Legion Consortium Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2129)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 together with comparative figures for the corresponding period for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	**2023**	2022
		S$	S$
Revenue	4	**60,481,361**	57,035,967
Cost of services		**(41,313,793)**	(38,875,424)
Gross profit		**19,167,568**	18,160,543
Other income	5	**1,148,516**	621,139
Other gains, net	6	**159,429**	333,604
Selling expense		**(198,358)**	(160,094)
Administrative expenses		**(15,051,605)**	(13,234,466)
Impairment gains and losses (including reversals of impairment losses) on financial assets		**18,510**	2,000
Finance costs	7	**(753,241)**	(170,045)
Profit before tax	8	**4,490,819**	5,552,681
Income tax expense	9	**(1,047,975)**	(987,115)
Profit and other comprehensive income for the year		**3,442,844**	4,565,566
Attributable to:			
Equity shareholders of the Company		**3,426,958**	4,539,208
Non-controlling interests		**15,886**	26,358
Profit and other comprehensive income for the year		**3,442,844**	4,565,566
Basic and diluted earnings per share (S$ cents)	11	**0.27**	0.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023	2022
		S$	S$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**21,387,751**	13,961,293
Investment properties		**3,456,372**	3,645,513
Intangible assets		**2,410,478**	2,299,170
Deposits and other receivables	14	**2,446,799**	3,030,048
		29,701,400	22,936,024
Current assets			
Trade receivables	13	**12,296,087**	14,250,598
Other receivables, deposits and prepayments	14	**2,270,948**	2,909,156
Amounts due from related parties	15	**8,038**	3,983
Pledged deposits		**350,000**	200,000
Fixed deposits with maturity of over three months		**4,042,938**	14,361,995
Bank balances and cash		**22,794,266**	10,319,604
		41,762,277	42,045,336
Current liabilities			
Trade and other payables	16	**3,258,766**	5,863,303
Amounts due to related parties	15	**315,094**	359,099
Bank borrowings		**45,311**	106,413
Lease liabilities		**7,599,394**	3,820,533
Provisions		**—**	480,000
Income tax payable		**921,082**	1,059,983
		12,139,647	11,689,331
Net current assets		**29,622,630**	30,356,005
Total assets less current liabilities		**59,324,030**	53,292,029

	Note	2023	2022
		S$	S$
Non-current liabilities			
Other payables	16	**1,104,208**	80,300
Bank borrowings		**451,173**	495,084
Lease liabilities		**7,428,424**	6,044,042
Provisions		**230,706**	—
Deferred tax liabilities		**515,420**	521,348
		9,729,931	7,140,774
Net assets		**49,594,099**	46,151,255
EQUITY			
Share capital		**2,133,905**	2,133,905
Reserves		**46,517,950**	43,090,992
Total equity attributable to shareholders of the Company		**48,651,855**	45,224,897
Non-controlling interests		**942,244**	926,358
Total equity		**49,594,099**	46,151,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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 1307A, 13/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 28 March 2024.

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 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:

IFRS 17 and related amendments	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and removed certain immaterial accounting policies.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group has applied the amendments for the first time in the current year retrospectively. The Group recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: (i) right-of-use assets and lease liabilities; and (ii) decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset; and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at 1 January 2022.

However, there was no material impact on the consolidated statement of financial position because the balances qualify for offset under IAS 12. There was also no material impact on the retained profits at 1 January 2022 as a result of the change. The key impact on the Group is related to the disclosure of components of deferred tax assets and liabilities recognised.

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:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

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

2 *Effective for annual periods beginning on or after 1 January 2025*

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 2023 and 2022, 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:

	2023	2022
	S$	S$
Revenue from external customers:		
– Trucking services	**19,981,341**	20,299,616
– Freight forwarding services	**26,621,653**	28,281,681
– Value added transport services	**13,878,367**	8,454,670
	60,481,361	57,035,967
Segment result:		
– Trucking services	**5,850,524**	6,447,581
– Freight forwarding services	**7,280,465**	7,226,934
– Value added transport services	**6,036,579**	4,486,028
	19,167,568	18,160,543
Unallocated:		
– Other income	**1,148,516**	621,139
– Other gains, net	**159,429**	333,604
– Selling expense	**(198,358)**	(160,094)
– Administrative expenses	**(15,051,605)**	(13,234,466)
– Impairment gains and losses (including reversals of impairment losses) on financial assets	**18,510**	2,000
– Finance costs	**(753,241)**	(170,045)
Profit before tax	**4,490,819**	5,552,681

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 2023 and 2022, 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 2023 and 2022, no single customer contributes 10% or more of total revenue of the Group.

