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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) PROPOSED BONUS ISSUE; AND  
(II) PROPOSED ADOPTION OF SHARE AWARD SCHEME  
AND PROPOSED GRANT OF SCHEME MANDATE**

**PROPOSED BONUS ISSUE**

The Board is pleased to announce that, on 26 September 2022 it 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.

The Bonus Issue is conditional upon (i) the passing of an ordinary resolution by the Shareholders at the EGM; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

The Bonus Shares will be allotted, distributed, issued and credited as fully paid-up at par by way of capitalization of an amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company. Upon issuance, the Bonus Shares will rank *pari passu* with the then existing Shares in all respects.

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

The Board is pleased to announce that it has resolved to propose the adoption of the Scheme on 26 September 2022 (after trading hours). 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.

The Scheme does not constitute a share option scheme under Chapter 23 of the GEM Listing Rules and no shareholders' approval is required for the adoption of the Scheme. The Stock Exchange issued the Consultation Paper in October 2021 on its proposal to extend Chapter 23 of the GEM Listing Rules to also govern share award schemes. In July 2022, the Stock Exchange published the Consultation Conclusions, with the Amended Rules to reflect the proposed changes to Chapter 23 of the GEM Listing Rules. The Consultation Conclusions state, among other things, that listed issuers may adopt the Amended Rules for their share schemes (including share option schemes and share award schemes) before the effective date of the Amended Rules of 1 January 2023. The Company has decided to adopt the Amended Rules for the Scheme. The amended Rule 23.02 (1)(a) of the GEM Listing Rules stipulate, among other things, that the scheme of a listed issuer must be approved by shareholders of the listed issuer in general meeting.

In relation to the Scheme, the Board proposes to seek the approval of the Shareholders for the grant of the Scheme Mandate, being a specific mandate to allot and issue Shares not exceeding 10% of the total number of Shares in issue as at the date of the EGM to satisfy Awards that may be granted under the Scheme (if approved by the Shareholders and adopted by the Company).

Accordingly, the Company will convene and hold the EGM for the Shareholders to consider and, if thought fit, pass the ordinary resolution(s) to approve the proposed adoption of the Scheme and the grant of the Scheme Mandate.

### **GENERAL**

A circular containing, among other things, (i) details of the Bonus Issue; (ii) details of the Scheme and the Scheme Mandate; and (iii) a notice of EGM, will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the GEM Listing Rules.

## **I. PROPOSED BONUS ISSUE**

The Board is pleased to announce that it 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 of the Bonus Issue are set out below.

### **Basis of the Bonus Issue**

Subject to the conditions set out under the paragraph headed “Conditions of the Bonus Issue” below, the Bonus Shares will be issued and credited as fully paid at par value on the basis of one (1) Bonus Share for every ten (10) existing Shares held by the Qualifying Shareholders on the Record Date.

Assuming that no further Shares will be issued or repurchased on or before the Record Date, on the basis of 358,456,059 existing Shares in issue as at the date of this announcement, it is expected that a total of 35,845,605 Bonus Shares would be allotted and issued under the Bonus Issue, representing 10% of the existing issued share capital of the Company as at the date of this announcement. The Bonus Shares may be allotted in odd lot (i.e. less than a board lot of 2,000 Shares).

Upon completion of the Bonus Issue, there will be a total of 394,301,664 Shares in issue as enlarged by the Bonus Issue. The Bonus Shares will be credited as fully paid at par by way of capitalisation of the amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company.

### **Conditions of the Bonus Issue**

The Bonus Issue is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM for approving the Bonus Issue;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the articles of association of the Company to effect the Bonus Issue.

## **Overseas Shareholders**

As at the date of this announcement and based on the branch register of members maintained by Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company, 45 Shareholders as recorded on the register of members of the Company have addresses which are outside Hong Kong.

Should there be any Overseas Shareholders on the Record Date, the Company will make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange for extending the Bonus Issue to the Overseas Shareholders. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, the Bonus Shares will not be issued to those Overseas Shareholders, i.e. the Non-Qualifying Shareholders.

