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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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 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 (the “Board”) of Directors 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 nine months ended 31 December 2022 (the “Third Quarterly 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

For the three months and nine months ended 31 December 2022

		Three months ended 31 December		Nine months ended 31 December	
		2022	2021	2022	2021
	NOTES	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	65,331	32,606	167,552	84,100
Cost of sales		(23,222)	(7,049)	(55,927)	(16,356)
Other income		77	4,147	259	5,791
Other gains and losses, net	4	–	(1,634)	244	(4,352)
Selling and distribution expenses		(2,471)	(1,035)	(6,512)	(3,099)
Administrative expenses		(25,718)	(12,031)	(70,122)	(28,125)
Finance costs	5	(69)	(462)	(214)	(2,075)
Profit before taxation		13,928	14,542	35,280	35,884
Income tax expense	6	(1,533)	(2,382)	(4,609)	(5,720)
Profit and the total comprehensive income for the period	7	12,395	12,160	30,671	30,164
Profit (loss) and total comprehensive income (expense) for the period attributable to:					
Owners of the Company		12,254	12,163	31,160	30,184
Non-controlling interests		141	(3)	(489)	(20)
		12,395	12,160	30,671	30,164
		HK cent	HK cent	HK cent	HK cent
Earnings per share	9				
Basic		3.36	3.39	8.64	8.97
Diluted		2.84	3.17	7.28	8.34

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2021

	Attributable to owners of the Company									
	Share capital	Share premium	Fair value reserve	Share option reserve	Special reserve	Other reserve	(Accumulated losses)/ profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Note (i))	(Note (ii))				
As at 1 April 2021 (audited)	154	78,152	(21,924)	5,437	28,431	4,327	82,181	176,758	(2,739)	174,019
Profit and total comprehensive income for the period	-	-	-	-	-	-	30,184	30,184	(20)	30,164
Acquisition of a subsidiary	24	33,226	-	-	-	-	-	33,250	-	33,250
Disposal of subsidiary	-	-	-	-	-	-	-	-	2,739	2,739
Exercise of share options	1	2,269	-	-	-	-	-	2,270	-	2,270
Annual dividend	-	(12,881)	-	-	-	-	-	(12,881)	-	(12,881)
Interim dividend	-	(13,442)	-	-	-	-	-	(13,442)	-	(13,442)
At 31 December 2021 (unaudited)	179	87,324	(21,924)	5,437	28,431	4,327	112,365	216,139	(20)	216,119

Notes:

- (i) Special reserve represented the difference between the nominal amount of the share capital and share premium issued by a former subsidiary of the Company and the nominal amount of the share capital issued by the Company pursuant to the group reorganisation.
- (ii) Other reserve arose from the waiver of loan from a controlling shareholder of the Company in previous periods.

Attributable to owners of the Company

	Share capital	Share premium	Fair value reserve	Share option reserve	Special reserve	Other reserve	Profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Note (i))	(Note (ii))				
As at 1 April 2022 (audited)	179	87,691	-	5,145	28,431	4,327	87,565	213,338	(1,221)	212,117
Profit and total comprehensive income for the period	-	-	-	-	-	-	31,160	31,160	(489)	30,671
Issue of bonus Shares	18	(18)	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	64	64
At 31 December 2022 (unaudited)	197	87,673	-	5,145	28,431	4,327	118,725	244,498	(1,646)	242,852

Notes:

- (i) Special reserve represented the difference between the nominal amount of the share capital and share premium issued by a former subsidiary of the Company and the nominal amount of the share capital issued by the Company pursuant to the group reorganisation.
- (ii) Other reserve arose from the waiver of loan from a controlling shareholder of the Company in previous periods.

NOTES TO THE THIRD QUARTERLY FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2022

1. GENERAL INFORMATION

The Company changed its name from L & A International Holdings Limited to Legendary Group Limited on 31 August 2021.

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, Ugland 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 Third Quarterly Financial Statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The Third Quarterly Financial Statements have been prepared on the historical cost basis except for certain equity investments and securities and investment properties that are measured at fair values. The Third Quarterly Financial Statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Group.

