

TARGET

Intelligence Report

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**LEGION CONSORTIUM LTD: LOOK OUT FOLKS !
THERE IS LIKELY TO HAVE BEEN A 37-PERCENT FALL
IN THE NET PROFIT OF THE 2020 FINANCIAL YEAR,
YEAR-ON-YEAR**

It took the best part of three Financial Years for Legion Consortium Ltd (Code: 2129, Main Board, The Stock Exchange of Hongkong Ltd) to obtain a listing of its shares on the premier equity market of The Stock Exchange of Hongkong Ltd.

During those three Financial Years, Management was forced to spend \$S4,202,340.00 (about \$HK24,373,572.00), on direct Listing Expenses, alone – and only Senior Management is privy as to the other costs that would have been deemed necessary in order to obtain the Golden Fleece of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

For that not inconsiderable sum of money that was spent on Listing Expenses, over those three Financial Years, the Company garnered \$HK41.60 million, net of all direct expenses for all its efforts.

The net results of this escapade, that lasted for three Financial Years, therefore, was about \$HK17.23 million.

The Founder Awards Himself An Early Christmas Present

Mirana Holdings Ltd is a company, domiciled in the **British Virgin Islands (BVI)**, all the Issued and Fully Paid-Up Share Capital of which, being beneficially and legally owned by Mr Ng Choon Eng (黃春興), he, being the Founder and Controlling Shareholder of Legion Consortium Ltd.

Mr Ng Choon Eng took the opportunity to cash in at the **Initial Public Offering (IPO)**, grossing \$HK31.25 million for himself by offloading 78,125,000 Sale Shares in the Company, via Mirana Holdings Ltd.

One might like to deduce, acknowledging that the above calculations seem more than fair, that Mr Ng Choon Eng took home, before expenses, \$HK31.25 million, an amount of money that was only about 33.33 percent of the gross amount of money, derived from the Share Offer in respect of the sales of 234,375,000 New Offer Shares at 40 cents per New Share.

However, in terms of the net proceeds, derived from the sales of those 234,375,000 New Shares at the IPO, being \$HK41.60 million, the sum of money, amounting to \$HK31.25 million, being the take-home perquisite that Mr Ng Choon Eng enriched himself, equates to 75.12 percent.

And after grossing \$HK31.25 million from the sales of the Offer Shares, formerly held by Mirana Holdings Ltd, Mr Ng Choon Eng, still, had an equity stake in Legion Consortium Ltd, amounting to 75 percent of the entire Issued and Fully Paid-Up Share Capital.

Clearly, Mr Ng Choon Eng knows his onions.

The IPO Of Legion Consortium Ltd

On Wednesday, December 30, 2020, Senior Management of Legion Consortium Ltd caused to have published and disseminated in the HKSAR, the Company's Share Offer Prospectus.

Management was desirous of selling a total of 312.50 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of 40 cents to a high of 52 cents.

HKSAR Investors were Offered the opportunity to subscribe to 31.25 million New Offer Shares (the HKSAR Public Offer Shares tranche) and (presumably) International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investors is deemed, legally and beneficially, to have equity control – were induced to subscribe to 281.25 million Placing Shares, comprising 203,125,000 New Shares and 78,125,000 Sale Shares (the Placing Shares tranche).

As already stated above, the 'Sale Shares' were those owned by Mr Ng Choon Eng, via Mirana Holdings Ltd.

On Tuesday, January 12, 2021, Management of Legion Consortium Ltd announced that the Offer Price Per Share had been struck at 40 cents – the lowest level of the Indicative Offer Price range.

This Announcement, which included the Offer Price Per Share and the Allotment Results, stated that it was anticipated that the Company's coffers would be enriched by about \$HK41.60 million from the Share Offer.

With regard to the HKSAR Public Offer Shares tranche, this Announcement stated that it had '*been well over-subscribed*', with a total of 172,836 valid applications for Offer Shares, having been received '*for a total of 13,855,395,000 Public Offer Shares, representing approximately 443.37 times*' the 31.25 million Public Offer Shares, initially available under this tranche.

With regard to the Placing Shares tranche, the January 12, 2021 Announcement stated that it had '*been moderately over-subscribed ... approximately 1.50 times ... the 281,250,000 Offer Shares ... initially available under Share Offer.*'

At Page Nine of the January 12, 2021 Announcement, one was apprised as to how Management, today, intended to utilise the net proceeds of the Share Offer:

- Approximately, \$HK17.70 million, that is about 42.60 percent of the total net proceeds from the issue of New Offer Shares under the Share Offer, *‘will be used for the Strategic Acquisition’*;
- Approximately, \$HK16.50 million, that is about 39.70 percent of the total net proceeds from the issue of New Offer Shares under the Share Offer, *‘will be used for the expansion of the fleet in relation to the trucking services segment and the related labour resources’*;
- Approximately, \$HK2.50 million, that is about 6.10 percent of the total net proceeds from the issue of New Offer Shares under the Share Offer, *‘will be used to increase and strengthen the freight forwarding services segment which includes the rental of additional office space and the related increase in labour resources’*;
- Approximately, \$HK4.60 million, that is about 11.10 percent of the total net proceeds from the issue of New Offer Shares under the Share Offer, *‘will be used for the purchase of an accounting and operations system and the related increase in labour resources’*; and,
- The remaining amount of approximately \$HK\$0.30 million, that is about five percent of the total net proceeds from the issue of New Offer Shares under the Share Offer, *‘will be used for working capital and other general corporate purposes’*.

The History And Business Of Legion Consortium Ltd

Legion Consortium Ltd was founded in 1995, according to Page 108 of the Company’s Share Offer Prospectus.

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