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**LEGENDARY GROUP LIMITED**

**創天傳承集團有限公司**

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

**(Stock Code: 8195)**

## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of Legendary Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 30 September 2022 (the “Interim Financial Statements”) together with the unaudited comparative figures for the corresponding period in 2021 as follows:

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

	NOTES	For the three months ended 30 September 2022		For the six months ended 30 September 2021	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	5	52,107	20,965	102,221	51,494
Cost of sales		(17,830)	(4,744)	(32,705)	(9,307)
Other income		102	766	182	1,644
Other gains and losses, net	6	93	(2,857)	244	(2,718)
Selling and distribution expenses		(2,772)	(1,915)	(4,041)	(2,064)
Administrative and other expenses		(26,942)	(7,694)	(44,416)	(16,094)
Finance costs	7	(122)	(644)	(145)	(1,613)
Profit before taxation		4,636	3,877	21,340	21,342
Income tax expense	8	(1,074)	(676)	(3,076)	(3,338)
Profit and total comprehensive income for the period	9	3,562	3,201	18,264	18,004
Profit (loss) and total comprehensive income (expense) for the period attributable to:					
Owners of the Company		3,837	3,214	18,894	18,021
Non-controlling interests		(275)	(13)	(630)	(17)
		<u>3,562</u>	<u>3,201</u>	<u>18,264</u>	<u>18,004</u>
		<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
Earnings per share	11				
Basic		1.07	0.94	5.27	5.54
Diluted		1.00	0.87	4.92	5.13

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2022 <i>HK\$'000</i> (unaudited)	At 31 March 2022 <i>HK\$'000</i> (audited)
	<i>NOTES</i>		
<b>Non-current assets</b>			
Property, plant and equipment	12	34,486	34,649
Intangible assets		4,900	4,900
Goodwill		185,352	171,070
Interests in associates		–	–
Rental deposits	14	3,176	2,776
		227,914	213,395
<b>Current assets</b>			
Inventories		2,325	3,055
Financial assets at fair value through profit or loss		1,727	1,993
Trade and other receivables	14	52,579	41,575
Amount due from associates		6,230	6,230
Loan receivables	13	44,977	42,123
Cash and cash equivalents		20,114	21,018
		127,952	115,994
<b>Current liabilities</b>			
Trade and other payables	15	7,956	9,798
Contract liabilities		32,770	24,994
Bank and other borrowings		5,000	5,000
Lease liabilities		9,396	9,494
Tax payable		7,943	14,869
Provision for litigation		1,735	1,735
		64,800	65,890
<b>Net current assets</b>		<b>63,152</b>	50,104
<b>Total assets less current liabilities</b>		<b>291,066</b>	263,499

		At 30 September 2022 <i>HK\$'000</i> (unaudited)	At 31 March 2022 <i>HK\$'000</i> (audited)
	<i>NOTES</i>		
<b>Non-current liability</b>			
Other payables	15	45,985	36,585
Lease liabilities		14,686	14,783
Deferred tax liabilities		14	14
		<u>60,685</u>	<u>51,382</u>
<b>Net assets</b>		<u>230,381</u>	<u>212,117</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	179	179
Reserves		232,053	213,159
		<u>232,232</u>	<u>213,338</u>
<b>Equity attributable to owners of the Company</b>		<u>232,232</u>	<u>213,338</u>
<b>Non-controlling interests</b>		<u>(1,851)</u>	<u>(1,221)</u>
<b>Total equity</b>		<u><u>230,381</u></u>	<u><u>212,117</u></u>

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 September 2022*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares have been listed on the GEM of The Stock Exchange since 10 October 2014. The addresses of the registered office and the principal place of business of the Company are P.O. Box 309, Uglan House, Grand Cayman, KY1-1104 Cayman Islands and 5/F., World Interest Building, 8 Tsun Yip Lane, Kwun Tong, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of OEM garment products; retailing and wholesaling of garment products under the Group's own brand and high-end fashion brand; provision of loan services; provision of financial quotient and investment education courses, property investment and provision of private supplementary education services.

## 2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

This Interim Financial Statements contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual report for the year ended 31 March 2022 (the "2022 Annual Report").

The adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to the Group and effective for the financial year begin on or after 1 April 2022 had no significant effects on the results and financial position of the Group for the current or prior accounting periods have been prepared or presented. At the date of authorisation of the Interim Financial Statements, the Group has not early adopted the new/revised HKFRSs that have been issued but are not yet effective.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those adopted in the 2022 Annual Report.

The Interim Financial Statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values.

#### 4. ESTIMATES

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Annual Report.

#### 5. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's executive Directors (the chief operating decision maker) ("CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (i) OEM Business: manufacturing and sales of OEM garment products;
- (ii) Retail Business: retailing and wholesaling of garment products under the Group's own brand and high-end fashion brand;
- (iii) Money Lending Business: provision of loan services;
- (iv) Financial Quotient and Investment Education Business: provision of financial quotient and investment education courses for the customers;
- (v) Property Investment Business: investing properties in Asia Pacific region to general rental income and to gain from the appreciation in the properties' values in the long term; and
- (vi) Private supplementary education business: Provision of private supplementary education services.

