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Legion Consortium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2129)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Legion Consortium Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 December 2020 (the “**Prospectus**”), announcement dated 12 January 2021 relating to the allotment results under share offer (the “**Allotment Results Announcement**”), the announcement dated 3 December 2021 relating to the update on expected timeline for use of proceeds and the interim report of the Company for the six months ended 30 June 2022 published on 27 September 2022 (the “**2022 Interim Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2022 Interim Report, respectively.

CHANGE IN USE OF PROCEEDS FROM LISTING

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

As at the date of this announcement, the Company had utilised approximately HK\$9.9 million of the Net Proceeds, and the amount of the Net Proceeds remained unutilised was approximately HK\$37.5 million (the “**Unutilised Net Proceeds**”). The Board, having considered the current needs of the Group and the prevailing market conditions, resolved to change the use of Unutilised Net Proceeds. Set out below is the utilisation of the net proceeds up to the date of this announcement and the proposed change in use of the Unutilised Net Proceeds:

	Original allocation as disclosed in the Allotment Results Announcement <i>HK\$ million (approximately)</i>	Utilised Net Proceeds as at the date of this announcement <i>HK\$ million (approximately)</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$ million (approximately)</i>	Revised allocation of the Unutilised Net Proceeds <i>HK\$ million (approximately)</i>	Expected timeline for utilising the Unutilised Net Proceeds
Strategic Acquisition	17.7	—	17.7	17.7	Before 31 December 2022
Expansion of our fleet in relation to our trucking services segment	16.5	(7.7)	8.8	8.8	Before 31 December 2023
Increase and strengthen our freight forwarding services segment	2.5	(2.0)	0.5	0.5	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	Before 31 December 2022
	<u>41.5</u>	<u>(9.9)</u>	<u>31.6</u>	<u>31.6</u>	
Total	<u>41.5</u>	<u>(9.9)</u>	<u>31.6</u>	<u>31.6</u>	

REASONS FOR THE CHANGE IN USE OF PROCEEDS FROM LISTING

The Company continuously monitors and assesses the use of the Net Proceeds in order to improve its efficiency. To optimise the use of the Unutilised Net Proceeds, instead of purchase of an accounting and operations system, the Board has resolved to reallocate a total of approximately HK\$4.6 million from the Unutilised Net Proceeds towards purchase of a pallet racking system, thereby allowing the Company to better cope with its current operation needs and safeguarding the financial position of the Group against any economic uncertainty in the future.

The Group originally planned to purchase an accounting and operations system for the purpose of enabling the integration of a number of separate systems that the Group currently operates, and a number of new components would be available in the new system. However, no appropriate system was identified and considered suitable to the current needs of the Group. Over the past few months, various measures that

were implemented earlier in response to the COVID-19 outbreak were further lifted. In the stages of the re-opening border and lifting the restrictions imposed by the Singapore government, the Board considers that equipping with an efficient pallet racking system will (i) enhance the inventory accessibility and streamlining; (ii) ensure a smooth and safe transport; (iii) provide accurate pallet positioning especially by using “First-In-First-Out” storage arrangement; and (iv) improve the productivity of the Group.

Taking into account the aforesaid factors, the Board considers that the change in use of the Unutilised Net Proceeds will enable the Group to effectively implement the business strategies to respond to the fast-evolving market and trends and enhance its competitiveness.

Upon the above change in the use of the Unutilised Net Proceeds, depending on the future expansion and growth of the Group, the Group will gradually upgrade its infrastructure and system from time to time with its internal resources derived from its operations. The Board confirms that the Company will finance the remaining balance of the aforesaid purchase of a pallet racking system with its own internal resources derived from its operations.

The Board considers the above change in the use of the Unutilised Net Proceeds is fair and reasonable as this will allow the Group to deploy its financial resources more effectively to enhance the competitiveness and profitability of the Group and is therefore in the interests of the Company and its 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 considered 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.

If there is any material development on the utilisation under the time frame as set out above, or in case any further adjustments to the use of the Unutilised Net Proceeds are needed, the Company will make further announcement(s) as and when appropriate.

By Order of the Board
Legion Consortium Limited
Ng Choon Eng

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 October 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. Ho Wing Sum, Mr. Yeo Teck Chuan, and Mr. Teo Rainer Jia Kai.