In such circumstances, arrangements will be made for the Bonus Shares, which would otherwise have been issued to the Non-Qualifying Shareholders, if any, to be sold in the market as soon as practicable after dealings in the Bonus Shares commence. Any net proceeds of sale, after deduction of the related expenses, will be distributed in Hong Kong dollar to the Non-Qualifying Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

Any Shareholder with a registered address outside Hong Kong or otherwise residing outside Hong Kong should consult their professional advisers as to whether they are permitted to receive the Bonus Shares under the Bonus Issue and the taxation consequences of their decision. It is the responsibility of the Shareholders who wish to receive the Bonus Shares under the Bonus Issue to comply with the laws of the relevant jurisdiction(s).

## **Status of the Bonus Shares and fractional entitlements**

The Bonus Shares, upon issuance, will rank *pari passu* with the then existing Shares in all respects, including the entitlements of receiving dividends and other distributions the record date for which falls on or after the date of allotment and issue of the Bonus Shares.

The total number of Bonus Shares to be issued to any Shareholders will be rounded down to a whole number, if there are any fractional entitlements of the Bonus Shares. Such fractional entitlements arising from the Bonus Issue (if any) will not be issued to the Shareholders, but will be aggregated and issued to a nominee to be nominated by the Board, and sold and the net proceeds, after deducting the related expenses therefrom, will be retained for the benefit of the Company in such manner and on such terms as the Directors may think fit.

## **Listing**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

Subject to fulfillment of all conditions of the Bonus Issue have been fulfilled, dealings in the Bonus Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, 14 November 2022.

## **Certificates for the Bonus Shares**

It is expected that certificates for the Bonus Shares will be posted on Friday, 11 November 2022, after all the conditions having been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date.

## **Share options**

As at the date of this announcement, there were 25,598,400 share options granted by the Company pursuant to the Share Option Scheme which remained outstanding. The Bonus Issue may lead to adjustments to the exercise price and the number of Shares which may fall to be issued upon exercise of the outstanding share options. Other than the outstanding share options, the Company did not have any warrants, options, or other securities exchangeable or convertible into Shares as at the date of this announcement. The Company will make further announcement upon the aforesaid adjustments to the share options, if any adjustment is required to be made.

## **Reasons for the Bonus Issue**

The reason for the Bonus Issue is to give due recognition to the Shareholders for their continuing loyalty to and support of the Company. The Board believes that the Bonus Issue will enable the Shareholders to enjoy a pro rata increase in the number of Shares being held in the Company without incurring any cost. The Board expects that the Bonus Issue will provide the Shareholders with more flexibility in disposing of a portion of their Shares and realizing a cash return to meet their financial needs under favourable market conditions. In addition, through increasing the number of Shares to be held by the Shareholders, the Bonus Issue may enhance the liquidity of the Shares and thereby broaden the shareholder base of the Company.

## Closure of register of members

The register of members of the Company will be closed from Wednesday, 19 October 2022 to Monday, 24 October 2022 (both days inclusive), during which no transfer of Shares will be registered. In order to attend and vote at the EGM (or any adjournment thereof), all transfers of Shares accompanied by the relevant share certificates must be lodged with Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 18 October 2022.

The register of members of the Company will be closed from Monday, 31 October 2022 to Thursday, 3 November 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the Bonus Issue, all transfers of Shares accompanied by the relevant share certificates must be lodged with Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 28 October 2022.

## Expected timetable

Set out below is the expected timetable of the Bonus Issue:

<b>Event</b>	<b>2022</b>
Despatch of circular and notice of the EGM	Friday, 7 October
Latest time for lodging transfer of Shares for entitlement to the right to attend and vote at the EGM	4:00 p.m. on Tuesday, 18 October
Closure of register of members for determining entitlement to attend and vote at the EGM	From Wednesday, 19 October to Monday, 24 October (both days inclusive)
Latest time for lodging the proxy form for the EGM	11:00 a.m. on Saturday, 22 October
EGM	11:00 a.m. on Monday, 24 October
Publication of poll results announcement of the EGM	Monday, 24 October
Re-opening of the register of members	Tuesday, 25 October