##### (a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive Directors monitor the results attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment results represents pretax profit/loss incurred from each segment without allocation of other income, other gains and losses, certain corporate expenses and finance costs. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segments assets include all tangible, intangible assets and current assets with the exception of investments in financial assets and other corporate assets. Segment liabilities include provisions, lease liabilities and trade and other payables attributable to the activities of the individual segments and borrowings managed directly by the segments.

The accounting policies of the operating segments are the same as the Group's accounting policies.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's executive Directors for the purposes of resources allocation and assessment of segment performance for the six months ended 30 September 2022 and 2021 is set out below:

	Six months ended 30 September 2022						Total HK\$'000 (Unaudited)
	OEM Business HK\$'000 (Unaudited)	Retail Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Financial Quotient and Investment Education Business HK\$'000 (Unaudited)	Property Investments Business HK\$'000 (Unaudited)	Private Supplementary Education Business HK\$'000 (Unaudited)	
<b>Reportable segment revenue:</b>							
Disaggregated by timing of revenue recognition							
Goods transferred at a point in time	-	860	-	79,985	-	19,686	100,531
Revenue from other resources	-	-	1,690	-	-	-	1,690
Revenue from external customers	<u>-</u>	<u>860</u>	<u>1,690</u>	<u>79,985</u>	<u>-</u>	<u>19,686</u>	<u>102,221</u>
<b>Reportable segment profit</b>	-	128	1,230	28,523	-	(4,013)	25,868
Fair value change of financial assets at fair value through profit or loss, net							172
Gain on disposal of financial assets at fair value through profit or loss, net							72
Other income							182
Finance cost							(145)
Corporate expenses							(4,809)
Profit before taxation							<u>21,340</u>

	OEM Business HK\$'000 (Unaudited)	Retail Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Financial Quotient and Investment Education Business HK\$'000 (Unaudited)	Property Investments Business HK\$'000 (Unaudited)	Private Supplementary Education Business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>As at 30 September 2022</b>							
<b>Assets</b>							
Reportable segment assets (including interest in associates)	–	4,510	48,926	49,315	2	50,822	153,575
Goodwill							185,352
Financial assets at fair value through profit or loss							1,727
Unallocated head office and corporate assets							<u>15,212</u>
Consolidated total assets							<u><u>355,866</u></u>
<b>Liabilities</b>							
Reportable segment liabilities	–	74	322	51,407	–	17,869	69,672
Other payable for acquisition of subsidiaries							45,986
Unallocated head office and corporate liabilities							<u>9,827</u>
Consolidated total liabilities							<u><u>125,485</u></u>



## Six months ended 30 September 2021

	Financial Quotient and						Total
	OEM Business HK\$'000 (Unaudited)	Retail Business HK\$'000 (Unaudited)	Wholesaling Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Investment Education Business HK\$'000 (Unaudited)	Property Investments Business HK\$'000 (Unaudited)	
<b>Reportable segment revenue:</b>							
Disaggregated by timing of revenue recognition							
Goods transferred at a point in time	-	-	-	-	49,908	-	49,908
Revenue from other resources	-	-	-	1,586	-	-	1,586
Revenue from external customers	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,586</u>	<u>49,908</u>	<u>-</u>	<u>51,494</u>
<b>Reportable segment profit</b>	(37)	(3)	(2)	1,731	23,311	(5)	24,995
Fair value change of financial assets at fair value through profit or loss, net							(183)
Loss on disposal of financial assets at fair value through profit or loss, net							(541)
Loss on disposal of a subsidiary							(1,970)
Written-off of trade receivables							(24)
Other income							1,644
Finance cost							(1,613)
Corporate expenses							<u>(966)</u>
Profit before taxation							<u>21,342</u>

	OEM Business HK\$'000 (Unaudited)	Retail Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Financial Quotient and Investment Education Business HK\$'000 (Unaudited)	Property Investments Business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>As at 30 September 2021</b>						
<b>Assets</b>						
Reportable segment assets (including interest in associates)	2,168	–	77,474	85,759	918	166,319
Goodwill						135,071
Financial assets at fair value through profit or loss						4,520
Unallocated head office and corporate assets						<u>8,571</u>
Consolidated total assets						<u><u>314,481</u></u>
<b>Liabilities</b>						
Reportable segment liabilities	451	1,735	866	60,570	–	63,622
Promissory note payables						26,030
Unallocated head office and corporate liabilities						<u>20,795</u>
Consolidated total liabilities						<u><u>110,447</u></u>

There was no inter-segment revenue for the six months ended 30 September 2022 and 2021.