The Third Quarterly Financial Statements 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 adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for both periods. At the date of authorisation of the Third Quarterly Financial Statements, the Group has not early adopted the new/revised HKFRSs that have been issued but are not yet effective.

3. SEGMENT REPORTING AND REVENUE

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 generate rental income and to gain from the aggregation in the properties value in the long term; and
- (vi) Private Supplementary Education Business: provision of private educational service.

(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 pre-tax 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.

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 nine months ended 31 December 2022 and 2021 is set out below:

	Nine months ended 31 December 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 Investment Business HK\$'000 (Unaudited)	Private Supplementary Education Business HK\$'000 (Unaudited)	
Reportable segment revenue:							
Disaggregated by timing of revenue recognition							
Goods transferred at a point in time	100	860	-	121,839	-	42,040	164,839
Revenue from other resources	-	-	2,713	-	-	-	2,713
Revenue from external customers	<u>100</u>	<u>860</u>	<u>2,713</u>	<u>121,839</u>	<u>-</u>	<u>42,040</u>	<u>167,552</u>
Reportable segment (loss) profit	9	57	1,167	36,776	-	(1,447)	36,562
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
Finance costs							(214)
Other income							259
Corporate expenses							<u>(1,571)</u>
Profit before taxation							<u>35,280</u>

Nine months ended 31 December 2021

	OEM Business HK\$'000 (Unaudited)	Retail Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Investment Education Business HK\$'000 (Unaudited)	Financial Quotient and Property Investment Business HK\$'000 (Unaudited)	Private Supplementary Education Business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Reportable segment revenue:							
Disaggregated by timing of revenue recognition							
Goods transferred at a point in time	-	310	-	81,463	-	152	81,925
Revenue from other resources	-	-	2,175	-	-	-	2,175
Revenue from external customers	<u>-</u>	<u>310</u>	<u>2,175</u>	<u>81,463</u>	<u>-</u>	<u>152</u>	<u>84,100</u>
Reportable segment (loss) profit	(40)	3	2,114	41,072	(25)	(3,088)	40,036
Fair value change of financial assets at fair value through profit or loss, net							(200)
Loss on disposal of financial assets at fair value through profit or loss, net							(2,158)
Loss on disposal of subsidiaries							(1,970)
Finance costs							(2,075)
Other income							5,791
Corporate expenses							(3,516)
Written off of trade receivables							(24)
Profit before taxation							<u>35,884</u>

There was no inter-segment revenue for the nine months ended 31 December 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:

	Nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Garment products	960	310
Interest income from loan receivables	2,713	2,175
Tuition fee from financial quotient and education courses	121,839	81,463
Tuition fee from private supplementary education courses	42,040	152
	<u>167,552</u>	<u>84,100</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.

	Nine months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	<u>167,552</u>	<u>84,100</u>

4. OTHER GAINS AND LOSSES, NET

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss on disposal of subsidiaries	-	-	-	(1,970)
Fair value change on financial assets through profit or loss	-	(17)	172	(200)
Gain/(loss) on disposal of financial assets at fair value through profit or loss, net	-	(1,617)	72	(2,158)
Written off of trade receivables	-	-	-	(24)
	<u>-</u>	<u>(1,634)</u>	<u>244</u>	<u>(4,352)</u>

5. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	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	-	164	23	724
Lease liabilities	69	57	191	170
Promissory note	-	241	-	1,181
	<u>69</u>	<u>462</u>	<u>214</u>	<u>2,075</u>

6. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong Profits Tax (<i>Note</i>)				
– current period	<u>1,533</u>	<u>2,382</u>	<u>4,609</u>	<u>5,720</u>

Note:

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 gazetted 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%.

7. PROFIT FOR THE PERIOD

	Three months ended		Nine months ended	
	31 December		31 December	
	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	508	384	1,248	1,083
– Other emoluments, salaries and other benefits	–	60	–	180
– Retirement benefit scheme contributions	–	3	–	9
	<u>508</u>	<u>447</u>	<u>1,248</u>	<u>1,272</u>
Other staff salaries and allowances	32,681	2,134	60,829	7,115
Retirement benefit scheme contributions, excluding those of Directors	<u>188</u>	<u>180</u>	<u>527</u>	<u>411</u>
Total employee benefits expenses	33,377	2,761	62,604	8,798
Cost of inventories recognised as an expense	<u>71</u>	<u>265</u>	<u>801</u>	<u>265</u>

8. DIVIDEND

The Board of directors do not recommend any payment of an interim dividend for the nine months ended 31 December 2022 (2021: HK\$0.0075 per share).