**The following events are subject to the satisfaction of the conditions of the Bonus Issue as set out in the section headed “PROPOSED BONUS ISSUE – Conditions of the Bonus Issue” above in this announcement.**

Last day of dealings in Shares on a cum-entitlement basis relating to the Bonus Issue	Wednesday, 26 October
First day of dealings in Shares on an ex-entitlement basis relating to the Bonus Issue	Thursday, 27 October
Latest time for lodging the transfer documents for entitlement to the Bonus Shares	4:00 p.m. on Friday, 28 October
Closure of register of members for determining entitlement to the Bonus Issue	From Monday, 31 October to Thursday, 3 November (both days inclusive)
Record Date for determining entitlement to the Bonus Shares	Thursday, 3 November
Re-opening of register of members	Friday, 4 November
Despatch of certificates of the Bonus Shares	Friday, 11 November
First date of dealings in the Bonus Shares	9:00 a.m. on Monday, 14 November
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lot of Shares	9:00 a.m. on Monday, 14 November
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lot of Shares	4:00 p.m. on Monday, 5 December

All times in this announcement refer to Hong Kong times. Dates and deadlines specified above are indicative only and may be varied by the Company. If trading of Shares on the Stock Exchange is interrupted due to a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons (as announced by the Government of Hong Kong) and/or a black rainstorm warning, the Record Date or book close date (thus the ex-entitlement date) may need to be postponed. In such circumstances, the Company will publish an announcement on the revised timetable as soon as practicable.

## **Odd lot arrangement of the Shares**

To alleviate the difficulties in trading odd lots of the Shares upon completion of the Bonus Issue, the Company will appoint a broker as an agent to provide matching services to those Qualifying Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from Monday, 14 November 2022 to Monday, 5 December 2022 (both days inclusive).

Shareholders should note that the matching service will be on a “best efforts” basis only. The successful matching of the sale and purchase of odd lots of the Shares is not guaranteed and will depend on there being adequate amounts of odd lots of the Shares available for such matching. Shareholders are recommended to consult their professional advisers if they are in doubt about the above measures. Further details with respect to the odd lot arrangement of the Shares will be disclosed in the circular of the Company.

## **II. PROPOSED ADOPTION OF THE SHARE AWARD SCHEME AND PROPOSED GRANT OF SCHEME MANDATE**

### **Proposed adoption of the Scheme**

The Board is pleased to announce that it has resolved to propose the adoption of the Scheme on 26 September 2022 (after trading hours). A summary of the Scheme Rules is set out below:

#### ***Purpose***

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 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.

#### ***Duration***

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, and thereafter for so long as there are any non-vested Award Shares relating to Awards granted prior to the expiration of the Scheme.

#### ***Administration***

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules and all applicable laws and regulations. Any decision made by the Board as to all matters arising in relation to the Scheme or its interpretation or effect (save as otherwise provided herein) shall be final, conclusive and binding on all parties.



The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed(s).

### ***Operation***

Subject to the Scheme Rules, the Board may, from time to time, in its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each Selected Participant determined by the Board from time to time), select any Eligible Person (excluding any Excluded Participant) for participation in the Scheme as a Selected Participant, grant an Award to such Selected Participant and determine the number of Award Shares. However, until so selected, no Eligible Person shall be entitled to participate in the Scheme.

Subject to the Scheme Rules, the Board may impose any conditions, restrictions or limitations or waive any such conditions, restrictions or limitations from time to time in relation to the Award as it may at its absolute discretion think fit. Where a Selected Participant or his associate is a member of the Board, such person will abstain from voting on any approval by the Board of an award of Shares to such Selected Participant.

The underlying Award Shares to satisfy the Awards (including potential Awards) may be purchased on-market by the Trustee at prevailing market prices from funds provided by the Company (subject to such maximum price as may from time to time be prescribed by the Board) or issued and allotted as new Shares by the Company for subscription by the Trustee on terms and at issue prices (including at par value) as shall be determined by the Board and from funds provided by the Company. The Company shall appoint the Trustee to acquire and hold such Award Shares and Related Income on Trust for the Selected Participants, and to distribute such Award Shares and Related Income to the Selected Participants, in accordance with the Scheme Rules and pursuant to the Trust Deed or such other governing documents of such trust arrangements. The Board may from time to time cause to be paid the Reference Amount to the Trustee by way of settlement as directed by the Board which shall constitute part of the trust fund of the Trust, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the relevant Trust Deed.