(b) **Revenue from major products and services**

The following is an analysis of the Group's revenue from its major products and services:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Garment products	860	–
Interest income from loan receivables	1,690	1,586
Tuition fee from financial quotient and education courses	79,985	49,908
Tuition fee from private supplementary education services	19,686	–
	<u>102,221</u>	<u>51,494</u>

(c) **Geographical information**

The following is an analysis of geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Hong Kong (place of domicile)	<u>102,221</u>	<u>51,494</u>

6. **OTHER GAINS AND LOSSES, NET**

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Gain (loss) on disposal of financial assets at fair value through profit or loss, net	93	(587)	72	(541)
Fair value change on financial assets through profit or loss	–	(276)	172	(183)
Loss on disposal of subsidiaries	–	(1,970)	–	(1,970)
Written-off of trade receivables	–	(24)	–	(24)
	<u>93</u>	<u>(2,857)</u>	<u>244</u>	<u>(2,718)</u>

## 7. FINANCE COSTS

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on:				
Other borrowings	15	280	23	560
Lease liabilities	107	96	122	113
Promissory note	–	308	–	940
	<u>122</u>	<u>644</u>	<u>145</u>	<u>1,613</u>

## 8. INCOME TAX EXPENSE

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong Profits Tax (Note)				
– current period	<u>1,074</u>	<u>676</u>	<u>3,076</u>	<u>3,338</u>

### Notes:

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

## 9. PROFIT FOR THE PERIOD

	For the three months ended		For the six months ended	
	30 September		30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:				
Directors' remuneration:				
– Fees	590	390	740	699
– Other emoluments, salaries and other benefits	–	60	–	120
– Retirement benefit scheme contributions	–	3	–	6
	<u>590</u>	<u>453</u>	<u>740</u>	<u>825</u>
Other staff salaries and allowances	16,758	2,543	28,148	4,981
Retirement benefit scheme contributions, excluding those of Directors	<u>185</u>	<u>141</u>	<u>339</u>	<u>231</u>
Total employee benefits expenses	17,533	3,137	29,227	6,037
Cost of inventories recognised as an expense	170	–	730	–
Depreciation of an investment property	–	2	–	4
Depreciation of property, plant and equipment	<u>786</u>	<u>753</u>	<u>1,517</u>	<u>1,615</u>

## 10. DIVIDEND

The Board of directors do not recommend any payment of an interim dividend for the six months ended 30 September 2022 (2021: HK\$0.0075 per share).

The Board of directors would consider declare special dividend for the year ending 31 March 2023.

## 11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Three months ended		Six months ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Earnings</b>				
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>3,839</u>	<u>3,214</u>	<u>18,894</u>	<u>18,021</u>
	'000	'000	'000	'000
<b>Shares</b>				
Weighted average of number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>358,456</u>	<u>343,513</u>	<u>358,456</u>	<u>325,454</u>
Effect of dilution – weighted average number of ordinary shares				
Share options	<u>25,598</u>	<u>25,598</u>	<u>25,598</u>	<u>25,598</u>
	<u><u>384,054</u></u>	<u><u>369,111</u></u>	<u><u>384,054</u></u>	<u><u>351,052</u></u>

The weighted average number of ordinary shares for the purpose of earnings per share have been adjusted for the share consolidation as detailed in note 16.

## 12. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTY

During the six months ended 30 September 2022, additions of property, plant and equipment amounted to approximately HK\$1,354,000 (additions for the year ended 31 March 2022: approximately HK\$8,560,000).

### 13. LOAN RECEIVABLES

	At 30 September 2022 <i>HK\$'000</i> (unaudited)	At 31 March 2022 <i>HK\$'000</i> (audited)
Fixed-rate loan receivables analysed for reporting purpose as:		
Non-current asset	–	–
Current asset	44,977	42,123
	<u>44,977</u>	<u>42,123</u>

The ranges of effective interest rates on the Group's loan receivables are as follows:

	At 30 September 2022 <i>HK\$'000</i> (unaudited)	At 31 March 2022 <i>HK\$'000</i> (audited)
Effective interest rate:		
Fixed-rate loan receivables	<u>6% to 12% p.a.</u>	<u>6% to 12% p.a.</u>

The Group holds collaterals for certain loan receivables. In the event of default or failure to repay any outstanding amounts by the debtors, the Group will proceed with sales of collaterals. Interest rates are offered based on the assessment of a number of factors including the borrowers' credit worthiness and repayment abilities, collaterals as well as the general economic trends.

#### 14. TRADE AND OTHER RECEIVABLES

	At 30 September 2022 <i>HK\$'000</i> (unaudited)	At 31 March 2022 <i>HK\$'000</i> (audited)
Trade receivables, net of loss allowance	4,645	2,019
Other receivables	8,092	11,097
Temporary receipts	8,153	8,444
Prepayment to Mr. YY Lam	17,424	6,970
Other deposits	4,500	4,539
Deposit for decoration of education centre	5,065	3,530
Other prepayments	3,900	4,161
Rental deposit	3,976	3,591
	<u>55,755</u>	<u>44,351</u>
Representing:		
Current	52,579	41,575
Non-current	3,176	2,776
	<u>55,755</u>	<u>44,351</u>

All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group allows credit period ranging from 30 days to 60 days to customers from OEM Business. For Retail Business, its revenue mainly comprises of credit sales. Trade receivables under credit sales are due within 1 month. The Group allows credit period ranging from 30 days to 60 days to customers from Wholesaling Business.



