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## **LEGENDARY EDUCATION GROUP LIMITED**

### **傳承教育集團有限公司**

*(formerly known as 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 FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023**

### **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 Education 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.

## FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2023 increased by approximately 106.15% to approximately HK\$237,253,000 (2022: approximately HK\$115,088,000).
- Profit attributable to the owners of the Company for the year ended 31 March 2023 amounted to approximately HK\$33,389,000 (2022: Profit of approximately HK\$27,180,000).
- Total equity attributable to owners of the Company as at 31 March 2023 was approximately HK\$252,890,000 (2022: approximately HK\$213,338,000).
- Basic and diluted earnings per share from continuing operations attributable to the owners of the Company for the year ended 31 March 2023 was approximately HK8.47 cent and HK8.39 cent respectively (2022 (restated): Basic and diluted loss per share attributable to the owners of the Company of approximately HK6.91 cent and HK6.91 cent respectively).
- The Board of directors do not recommend a final dividend (2022: Nil) for the year ended 31 March 2023.
- Bonus issue of one new share for every ten existing shares.

The board (the “Board”) of Directors is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 March 2023 together with the comparative audited figures for the proceeding financial year as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b><i>Continuing Operations</i></b>			
Revenue	3	<b>237,253</b>	115,088
Cost of sales and services		<b>(95,250)</b>	(30,781)
Other income	4	<b>2,594</b>	1,745
Other gains and losses, net	5	<b>574</b>	(1,942)
Impairment losses under expected credit losses, net of reversal		<b>(3,754)</b>	681
Selling and distribution costs		<b>(20,401)</b>	(5,025)
Administrative expenses		<b>(75,259)</b>	(45,580)
Finance costs	6	<b>(2,391)</b>	(2,238)
Share of results of associates		<b>–</b>	–
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>43,366</b>	31,948
Income tax expenses	7	<b>(8,776)</b>	(3,971)
		<hr/>	<hr/>
Profit for the year from Continuing Operations		<b>34,590</b>	27,977
<b><i>Discontinued Operation</i></b>			
Loss for the year from Discontinued Operation		<b>–</b>	(1,970)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>34,590</b>	26,007
		<hr/>	<hr/>
<b>Other comprehensive income for the year, net of income tax</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Gain on disposal of equity instrument at fair value through other comprehensive income		<b>–</b>	80
		<hr/>	<hr/>
<b>Other comprehensive income for the year, net of income tax</b>		<b>–</b>	80
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>34,590</b>	26,087
		<hr/>	<hr/>

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Profit/(loss) for the year attributable to:</b>			
– Owners of the Company		<b>33,389</b>	27,180
– Non-controlling interests		<b>1,201</b>	(1,173)
		<b><u>34,590</u></b>	<u>26,007</u>
<b>Total comprehensive income/(expenses) for the year attributable to:</b>			
– Owners of the Company		<b>33,389</b>	27,260
– Non-controlling interests		<b>1,201</b>	(1,173)
		<b><u>34,590</u></b>	<u>26,087</u>
		<i>HK cent</i>	<i>HK cent</i> (Restated)
<b>Earnings per share</b>			
<i>From continuing and discontinued operations</i>			
– Basic	9	<b><u>8.47</u></b>	<u>6.91</u>
– Diluted		<b><u>8.39</u></b>	<u>6.91</u>
<i>From Continuing Operations</i>			
– Basic		<b><u>8.47</u></b>	<u>7.41</u>
– Diluted		<b><u>8.39</u></b>	<u>7.41</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (Restated)
<b>Non-current assets</b>			
Property, plant and equipment		<b>35,503</b>	34,649
Investment property		–	–
Intangible assets		<b>705</b>	900
Goodwill		<b>177,764</b>	175,070
Interests in associates		–	–
Equity instrument at fair value through other comprehensive income		–	–
Rental deposits	<i>10</i>	<b>3,175</b>	2,776
		<b>217,147</b>	213,395
<b>Current assets</b>			
Inventories		–	3,055
Trade and other receivables	<i>10</i>	<b>58,705</b>	41,575
Loan receivables		<b>43,217</b>	42,123
Amount due from an associate		–	6,230
Financial assets at fair value through profit or loss		<b>11,930</b>	1,993
Cash and cash equivalents		<b>48,599</b>	21,018
		<b>162,451</b>	115,994
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>12,469</b>	9,798
Contract liabilities		<b>33,256</b>	24,994
Bank and other borrowings		<b>5,000</b>	5,000
Lease liabilities		<b>12,289</b>	9,494
Tax payable		<b>6,477</b>	14,869
Provision for litigation		<b>1,735</b>	1,735
		<b>71,226</b>	65,890
<b>Net current assets</b>		<b>91,225</b>	50,104
<b>Total assets less current liabilities</b>		<b>308,372</b>	263,499