Subject to the Scheme Rules and the terms of the Award, as soon as practicable following the vesting of the Award Shares, the Board shall direct the Trustee to transfer the relevant vested Award Shares and Related Income to, the Selected Participant on the Vesting Date, or as soon as possible thereafter if it is not practicable to effect such transfer on such Vesting Date subject to (i) the receipt by the Trustee of, a written confirmation from the Company that all vesting conditions have been fulfilled and its prescribed transfer document(s) duly signed by the Selected Participant; and (ii) the payment of all Vesting Expenses by the Selected Participant.

## ***Restrictions***

No Award shall be made and no instructions to acquire Shares on-market shall be given to the Trustee (i) where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the GEM Listing Rules or any applicable laws, rules or regulations, or (ii) during the period of 60/30 days immediately preceding the publication date of the annual/half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant financial/interim period up to and including the publication date of such results.

## ***Scheme Limit***

The Board shall not make any further Award which will result in the aggregate number of the Shares which may be issued in respect of all options and awards granted under all of the schemes of the Company (including under the Scheme) exceeding 10% of the issued share capital of the Company as at the Adoption Date (“**Scheme Limit**”).

The Scheme Limit may be refreshed after three years from the Adoption Date or the date of the Company’s shareholders’ approval for the last refreshment (as the case may be) in accordance with the relevant GEM Listing Rules. Any Refreshment within any three year period must be approved by shareholders of the Company (other than the controlling shareholders (or if there is no controlling shareholder, the directors (excluding independent non-executive directors) and chief executive of the Company and their respective associates) and their associates, who must abstain from voting in favour of the relevant resolution at the general meeting) in general meeting. The aggregate number of Shares which may be issued in respect of all options and awards to be granted under all of the schemes of the Company (including the Scheme) under the Scheme Limit as refreshed shall not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed Scheme Limit by shareholders of the Company in general meeting.

Where any grant of Awards to a Selected Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares of the Company in issue, such grant must be separately approved by shareholders of the Company in general meeting with such Selected Participant and his/her close associates (or associates if the Selected Participant is a connected person) abstaining from voting.

## ***Award to a Director, chief executive or substantial shareholder of the Company or any of their respective associates and a connected person of the Company***

Any grant of Awards to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Awards).

Where any grant of Awards to a director (other than an independent non-executive director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of Awards must be approved by shareholders of the Company in general meeting, at which the grantee, his/her associates and all core connected persons of the Company must abstain from voting.

Where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of Awards must be approved by shareholders of the Company in general meeting, at which the grantee, his/her associates and all core connected persons of the Company must abstain from voting.

For any grant of Awards to any connected person of the Company, the Company shall comply with all applicable laws, rules and regulations, including but not limited to the GEM Listing Rules from time to time.

### ***Voting rights***

No Selected Participant shall exercise any voting rights in respect of any Shares held on Trust that have not yet vested or take any action in relation to such Shares in the event of a proposed change in Control of the Company.

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust and the Trustee holding unvested Shares under the Scheme, whether directly or indirectly, shall abstain from voting on matters that require shareholders' approval under GEM Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

### ***Dividends***

Notwithstanding any other provisions in the Scheme Rules, no Selected Participant shall receive any cash income derived from the Award Shares (i.e., cash dividends declared and paid on the Award Shares, if any) in the event that the Company pays any dividend on the Award Shares until such Award Shares become fully vested (provided always that the Selected Participant shall not be entitled to receive any dividend declared and distributed with respect to the Award Share, prior to the vesting of the same), unless otherwise provided in the Award notice.