As of the end of the reporting period, an ageing analysis of the trade receivables net of loss allowances presented based on the invoice date is as follows:

	At 30 September 2022 <i>HK\$'000</i> (unaudited)	At 31 March 2022 <i>HK\$'000</i> (audited)
Within 30 days	2,626	1,326
31 to 60 days	–	–
61 to 90 days	1,326	–
Over 90 days	693	693
	<u>4,645</u>	<u>2,019</u>

#### 15. TRADE AND OTHER PAYABLES

	At 30 September 2022 <i>HK\$'000</i> (unaudited)	At 31 March 2022 <i>HK\$'000</i> (audited)
Trade payables	60	60
Accrued staff salaries	2,432	2,541
Other accruals and payables	4,264	7,197
Other payable for acquisition of subsidiaries	47,185	36,585
	<u>53,941</u>	<u>46,583</u>
Analysed as:		
– Current	7,956	9,798
– Non-current	45,985	36,585
	<u>53,941</u>	<u>46,383</u>

- (a) An ageing analysis of the trade payables as at the end of the reporting period based on the invoice date is as follows:

	At 30 September 2022 <i>HK\$'000</i> (unaudited)	At 31 March 2022 <i>HK\$'000</i> (audited)
Over 90 days	<u>60</u>	<u>60</u>

- (b) All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

- (c) The balances are unsecured, interest free, repayable on demand and will be settled in cash.

## 16. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Amount <i>HK\$'000</i>
<b>Authorised:</b>			
– At 31 March 2022 and 30 September 2022, ordinary shares of HK\$0.0005 each		<u>1,000,000,000,000</u>	<u>500,000</u>
<b>Issued and fully paid:</b>			
– At 31 March 2022 and 30 September 2022, ordinary shares of HK\$0.0005 each		<u>358,456,059</u>	<u>179</u>

## 17. RELATED PARTY DISCLOSURES

### Compensation of Directors and key management personnel

	For the three months ended 30 September		For the six months ended 30 September	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Salaries and other allowances	5,152	450	9,975	819
Retirement benefit scheme contributions	–	3	–	6
	<u>5,152</u>	<u>453</u>	<u>9,975</u>	<u>825</u>

The remuneration of Directors and key management personnel are determined having regard to the performance of the individuals.

## 18. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 25 September 2014 for the primary purpose of providing incentives or rewards to eligible participants, and will expire on 10 October 2024. Under the Scheme, the Board may grant options to:

- (a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of the subsidiaries or any entity (the "Invested Entity") in which the Company holds an equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to the Company or any of its subsidiaries or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any shareholders of the Company, any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK\$1 as consideration. Options may be exercised at any time from the date of grant of the share options. The exercise price is determined by the Directors, and will not be less than the highest of (i) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the option (which must be a business day); (ii) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a business day); and (iii) nominal value of the Company's share.

On 26 March 2021, a total of 127,992,000 share options were granted to certain grantees. Details were set out in the Company's announcement dated 26 March 2021 and 7 April 2021.

On 14 October 2022, a total of 35,844,000 share options were granted to certain grantees. Among the total of 35,844,000 Share Options granted, a total of 11,480,000 Share Options were granted to the following Directors and substantial shareholder of the Company:

<b>Name of Grantees</b>	<b>Position in the Group</b>	<b>Number of share options</b>
<b>Directors</b>		
Mr. Yuen Yu Sum	Executive Director and Chairman	3,584,000
Mr. Chan Lap Jin Kevin	Executive Director	3,584,000
Mr. Law Wing Chung	Non-executive Director	<u>728,000</u>
		7,896,000
<b>Substantial Shareholder</b>		
Mr. Lui Yu Kin	Substantial Shareholder and tutor of an operating subsidiary of the Group, providing financial quotient and investment experience-sharing training courses	<u>3,584,000</u>
		<u><u>11,480,000</u></u>

Details were set out in the Company's announcement dated 14 October 2022.

Movements in the number of share options during the six months ended 30 September 2022 are as follows:

	<b>Exercise price HK\$</b>	<b>Number of share options</b>		
		<b>Employees</b>	<b>Others</b>	<b>Total</b>
At 1 April 2022	1.65	25,598,400	–	25,598,400
Granted during the period	–	–	–	–
Exercised during the period	–	–	–	–
Cancelled during the period	–	–	–	–
Lapsed during the period	–	–	–	–
		<u>–</u>	<u>–</u>	<u>–</u>
At 30 September 2022	<u>1.65</u>	<u>25,598,400</u>	<u>–</u>	<u>25,598,400</u>

## **19. LITIGATION**

During the year ended 31 March 2019, the Group received a writ of summons in relation to a repudiatory breach of a tenancy agreement between the plaintiff, an independent third party landlord, and Sino Shine Retailing Limited, a former subsidiary of the Group, entered into on 27 October 2016, which the plaintiff is claiming the Group for, inter alia, damages in the sum of approximately HK\$1,735,000 plus interest. As the directors of the Group consider that it is probable that an outflow of economic benefits will be required to settle the obligation, the Group recognised the provision of HK\$1,735,000 which is considered as a reliable estimate that can be made.