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (Restated)
<b>Non-current liabilities</b>			
Other payables	<i>11</i>	<b>45,538</b>	36,585
Lease liabilities		<b>9,753</b>	14,783
Deferred tax liabilities		<b>663</b>	14
		<u><b>55,954</b></u>	<u>51,382</u>
		<u><b>252,418</b></u>	<u>212,117</u>
<b>Capital and reserves</b>			
Share capital		<b>197</b>	179
Reserves		<b>252,693</b>	213,159
		<u><b>252,890</b></u>	<u>213,338</u>
<b>Equity attributable to owners of the Company</b>		<u><b>252,890</b></u>	<u>213,338</u>
<b>Non-controlling interests</b>		<u><b>(472)</b></u>	<u>(1,221)</u>
		<u><b>252,418</b></u>	<u>212,117</u>

## 1. GENERAL

Legendary Education Group Limited (formerly known as Legendary Group Limited, the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 5 June 2014 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 October 2014.

The addresses of the registered office and the principal place of business of the Company are P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and 5/F, World Interest Building, 8 Tsun Yip Lane, Kwun Tong, Hong Kong, respectively.

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in the financial statements.

Pursuant to the special resolution of the shareholders of the Company passed on 3 April 2023, the name of the Company was changed from “Legendary Group Limited” to “Legendary Education Group Limited” and the dual foreign name in Chinese of the Company was changed from “創天傳承集團有限公司” to “傳承教育集團有限公司”.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These consolidated financial statements are presented in Hong Kong dollar (“HK\$”) which is the Company’s functional and presentation currency, and all value are rounded to the nearest thousand HK\$ except where otherwise indicated.

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Amendments to HKFRS 3
Amendments to HKAS 16	Covid-19-Related Rent Concessions
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The directors of the Company consider that the application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HK Int 5 (Revised)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all these new and revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.



### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

Revenue from contracts with customers represents the fair value of amounts received and receivable from the manufacturing and sales of OEM garment products, provision of financial quotient and investment education courses and private supplementary education courses and interest income from loan receivables.

Disaggregation of revenue from contracts with customers by major products or service lines from Continuing Operations (as defined below) is as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
– Provision of financial quotient and investment education courses	<b>161,726</b>	97,567
– Provision of private supplementary education courses	<b>70,388</b>	13,983
– Retailing and wholesaling of garment products under the Group's own brand and high-end fashion brand	<b>860</b>	310
– Manufacturing and sales of OEM garment products	<b>800</b>	–
	<b>233,774</b>	111,860
Revenue from other sources:		
– Interest income from loan receivables	<b>3,479</b>	2,895
– Rental income from leasing of properties	–	333
	<b>237,253</b>	115,088

The following table shows the amounts of revenue recognised in the current reporting period from Continuing Operations that were included in the contract liabilities at the beginning of the reporting period:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Provision of financial quotient and investment education and private supplementary education courses	<b>24,994</b>	29,808

The following is an analysis of the Group’s revenue from its major products and services from Continuing Operations:

	<b>2023</b>	2022
	<b>HK\$’000</b>	HK\$’000
Revenue from its major products and services:		
– Tuition fee from financial quotient and investment education courses	<b>161,726</b>	97,567
– Tuition fee from private supplementary education courses	<b>70,388</b>	13,983
– Garment products	<b>1,660</b>	310
– Interest income from loan receivables	<b>3,479</b>	2,895
– Rental income	<b>–</b>	333
	<u><b>237,253</b></u>	<u>115,088</u>

All sales contracts with customers within the scope of HKFRS 15 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these contracts for the remaining unsatisfied performance obligations is not disclosed.

During the year ended 31 March 2023, total amounts of interest income on financial assets measured at amortised cost from Continuing Operations are as follows:

	<b>2023</b>	2022
	<b>HK\$’000</b>	HK\$’000
Interest income from:		
– Loan receivables	<b>3,479</b>	2,895
– Others	<b>9</b>	477
	<u><b>3,488</b></u>	<u>3,372</u>

**(b) Segment information**

The Group manages its businesses by divisions, which are organised by business lines (products and services). The operating segments of the Group are identified in a manner consistent with the way in which information is reported internally to the Company’s executive directors (the chief operating decision maker, “CODM”) for the purposes of resource allocation and performance assessment.