### *Vesting and forfeiture*

Unless otherwise determined by the Board at its discretion, the Award Shares held by the Trustee upon the Trust and which are referable to a Selected Participant shall vest in that Selected Participant in accordance with the conditions set out in the Award Notice as the Board may determine at its absolute discretion or is deemed to have vested pursuant to the Scheme Rules, provided that the Selected Participant remains at all times after the Reference Date and on the relevant vesting dates (if applicable) an Eligible Person and the related vesting period shall not be less than 12 months. A Selected Participant shall have no right, benefit or interest in any Award Shares unless and until the Trustee has vested the legal and beneficial ownership of such Award Shares in him.

The Award granted to a Selected Participant shall automatically lapse and be cancelled forthwith and the Award Shares and Related Income of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme, in the event that:

- (a) the Selected Participant ceases to be an Employee;
- (b) the Subsidiary by which a Selected Participant is employed ceases to be a subsidiary of the Company (or of a member of the Group);
- (c) any of the vesting conditions upon an Award to the relevant Selected Participant as determined by the Board on the Reference Date were not fulfilled;
- (d) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation and reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to the successor company);
- (e) the Selected Participant has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty, or could no longer make any contribution to the growth and development of the Group for any reason whatsoever, as the Board may at its absolute discretion determine;
- (f) the Selected Participant is found to be an Excluded Participant; or
- (g) the Selected Participant fails to (i) return duly executed transfer documents prescribed by the Trustee for the relevant Award Shares and the Related Income; and/or (ii) pay the related Vesting Expenses, within the stipulated period,

(each of these, an event of “**Lapse**”).

In respect of a Selected Participant who died or retired at his normal retirement date or earlier by agreement with the Company or any of the Subsidiaries at any time prior to the relevant Vesting Date, all the Award Shares and Related Income of that Selected Participant shall be deemed to be vested on the day immediately prior to his death or retirement at his normal retirement date or earlier by agreement with the Company or the Subsidiary.

If there is an event of change in Control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, the vesting of any Award Shares may be accelerated and/or the vesting conditions or criteria of any Award may be amended or waived at the sole discretion of the Board or its delegate(s).

### ***Performance Conditions***

The Board may, in its absolute discretion, designate an Award made to any Selected Participant. If it does so, the Board shall determine the Performance Conditions attached to an Award made to the Selected Participant under the Scheme. The Performance Conditions shall be applied to the Selected Participants, including but not limited to directors and/or senior managers of the Company. The Performance Conditions shall, as soon as reasonably practicable, be notified to the Selected Participant and:

- (a) shall normally be tested over a performance period of at least three financial years of the Company (or such other period as the Board may from time to time determine in respect of the Award for any Selected Participant);
- (b) may relate to the performance of the Selected Participant, the Company, one or more of the Subsidiaries, the business or functional unit or department for which the Selected Participant works or the strategic or business initiatives or projects for which the Selected Participant is responsible or in relation to which he is actively involved in developing, implementing or completing, or any combination of the above;
- (c) may be relative to the performance of one or more comparators, benchmarks, indices or other measures;
- (d) may be different for different Selected Participants; and
- (e) may be different for different Awards in relation to the same Selected Participant.

The Performance Conditions may include other events or circumstances the occurrence of which shall constitute a Lapse.

The Board may amend any Performance Condition if any event occurs which causes it to consider that the amended Performance Condition would, at the absolute discretion of the Board, be a more accurate measure of performance.

### ***Clawback mechanism***

In certain circumstances, it may be regarded as inequitable for any Award Shares to be vested or retained, as applicable. Such Award Shares are therefore subject to Clawback, including but not limited to circumstances where there has been a material misstatement or omission in the financial statements of the Group made by a Selected Participant or if the relevant Selected Participant has engaged in serious negligence, fraud or misconduct, breached the Company's policies, rules or regulations or other circumstances. Notwithstanding anything else in the Scheme Rules, any Award Shares may be subject to Clawback pursuant to the Company's Clawback mechanism, as amended from time to time.

### ***Transferability***

Awards shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

### ***Alteration of the Scheme***

Subject to the applicable laws, the Scheme and the Scheme Rules may be altered in any respect (including but not limited to amendment of the Scheme Limit and alterations for the purpose of complying with the GEM Listing Rules) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Participant.