5 OTHER INCOME

	2023	2022
	S$	S$
Government grants (Note)	**216,657**	105,518
Interest income	**526,177**	163,469
Rental income	**299,800**	279,301
Yard utilities income	**91,620**	45,617
Others	**14,262**	27,234
	1,148,516	621,139

Note:

The government grants received mainly comprise Wage Credit Scheme, Special Employment Credit, Senior Employment Credit, Job Support Scheme and Enterprise Development Grant, 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. These 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

	2023	2022
	S$	S$
Gain/(loss) on disposal of property and equipment, net	**64,862**	(9,301)
Net foreign exchange (loss)/gain	**(37,663)**	342,905
Over-provision of reinstatement costs in prior years	**132,230**	—
	159,429	333,604

7 FINANCE COSTS

	2023	2022
	S$	S$
Interest on:		
Bank borrowings	**24,365**	18,374
Lease liabilities	**728,876**	151,671
	753,241	170,045

8 PROFIT BEFORE TAX

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

	2023	2022
	S$	S$
Depreciation of property, plant and equipment		
– Recognised as cost of services	**7,600,845**	3,936,472
– Recognised as administrative expenses	**1,898,424**	717,347
	9,499,269	4,653,819
Depreciation of investment properties	**189,141**	189,142
Amortisation of intangible assets	**122,996**	74,620
Audit fee paid or payable to auditors of the Company	**227,985**	225,000
Directors' remuneration	**1,487,796**	2,371,989
Other staff costs:		
– Salaries and other benefits	**9,875,934**	8,538,396
– Contributions to Central Provident Fund ("CPF")	**930,143**	778,247
Total staff costs (including Directors' remuneration) (Note i)	**12,293,873**	11,688,632
Gross rental income from investment property recognised as other income (Note 5)	**(299,800)**	(279,301)
Less: Direct operating expenses incurred for investment property that generated rental income	**240,262**	245,266
	(59,538)	(34,035)

Note i: The total staff costs of S$2,712,425 (2022: S$2,617,714) is included in cost of services and S$9,581,448 (2022: S$9,070,918) is included in administrative expenses respectively.

9 INCOME TAX EXPENSE

	2023	2022
	S$	S$
Tax expense comprises:		
Current tax:		
– Singapore corporate income tax ("**CIT**")	**913,300**	1,042,266
– Under/(over) provision in prior years	**140,636**	(9,154)
Deferred tax credit	**(5,961)**	(45,997)
	1,047,975	987,115

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% (2022: 17%) on the estimated assessable profit for the year.

For the years ended 31 December 2023 and 2022, 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 2023 (2022: Nil).

11 EARNINGS PER SHARE

	2023	2022
Profit for the year attributable to the owners of the Company (S$)	**3,426,958**	4,539,208
Weighted average number of ordinary shares in issue	**1,250,000,000**	1,250,000,000
Basic and diluted earnings per share (S$ cents)	**0.27**	0.36

The calculation of basic earnings per share for the years ended 31 December 2023 and 2022 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 2023 and 2022.

12 PROPERTY, PLANT AND EQUIPMENT

	Machinery	Computer and office equipment	Motor vehicles	Leasehold buildings	Leasehold improvement	Furniture and fittings	Total
	S$	S$	S$	S$	S$	S$	S$
Cost:							
At 1 January 2022	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	—	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
Additions	1,073,000	1,391,151	683,229	13,236,359	847,464	3,290	17,234,493
Disposal	(581,800)	(81,628)	(416,235)	(3,764,722)	(480,000)	—	(5,324,385)
At 31 December 2023	**1,826,984**	**1,897,087**	**13,314,771**	**22,554,244**	**1,905,034**	**76,065**	**41,574,185**
Accumulated depreciation:							
At 1 January 2022	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
Charge for the year	114,197	407,182	969,606	7,695,922	303,307	9,055	9,499,269
Disposal	(581,800)	(52,452)	(152,060)	(3,749,307)	(480,000)	—	(5,015,619)
At 31 December 2023	**838,506**	**741,235**	**9,807,232**	**7,571,633**	**1,161,843**	**65,985**	**20,186,434**
Carrying amounts:							
At 31 December 2022	29,675	201,059	4,058,091	9,457,589	199,034	15,845	13,961,293
At 31 December 2023	**988,478**	**1,155,852**	**3,507,539**	**14,982,611**	**743,191**	**10,080**	**21,387,751**

For the year ended 31 December 2023, there were additions of S$17,234,493 (2022: S$11,273,477) including non-cash additions of right-of-use assets of S$12,867,929 (2022: S$9,885,779).

