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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)**

**(I) FULFILLMENT OF RESUMPTION GUIDANCE;  
(II) REVISED TIMETABLE IN RELATION  
TO THE SHARE CONSOLIDATION;  
AND  
(III) RESUMPTION OF TRADING**

This announcement is made by Legendary Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**I. FULFILMENT OF THE RESUMPTION GUIDANCE**

References are made to the announcements of the Company dated (i) 19 October 2021, 1 November 2021 and 3 November 2021 in relation to, among others, the winding up petition made against the Company (the “**Petition**”); (ii) 26 November 2021 and 7 June 2022 in relation to, among other things, formation of the investigation committee with the purpose of investigating the allegations raised in the Petition and the major findings of the investigation conducted by the independent consultant, BT Corporate Governance Limited (the “**Independent Consultant**”); (iii) 23 November 2021 and 17 June 2022 in relation to, among other things, the guidance for resumption of trading in the Shares set out by the Stock Exchange; (iv) 18 January 2022 in relation to, among other things, the first quarterly update on resumption progress; (v) 14 April 2022 in relation to, among other things, the second quarterly update on resumption progress (the “**Update Announcement**”); (vi) 20 June 2022 in relation to the establishment of the compliance committee; (vii) 29 June 2022 in relation to, among other things, completion of the placing of shares of the Company by Mr. Wong Kwan Mo (“**Mr. Wong**”) and Ms. Lau Lan Ying (“**Ms. Lau**”); (viii) 30

June 2022 in relation to, among other things, the results of the internal control follow-up review conducted by the Independent Consultant; (ix) 18 July 2022 in relation to, among other things, the third quarterly update on resumption progress; and (x) 25 July 2022 in relation to, among other things, the clarification on the Company's shareholding structure.

Unless otherwise stated, capitalised terms used in this section shall have the same meaning as those defined in the Update Announcement.

## 1. Background of the trading suspension

The Company received a judgment (the "**Judgement**") handed down by the High Court of Hong Kong (the "**Court**") in HCCW 72/2019 on 18 October 2021. The Court has found in favour of the 1st petitioner and 2nd petitioner, namely Ninotre Investment Limited and Xiao Qingmin respectively (collectively the "**Petitioners**") and has made an order, among other matters, that the Company be wound up on 1 November 2021 on which date the order will be made in open court.

The Petitioners pursued the following allegations in the Petition against the Company (the "**Allegations**"):

### (i) *Fraud involving Red5 Studios Inc.*

On 28 April 2016, the Company entered into a sale and purchase agreement for 47.63% shares of Red 5 Studios Inc. ("**Red5 S&P**") which was a limited liability company incorporated in the state of Delaware in the United States of America with various vendors for US\$76.5 million. Red5 Studios Inc. was principally engaged in the video game industry and developed an online game named "Firefall". In the Company's announcements dated 28 April 2016 and 20 June 2016, it was stated that "Firefall" would bring in approximately US\$171 million of license fees and royalties over the 5 years following the commercial launch of the "Firefall" game in the Mainland which was anticipated to be in late 2016.

However, it was later discovered that prior to the Company entering into the Red5 S&P, Red5 Studios Inc. had already publicly announced on 12 March 2016 that its online game "Firefall" would be suspended and cease its business operations. Subsequently on 12 April 2016, the exclusive operator of "Firefall" in the Mainland had already indefinitely suspended the game in the region. As such, the Petitioners argue that the former Board must have or should have known the Red5 S&P has no commercial viability and the former Board had ulterior motives for entering into such transaction.

(ii) *Fraudulent share placement and fraudulent share option*

The Petitioners alleged that on 21 July 2016, Mr. Ng Ka Ho (“**Mr. Ng**”) and the former Board caused the Company to enter into a share placing agreement with FP Sino-Rich Securities and Futures Ltd and the Company published an announcement about this share placing agreement.