# **MANAGEMENT DISCUSSION AND ANALYSIS**

## **BUSINESS REVIEW**

The Group principally derives its revenue from the following business arms: (i) OEM business segment, which entails product design and development, raw materials sourcing and procurement, manufacturing and product quality control management (the “OEM Business”); (ii) apparel retail business segment, which entails designing, procuring, manufacturing, marketing and retailing of pure cashmere apparel and other apparel products as well as accessories through the retail network in Hong Kong under the Group’s own brand and high-end fashion brand (the “Retail Business”); (iii) money lending business segment, which provides financing to customers for interest income (“Money Lending Business”); (iv) financial quotient and investment education business segment, which provides financial quotient and investment education courses for the customers in return of tuition fees from them (“Financial Quotient and Investment Education Business”); (v) property investment business (“Property Investment Business”); and (vi) private supplementary education business segment, which provides private supplementary education courses for the students in return of tuition fees from them (“Private Supplementary Education Business”).

## **OEM BUSINESS**

The garment sector of the consumer market has experienced a downturn in recent years. Meanwhile, the Company currently has no intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on disposal, termination and/or scaling-down of the Company’s OEM business. The Group will cautiously monitor the business environment, market sentiment and customers’ behaviors of the OEM business and will continue to devote effort to the development of the OEM business. Going forward, the Group will continue to focus on expanding the customer base by diversifying the service scope of the OEM business. The Group is currently in the negotiation with a new potential customer based in Hong Kong which provides non-garment textile products to commercial offices, restaurants, healthcare and retail premises.

## **RETAIL BUSINESS**

While the economic slowdown in the People’s Republic of China (the “PRC”) and the outbreak of the COVID-19 in early 2020 eroded consumer confidence, the shifting of pattern to online shopping further negatively impacted the Retail Business.

Under such an unfavorable ambience, the Group has adopted a prudent approach in restructuring its sales network aiming at minimising the operating costs amid meeting the shift of consumers’ preference towards shopping online.

## **MONEY LENDING BUSINESS**

The Group obtained the money lender licence and commenced Money Lending Business from June 2016. During the six months ended 30 September 2022, the Money Lending Business had generated interest income of approximately HK\$1.7 million. Since the outbreak of the COVID-19 in early 2020, the business environment in Hong Kong has been affected by the worsening economy caused by the COVID-19 pandemic. The Group expects that such challenging and unpredictable environment may affect the loan demand and lending risks of the Group.

Therefore, the Group will continue to evaluate its risk management measures and ensure a proper balance between return and risk in the long run.

## **FINANCIAL QUOTIENT AND INVESTMENT EDUCATION BUSINESS**

During the year ended 31 March 2021, the Group established the Financial Quotient and Investment Education Business. The Group provides financial quotient and investment education courses for the customers, aiming at enhancing their knowledge in the areas of finance and investment. The Group in return earns tuition fee income from the provision of courses. During the six months ended 30 September 2022, certain courses were completed with inspiring achievements and revenue of approximately HK\$80.0 million, representing an increase of approximately 60.3% as compared to that of approximately HK\$49.9 million for the corresponding period in 2021.

## **PROPERTY INVESTMENT BUSINESS**

The Group also established the Property Investment Business during the year ended 31 March 2020. The Group will keep seeking for opportunities of asset appreciation and cash flow return in the property market within Hong Kong and in the Asian-Pacific region.

## **PRIVATE SUPPLEMENTARY EDUCATION BUSINESS**

In August 2021, the Group resolved to develop the business of provision of private supplementary education services as a new business of the Group. Private supplementary education services play a supplemental role to regular schools, helping students deepen their understanding of what they have learnt in classes, improve their school grades and better prepare themselves for public examinations. Private supplementary education services, especially those for local secondary school students, have been in high demand in Hong Kong.

On 15 December 2021, each of the education centers located in Causeway Bay, Kowloon Bay and Prince Edward has obtained the “Certificate of Provisional Registration of A School” granted by the Education Bureau of Hong Kong.

During the six months ended 30 September 2022, the Private Supplemental Education Business had generated revenue of approximately HK\$19.7 million.

## **PROSPECTS**

For the OEM Business, the management of the Group (the “Management”) is committed to strengthening the customer base. The Group will continue to find new orders and customers. Also, as mentioned above, the Group is currently in the negotiation with a new potential customer based in Hong Kong which provides non-garment textile products to commercial offices, restaurants, healthcare and retail premises.

For the Retail Business, the Management will closely monitor the consumers’ behaviour and will continue the promotion campaigns. Because of the outbreak of coronavirus in Hong Kong, there was an adverse impact to the Group and accordingly, the Management will actively keep monitoring the performance of the Group, and will implement appropriate strategy in a timely manner. Despite the uncertainties, the Management still remains positive towards the Retail Business in the long run.

For Money Lending Business, the Group will continue to expand in a prudent and balanced risk management approach.

For the Financial Quotient and Investment Education Business, the Group will (i) invest resources to expand the market share, and (ii) strive to broaden its customer base. The Group is also seeking for opportunities of asset appreciation and cash flow return in the property market within Hong Kong and in the Asian-Pacific region. Whilst the Group remains focused on developing its existing businesses, in particular the Investment Education Business, it has been the business strategy of the Group to proactively seek potential investment opportunities in order to enhance value of the Shareholders.