13 TRADE RECEIVABLES

	2023	2022
	S$	S$
Trade receivables	**12,352,796**	14,325,817
Allowance for doubtful receivable	**(56,709)**	(75,219)
	12,296,087	14,250,598

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:

	2023	2022
	S$	S$
Within 30 days	**4,834,341**	6,644,174
31 days to 60 days	**2,974,550**	3,969,181
61 days to 90 days	**1,448,709**	1,113,844
91 days to 180 days	**695,132**	1,025,961
181 days to 1 year	**828,485**	401,040
Over 1 year	**1,571,579**	1,096,398
	12,352,796	14,250,598

As at 31 December 2023, S$2,193,659 (2022: S$1,571,579) 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 provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2023 and 2022 within lifetime ECL (not credit impaired). Customers with credit-impaired were assessed individually.

	Average loss rate	Gross trade receivable	ECL
	S$	S$	S$
As at 31 December 2023			
Assessed based on provision matrix			
Low risk	0.23%	10,146,756	23,494
Assessed individually			
Watch list	0.95%	2,193,659	20,834
Loss	100%	12,381	12,381
		12,352,796	56,709
As at 31 December 2022			
Assessed based on provision matrix			
Low risk	0.18%	12,723,347	23,494
Assessed individually			
Watch list	1.33%	1,571,579	20,834
Loss	100%	30,891	30,891
		14,325,817	75,219

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	S$	S$
Rental and other deposits (Note a)	**2,417,054**	3,865,500
Deposits paid for acquisition of property, plant and equipment	**1,769,600**	1,185,403
Prepayments	**366,786**	621,732
Interest receivable	**4,170**	103,839
Staff advances	**89,711**	91,378
Others	**70,426**	71,352
	4,717,747	5,939,204
Analysed as:		
– Current	**2,270,948**	2,909,156
– Non-current	**2,446,799**	3,030,048
	4,717,747	5,939,204

Note:

(a) The deposit balances pertains to non-current deposit of yard, warehouse and office rental amounted to S$677,199 (2022: S$344,645). As at 31 December 2022, included in the non-current deposits was a refundable deposit of S$1,500,000 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 2023 are aged within 30 days (2022: 30 days) presented based on the invoice date.

16 TRADE AND OTHER PAYABLES

	2023	2022
	S$	S$
Trade payables	**1,316,140**	2,424,032
GST payables	**114,491**	253,431
Customer deposits	**1,169,808**	725,949
Accrued operating expenses	**1,662,535**	2,540,191
Deferred government grants	**100,000**	—
	4,362,974	5,943,603
Analysed as:		
– Current	**3,258,766**	5,863,303
– Non-current (Note a)	**1,104,208**	80,300
	4,362,974	5,943,603

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 (2022: 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:

	2023	2022
	S$	S$
Within 30 days	**925,470**	2,222,656
31 to 60 days	**296,720**	38,836
61 to 90 days	**40,176**	86,878
Over 90 days	**53,774**	75,662
	1,316,140	2,424,032

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

17 EVENTS AFTER THE REPORTING PERIOD

On 26 March 2024, the proposed acquisition of the property by the Group from Sintex Nylon and Cotton Products (Pte.) Limited (the "**Vendor**") was terminated, as Jurong Town Corporation rejected to grant the approval for the transaction. In accordance with the terms of the sale and purchase agreement, the Vendor shall refund to the Group all the payments paid by the Group to the Vendor, i.e. 5% of the total consideration (being S$900,000) without any interest or deduction. Please refer to the Company's announcement dated 26 March 2024 for further details.

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**") 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 2023, the Group had a vehicle fleet comprising 53 prime movers, 465 trailers and 19 flat vans, and machineries comprising two reach stackers and three forklifts. Furthermore, we are operating 3 yards and 3 warehouse of approximately 48,980 sq. m. and 32,343 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 2023 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 2024 journey in a strong financial position and have numerous viable options for growth and value creation.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately 6.1% from approximately S$57.0 million for the year ended 31 December 2022 to approximately S$60.5 million for the year ended 31 December 2023. 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. As compared with the increase in revenue by approximately 24.5% for the year ended 31 December 2022 as compared to the year ended 31 December 2021, the slowdown in the growth rate is due to the slowdown in overall import and export in Singapore as reflected by the price index.