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

9. 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 31 December		Nine months ended 31 December	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings				
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>12,254</u>	12,163	<u>31,160</u>	30,184
	'000	'000	'000	'000
Shares				
Weighted average of number of ordinary shares in issue during the period used in the basic earnings per share calculation	364,690	358,456	360,542	336,495
Effect of dilution – weighted average number of ordinary shares				
Share options	<u>67,587</u>	25,598	<u>67,587</u>	25,598
	<u>432,277</u>	<u>384,054</u>	<u>428,129</u>	<u>362,093</u>

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 year. 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 have start business with a new 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 nine months ended 31 December 2022, the Money Lending Business had generated interest income of approximately HK\$2.7 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 nine months ended 31 December 2022, certain courses were completed with inspiring achievements, with a total number of students of over 3,000, representing an increase of over 500 as compared to the corresponding period of last year and generated revenue of approximately HK\$121.8 million, representing an increase of approximately 49.6% as compared to that of approximately HK\$81.5 million for the last financial year.

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. On 16 September 2022, the new education center located in Tsuen Wan has obtained the “Certificate of Provisional Registration of A School” granted by the Education Bureau of Hong Kong and has started to arrange for teaching in October 2022.

During the nine months ended 31 December 2022, the Private Supplemental Education Business had generated revenue of approximately HK\$42.0 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 started to have business with a new 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.

The Group will (i) invest resources to expand the share in the financial quotient and investment education market, and (ii) strive to broaden its customer base. The Group is also seeking opportunities of asset appreciation and cash flow return in the property market within Hong Kong and in the Asia-Pacific region.

Since the end of 2021, the Group commenced the business of provision of private supplementary education services. The Group currently has more than 25 tutors providing primary and secondary school courses. As of 31 December 2022, the number of students exceeded 10,000, representing an increase of over 30% as compared to the last quarter (i.e. as of 30 September 2022). In terms of session enrollment, the number of times also exceeded 35,000 for the three months ended 31 December 2022, representing an increase of over 75% as compared to the last quarter (i.e. the three months ended 30 September 2022). 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. The Group currently has a total of 4 education centers in Causeway Bay, Kowloon Bay, Prince Edward and Tsuen Wan. In view of the satisfactory business results, the Group will continue to actively recruit more star-rated tutors and will also consider establishing more education centers in other regions to expand its market shares in the private supplementary education business.

Revenue

For the nine months ended 31 December 2022, the Group's revenue amounted to approximately HK\$167.6 million (for the nine months ended 31 December 2021: HK\$84.1 million), representing a year-on-year increase of 99.2%, which was mainly driven by the strong performance of the "Financial Quotient and Investment Education Business" and the "Private Supplementary Education Business".

For the Financial Quotient and Investment Education Business, certain courses were completed with inspiring achievements and revenue of approximately HK\$121.8 million for the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: HK\$81.5 million), representing a year-on-year increase of approximately 49.6% and accounting for approximately 72.7% of the revenue.

During the period, the Group has commenced a new business of private supplementary education services. It had achieved encouraging results with tuition income of approximately HK\$42.0 million for the nine months ended 31 December 2022 (for the nine months ended 31 December 2021: HK\$0.2 million), representing a significant year-on-year increase of over 20 times and accounting for approximately 25.1% of revenue.

For the Retail Business and Money Lending Business, it had generated income of approximately HK\$0.9 million and HK\$2.7 million for the nine months ended 31 December 2022, representing 0.5% and 1.6% of the total revenue respectively.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the nine months ended 31 December 2021 and 31 December 2022.