No alteration shall be made to any of the Scheme Rules relating to the matters set out in Rule 23.03 of the Listing Rules to the advantage of Selected Participants unless such alteration is approved by the Shareholders in general meeting.

Written notice of any amendment to the Scheme shall be given to all Selected Participants with subsisting Awards.

### ***Termination***

The Scheme shall terminate on the earlier of:

- (a) the 10th anniversary of the Adoption Date;
- (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or a scheme of arrangement); and
- (c) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the Scheme.

## ***Listing***

Applications will be made by the Company to the GEM Listing Committee for the listing of and the permission to deal in any Award Shares that may be allotted and issued under the Scheme.

### **Proposed Scheme Mandate**

In relation to the Scheme, the Board proposes to seek the approval of the Shareholders for the grant of the Scheme Mandate, being a specific mandate to allot and issue Shares not exceeding 10% of the total number of Shares in issue as at the date of the EGM to satisfy Awards that may be granted under the Scheme (if approved by the Shareholders and adopted by the Company).

An ordinary resolution will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the grant of the Scheme Mandate. The Scheme Mandate, once granted, shall remain in effect during the period from the passing of the ordinary resolution granting the Scheme Mandate until its renewal, variation or revocation by an ordinary resolution of the Shareholders in a general meeting.

### **Reasons for the adoption of the Scheme and the Scheme Mandate**

The Scheme will complement the existing equity incentive plans of the Company, namely the Share Option Scheme, and will allow the Company to continue to provide equity incentives to Eligible Persons so as to continue to serve its intended purposes of aligning 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 to make contributions to the long-term growth and profits of the Group and share in the success of the Group.

The Scheme Mandate will provide flexibility to the Directors as to the manner of satisfaction of the Awards upon the vesting thereof. The Directors therefore consider that the adoption of the Scheme and the grant of the Scheme Mandate are in the interests of the Company and its shareholders as a whole.

## **Implications of the GEM Listing Rules**

### ***The Scheme***

The Scheme does not constitute a share option scheme under Chapter 23 of the GEM Listing Rules and no shareholders' approval is required for the adoption of the Scheme. The Stock Exchange issued the Consultation Paper in October 2021 on its proposal to extend Chapter 23 of the GEM Listing Rules to also govern share award schemes. In July 2022, the Stock Exchange published the Consultation Conclusions, with the Amended Rules to reflect the proposed changes to Chapter 23 of the GEM Listing Rules. The Consultation Conclusions state, among other things, that listed issuers may adopt the Amended Rules for their share schemes (including share option schemes and share award schemes) before the effective date of the Amended Rules of 1 January 2023. The Company has decided to adopt the Amended Rules for the Scheme. The amended Rule 23.02 (1)(a) of the GEM Listing Rules stipulate, among other things, that the scheme of a listed issuer must be approved by shareholders of the listed issuer in general meeting.

### ***The Scheme Mandate***

An ordinary resolution will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the grant of the Scheme Mandate.

## **GENERAL**

A circular containing, among other things, (i) further details of the Bonus Issue; (ii) further details of the Scheme and the Scheme Mandate; and (iii) a notice of EGM, will be despatched to the Shareholders as soon as practicable on or before Friday, 7 October 2022.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Adoption Date”	the date on which the adoption of the Scheme by the Company is approved by the Shareholders in general meeting
“Amended Rules”	the amended GEM Listing Rules stated in Appendix IV to the Consultation Conclusions
“associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Award”	an award granted under the Share Award Scheme by the Board to a Selected Participant, which may vest in the form of Award Shares or the actual selling price of the Award Shares in cash in accordance with the Scheme Rules and the terms of the Award



