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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 2021

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 2021 (the “Third Quarterly Financial Statements”) together with the unaudited comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2021

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	32,606	33,969	84,100	73,466
Cost of sales		(7,049)	(6,801)	(16,356)	(24,611)
Other income		4,147	229	5,791	535
Other gains and losses, net	4	(1,634)	–	(4,352)	522
Selling and distribution expenses		(1,035)	(1,731)	(3,099)	(1,775)
Administrative expenses		(12,031)	(4,533)	(28,125)	(12,626)
Share of result of an associate		–	1,048	–	3,804
Finance costs	5	(462)	(668)	(2,075)	(1,906)
Profit before taxation		14,542	21,513	35,884	37,409
Income tax expense	6	(2,382)	(3,696)	(5,720)	(6,483)
Profit and the total comprehensive income for the period	7	12,160	17,817	30,164	30,926
Profit (loss) and total comprehensive income (expense) for the period attributable to:					
Owners of the Company		12,163	17,823	30,184	31,267
Non-controlling interests		(3)	(6)	(20)	(341)
		12,160	17,817	30,164	30,926
		<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
Earnings per share	9				
Basic		3.39	6.83	8.97	12.13
Diluted		3.17	6.83	8.34	12.13

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Attributable to owners of the Company									
	Share capital	Share premium	Fair value reserve	Translation 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 2020 (audited)	51,200	618,133	(21,924)	-	28,431	4,327	(627,590)	52,577	(2,598)	49,979
Profit (loss) and total comprehensive income (expense) for the period	-	-	-	-	-	-	31,267	31,267	(341)	30,926
Capital reorganisation	(51,072)	(618,133)	-	-	-	-	669,205	-	-	-
Placing of shares	26	88,289	-	-	-	-	-	88,315	-	88,315
At 31 December 2020 (unaudited)	154	88,289	(21,924)	-	28,431	4,327	72,882	172,159	(2,939)	169,220

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.

NOTES TO THE THIRD QUARTERLY FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2021

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; wholesaling of seafood; 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 2021.

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) Wholesaling Business: wholesaling of seafood;
- (v) Financial Quotient and Investment Education Business: provision of financial quotient and investment education courses for the customers;
- (vi) Property Investment Business: property investment in Asia Pacific region; and
- (vii) 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 2021 and 2020 is set out below:

	Nine months ended 31 December 2021							Total HK\$'000 (Unaudited)
	OEM Business HK\$'000 (Unaudited)	Retail Business HK\$'000 (Unaudited)	Money Lending Business HK\$'000 (Unaudited)	Wholesaling 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	-	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>-</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>

	Nine months ended 31 December 2020						
					Financial Quotient and		
	OEM	Retail	Money	Wholesaling	Investment	Property	Total
	Business	Business	Lending	Business	Education	Investment	
	HK\$'000	HK\$'000	Business	Business	Business	Business	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment revenue:							
Disaggregated by timing of revenue recognition							
Goods transferred at a point in time	21,899	301	-	-	48,103	-	70,303
Revenue from other resources	-	-	3,163	-	-	-	3,163
Revenue from external customers	<u>21,899</u>	<u>301</u>	<u>3,163</u>	<u>-</u>	<u>48,103</u>	<u>-</u>	<u>73,466</u>
Reportable segment profit (loss)	906	(94)	2,799	(566)	38,130	(47)	41,128
Bad Debt recovery							6,860
Impairment loss of property, plant and equipment							(249)
Loss on disposal of financial assets at fair value through profit or loss, net							(6,188)
Gain on disposal of subsidiaries							99
Finance costs							(1,906)
Share of result of an associate							3,804
Other income							535
Corporate expenses							<u>(6,674)</u>
Profit before taxation							<u>37,409</u>

There was no inter-segment revenue for the nine months ended 31 December 2021 and 2020.

(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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Garment products	310	22,200
Interest income from loan receivables	2,175	3,163
Tuition fee from financial quotient and education courses	81,463	48,103
Tuition fee from private supplementary education courses	152	–
	84,100	73,466

(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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	84,100	73,466

4. OTHER GAINS AND LOSSES, NET

	Three months ended		Nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Bad Debt recovery	-	-	-	6,860
(Loss)/gain on disposal of subsidiaries	-	-	(1,970)	99
Fair value change on financial assets through profit or loss	(17)	-	(200)	-
Loss on disposal of financial assets at fair value through profit or loss, net	(1,617)	-	(2,158)	(6,188)
Impairment loss of property, plant and equipment	-	-	-	(249)
Written off of trade receivables	-	-	(24)	-
	<u>(1,634)</u>	<u>-</u>	<u>(4,352)</u>	<u>522</u>