On 30 August 2021, the Company disposed of its entire equity interest in Hung Lee Asia Trading Limited (“Hung Lee”), which was mainly engaged in the wholesaling of seafood. Subsequent to the disposal of Hung Lee, the Group has ceased and terminated its “Wholesaling Business: wholesaling of seafood” business, which was a separate operating segment and reportable segment of the Group and thus this business segment was classified as discontinued operation (the “Discontinued Operation”) and their net results for the year and the comparatives financial information are excluded from the Continuing Operations and are presented in the consolidated statement of profit or loss and other comprehensive income as a separate as one-line item below “profit for the year from Continuing Operations”.

The Group commenced into a new business line relating to the Private Supplementary Education Business which has been identified as a new business Private Supplementary Education Business of the Group in September 2021.

During the years ended 31 March 2023 and 2022, the Company has presented the following six reportable and operating segments (the “Continuing Operations”) under HKFRS 8:

- (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 to generate interest income;
- (iv) Financial Quotient and Investment Education Business: Provision of financial quotient and investment education courses;
- (v) Property Investment Business: Investing in properties in Asia Pacific region to generate rental income and to gain from the appreciation in the properties’ values in the long term; and
- (vi) Private Supplementary Education Business: Provision of private supplementary education courses.

No operating segments have been aggregated to form the following reportable segments.

For the purposes of assessing segment performance and allocating resources between segments, the Company’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.

Segment results represents pre-tax profit earned/loss incurred from each segment without allocation of other income, other gains and losses, net, certain corporate administrative expenses, share of profit/loss of associates, certain impairment and central finance costs. This is the measure reported to the chief operating decision maker of the Group for the purpose of resource allocation and performance assessment.

Segments assets include all tangible and intangible assets and current assets with the exception of goodwill, investments in financial assets at fair value through profit or loss and other corporate assets. Segment liabilities include provisions, lease liabilities and trade and other payables attributable to the activities of the individual segments and borrowings managed directly by the segments.

In addition to receiving segment information concerning segment profit/(loss), the Company’s executive directors are provided with segment information concerning revenue, interest income and expenses from cash balances and borrowings managed directly by the segments, depreciation and amortisation, impairment losses, and additions to non-current segment assets (other than financial instruments and deferred tax assets) used by the segments in their operations.

The accounting policies of the operating segments are the same as the Group's accounting policies.

Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 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 years ended 31 March 2022 and 2023 is set out below:

	OEM Business HK\$'000	Retail Business HK\$'000	Money Lending Business HK\$'000	Financial Quotient and Investment Education Business HK\$'000	Property Investment Business HK\$'000	Private Supplementary Education Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
<i>Year ended 31 March 2023</i>								
<b>From Continuing Operations:</b>								
<b>Reportable segment revenue:</b>								
Disaggregated by timing of revenue recognition								
- Point in time	800	860	-	161,726	-	70,388	-	233,774
- Revenue from other sources	-	-	3,479	-	-	-	-	3,479
	<u>800</u>	<u>860</u>	<u>3,479</u>	<u>161,726</u>	<u>-</u>	<u>70,388</u>	<u>-</u>	<u>237,253</u>
Revenue from external customers	<u>800</u>	<u>860</u>	<u>3,479</u>	<u>161,726</u>	<u>-</u>	<u>70,388</u>	<u>-</u>	<u>237,253</u>
<b>Reportable segment profit/(loss)</b>	<u>360</u>	<u>(69)</u>	<u>1,412</u>	<u>39,500</u>	<u>-</u>	<u>6,975</u>	<u>(6,177)</u>	<u>42,001</u>
Other income								2,594
Other gains and losses, net								574
Impairment losses under expected credit losses, net of reversal								(1,803)
Consolidated profit before taxation								<u>43,366</u>
<i>As at 31 March 2023</i>								
<b>Assets</b>								
Reportable segment assets (including interests in associates)	<u>-*</u>	<u>5,047</u>	<u>49,278</u>	<u>53,714</u>	<u>-</u>	<u>59,581</u>	<u>21,579</u>	<u>189,199</u>
Goodwill								177,764
Intangible assets								705
Financial assets at fair value through profit or loss								<u>11,930</u>
Consolidated total assets								<u>379,598</u>