On 22 July 2016, Favourite Number Limited (“**FNL**”) notified the former Board that it intended to make an offer for a voluntary conditional securities exchange. On 18 August 2016, FNL and WLS Holdings Limited published an announcement in a bid to acquire all the issued shares of the Company. On 19 August 2016, the former Board publicly announced the suspension of trading in the Company’s shares (the “**August Suspension**”). On 23 August 2016, Mr. Ng and the former Board published an announcement stating that 2 billion allotment options (the “**Options**”) were granted to 10 eligible participants (the “**Grantees**”) on 22 July 2016, who were all closely connected to Mr. Ng and the former Board.

On 24 August 2016, Mr. Ng and the former Board published an announcement stating that FNL failed to comply with the Hong Kong Takeovers Code because FNL and WLS Holdings Limited failed to extend their offer to all holders of share in the Company. The Company also publicly announced that the Company had a total of 25.6 billion issued shares as a result of an additional allotment of 1.6 billion new shares to 8 of the Grantees after they had exercised the Options. Later on the same day (24 August 2016), after the Company had resumed trading since the August Suspension, Mr. Ng and the former Board published an announcement stating that the Options had been exercised on 21 August 2016 and 1.6 billion shares were converted and issued on 22 August 2016.

As the Grantees were all closely related to the management of the Company, Mr. Ng and certain former directors of the Company were found to have breached their fiduciary duties and the Court also found that the Options were not granted on 22 July 2016 and Mr. Ng and other defendants had decided to effect the grant of the Options to the Grantees sometime between early to mid-August 2016. On 11 December 2018, the GEM Listing Committee of the Exchange published a censure on Mr. Ng in relations to his breach of fiduciary duties as the chairman and executive director of the Company.

*(iii) The former Board’s frustration of attempts by the minority shareholders to convene a shareholders’ extraordinary general meeting*

On 15 November 2016, the minority shareholders held an extraordinary general meeting (the “**EGM**”) to propose resolutions to replace the former Board but had difficulties attending because the entrance of the venue holding the said meeting was blocked by, according to press reports, men who intimidated shareholders. During the EGM, the proposed resolutions to remove and replace the former Board were all voted down. The Petitioners contend that this was the result of Mr. Wong and Ms. Lau causing the voting rights attaching to the shares of the Strong Light Investments Limited (the “**Respondents**”) and the shares issued as a result of the Options being exercised to be voted against the resolutions.

*(iv) The reconstitution of the former Board on 6 June 2019 following the presentation of the Petition on 7 March 2019 was intended to frustrated the Petition*

The Petitioners’ case is that the Respondents appointed nominees to the former Board to facilitate their control of the Company.

According to the Judgment, it was proved on the balance of probabilities that the transactions concerning the Allegations were initiated by Mr. Wong, Ms. Lau and their son, Mr. Ryan Wong Tai Cheong (collectively referred as to “**Wongs**”), who exerted control or certain level of influence over the former Board in 2016 (the “**Former Board**”). For more details, please refer to the Company’s announcement dated 3 November 2021. The full judgment is also available for reviewing on the website of the Judiciary of Hong Kong (<http://www.judiciary.hk>).

Following the receipt of the Judgement, the trading in the shares of the Company on the Stock Exchange has been, at the request of the Company, suspended with effect from 9:00 a.m. on 19 October 2021.

On 7 December 2021, the parties in the Petition reached a settlement and filed a joint application to the Court for dismissing the Petition. On 13 December 2021, the Honourable Madam Justice Linda Chan of the Court ordered that the Petition be dismissed. Nevertheless, the Board considered that it is worthwhile to have an investigation on the matters raised in the Petition and the Judgment (the “**Investigation**”) in order to enhance corporate governance of the Company. During the course of the Investigation, the Independent Consultant did not note any evidence showing or indicating that any members of the current Board were involved in any matters concerning the Allegations, but identified certain areas of improvement in respect of the Company’s internal control.