5. FINANCE COSTS

	Three months ended		Nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	<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	47	724	447
Loan from a shareholder	-	60	-	529
Lease liabilities	57	61	170	183
Promissory note	241	500	1,181	747
	<u>462</u>	<u>668</u>	<u>2,075</u>	<u>1,906</u>

6. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hong Kong Profits Tax (<i>Note</i>)				
– current period	2,382	3,696	5,720	6,483

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	
	2021	2020	2021	2020
	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	384	331	1,083	929
– Other emoluments, salaries and other benefits	60	60	180	180
– Retirement benefit scheme contributions	3	3	9	9
	<u>447</u>	<u>394</u>	<u>1,272</u>	<u>1,118</u>
Other staff salaries and allowances	2,134	1,106	7,115	3,202
Retirement benefit scheme contributions, excluding those of Directors	<u>180</u>	<u>50</u>	<u>411</u>	<u>143</u>
Total employee benefits expenses	2,761	1,550	8,798	4,463
Cost of inventories recognised as an expense	265	4,957	265	21,064
Depreciation of an investment property	2	9	6	13
Depreciation of property, plant and equipment	<u>752</u>	<u>467</u>	<u>2,367</u>	<u>1,387</u>

8. DIVIDEND

On 13 August 2021, the Board of directors declared an interim dividend of HK\$0.0075 per share for the three months ended 30 June 2021 (2020: Nil).

Saved as disclosed above, the Board of directors does not recommend any further payment of an interim dividend for the nine months ended 31 December 2021 (2020: Nil).

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		Nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings				
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>12,163</u>	17,823	<u>30,184</u>	31,267
	'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	<u>358,456</u>	261,063	<u>336,495</u>	257,676
Effect of dilution – weighted average number of ordinary shares				
Share options	<u>25,598</u>	–	<u>25,598</u>	–
	<u><u>384,054</u></u>	<u>256,000</u>	<u><u>362,093</u></u>	<u>256,000</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share have been adjusted as follows:

- Pursuant to the resolutions of the shareholders passed at an extraordinary general meeting of the Company on 24 September 2021, every five issued and unissued ordinary shares with a par value of HK\$0.0001 each in the share capital of the Company be consolidated into one ordinary shares with a par value of HK\$0.0005 each, such that the authorised share capital of the Company is HK\$500,000,000 divided into 1,000,000,000,000 shares with a par value of HK\$0.0005 each, the subdivided shares shall rank pari passu in all aspects with each other in accordance with the memorandum and articles of association of the Company.
- On 10 August 2020, the Group acquired of the entire equity interest in Bewisekid Holding Limited from Mr. Poon Chi Ming, an independent third party, at total consideration of HK\$33,250,000, which will be satisfied by the issue and allotment of the shares at the issue price of HK\$0.135 per share by the Company. On 26 July 2021, 246,296,296 ordinary shares of the Company of HK\$0.0001 each were issued. Details of which are set out in the announcements of the Company dated 11 May 2020 and 30 June 2020.
- On 16 August 2021, 10,000,000 ordinary shares of the Company of HK\$0.0001 each were issued upon the exercise of 10,000,000 share options.

10. LITIGATION

- (a) 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.
- (b) During the year ended 31 March 2019, a petition has been filed to the court by two shareholders of the Company (the “Petitioners”), which together holding over 3% of the Company’s issued shares, and the Petitioners filed and served a re-amended petition to the court on 3 December 2019. The Petitioners pray (i) that the Company be wound up pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); (ii) that the court make such other orders as are deemed to be just and equitable; and (iii) that provision be made for Petitioners’ costs. On 18 October 2021, the High Court of the Hong Kong Special Administrative Region delivered the judgment of HCCW 72 of 2019 (“the Case”) and made the following orders (“the Orders”):
- 1) The Company be wound up on 1 November 2021 on which date the order will be made in open court.
 - 2) There be general liberty to the Petitioners, the Respondents, the Company and shareholders of the Company to apply.
 - 3) A costs order nisi that the Respondents pay the Petitioners costs of the proceedings with certificate for two counsel such costs to be taxed if not agreed.

On 1 November 2021, the interested parties appeared before the Honourable Mr. Justice Harris and were legally represented. Strong Light Investments Limited (the 1st Respondent) was represented by Mr. José-Antonio Maurellet, Senior Counsel, Mr. Alan Kwong and Mr. Michael Ng. The executive directors and shareholders of the Company, Mr. Yuen Yu Sum and Mr. Chan Lap Jin Kevin were represented by Mr. Look-Chan Ho and Mr. Jiang Zixin. A substantial shareholder, Mr. Lui Yu Kin (“Mr. Lui”), holding approximately 7.23% of the issued share capital of the Company was represented by Mr. Benjamin Yu, Senior Counsel and Ms. Andrea Yu.