Trucking services

Our Group's trucking services revenue was approximately S$20.3 million and S$20.0 million for the years ended 31 December 2022 and 2023, respectively. Trucking revenue consists of revenue from transportation fees in relation to the transportation of cargo. Trucking revenue remained stable during the years ended 31 December 2022 and 2023.

Freight forwarding services

Our Group's revenue from freight forwarding services was approximately S$28.3 million and S$26.6 million for the years ended 31 December 2022 and 2023, 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 decrease of approximately S$1.7 million or 6.0% was due to the decrease in import and export freight prices during 2023.

VATS

Our Group's revenue from VATS was approximately S$8.5 million and S$13.9 million for the years ended 31 December 2022 and 2023, 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. Revenue form VATS increased by S$5.4 million or 63.5%, mainly due to the increase in yard and rental fees charged to our customers, as the storage spaces are limited in Singapore.

Gross Profit and Gross Profit Margin

For the years ended 31 December 2022 and 2023, we recorded a gross profit of approximately S$18.2 million and S$19.2 million, respectively. The increase of approximately S$1.0 million or 5.5% was due to stabilizing of global trade post COVID-19, which resulted in a huge surge of demands of our services. Trucking services accounted for approximately 35.2% and 30.5% of our total gross profit for the years ended 31 December 2022 and 2023, respectively. Freight forwarding services accounted for approximately 39.6% and 38.0% of our total gross profit for the years ended 31 December 2022 and 2023 respectively. VATS accounted for approximately 25.2% and 31.5% of our total gross profit for the years ended 31 December 2022 and 2023, respectively.

For the years ended 31 December 2022 and 2023, we recorded a gross profit margin of approximately 31.9% and 31.7%, respectively. Gross profit margin for trucking services were approximately 31.5% and 29.3% for the years ended 31 December 2022 and 2023, respectively. The decrease in gross profit margin of trucking services was due to intense competition of trucking services in Singapore, so that we had to offer more competitive trucking services to our customers. Gross profit margin for freight forwarding services were approximately 25.4% and 27.3% for the years ended 31 December 2022 and 2023, respectively. The increase in gross profit margin of freight forwarding services was due to the effective cost control of freight service related costs during 2023. Gross profit margin for VATS were approximately 52.9% and 43.5% for the years ended 31 December 2022 and 2023, respectively. The decrease in gross profit margin of VATS was due to closure of the yards and warehouses after expiry of lease terms and shifting to new yards and warehouses at significant increase in lease costs. We have increased our yards and warehouse rental to the customers, but we were not able to shift all the burden to our customers in order to maintain our competitive advantages.

Other income

Our Group reported other income of approximately S$0.6 million and S$1.1 million for the years ended 31 December 2022 and 2023, respectively. Other income mainly relates to government grants which mainly comprise of the WCS, SEC, JGI, interest income and rental income from investment properties. Most of the COVID government grants has expired. Only the long term pre covid grants like Special Employment Credit were still available. New grants like senior employment credit and enabling employment credit which was introduced during 2020 still remains in order to get more senior people or people with disability into the workforce.

Other gains and losses

Our Group reported other gains of approximately S$0.3 million and S$0.2 million for the years ended 31 December 2022 and 2023, respectively. Other gains relate to gain on disposal of property, plant and equipment, net foreign exchange gains or losses and over provision of reinstatement costs in prior years.

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

Impairment gains of S$2,000 and S$18,510 were recognised for the years ended 31 December 2022 and 2023, respectively. The impairment gains recognised for the year ended 31 December 2022 and 2023 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$13.2 million and S$15.0 million for the years ended 31 December 2022 and 2023, 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 arising from significant increase in office equipment and leasing dormitory for foreign staff .

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$1.0 million for the years ended 31 December 2022 and 2023, respectively.

Profit for the year

As a result of the foregoing, profit of the Group decreased by approximately S$1.2 million from approximately S$4.6 million for the year ended 31 December 2022 to approximately S$3.4 million for the year ended 31 December 2023. The decrease in net profit was mainly due to increase in administrative expenses as described above. Net profit margin decreased from approximately 8.1% for the year ended 31 December 2022 to approximately 5.7% for the year ended 31 December 2023.