	Nine months ended 31 December			
	2022		2021	
	HK\$'000	%	HK\$'000	%
OEM Business	100	0.1	–	0.0
Retail Business	860	0.5	310	0.4
Money Lending Business	2,713	1.6	2,175	2.6
Financial Quotient and Investment Education Business	121,839	72.7	81,463	96.8
Property Investment Business	–	0.0	–	0.0
Private Supplementary Education Business	42,040	25.1	152	0.2
	<u>167,552</u>	<u>100.0</u>	<u>84,100</u>	<u>100.0</u>

Cost of sales

The Group's cost of sales increased by 241.9% to approximately HK\$55.9 million for the nine months ended 31 December 2022 as compared to the nine months ended 31 December 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 nine months ended 31 December 2022.

Expenses

Selling and administrative expenses for the nine months ended 31 December 2022 was approximately HK\$76.6 million (2021: HK\$31.2 million), representing an increase of approximately HK\$45.4 million. The increase was mainly due to commencement of private supplementary education business and increase of marketing and administration expenses relating in financial quotient and investment education business.

Profit for the period

The profit for the nine months ended 31 December 2022 was approximately HK\$30.7 million. The profit for the nine months ended 31 December 2021 was approximately HK\$30.2 million.

Liquidity, financial resources and capital structure

As at 31 December 2022, the share capital and equity attributable to owners of the Company amounted to approximately HK\$197,000 and HK\$244.5 million respectively (31 March 2022: approximately HK\$179,000 and HK\$213.3 million respectively).

As at 31 December 2022, the Group had approximately HK\$29.5 million in bank balances and cash (31 March 2022: approximately HK\$21.0 million).

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 above and as disclosed elsewhere in this announcement, there were no significant investments, material acquisitions or disposals of subsidiaries and affiliated companies during the nine months ended 31 December 2022.

Save as disclosed in this announcement, there was no future plan for material investments or capital assets as at 31 December 2022.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 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 31 December 2021 (%)
Chan Lap Jin Kevin	Beneficial owner	33,982,080	–	33,982,080	8.63
Yuen Yu Sum	Beneficial owner	6,904,480	–	6,904,480	1.75
Chung Chin Kwan	Beneficial owner	1,135,200	–	1,135,200	0.29
	Interest of spouse	184,800 (Note 1)	–	184,800	0.05
Law Wing Chung	Beneficial owner	211,200	–	211,200	0.05

Note:

(1) 184,800 shares are owned by Ms. Lam Ka Yee, who is the spouse of Mr. Chung Chin Kwan.

Saved as disclosed above, as at 31 December 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 THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION", as at 31 December 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.

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, after which no further options will be granted. Under the Scheme, the Board of Directors of the Company may grant options to:

- a) any employee or proposed employee (whether fulltime 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 or any shareholder of 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. Details were set out in the Company's announcement dated 14 October 2022.

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 31 December 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 or Any Associated Corporation” 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

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares	Percentage of the Company’s issue share capital
Poon Chi Ming	Beneficial owner	54,185,184	13.74%
Lui Yu Kin	Beneficial owner	32,919,920	8.35%

Saved as disclosed above, as at 31 December 2022, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed “Directors’ and Chief Executives’ Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company or Any Associated Corporation” above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has 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, or who were directly or indirectly 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.

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 nine months ended 31 December 2022 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2022.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders or Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the nine months ended 31 December 2022 and up to the date of this announcement.

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 nine months ended 31 December 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

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.

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.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors for the nine months ended 31 December 2022 and up to the date of this quarterly announcement is set out below:

- (i) Mr. Ng Chi Ho Dennis resigned from his office as an Independent Non-executive Director, and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 30 November 2022;
- (ii) Mr. Leung Kai Cheong Kenneth resigned from his office as an Independent Non-executive Director on 13 December 2022; and
- (iii) Dr. Tang Sing Hing Kenny was appointed as an Non-executive Director on 13 January 2023.

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 primarily to review the 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. Chung Chin Kwan and Mr. Chun Kwok Pan. 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 Third Quarterly Financial Statements and was 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.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There has been no significant event that affected the Group after 31 December 2022 and up to the date of this announcement.

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

Hong Kong, 14 February 2023

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; two non-executive Director, namely, Mr. Law Wing Chung and Dr. Tang Sing Hing Kenny; and three independent non-executive Directors, namely, Mr. Chung Chin Kwan, Mr. Chan Kim Fai Eddie and Mr. Chung Kwok Pan.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.legendarygp.com>.