The Group commenced the business of provision of private supplementary education services. The Board is optimistic on the prospects of the demand for the private tutorial classes and considers that the new business of the private supplementary education services will further enhance the Company’s financial performance as well as the value of the Shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The Group’s revenue increased from approximately HK\$51.5 million for the six months ended 30 September 2021 to approximately HK\$102.2 million for the six months ended 30 September 2022, representing an increase of approximately 98.5%. During the six months ended 30 September 2022, the outbreak of the COVID-19 in early 2020 eroded customer confidence, the revenue of OEM Business significantly decreased to nil.

For the Retail Business and Money Lending Business, it had generated income of approximately HK\$0.9 million and HK\$1.7 million for the six months ended 30 September 2022 respectively.

For the Financial Quotient and Investment Education Business, certain courses were completed with inspiring achievements and revenue of approximately HK\$80.0 million, representing an increase of approximately 60.3% as compared to that of approximately HK\$49.9 million for the corresponding period in 2021.

The Group has commenced a new business of provision of private supplementary education services. Along with obtainment of the “Certificate of Provisional Registration of A School” granted by the Education Bureau of Hong Kong on 15 December 2021, it had generated tuition income of approximately HK\$19.7 million for the six months ended 30 September 2022.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the six months ended 30 September 2021 and 30 September 2022.

	<b>Six months ended 30 September</b>			
	<b>2022</b>		<b>2021</b>	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
OEM Business	–	<b>0.0</b>	–	0.0
Retail Business	<b>860</b>	<b>0.8</b>	–	0.0
Money Lending Business	<b>1,690</b>	<b>1.7</b>	1,586	3.1
Financial Quotient and Investment Education Business	<b>79,985</b>	<b>78.2</b>	49,908	96.9
Property Investment Business	–	<b>0.0</b>	–	0.0
Private Supplementary Education Business	<b>19,686</b>	<b>19.3</b>	–	0.0
	<b>102,221</b>	<b>100.0</b>	51,494	100.0

### **Cost of sales**

The Group’s cost of sales increased by 251.4% to approximately HK\$32.7 million for the six months ended 30 September 2022 as compared to the six months ended 30 September 2021. The increase was mainly attributable to the increase in the cost of sales of the Financial Quotient and Investment Education Business and Private Supplementary Education Business during the six months ended 30 September 2022.

### **Expenses**

Selling and administrative expenses for the six months ended 30 September 2022 was approximately HK\$48.5 million (2021: HK\$18.2 million).



## **Profit for the period**

The profit for the six months ended 30 September 2022 was approximately HK\$18.3 million. The profit for the six months ended 30 September 2021 was approximately HK\$18.0 million. Such increase in profit was primarily attributable to the growth in the Group's Financial Quotient and Investment Education business.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 30 September 2022, the share capital and equity attributable to owners of the Company amounted to approximately HK\$179,000 and HK\$232.2 million respectively (31 March 2022: approximately HK\$179,000 and HK\$213.3 million respectively).

As at 30 September 2022, the Group had approximately HK\$20.1 million in bank balances and cash (31 March 2022: approximately HK\$21.0 million). The Group's total borrowings were approximately HK\$5.0 million (31 March 2022: HK\$5.0 million). The gearing ratio was approximately 2.2% at 30 September 2022 (31 March 2022: 2.4%).

*Note:*

Gearing ratio is calculated as the total debt (borrowings) divided by total equity.

## **Capital Expenditure and Commitments**

Details of capital expenditure are set out in Note 12 to the Interim Financial Statements. Save as disclosed in the Interim Financial Statements, the Group did not have any significant capital commitments as at 30 September 2022.

## Financial Assets at Fair Value Through Profit or Loss

Name of investments	Notes	Movement during the six months ended 30 September 2022								
		% to the total asset of the Group as at 1 April 2022	% of interest of the respective investments as at 1 April 2022	Fair value as at 1 April 2022	Addition/ (disposal), net	Change on fair value, net	Fair value as at 30 September 2022	% to the total asset of the Group as at 30 September 2022	% of interest of the respective investments as at 30 September 2022	Gain on disposal/ redemption for the six months ended 30 September 2022
<b>Equity securities listed in Hong Kong</b>										
MOG Holdings Limited (1942)		0.03%	0.10%	109	(109)	-	-	-	-	52
Ju Teng International Holdings Ltd (3336)		0.10%	0.03%	330	(330)	-	-	-	-	20
<b>Investment funds</b>										
Swiss Financial Services (Singapore) Pte Ltd.										
- Class H of Investment Target "DiDi Global Inc."	(a)	0.47%	N/A	1,554	-	172	1,726	0.49%	N/A	-
Total				<u>1,993</u>	<u>(439)</u>	<u>172</u>	<u>1,726</u>			<u>72</u>

### Notes:

- (a) The unlisted equity investment is issued by private entities with operations in Cayman Islands. The investment is carried at cost less impairment as management believes that the range of fair value estimates is so wide that the fair value cannot be estimated reliably.