After hearing of the legal representatives, the Court did not make a winding-up order. The Honourable Mr. Justice Harris gave an order for (i) leave to be given to Mr. Lui to make representation to oppose the petition and to file evidence in opposition to the petition within 28 days (ii) any interested parties including the Company and contributories of the Company who wish to file evidence to oppose the petition shall file evidence by 4:30 p.m. on 29 November 2021. The petitioner has not objected to the aforesaid details in the hearing of 1 November 2021.

On 9 December 2021, the Company has received notice from the legal representatives for the Company that the legal representatives received a letter from the Court dated 8 December 2021, confirming the Honourable Mr. Justice Harris made the following order on 7 December 2021 with the following terms:

1. the winding up petition needs to be listed for dismissal;
2. the hearing of the winding up petition fixed for 9 December 2021 at 9:30 am before the Honourable Mr. Justice Harris be vacated; and
3. the 3-day trial fixed for 20 to 22 April 2022 before the Honourable Mr. Justice Harris be vacated.

The letter from the Court dated 8 December 2021 also stated:

“Please note that the pronouncement of order for dismissal of petition is fixed on 13/12/2021 at 9:30 am before the Honourable Ms. Justice Linda Chan, unless there is any issue that the parties wish to address the court, their attendance and the Official Receiver’s attendance at the hearing are excused.”

On 13 December 2021, the Honourable Ms. Justice Linda Chan has made an order to dismiss the Petition at the hearing.

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) wholesaling business segment, which covers the wholesaling and distribution of seafood (“Wholesaling Business”); (v) 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”); (vi) property investment business (“Property Investment Business”); and (vii) 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. In the past years, the Group has been concentrating on the business development in garment area, while currently the Group starts to acquire new clients from non-garment textile sector through the sales network of the Group and customer referrals. 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

During the nine months ended 31 December 2021, the Retail Business had generated revenue of approximately HK\$310,000 (2020: HK\$301,000). The Group will continue to focus on expending the customer base by enhancing marketing strategy in the Retail business.

Money Lending Business

The Group obtained the money lender licence and commenced Money Lending Business in June 2016. During the nine months ended 31 December 2021, the Money Lending Business had generated interest income of approximately HK\$2.2 million, representing an decrease of approximately 31.2% compared to the figure of the last period. 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.

Wholesaling Business

The Wholesaling Business commenced operation during the year ended 31 March 2020. During the nine months ended 31 December 2021, there was no revenue generated from Wholesaling Business, which was mainly due to the outbreak of the coronavirus in Hong Kong.

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 2021, certain courses were completed with inspiring achievements and revenue of approximately HK\$81.5 million, representing an increase of over 69.4% as compared to that of approximately HK\$48.1 million for the corresponding period in 2020.

Property Investment Business

The Group also established the Property Investment Business during the year ended 31 March 2020. The Group acquired a property in Japan in June 2019 and the property was disposed during the year ended 31 March 2021 and gain on the disposal of investment property of approximately HK\$87,000 was recognised. 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.

PROSPECTS

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\$73.5 million for the nine months ended 31 December 2020 to approximately HK\$84.1 million for the nine months ended 31 December 2021, representing an increase of approximately 14.5%. Revenue from the OEM Business decreased to nil for the nine months ended 31 December 2021. On the other hand, due to the outbreak of the coronavirus in Hong Kong, the revenue from the Wholesaling Business decreased to nil for the nine months ended 31 December 2021 as compared to the nine months ended 31 December 2020.

For the Retail Business and Money Lending Business, it had generated income of approximately HK\$0.3 million and HK\$2.2 million for the nine months ended 31 December 2021 respectively.

For the nine months ended 31 December 2021, the Financial Quotient and Investment Education Business generated revenue of approximately HK\$81.5 million, representing a substantial increase of approximately 69.4% as compared to the nine months ended 31 December 2020.

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\$0.2 million for the nine months ended 31 December 2021.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the nine months ended 31 December 2020 and 31 December 2021.

	Nine months ended 31 December			
	2021		2020	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
OEM Business	–	0.0	21,899	29.8
Retail Business	310	0.4	301	0.4
Money Lending Business	2,175	2.6	3,163	4.3
Financial Quotient and Investment Education Business	81,463	96.8	48,103	65.5
Private Supplementary Education Business	152	0.2	–	0.0
	84,100	100.0	73,466	100.0

Cost of sales

The Group's cost of sales decreased by 50.5% to approximately HK\$16.4 million for the nine months ended 31 December 2021 as compared to the nine months ended 31 December 2020. The decrease was mainly due to the substantial drop of OEM Business during the nine months ended 31 December 2021.