	OEM Business HK\$'000	Retail Business HK\$'000	Money Lending Business HK\$'000	Financial Quotient and Investment Education Business HK\$'000	Property Investment Business HK\$'000	Private Supplementary Education Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Liabilities</b>								
Reportable segment liabilities	<u>-*</u>	<u>454</u>	<u>308</u>	<u>50,417</u>	<u>-</u>	<u>18,311</u>	<u>14,644</u>	84,134
Other payable for acquisition of subsidiaries								<u>43,046</u>
Consolidated total liabilities								<u>127,180</u>
<i>As at and year ended 31 March 2023</i>								
<b>Other segment information</b>								
Additions to non-current assets during the year	-	-	-	2,655	-	6,035	7,942	16,632
Depreciation for the year	-	-	48	3,554	-	9,080	4,196	16,878
Amortisation for the year	-	-	-	195	-	-	-	195
Finance costs	-	-	2	1,664	-	499	226	2,391
Interest income from banks	-	-	(2)	(7)	-	-	-	(9)
Impairment losses under expected credit losses, net of reversal	-	-	1,951	-	-	-	1,803	3,754
Written back long outstanding trade and other payables	<u>(60)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60)</u>

\* Less than HK\$1,000.

	OEM Business HK\$'000	Retail Business HK\$'000	Money Lending Business HK\$'000	Financial Quotient and Investment Education Business HK\$'000	Property Investment Business HK\$'000	Private Supplementary Education Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
<i>Year ended 31 March 2022</i>								
<b>From Continuing Operations:</b>								
<b>Reportable segment revenue:</b>								
Disaggregated by timing of revenue recognition								
- Point in time	-	310	-	97,567	-	13,983	-	111,860
- Revenue from other sources	-	-	2,895	-	333	-	-	3,228
Revenue from external customers	-*	310	2,895	97,567	333	13,983	-	115,088
<b>Reportable segment profit/(loss)</b>	-*	(76)	2,161	39,384	(930)	(4,200)	(4,875)	31,464
Other income								1,745
Other gains and losses, net								(1,942)
Impairment losses under expected credit losses, net of reversal								681
Consolidated profit before taxation								31,948
<i>As at 31 March 2022</i>								
<b>Assets</b>								
Reportable segment assets (including interests in associate)	-*	5,930	46,823	40,519	188	42,182	15,784	151,426
Goodwill (restated)								175,070
Intangible assets (restated)								900
Financial assets at fair value through profit or loss								1,993
Consolidated total assets								329,389

	OEM Business HK\$'000	Retail Business HK\$'000	Money Lending Business HK\$'000	Financial Quotient and Investment Education Business HK\$'000	Property Investment Business HK\$'000	Private Supplementary Education Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Liabilities</b>								
Reportable segment liabilities	-*	74	356	44,549	-	20,977	14,731	80,687
Other payable for acquisition of subsidiaries								36,585
Consolidated total liabilities								117,272

*As at and year ended 31 March 2022*

**Other segment information**

Additions to non-current assets during the year	-	-	144	1,745	-	23,008	2,456	27,353
Depreciation for the year	-	11	48	784	-	4,051	2,805	7,699
Amortisation for the year	-	-	-	75	-	-	-	75
Finance costs	-	-	4	95	71	297	1,771	2,238
Loan receivables written off	-	-	1,976	-	-	-	-	1,976
Deposits and other receivables written off	-	-	-	148	-	-	513	661
Interest income from banks	-	-	-	(1)	-	-	-	(1)
Impairment losses under expected credit losses, net of reversal	-	69	(750)	-	-	-	-	(681)
Recovery of trade and other receivables	-	-	-	-	-	-	(116)	(116)
Written back long outstanding trade and other payables	-	-	(365)	(718)	-	-	(3,304)	(4,387)

\* Less than HK\$1,000.

**Geographical information**

The Group principally operates in Hong Kong, also the place of domicile. During the years ended 31 March 2023 and 2022, all revenue from Continuing Operations was derived from Hong Kong based on the location of the customers and services delivered and the Group's non-current assets are all mainly located in Hong Kong.

**Information about major customers**

There is no single customer contributed to 10% or more revenue to the Group's revenue for the year.

#### 4. OTHER INCOME

Other income from Continuing Operations is as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Rental income from course center	<b>1,206</b>	1,142
Interest income from amounts due from directors	–	476
Bank interest income	<b>9</b>	1
Dividend income from financial assets at FVTPL	–	56
Government subsidy <i>(note below)</i>	<b>891</b>	29
Sundry income	<b>488</b>	41
	<hr/> <b>2,594</b> <hr/>	<hr/> 1,745 <hr/>

*Note:* During the year ended 31 March 2023, government subsidy has been received from Hong Kong Employee Support Scheme under the Anti-epidemic Fund to support the eligible employers for paying wages of employees from May to July 2022. Employers are required to undertake and warrant that they will not implement redundancies during the subsidy period and spend all the wage subsidies on paying wages to their employees. As at 31 March 2023, there were no unfulfilled conditions or contingencies relating to this subsidy.