## 2. Resumption Guidance set out by the Stock Exchange

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**”):

## 3. Details of the fulfillment of the Resumption Guidance

The Board is pleased to inform the Shareholders and potential investors that, as at the date of this announcement, all the Resumption Guidance have been fulfilled on the following basis:

### *Resumption Guidance 1 – Dismissal of the Petition*

The Honourable Ms. Justice Linda Chan has made an order to dismiss the Petition at the hearing on 13 December 2021. A sealed copy of the said order was received by the Company on 23 December 2021.

The Petition was dismissed by way of consent summons between the parties, upon the undertakings given by Wongs. Wongs undertake that, they will not, whether by themselves, servants, agents, nominee, corporate vehicles, or any of them or otherwise howsoever, (i) hold, own or acquire any Shares after a potential placing of Shares owned by them; (ii) enter into any agreement or dealing with the Company (save and except for the purpose(s) of the potential placing of Shares); and (iii) participate in the management of the Company or be involved in any decision-making process of the Company.

The Board was made aware that (i) Mr. Wong Kwan Mo (“**Mr. Wong**”) and Ms. Lau Lan Ying (“**Ms. Lau**”) have disposed of all Shares beneficially owned by them through an independent placing agent (the “**Placing Agent**”); and (ii) the Wongs’ Placing was completed on 27 June 2022.

Mr. Wong and Ms. Lau have confirmed to the Company that they cease to have any direct or indirect equity interest in the Company upon completion of the Wongs’ Placing. The Placing Agent have confirmed to the Company that the placees and their respective ultimate beneficial owners are third parties independent of Mr. Wong and Ms. Lau.

In addition, each of Mr. Wong, Ms. Lau and Mr. Ryan Wong Tai Cheong has also confirmed to the Company that they does not, whether by themselves, servants, agents, nominees, corporate vehicles, or any of them or otherwise hold or own any Shares.

For illustrative purpose, the table below sets out the shareholding structure of the Company as at the date of this announcement:

	<b>Number of Shares held</b>	<b>% of Shares in issue</b>
<b>Substantial Shareholders</b>		
Poon Chi Ming	49,259,259	13.74%
Lui Yu Kin	44,148,000	12.32%
<b>Directors</b>		
Chan Lap Jin Kevin	30,892,800	8.62%
Yuen Yu Sum	6,276,800	1.75%
Chung Chin Kwan	1,200,000	0.33%
Law Wing Chung	192,000	0.05%
<b>Public Shareholders</b>	<u>226,487,200</u>	<u>63.19%</u>
<b>Total</b>	<b><u>358,456,059</u></b>	<b><u>100.00%</u></b>

Based on the above, the Company confirms that, as at the date of this announcement, (i) there are no outstanding winding-up petitions against the Company; and (ii) the undertakings given by Wongs have been fulfilled.

## ***Resumption Guidance 2 – Management integrity***

Submissions have been made to the Stock Exchange to demonstrate that (i) each of Wongs and the members of the Former Board is not a current member of the Board or senior management of the Group, and therefore has no influence over the Board or senior management of the Company; (ii) Wongs have ceased holding any equity interests in the Company upon completion of the Wongs' Placing; (iii) none of the members of the current Board was involved in any act(s) in relation to the Petition and/or subject to any regulatory investigations; and (iv) the business and operations of the Group are under the directions of the current Board, which has no relation whatsoever with Wongs and the members of the Former Board.

Furthermore, during the course of the Investigation, the Independent Consultant did not note any evidence showing or indicating that any members of the current Board were involved in any matters concerning the Allegations.

Having considered the above, the Board is of the view that there is no regulatory concern about the management integrity and/or integrity of any persons with substantial influence over the Company's management and operations which will impose a risk on investors and damage the market confidence.

## ***Resumption Guidance 3 – Announcement of all material information***

Since the suspension of trading in the Shares, the Company has been updating the Shareholders and potential investors of the Company on a regular basis by publishing all material information on a timely basis. The Board believes that the Company has announced all material information it considers necessary and appropriate for the Shareholders and Company's potential investors to appraise the Company's positions.

## ***Resumption Guidance 4 – Independent internal control review***

The Independent Consultant was appointed to conduct the Investigation. In response to the major internal control deficiencies identified during the Investigation, the Independent Consultant has made certain recommendations (the "**Recommendations**") to the Group in order to strengthen the Group's internal control system.