Expenses

Selling and administrative expenses for the nine months ended 31 December 2021 was approximately HK\$31.2 million (2020: HK\$14.4 million), representing an increase of approximately HK\$16.8 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 2021 was approximately HK\$30.2 million. The profit for the nine months ended 31 December 2020 was approximately HK\$30.9 million.

Change of company name

On 31 August 2021, the Company changed its English name from “L & A International Holdings Limited” to “Legendary Group Limited” and adopted the Chinese name “創天傳承集團有限公司” as its dual foreign name to replace its former Chinese name “樂亞國際控股有限公司” (the “Change of Company Name”). Further details of the Change of Company Name were set out in the announcement of the Company dated 23 April 2021, the circular of the Company dated 30 June 2021 and the supplemental circular of the Company dated 20 July 2021. The Change of Company Name was registered with the Registrar of Companies in Hong Kong on 26 August 2021. Following the Change of Company Name becoming effective, the stock short name of the Company has changed from “L & A INTL HOLD” in English and “樂亞控股” in Chinese to “LEGENDARY GROUP” in English and “創天傳承” in Chinese with effect from 9:00 a.m. on 3 September 2021. The Company also adopted a new company logo with effect from 3 September 2021.

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

During the nine months ended 31 December 2021, the Group has disposed of an inactive subsidiary and a loss of approximately HK\$1.9 million was generated.

On 20 September 2021, 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 KC Training Group, at the Consideration of HK\$9,000,000, which would be settled (i) as to HK\$5 million by the allotment and issue of the Consideration Shares at the Issue Price of HK\$0.257; (ii) as to HK\$3 million by cash; and (iii) as to HK\$1 million by the assumption of the Assumed Liabilities by Able Glorious.

On 11 November 2021, Able Glorious and the vendor entered into a supplemental agreement and agreed to amend the payment terms of the corresponding part of the Consideration Shares of HK\$5 million to be settled by the issuance of the Promissory Notes by the Company to the Vendor.

KC Training Group is dedicated to delivering training programs to equip the customers with selling and communication skill. Details of the transaction were set out in the Company’s announcement dated 20 September 2021 and 11 November 2021.

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 2021.

Save as disclosed in this announcement, there was no future plan for material investments or capital assets as at 31 December 2021.

Employees and Remuneration Policies

As at 31 December 2021, the Group had approximately 85 employees. The Group's staff cost for the nine months ended 31 December 2021 amounted to approximately HK\$8.8 million. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognises the importance of good relationship with its employees. The remuneration payable to its employees includes salaries and allowance.

In Hong Kong, the Group's employees have participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

SHARE CONSOLIDATION

Pursuant to the resolutions of the shareholders passed at an extraordinary general meeting of the Company on 24 September 2021, every five issued and unissued ordinary shares with a par value of HK\$0.0001 each in the share capital of the Company be consolidated into one ordinary shares with a par value of HK\$0.0005 each, such that the authorised share capital of the Company is HK\$500,000,000 divided into 1,000,000,000,000 shares with a par value of HK\$0.0005 each, the subdivided shares shall rank pari passu in all aspects with each other in accordance with the memorandum and articles of association of the Company.

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 2021, 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	30,928,800	–	30,928,800	8.63
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	0.05
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 31 December 2021, 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 31 December 2021, 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.

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 2021, 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
Lau Lan Ying (<i>Note</i>)	Interest in controlled corporations	44,450,000	12.40%
Wong Kwan Mo (<i>Note</i>)	Interest in controlled corporations	44,450,000	12.40%
Strong Light Investments Limited ("Strong Light") (<i>Note</i>)	Beneficial owner	39,925,800	11.14%
Lui Yu Kin	Beneficial owner	29,927,200	8.35%

Note:

39,925,800 shares are owned by Strong Light, Strong Light is a company incorporated in Hong Kong. The entire issued share capital of Strong Light is owned as to 50% by Lau Lan Ying and 50% by Wong Kwan Mo. Lau Lan Ying is the spouse of Wong Kwan Mo.

Saved as disclosed above, as at 31 December 2021, 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 2021 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 2021.

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 2021 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 2021 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.

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 2021 and up to the date of this quarterly results announcement is set out below:

- (i) Mr. Chung Kwok Pan was appointed as an independent non-executive Director on 2 June 2021;
- (ii) Mr. Law Wing Chung was appointed as a non-executive Director on 2 June 2021 and was appointed as a member of Nomination Committee on 7 December 2021;
- (iii) Mr. Lau Chun Kavan resigned from his office as an executive Director, and a member of each of the Remuneration Committee and Nomination Committee on 27 October 2021; and
- (iv) Mr. Leung Kai Cheong Kenneth was appointed as a non-executive Director on 7 December 2021.

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. 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 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 2021 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 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 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>.