During the year ended 31 March 2022, government subsidy has been received from Hong Kong Reimbursement of Maternity Leave Pay Scheme to reimburse the maternity leave pay of the 11th to 14th weeks' maternity leave that has been paid to the employee under Hong Kong Employment Ordinance. As at 31 March 2022, there are no unfulfilled conditions or contingencies relating to this subsidy.



## 5. OTHER GAINS AND LOSSES, NET

Other gains and losses, net from Continuing Operations is as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Changes in fair value of financial assets at FVTPL	<b>7,709</b>	(2,521)
Gain/(losses) on disposal of financial assets at FVTPL	<b>274</b>	(1,287)
Impairment of goodwill	<b>(7,389)</b>	–
Loan receivables written off	–	(1,976)
Deposit and other receivables written off	<b>(80)</b>	(661)
Written back long outstanding trade and other payables	<b>60</b>	4,387
Recovery of trade and other receivables written off in previous years	–	116
	<b>574</b>	(1,942)

## 6. FINANCE COSTS

Finance costs from Continuing Operations is as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on bank and other borrowings	<b>143</b>	724
Interest on promissory note payables	<b>92</b>	850
Interest on lease liabilities	<b>902</b>	619
Imputed interest on other payables	<b>1,254</b>	45
	<b>2,391</b>	2,238

## 7. INCOME TAX EXPENSES

Income tax expenses from Continuing Operations represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current year	7,528	4,024
– Under-provision in prior years	<u>599</u>	<u>(53)</u>
	8,127	3,971
Deferred tax		
– Current year	<u>649</u>	<u>–</u>
	<u><b>8,776</b></u>	<u><b>3,971</b></u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of Group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying Group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI, respectively.

The tax charge for the year can be reconciled to the profit before taxation from Continuing Operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Profit before taxation from Continuing Operations	<b>43,366</b>	31,948
Tax at the domestic income tax rate of 16.5% or 8.25%	<b>6,991</b>	5,271
Tax effect of:		
– Income not taxable for tax purpose	<b>(1,964)</b>	(489)
– Expenses not deductible for tax purpose	<b>2,296</b>	1,274
– Effect on other temporary differences not recognised	<b>1,392</b>	(750)
– Utilisation of tax losses	<b>(1,717)</b>	(2,566)
– Tax losses not recognised	<b>1,209</b>	1,811
Statutory tax concession	<b>(30)</b>	(40)
Under-provision/(over-provision) in prior years	<b>599</b>	(53)
– Others	<b>–</b>	(487)
Income tax expenses	<b>8,776</b>	3,971

## 8. DIVIDENDS

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Dividends recognised as distributions during the year:		
Interim dividend – Nil (2022: HK\$0.0075 per share)	–	13,367
Final dividend – Nil (2022: HK\$0.0072 per share)	–	12,881
Net cash outflows	<b>–</b>	26,248

The Board of directors do not recommend a final dividend for the year ended 31 March 2023.

## 9. EARNINGS PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Earnings per share from continuing and discontinued operations</b>		
Profit for the year from continuing and discontinued operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	<u><b>33,389</b></u>	<u>27,180</u>

Number of shares are calculated as follows:

	<b>2023</b>	2022
		(restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	<b>394,301,665</b>	393,475,911
Effect of dilutive potential ordinary shares:		
– Share options	<u><b>3,857,686</b></u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><b>398,159,351</b></u>	<u>393,475,911</u>

The number of ordinary shares for the purposes of basic earnings per share for the year ended 31 March 2022 and 2023 have been retrospectively adjusted for the September 2022 Bonus Issue and September 2021 Share Consolidation.

For the years ended 31 March 2023, the October 2022 Share Options granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from October 2022 Share Options granted by the Company. No adjustment is made to earnings.

The computation of diluted earnings per share for the years ended 31 March 2022 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the shares for the year ended 31 March 2022.

## From Continuing Operations

The calculation of the basic and diluted earnings per share from Continuing Operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Earnings per share from Continuing Operations</b>		
Profit for the year attributable to the owners of the Company for the purpose of basic and diluted loss per share	<b>33,389</b>	27,180
Add: Loss for the year from Discontinued Operation	<u>–</u>	<u>1,970</u>
Profit for the year from Continuing Operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	<u><b>33,389</b></u>	<u>29,150</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share.