On 24 June 2022, the Independent Consultant has completed the internal control follow-up review (the "**IC Review**") and observed that the Company's management has successfully implemented the Recommendations. The Independent Consultant concluded that there was no indication of any material deficiencies on the internal control systems and procedures of the Group that were the subject of their review.

Having considered the results of the IC Review, the audit committee and the compliance committee of the Board are of the view that the remedial measures implemented by the Company are sufficient and adequate to address all the key internal control weaknesses as identified during the Investigation. Both committees are satisfied that the Company has put in place adequate internal controls and procedures to comply with the GEM Listing Rules and to safeguard the interest of the Company and the Shareholders as a whole.

Additionally, as a measure enhancing the Group's internal control system, the Company has established a compliance committee with effect from 20 June 2022 to oversee the regulatory compliance with all relevant rules and regulations applicable to the Company. 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 as the independent Hong Kong legal adviser to provide consultation on compliance with applicable laws to the Group for a period commencing from 1 July 2022 to 30 June 2023.

Having considered the above, the Board is of the view that the Company has put in place adequate internal controls and procedures to comply with the GEM Listing Rules.

## **II. REVISED TIMETABLE IN RELATION TO THE SHARE CONSOLIDATION**

References are made to (i) the circular of the Company dated 8 September 2021 (the “**Circular**”) in relation to, among others, the Share Consolidation; (ii) the announcement of the Company dated 27 September 2021 in relation to, among others, the Share Consolidation becoming effective on 28 September 2021; and (iii) the announcement of the Company dated 1 November 2021 in relation to extension of the trading arrangements for the Share Consolidation. Unless otherwise defined, capitalized terms used in this section shall have the same meanings as defined in the Circular.

Since the trading of the Shares on the Stock Exchange has been suspended from 9:00 a.m. on Tuesday, 19 October 2021, certain associated trading arrangements for the Share Consolidation (including the odd lots trading, parallel trading and free exchange of share certificates) have been suspended.

The Company would like to inform the Shareholders that the aforesaid trading arrangements relating to the Share Consolidation will resume upon resumption of trading in the Shares. The revised timetable for the Share Consolidation is set out below:

<b>Event</b>	<b>Date and time</b>
Effective date of the Share Consolidation	Tuesday, 28 September 2021
First day of free exchange of existing share certificates of Shares for new share certificates of the Consolidated Shares	9:00 a.m. on Tuesday, 28 September 2021
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 28 September 2021
Original counter for trading in the Shares in board lots of 24,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 28 September 2021
Temporary counter for trading in board lots of 4,800 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 28 September 2021
Original counter for trading in Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Wednesday, 13 October 2021
Parallel trading in the Consolidated Shares (in the form of existing share certificates and new share certificates for the Consolidated Shares) commences	9:00 a.m. on Wednesday, 13 October 2021
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Wednesday, 13 October 2021

<b>Event</b>	<b>Date and time</b>
<i>The following events will resume upon resumption of trading in the Shares</i>	
Resumption for free exchange of existing share certificates of the Shares for new share certificates of the Consolidated Shares	9:00 a.m. on Tuesday, 9 August 2022
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 25 August 2022
Temporary counter for trading in Consolidated Shares in board lot of 4,800 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 25 August 2022
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Thursday, 25 August 2022
Last day for free exchange of existing share certificates of the Shares for new share certificates of the Consolidated Shares	4:00 p.m. on Monday, 29 August 2022

*Note: All times and dates in this announcement refer to Hong Kong local times and dates.*

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Oshidori Securities Limited as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Shareholders who wish to take advantage of this facility should contact Patrick Lim of Oshidori Securities Limited at 25/F, China United Centre, 28 Marble Road, North Point, Hong Kong or at telephone number (852) 31980347 until 4:00 p.m. on Thursday, 25 August 2022.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

### III. RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 19 October 2021. 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.

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

Hong Kong, 8 August 2022

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

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

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