for the year ended 31 December 2021. Net profit margin decreased from approximately 10.7% for the year ended 31 December 2020 to approximately 6.3% for the year ended 31 December 2021.

## **Final dividend**

No dividend was declared or paid out during the year ended 31 December 2021.

During the year ended 31 December 2020, a dividend of S\$4.0 million was declared and paid out in respect of the financial year ended 31 December 2019.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

## **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 as disclosed in Notes 15 and 16, respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.



Our primary uses of cash are to satisfy our working capital needs. Our working capital needs have been financed through a combination of funds generated from operations and bank borrowings. As at 31 December 2020 and 31 December 2021, we had bank balances and cash of approximately S\$12.7 million and S\$23.9 million respectively. Going forward, we expect to fund our working capital and other capital requirements with a combination of various sources, including but not limited to cash generated from our operations and short-term or long-term indebtedness.

The bank balances and cash of the Group, mainly denominated in SGD, HKD and USD, are generally deposited with authorised financial institutions. As at 31 December 2021, approximately 43% (31 December 2020: 87.5%) of the Group's bank balances and cash was denominated in SGD, approximately 11% (31 December 2020: 12.4%) was denominated in USD and approximately 46% (31 December 2020: 0.1%) was denominated in HKD.

As at 31 December 2021, the Group had banking facilities with credit limit amounting to approximately S\$0.6 million (31 December 2020: 1.1 million). There was no unutilised credit facilities at the end of the year 2021.

As at 31 December 2021, the gearing ratio of the Group, based on total interest-bearing liabilities (including bank borrowings and lease liabilities) to total equity (including all capital and reserves) of the Company was approximately 9.8% (31 December 2020: 22.6%). The decrease in gearing ratio was mainly attributable to the decrease in bank borrowings of approximately S\$0.5 million and the decrease in lease liabilities of approximately S\$1.2 million.

### **Foreign currency exposure**

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

### **Pledge of assets**

The deposit of S\$0.6 million (2020: S\$0.5 million) is pledged as security with a financial institution to obtain letter of credit facilities with original maturity of 6 months to 1 year and being renewed automatically by month.

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

Save for the business plan as disclosed in the prospectus of the Company dated 30 December 2020 (the “**Prospectus**”), there was no plan for material investments or capital assets as at 31 December 2021.

### **Future plans for material investments and capital assets**

As at 31 December 2021, the Group did not have other plans for material investments and capital assets.

### **Employees and remuneration policy**

As at 31 December 2021, the Group had a total of 163 employees (2020: 141 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 2021 amounted to approximately S\$10.1 million (2020: approximately S\$9.1 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 are set out in the "Environmental, Social and Governance Report" section in the annual report of the Company.

### **Capital commitments**

As at 31 December 2021, the Group had no any significant capital commitments (2020: nil).

### **Contingent liabilities**

As at 31 December 2021, the Group had no material contingent liabilities (2020: 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).

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

Intended uses of the Net Proceeds	Percentage of net proceeds	Planned usage of net proceeds	Utilised net	Unutilized net	Expected timeline for utilizing the remaining proceeds
			proceeds up to 31 December 2021	proceeds up to 31 December 2021	
		<i>HK\$ million</i> <i>(approximately)</i>	<i>HK\$ million</i> <i>(approximately)</i>	<i>HK\$ million</i> <i>(approximately)</i>	
Strategic acquisition	42.6%	17.7	—	17.7	Before 31 December 2022
Expansion of our fleet in relation to our trucking services segment	39.7%	16.5	0.2	16.3	Before 31 December 2023
Increase and strengthen our freight forwarding services segment	6.1%	2.5	1.7	0.8	Before 31 December 2023
Purchase of an accounting and operations system	11.1%	4.6	—	4.6	Before 30 June 2022
Working capital and other general corporate purposes	0.5%	0.2	0.1	0.1	Before 30 June 2022
	<u>100%</u>	<u>41.5</u>	<u>2.0</u>	<u>39.5</u>	

### Events after the reporting period

Save as disclosed in elsewhere in this announcement, there are no significant events affecting the Group which have occurred after the year ended 31 December 2021 and up to the date of this announcement.

### Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

## **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 2021.

## **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 2021 save as disclosed below.

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

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

### **Purchase, sale or redemption of the company's listed securities**

During the period from the Listing Date to 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### **Audit committee**

The Company has established the audit committee in accordance with the requirements of the CG Code for the purpose of reviewing and supervising the Group's financial reporting process.

The audit committee currently comprises three independent non-executive Directors, namely Mr. 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 of the Company has reviewed the Group's audited consolidated financial statement for the year ended 31 December 2021 and discussed with the management and the auditors of the Company on the accounting principles and practices adopted by the Group with no disagreement by the audit committee of the Company.

### **Publication of final results announcement and annual report**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.legionconsortium.com](http://www.legionconsortium.com). The annual report of the Company for the year ended 31 December 2021 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 2022

*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.*