## From Discontinued Operation

Basic loss per share for the Discontinued Operations for the year ended 31 March 2022 is HK0.500 cents per share based on the loss for the year from Discontinued Operation of approximately HK\$1,970,000 and the denominators used are the same as those detailed above for basic earnings per share.

Diluted loss per share for the Discontinued Operations for the year ended 31 March 2022 is HK0.500 cents per share based on the loss for the year from Discontinued Operation of approximately HK\$1,970,000 and the denominators used are the same as those detailed above for diluted earnings per share.

No basic and diluted earnings/loss per shares for the Discontinued Operations for the year ended 31 March 2023 were presented as the Group's earnings/loss for the year ended 31 March 2023 from Discontinued Operation is nil.

## 10. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	6,164	2,088
Less: Impairment	<u>(190)</u>	<u>(69)</u>
	5,974	2,019
Other receivables	21,489	11,097
Temporary receipts	7,248	8,444
Other deposits	5,206	4,539
Deposits for decoration	3,530	3,530
Other prepayments <i>(note below)</i>	15,026	11,131
Rental deposits	<u>3,407</u>	<u>3,591</u>
	<u><b>61,880</b></u>	<u><b>44,351</b></u>
Analysed as:		
– Current	58,705	41,575
– Non-current	<u>3,175</u>	<u>2,776</u>
	<u><b>61,880</b></u>	<u><b>44,351</b></u>

*Note:* Other prepayment including prepayment to Mr. YY Lam and his related company amounted to HK\$12,879,000 (31 March 2022: HK\$6,970,000).

The Group allows credit period ranging from 30 days to 60 days to customers from OEM Business. The Group allows credit period ranging from 30 days to 60 days to customers from Retailing and Wholesaling Business.

As 31 March 2023, the trade receivables from contracts with customers amounted to HK\$5,974,000 (31 March 2022: HK\$2,019,000).

As at the end of the reporting period, an ageing analysis of the trade receivables, net of loss allowances presented based on the invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	5,470	1,326
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	<u>504</u>	<u>693</u>
	<u><b>5,974</b></u>	<u><b>2,019</b></u>

## 11. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	448	60
Accrued staff salaries	4,759	2,541
Other accruals and payables	7,262	7,197
Other financial liabilities comprise <i>(note below)</i>		
– Payables for acquisition of KC Training Company Limited	4,154	7,173
– Payables for acquisition of Brilliant Ever Global Limited	30,795	29,412
– Payables for acquisition of Best Take Global Limited	7,184	–
– Payables for acquisition of Hong Kong Institute of Professional Studies Limited	914	–
Promissory note payable	2,491	–
	<u>58,007</u>	<u>46,383</u>
Analysed as:		
– Current	12,469	9,798
– Non-current	45,538	36,585
	<u>58,007</u>	<u>46,383</u>

*Note:* The amounts represent contingent consideration payables by the Group regarding the acquisition of certain subsidiaries during the years ended 31 March 2023 and 2022 which are recognised as financial liabilities of the Group.

An ageing analysis of the trade payables as at the end of the reporting period based on the invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Over 90 days	<u>448</u>	<u>60</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group principally derives its revenue from the following business arms: (i) OEM business segment, which entails product design and development, raw materials sourcing and procurement, manufacturing and product quality control management (the “OEM Business”); (ii) apparel retail business segment, which entails designing, procuring, manufacturing, marketing and retailing of pure cashmere apparel and other apparel products as well as accessories through the retail network in Hong Kong under the Group’s own brand and high-end fashion brand (the “Retail Business”); (iii) money lending business segment, which provides financing to customers for interest income (“Money Lending Business”); (iv) financial quotient and investment education business segment, which provides financial quotient and investment education courses for the customers in return of tuition fees from them (“Financial Quotient and Investment Education Business”); (v) property investment business (“Property Investment Business”); and (vi) private supplementary education business segment, which provides private supplementary education courses for the students in return of tuition fees from them (“Private Supplementary Education Business”).

### OEM Business

The garment sector of the consumer market has experienced a downturn in recent year. Meanwhile, the Company currently has no intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on disposal, termination and/or scaling-down of the Company’s OEM business. The Group will cautiously monitor the business environment, market sentiment and customers’ behaviors of the OEM business and will continue to devote effort to the development of the OEM business. Going forward, the Group will continue to focus on expanding the customer base by diversifying the service scope of the OEM business. During the year ended 31 March 2023, the Group started business with a new customer based in Hong Kong which provides non-garment textile products to commercial offices, restaurants, healthcare and retail premises.

