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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)

**INSIDE INFORMATION
SUPPLEMENTAL ANNOUNCEMENT AND
SUPPLEMENTAL AGREEMENT
FOR
SHARE TRANSACTION IN RELATION TO
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of Legendary Group Limited (the “**Company**”) dated 20 September 2021 and 28 October 2021 in relation to, among others, acquisition of the entire equity interest in the Target Company. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the announcement of the Company dated 20 September 2021 (the “**Announcement**”).

The Board announces that on 11 November 2021, the Parties entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend the payment terms of the Consideration. Pursuant to the Agreement, part of the Consideration of HK\$5 million will be satisfied by way of the allotment and issue of the Consideration Shares (subject to the Adjustments). Pursuant to the Supplemental Agreement, the Parties agreed to amend the payment terms of the corresponding part of the Consideration of HK\$5 million to be settled by the issuance of the Promissory Notes (as defined below) by the Company to the Vendor (subject to the Adjustments).

The principal amendments contemplated under the Supplemental Agreement are set out below:

1. The Consideration to the Vendor has been amended and restated as follows:

The Consideration of HK\$9,000,000 (subject to the Adjustments) shall be satisfied by the Purchaser by four instalments according to the following schedule:

- (i) First instalment in the sum of HK\$2,000,000 will be satisfied upon Completion in the following manner:

- (a) as to HK\$1,000,000 by cash; and

- (b) as to HK\$1,000,000 by the assumption of the Assumed Liabilities by the Purchaser.

- (ii) Second instalment in the sum of HK\$3,000,000 (subject to the Adjustments) will be satisfied within 14 Business Days upon issuance of the Audited Report for the year ending 31 March 2022 in the following manner:

- (a) as to HK\$1,000,000 (subject to the Adjustments) in cash; and

- (b) as to HK\$2,000,000 (subject to the Adjustments) by the issue of the promissory note in the principal amount of HK\$2,000,000 by the Company to the Vendor (or its nominee(s)) (the “**Promissory Note A**”).

- (iii) Third instalment in the sum of HK\$3,000,000 (subject to the Adjustments) will be satisfied within 14 Business Days upon issuance of the Audited Report for the year ending 31 March 2023 in the following manner:

- (a) as to HK\$1,000,000 (subject to the Adjustments) in cash; and

- (b) as to HK\$2,000,000 (subject to the Adjustments) by the issue of the promissory note in the principal amount of HK\$2,000,000 by the Company to the Vendor (or its nominee(s)) (the “**Promissory Note B**”).

- (iv) Fourth instalment in the sum of HK\$1,000,000 (subject to the Adjustments) will be satisfied by the issue of the promissory note in the principal amount of HK\$1,000,000 by the Company to the Vendor (or its nominee(s)) within 14 Business Days upon issuance of the Audited Report for the year ending 31 March 2024 (the “**Promissory Note C**”).

2. The conditions precedent (b) to the Agreement: “*the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Consideration Shares*” has been removed.

3. The Profit guarantee and the Adjustments have been amended and restated as follows:

The Vendor irrevocably and unconditionally guarantees to the Purchaser that the Actual Net Profits for each of the three years ending 31 March 2022, 2023 and 2024 shall be no less than HK\$2,000,000.

For the year ending 31 March 2022

In the event that the Actual Net Profit for the year ending 31 March 2022 is less than the Guaranteed Profit for that year, the Cash Consideration A and the Promissory Note A shall be adjusted in the following manner:

(i) Cash Consideration A

The principal amount of the Cash Consideration A to be issued shall be adjusted as follows:

$$\text{Adjusted Cash Consideration A} = \frac{(\text{Actual Net Profit for 2022} \div \text{Guarantee Profit for 2022})}{\times \text{Cash Consideration A}}$$

(ii) Promissory Note A

$$\text{Principal amount of the adjusted Promissory Note A} = \frac{(\text{Actual Net Profit for 2022} \div \text{Guarantee Profit for 2022})}{\times \text{principal amount of the Promissory Note A}}$$

If KargoStudio records net loss for the financial year ending 31 March 2022, the Actual Net Profit for 2022 shall be deemed to be zero (0). No upward adjustment will be made to the amount of the Cash Consideration A and the principal amount of the Promissory Note A, even if the Actual Net Profit exceeds the Guaranteed Profit for the year ending 31 March 2022.