“Award Shares”	the Shares granted to a Selected Participant in an Award
“Board”	the board of Directors
“Bonus Issue”	the proposed bonus issue of the Bonus Shares on the basis of one Bonus Share for every ten existing Shares held on the Record Date
“Bonus Shares”	the new Shares proposed to be issued under the Bonus Issue
“Clawback”	in respect of any Award Shares allocated or awarded to a Selected Participant, the return or repayment of all or a specified part of such Award Shares by such Selected Participant and/or the ceasing or variation of the Selected Participant’s entitlement to receive or be vested with all or a specified part of any such Award Shares which have not yet been vested in the Selected Participant
“Company”	Legendary Group Limited (創天傳承集團有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM (Stock Code: 8195)
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Consultation Conclusions”	Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022
“Consultation Paper”	Consultation Paper on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers published by the Stock Exchange in October 2021
“Control”	has the meaning given to it in The Hong Kong Code on Takeovers and Mergers from time to time
“core connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be held to approve the Bonus Issue and the Scheme Mandate
“Eligible Person”	any person, being an employee, a director (including executive directors, non-executive directors and independent non-executive directors), officer, consultant, of any member of the Group (including nominees and/or trustees of any employee benefit trust established for them) whom the Board or its delegate considers, in their sole discretion, to have contributed or will contribute to the Group
“Excluded Participant(s)”	any Selected Participants who is resident in a place where (a) the award of the Award Shares, the award of the Returned Shares or the vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Selected Participants, in each case as determined by the Board in its absolute discretion
“Further Shares”	Shares purchased or subscribed for by the Trustee out of cash income or net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the Trust
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	shall have the meaning as set out in GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries or any of them and the expression “member of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Board, after making enquiries, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of any relevant foreign regulatory body or stock exchange in that place not to extend the Bonus Issue to them

“Overseas Shareholders”	Shareholder(s) whose addresses appear(s) on the register of members of the Company on the Record Date is(are) outside Hong Kong
“Performance Condition(s)”	the performance condition(s) set by the Board in relation to an Award, as may be amended by the Board from time to time
“Qualifying Shareholders”	holders of Shares, not being Non-Qualifying shareholders, whose addresses as shown on the register of members of the Company on the Record Date who are entitled to the Bonus Issue
“Record Date”	Thursday, 3 November 2022, being the date for ascertaining the entitlement of the shareholders to the Bonus Shares under the Bonus Issue
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Selected Participants in a single occasion pursuant to the Scheme
“Related Income”	all income derived from a Share held upon the Trust in the form of Shares (including but not limited to, the Further Shares, any bonus Shares and scrip Shares received in respect of that Share)
“Returned Shares”	such Award Shares and their Related Income which are not vested in accordance with the terms of the Scheme (whether as a result of a Lapse or otherwise), or were forfeited in accordance with the terms of the Scheme, or such Shares which are deemed to be Returned Shares, or Related Income of any Returned Shares
“Scheme”	the “Share Award Scheme” constituted by the Scheme Rules, in its present form or as amended from time to time in accordance with the provisions of the Scheme Rules

“Scheme Mandate”	a specific mandate to allot and issue new Shares not exceeding 10% of the total number of Shares in issue as at the date of the EGM to satisfy Awards that may be granted under the Scheme (if approved by the Shareholders and adopted by the Company), the granting of which is proposed to be approved by Shareholders at the EGM. Such mandate is proposed on the basis that if the Company conducts a share consolidation or subdivision after grant of the Scheme Mandate has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards granted, as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same
“Scheme Rules”	the rules governing the Share Award Scheme
“Selected Participant”	any Eligible Person approved for participation in the Scheme and who has been granted any Award in accordance with the Scheme Rules
“Share(s)”	ordinary shares of HK\$0.0005 each in the capital of the Company (or of such other nominal amount as shall result from a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company as approved by the Board on 25 September 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	an entity to be appointed for the sole purpose of holding the Shares underlying Awards issued on trust for Selected Participants pursuant to the Scheme

“Trust”	the trust to be constituted by a trust deed or such other governing documents of such trust arrangements and known as the “Share Award Scheme Trust” or such other name as the Board may determine from time to time
“Trust Deed(s)”	in respect of each Trust, the trust deed to be entered into between the Company and the relevant Trustee (as amended, supplemented and restated from time to time) in respect of the establishment of the Trust and administrative of the Scheme
“Vesting Date”	The date or each such date on which the Award Shares are vested
“Vesting Expenses”	all transfer fees, taxes, social security contributions and other levies associated with the vesting, release or transfer of the relevant Award Shares and Related Income
“%”	per cent

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

Hong Kong, 26 September 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>.*