### Retail Business

While the economic slowdown in the People’s Republic of China (the “PRC”) and the outbreak of the COVID-19 in early 2020 eroded consumer confidence, the shifting of pattern to online shopping further negatively impacted the Retail Business.

Under such an unfavorable ambience, the Group has adopted a prudent approach in restructuring its sales network aiming at minimising the operating costs amid meeting the shift of consumers’ preference towards shopping online.



## **Money Lending Business**

The Group obtained the money lender licence and commenced Money Lending Business from June 2016. During the year ended 31 March 2023, the Money Lending Business had generated interest income of approximately HK\$3.5 million, representing an increase of approximately 20.2% compared to that of last financial year. Since the outbreak of the COVID-19 in early 2020, the business environment in Hong Kong has been affected by the worsening economy caused by the COVID-19 pandemic. The Group expects that such challenging and unpredictable environment may affect the loan demand and lending risks of the Group.

Therefore, the Group will continue to evaluate its risk management measures and ensure a proper balance between return and risk in the long run.

## **Financial Quotient and Investment Education Business**

During the year ended 31 March 2021, the Group established the Financial Quotient and Investment Education Business. The Group provides financial quotient and investment education courses for the customers, aiming at enhancing their knowledge in the areas of finance and investment. The Group in return earns tuition fee income from the provision of courses. During the year ended 31 March 2023, certain courses were completed with inspiring achievements and revenue of approximately HK\$161.7 million, representing an increase of approximately 65.8% as compared to that of approximately HK\$97.6 million for the last financial year.

## **Property Investment Business**

The Group also established the Property Investment Business during the year ended 31 March 2020. The Group will keep seeking for opportunities of asset appreciation and cash flow return in the property market within Hong Kong and in the Asian-Pacific region.

## **Private Supplementary Education Business**

In August 2021, the Group resolved to develop the business of provision of private supplementary education services as a new business of the Group. Private supplementary education services play a supplemental role to regular schools, helping students deepen their understanding of what they have learnt in classes, improve their school grades and better prepare themselves for public examinations. Private supplementary education services, especially those for local secondary school students, have been in high demand in Hong Kong.

On 15 December 2021, each of the education centers located in Causeway Bay, Kowloon Bay and Prince Edward has obtained the “Certificate of Provisional Registration of A School” granted by the Education Bureau of Hong Kong.

During the year ended 31 March 2023, the Private Supplementary Education Business had generated revenue of approximately HK\$70.4 million and recorded profit of approximately HK\$7.0 million.

## **PROSPECTS**

For the OEM Business, the management of the Group (the “Management”) is committed to strengthening the customer base. The Group will continue to find new orders and customers. Also, as mentioned above, the Group started to have business with a new customer based in Hong Kong which provides non-garment textile products to commercial offices, restaurants, healthcare and retail premises.

For the Retail Business, the Management will closely monitor the consumers’ behaviour and will continue the promotion campaigns. Because of the outbreak of coronavirus in Hong Kong, there was an adverse impact to the Group and accordingly, the Management will actively keep monitoring the performance of the Group, and will implement appropriate strategy in a timely manner. Despite the uncertainties, the Management still remains positive towards the Retail Business in the long run.

For Money Lending Business, the Group will continue to expand in a prudent and balanced risk management approach.

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\$115.1 million for the year ended 31 March 2022 to approximately HK\$237.3 million for the year ended 31 March 2023, representing an increase of approximately 106.2%, which was mainly driven by the strong performance of the “Financial Quotient and Investment Education Business” and the “Private Supplementary Education Business”.

For the Financial Quotient and Investment Education Business, certain courses were completed with inspiring achievements and revenue of approximately HK\$161.7 million for the year ended 31 March 2023, representing an increase of approximately 65.8% as compared to that of approximately HK\$97.6 million for the last financial year and accounting for approximately 68.1% of the revenue.

For the new business of private supplementary education services, it had achieved encouraging results with tuition income of approximately HK\$70.4 million for the year ended 31 March 2023, representing a significant increase of over 4 times as compared to that of approximately HK\$14.0 million for the last financial year and accounting for approximately 29.7% of the revenue.

For the Retail Business and Money Lending Business, it had generated income of approximately HK\$0.9 million and HK\$3.5 million for the year ended 31 March 2023, representing 0.4% and 1.5% of the total revenue respectively.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the year ended 31 March 2022 and 31 March 2023.