## **Significant investments, acquisitions and disposals, and Plans for Material Investment or Capital Assets**

On 16 August 2022, Able Glorious Limited (“Able Glorious”), a direct wholly owned subsidiary of the Company, and the vendor entered into an agreement, pursuant to which, Able Glorious has agreed to acquire and the vendor has agreed to sell 100% equity interest of MPS Dance Limited (“MPS Dance Group”), at the Consideration of HK\$15,000,000, which would be settled (i) as to HK\$12.4 million by the issuance of the Promissory Notes by the Company to the Vendor; (ii) as to HK\$1.2 million by cash; and (iii) as to HK\$1.4 million by the assumption of the Assumed Liabilities by Able Glorious. MPS Dance Group currently operates three pole dance studios in Hong Kong, offering various courses for members of varying experience level. Leveraging on the extensive industry experience of its management and lead instructors, MPS Dance Group has established solid reputation and is widely recognized for its high-quality and experienced training team, which consists of top talents with regional championship titles. Details of the transaction were set out in the Company’s announcement dated 16 August 2022.

On 27 September 2022, Able Glorious and the vendor entered into an agreement, pursuant to which, Able Glorious has agreed to acquire and the vendor has agreed to sell 75% equity interest of Hong Kong Institute of Professional Studies Limited (“HKIPS”), at the Consideration of HK\$2,000,000, which would be settled by cash. HKIPS is dedicated to delivering the Certificate Courses to equip its individual customers with financial analysis skill. With track record of over 15 years, HKIPS has established solid brand awareness and expertise in the financial education industry. Furthermore, the Certificate Courses provided by HKIPS are registered under the Continuing Education Fund, enabling students to apply for reimbursement of part of their course fees paid, which creates a stable student pipeline for the Certificate Courses. Details of the transaction were set out in the Company’s announcement dated 27 September 2022.

Save as disclosed in the Interim Financial Statements, there was no future plan for material investments or capital assets as at 30 September 2022.

## **Contingent Liabilities**

Save as disclosed in the Interim Financial Statements, the Group had no material contingent liabilities as at 30 September 2022.

## **Foreign Exchange Risk**

The Group’s business operations are denominated mainly in HK\$. The Group’s assets and liabilities are mainly denominated in HK\$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group’s exchange rate risks.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2022, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which are required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

### Long positions in Shares and underlying shares of the Company:

Name of Directors	Capacity	Number of Shares held	Number of Options held	Total	Percentage of the Company's issue share as at 30 September 2022 (%)
Chan Lap Jin Kevin	Beneficial owner	30,892,800	–	30,892,800	8.62
Yuen Yu Sum	Beneficial owner	6,276,800	–	6,276,800	1.75
Chung Chin Kwan	Beneficial owner	1,032,000	–	1,032,000	0.29
	Interest of spouse	168,000 (Note 1)	–	168,000	0.04
Law Wing Chung	Beneficial owner	192,000	–	192,000	0.05

Note:

(1) 168,000 shares are owned by Ms. Lam Ka Yee, who is the spouse of Mr. Chung Chin Kwan.

Saved as disclosed above, as at 30 September 2022, none of the Directors and chief executives of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules.

## **DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Save as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION", as at 30 September 2022, neither the company, holding company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executive of the company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the company or any other body corporate, and none of the directors and chief executive of the company or their spouses or children under the age of 18, had any right to subscribe for the securities of the company, or had exercised any such rights.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as the Directors are aware, as at 30 September 2022, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and Its Associated Corporations” above, the following parties have interest or short position in the shares or underlying shares of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company are listed as follows:

### **Long positions in shares and underlying shares of the Company**

<b>Name of shareholder</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary shares</b>	<b>Percentage of the Company’s issue share capital</b>
Poon Chi Ming	Beneficial owner	49,259,259	13.74%
Lui Yu Kin	Beneficial owner	48,206,000	13.45%

### **SHARE OPTION SCHEME**

Details of the share option scheme are set out in Note 18 to the Interim Financial Statements.

## **CORPORATE GOVERNANCE PRACTICES**

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "Code") as set out in Appendix 15 to the GEM Listing Rules.

During the six months ended 30 September 2022 and up to the date of this announcement, save for the deviation from code provision A.2.1 of the Code which explained below, the Company has applied the principles and complied with all the applicable code provisions of the Code contained in Appendix 15 to the GEM Listing Rules.

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")**

Under the code provision A.2.1 of the Code, the roles of the chairman and the CEO should be separate and should not be performed by the same individual. Mr. Yuen Yu Sum was appointed as the chairman of the Board on 14 April 2021. The Board is in the process of finding an appropriate person to fill the vacancy of the CEO as soon as practicable. Meanwhile, the Board considers that the existing Board members are able to share the power and responsibilities of CEO among themselves.

### **COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS**

The Group adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company.

Upon the Group's specific enquiry, each Director confirmed that he/she had fully complied with the required standard of dealings and there was no event of non-compliance during the six months ended 30 September 2022 and up to the date of this announcement.