For the year ending 31 March 2023

In the event that the Actual Net Profit for the year ending 31 March 2023 is less than the Guaranteed Profit for that year, the Cash Consideration B and the Promissory Note B shall be adjusted in the following manner:

(i) Cash Consideration B

The principal amount of the Cash Consideration B to be issued shall be adjusted as follows:

$$\text{Adjusted Cash Consideration B} = \frac{(\text{Actual Net Profit for 2023} \div \text{Guarantee Profit for 2023})}{\times \text{Cash Consideration B}}$$

(ii) Promissory Note B

$$\text{Principle amount of the adjusted Promissory Note B} = \frac{(\text{Actual Net Profit for 2023} \div \text{Guarantee Profit for 2023})}{\times \text{principal amount of the Promissory Note B}}$$

If KargoStudio records net loss for the financial year ending 31 March 2023, the Actual Net Profit shall be deemed to be zero (0). No upward adjustment will be made to the amount of the Cash Consideration B and the principal amount of the Promissory Note B, even if the Actual Net Profit exceeds the Guaranteed Profit for the year ending 31 March 2023.

For the year ending 31 March 2024

In the event that the Actual Net Profit for the year ending 31 March 2024 is less than the Guaranteed Profit for that year, the Promissory Note C shall be adjusted in the following manner:

(i) Promissory Note C

$$\text{Principle amount of the adjusted Promissory Note C} = \frac{(\text{Actual Net Profit for 2024} \div \text{Guarantee Profit for 2024})}{\times \text{principal amount of the Promissory Note C}}$$

If KargoStudio records net loss for the financial year ending 31 March 2024, the Actual Net Profit shall be deemed to be zero (0). No upward adjustment will be made to the principal amount of the Promissory Note C, even if the Actual Net Profit exceeds the Guaranteed Profit for the year ending 31 March 2024.

The respective Actual Net Profits shall be determined according to the Audited Report for each of the three financial years ending 31 March 2022, 2023 and 2024, which shall be reported by the auditor nominated by the Purchaser within four months after the said period or any other date as agreed by the Vendor and the Purchaser. The cost of appointing such auditor will be borne by the Purchaser.

Save as disclosed above, all other terms and conditions of the Agreement remain unchanged.

THE PROMISSORY NOTES

Set out below are the principal terms of the Promissory Note A, Promissory Note B and Promissory Note C (together, the “**Promissory Notes**”):

Issuer:	The Company
Principal amount:	HK\$2,000,000 for Promissory Note A, HK\$2,000,000 for Promissory Note B and HK\$1,000,000 for Promissory Note C
Interest:	5% per annum from the date of issue of the Promissory Notes and payable monthly in arrears
Maturity:	3 years from the date of issue of the Promissory Notes (the “ Maturity Date ”)
Transferability:	The Promissory Notes may only be transferable and assignable by the Parties to any party with prior written approval of the Parties
Early repayment:	The Company may pay to the Vendor prior to the Maturity Date any outstanding principal amount (together with the outstanding accrued interests) of the Promissory Notes

REASONS FOR ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT

In view of the unexpected trading halt of the Company and additional time required for the Company to fulfill the conditions to the Agreement including the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in the Consideration Shares, Company has negotiated with the Vendor for the variation and adjustment of the relevant payment terms payable by the Group in order to accelerate the Completion.

As disclosed in the Announcement, since KargoStudio has recorded profits for the period ended 31 March 2020 and year ended 31 March 2021, the Directors believe that the Target Group will contribute positively to the financial performance of the Group. The Board considers that the amendments contemplated under the Supplemental Agreement would accelerate the Completion and therefore enable the Group to capture financial benefits of the Target Group without further delay.

Furthermore, there will be no dilution effect for the issuance of Promissory Notes as compared to the issue and allotment of the Consideration Shares.

Based on the above, the Directors are of the view that the terms of the Supplemental Agreement are fair and reasonable and on normal commercial terms, and that the entering into of the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As none of the applicable percentage ratios in respect of the Acquisition exceed 5% and the Consideration will not be settled by the Consideration Shares upon entering into the Supplemental Agreement among the Parties, the Acquisition no longer constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

BUSINESS PLAN OF THE GROUP

The Company has been actively seeking opportunities for developing the Investment Education Business. 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.

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

Hong Kong, 11 November 2021

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 four independent non-executive Directors, namely, Mr. Chung Chin Kwan, Mr. Chan Kim Fai Eddie, Mr. Ng Chi Ho Dennis and Mr. Chung Kwok Pan.

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 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>.