Final dividend

No dividend was declared or paid out during the year ended 31 December 2023.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

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 2022 and 31 December 2023, we had bank balances and cash of approximately S$10.3 million and S$22.8 million respectively. As at 31 December 2022 and 2023, we had fixed deposits with maturity of over three months of approximately S$14.4 million and S$4.0 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 2023, approximately 91% (31 December 2022: 73.0%) of the Group's bank balances and cash was denominated in SGD, approximately 8% (31 December 2022: 25%) was denominated in USD and approximately 1% (31 December 2022: 2.0%) was denominated in HKD.

As at 31 December 2023, the Group had banking facilities with credit limit amounting to approximately S$0.4 million (31 December 2022: S$0.2 million). There was no unutilised credit facilities at the end of the year 2023.

As at 31 December 2023, 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 31.3% (31 December 2022: 22.7%). The increase in gearing ratio was mainly attributable to the increase in lease liabilities 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$0.4 million (2022: S$0.2 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

There were no significant investments held, material acquisitions or disposals of subsidiaries, associated companies or joint ventures by the Group during the year ended 31 December 2023.

Future plans for material investments and capital assets

As at 31 December 2023, the Group did not have other plans for material investments and capital assets.

Employees and remuneration policy

As at 31 December 2023, the Group had a total of 223 employees (2022: 190 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 2023 amounted to approximately S$12.3 million (2022: approximately S$11.7 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 2023.

Capital commitments

As at 31 December 2023, the Group had capital commitments of approximately S$17.1 million (2022: S$0.8 million) in relation to the acquisition of property, plant and equipment.

Contingent liabilities

As at 31 December 2023, the Group had no material contingent liabilities (2022: 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 the prospectus of the Company dated 30 December 2020. After deducting share issuance expense and professional fee regarding to the Share Offer, the net proceeds (the "**Net Proceeds**") amounted to approximately HK$41.5 million (equivalent to approximately S$7.2 million).

Reference is made to the announcement of the Company dated 30 August 2023. 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 has changes the use of the unutilised Net Proceeds.

Up to 31 December 2023, the Group had utilised the Net Proceeds as follows:

Intended uses of the net proceeds	Original allocation	Revised allocation	Utilised net proceeds up to 31 December 2023	Unutilised net proceeds as at 31 December 2023	Expected timeline for utilising remaining net proceeds
	HK$ million (approximately)	*HK$ million (approximately)*	*HK$ million (approximately)*	*HK$ million (approximately)*	
Strategic acquisition	17.7	—	—	—	—
Expansion of our fleet in relation to our trucking services segment	16.5	16.5	(11.5)	5	Before 31 December 2024
Increase and strengthen our freight forwarding services segment	2.5	2.5	(2.5)	0	—
Working capital and other general corporate purposes	0.2	0.2	(0.2)	0	—
Purchase of a pallet racking system	4.6	4.6	(4.6)	0	—
Acquisition of the property	—	17.7	(10.5)	7.2	Before 31 December 2024
Total	41.5	41.5	(29.3)	12.2	

Update on expected timeline for the use of proceeds

Bearing uncertainty of business environment and adaptability of business under the current market situation, the Company expects that additional time is required to explore the expansion of the fleet in relation to the trucking segment. Accordingly, the Board decided to extend the expected timeline for unutilised Net Proceeds to 31 December 2024.

Reference is made to the announcements of the Company dated 30 August 2023 and 26 March 2024, and the circular of the Company dated 20 October 2024 in relation to an acquisition. In order to improve the efficiency of the use of the Net Proceeds, the Board resolved to change the use of the unutilised Net Proceeds and approximately HK$17,700,000 was used to finance the payment of consideration of the acquisition. However, the major transaction of the Company was terminated, and hence the Vendor shall refund to the Purchaser all the payments paid by the Purchaser to the Vendor. Taking into account the uncertainty of business environment and business opportunity, the Company expects that additional time is required to identify appropriate target(s) for acquisition.

Events after the reporting period

On 26 March 2024, the proposed acquisition of the property by the Group from Sintex Nylon and Cotton Products (Pte.) Limited (the "**Vendor**") was terminated, as Jurong Town Corporation rejected to grant the approval for the transaction. In accordance with the terms of the sale and purchase Agreement, the Vendor shall refund to the Purchaser all the payments paid by the Purchaser to the Vendor, i.e. 5% of the total consideration (being S$900,000) without any interest or deduction.

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

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. All the Directors have confirmed that, following specific enquiry by the Company, they fully complied with the required standard as set out in the Model Code throughout the year ended 31 December 2023.

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 C1 to the Listing Rules during the period from the Listing Date to 31 December 2023 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 year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any 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 2023 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.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

Publication of annual 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 2023 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, 28 March 2024

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.