### **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2022.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

The Directors confirm that none of the Directors and their respective close associates (as defined in the GEM Listing Rules) had an interest in any business which competed or was likely to compete, either directly or indirectly with the Group's business during the six months ended 30 September 2022.

## **SUSPENSION OF TRADING**

At the request of the Company, the trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended with effect from 9:00 a.m. on 19 October 2021.

On 22 November 2021, the Company received a letter from the Stock Exchange setting out the following resumption guidance (the "Initial Resumption Guidance") for the resumption of trading in the shares:

- i. have the winding-up petition (or order, if made) against the Company withdrawn or dismissed (the "Resumption Guidance 1");
- ii. demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which will pose a risk to investors and damage market confidence (the "Resumption Guidance 2"); and
- iii. announce all material information for the Company's shareholders and investors to appraise the Company's position (the "Resumption Guidance 3").

On 14 June 2022, the Company received a letter from the Stock Exchange setting out an additional resumption guidance that the Company to conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules (the "Resumption Guidance 4", together with the Initial Resumption Guidance, the "Resumption Guidance"). Further details were set out in the Company's announcement dated 19 October 2021, 1 November 2021, 3 November 2021, 26 November 2021, 23 November 2021, 18 January 2022, 14 April 2022, 7 June 2022, 17 June 2022, 20 June 2022, 29 June 2022, 30 June 2022, 18 July 2022 and 25 July 2022.

As all the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 9 August 2022 on the Stock Exchange. Details were set out in the Company's announcement dated 8 August 2022.



## **Compliance Committee**

The Company established a compliance committee (the “Compliance Committee”) with effect from 20 June 2022. The Compliance Committee is responsible for overseeing the regulatory compliance with all relevant rules and regulations applicable to the Company, including but not limited to, the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”), the Securities and Futures Ordinance, and the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (together, “Applicable Laws”).

The members of the Compliance Committee consist of two independent non-executive Directors and one executive Director. The Board has appointed Mr. Chung Chin Kwan, Mr. Chan Kim Fai Eddie, both being independent non-executive Directors and Mr. Yuen Yu Sum, being the chairman of the Board and an executive Director, as members of the Compliance Committee. Mr. Chung Chin Kwan has been appointed as the chairman of the Compliance Committee.

The terms of reference of the Compliance Committee will be made available on the Company’s website at <http://www.legendarygp.com> and the Stock Exchange’s website at <http://www.hkexnews.hk>.

With the aim to implement the Independent Consultant’s recommendation and strengthen the regulatory compliance function of the Group, the Company has engaged Kenneth Chong Law Office, an independent Hong Kong legal adviser, to provide consultation on Applicable Laws compliance to the Group for a period commencing from 1 July 2022 to 30 June 2023.

## **BONUS ISSUE**

On 26 September 2022, the board of the Company has resolved to recommend a bonus issue of Shares on the basis of one (1) Bonus Share for every ten (10) existing Shares held by the Qualifying Shareholders whose names appeared on the register of members of the Company on the Record Date. Details were set out in the Company’s announcements dated 26 September 2022 and 7 November 2022, and the Company’s circular dated 7 November 2022.

## **ADOPTION OF SHARE AWARD SCHEME AND PROPOSED GRANT OF SCHEME MANDATE**

On 26 September 2022, the board of the Company has resolved to propose the adoption of the Scheme. The purposes of the Scheme are to align the interests of Eligible Persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares and to encourage and enable Eligible Persons, upon whose judgment, initiative and efforts the Group largely depends on, for the successful conduct of its business, to make contributions to the long-term growth and profits of the Group and share in the success of the Group. Details were set out in the Company’s announcements dated 26 September 2022 and 7 November 2022, and the Company’s circular dated 7 November 2022.

## AUDIT COMMITTEE

The Company has established the audit committee (the “Audit Committee”) with terms in compliance with the Code as set out in Appendix 15 to the GEM Listing Rules. The duties of the Audit Committee are to primary review financial statements of the Group and oversee internal control procedures and risk management of the Group.

As at the date of this announcement, the Audit Committee consists of 3 independent non-executive Directors, namely Mr. Chan Kim Fai Eddie, Mr. Ng Chi Ho Dennis and Mr. Chung Chin Kwan. Mr. Chan Kim Fai Eddie is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the Interim Financial Statements and is of the opinion that the preparation of such statements complied with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the GEM and the Company ([www.legendarygp.com](http://www.legendarygp.com)). The interim report of the Company for the six months ended 30 September 2022 containing all the information required by the GEM Listing Rules will be dispatched to the Company’s shareholders and published on the above websites.

By order of the Board  
**Legendary Group Limited**  
**Yuen Yu Sum**  
*Chairman and Executive Director*

Hong Kong, 14 November 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Yuen Yu Sum (Chairman) and Mr. Chan Lap Jin Kevin; one non-executive Director, namely, Mr. Law Wing Chung; and five independent non-executive Directors, namely, Mr. Chung Chin Kwan, Mr. Chan Kim Fai Eddie, Mr. Ng Chi Ho Dennis, Mr. Chung Kwok Pan and Mr. Leung Kai Cheong Kenneth.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the website of the Company at <http://www.legendarygp.com>.*