	<b>Year ended 31 March</b>			
	<b>2023</b>		<b>2022</b>	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
OEM Business	<b>800</b>	<b>0.3</b>	–	0.0
Retail Business	<b>860</b>	<b>0.4</b>	310	0.3
Money Lending Business	<b>3,479</b>	<b>1.5</b>	2,895	2.5
Financial Quotient and Investment				
Education Business	<b>161,726</b>	<b>68.1</b>	97,567	84.7
Property Investment Business	–	<b>0.0</b>	333	0.3
Private Supplementary Education				
Business	<b>70,388</b>	<b>29.7</b>	13,983	12.2
	<b>237,253</b>	<b>100.0</b>	115,088	100.0

### **Cost of sales and services**

The majority of the Group's cost of sales and services was raw material costs, labor and operating cost of financial quotient and investment education courses and private supplementary education courses. The Group's cost of sales and services increased by approximately 209.4% to approximately HK\$95.3 million for the year ended 31 March 2023 as compared to the year ended 31 March 2022.

### **Expenses**

Selling and administrative expenses for the year ended 31 March 2023 was approximately HK\$95.7 million (2022: HK\$50.6 million), representing an increase of approximately HK\$45.1 million. The increase was mainly due to the share option expenses, the further development of private supplementary education business and increase of marketing and administration expenses relating in financial quotient and investment education business.

### **Profit for the year**

The profit for the year ended 31 March 2023 was approximately HK\$34.6 million. The profit for the year ended 31 March 2022 was approximately HK\$26.0 million.

# LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

## Capital structure

As at 31 March 2023, the share capital and equity attributable to owners of the Company amounted to approximately HK\$197,000 and HK\$252.9 million respectively (2022: HK\$179,000 and HK\$213.3 million respectively).

## Cash position

As at 31 March 2023, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$48.6 million (2022: HK\$21.0 million), representing an increase of approximately 131.4% as compared to that of at 31 March 2022.

## Gearing ratio

As at 31 March 2023, the Group's total borrowings (including the promissory notes) were HK\$7.5 million (31 March 2022: HK\$5.0 million). The gearing ratio was approximately 3.0% as at 31 March 2023 (31 March 2022: approximately 2.4%).

## Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK\$"). The Group's assets and liabilities are mainly denominated in HK\$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks.

## Change of company name

On 2 June 2023, the Company changed its English name from "Legendary Group Limited" to "Legendary Education Group Limited" and adopted the Chinese name "傳承教育集團有限公司" as its dual foreign name to replace its former Chinese name "創天傳承集團有限公司" (the "Change of Company Name"). Further details of the Change of Company Name were set out in the announcement of the Company dated 7 March 2023 and 2 June 2023, and the circular of the Company dated 7 March 2023. The Change of Company Name was registered with the Registrar of Companies in Hong Kong on 5 May 2023. Following the Change of Company Name becoming effective, the stock short name of the Company has been changed from "LEGENDARY GROUP" in English and "創天傳承" in Chinese to "LEGENDARY EDU" in English and "傳承教育集團" in Chinese with effect from 9:00 a.m. on 7 June 2023. The Company also adopted a new company logo with effect from 2 June 2023.

## **Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets**

On 16 August 2022, Able Glorious Limited (“Able Glorious”), a direct wholly owned subsidiary of the Company, and the vendor entered into an agreement, pursuant to which, Able Glorious has agreed to acquire and the vendor has agreed to sell 100% equity interest of Best Take Global Limited (“Best Take Global”), at the Consideration of HK\$15,000,000, which would be settled (i) as to HK\$12.4 million by the issuance of the Promissory Notes by the Company to the Vendor; (ii) as to HK\$1.2 million by cash; and (iii) as to HK\$1.4 million by the assumption of the Assumed Liabilities by Able Glorious. Best Take Global currently operates three pole dance studios in Hong Kong, offering various courses for members of varying experience level. Leveraging on the extensive industry experience of its management and lead instructors, Best Take Global has established solid reputation and is widely recognized for its high-quality and experienced training team, which consists of top talents with regional championship titles. Details of the transaction were set out in the Company’s announcement dated 16 August 2022.

On 27 September 2022, Able Glorious and the vendor entered into an agreement, pursuant to which, Able Glorious has agreed to acquire and the vendor has agreed to sell 75% equity interest of Hong Kong Institute of Professional Studies Limited (“HKIPS”), at the Consideration of HK\$2,000,000, which would be settled by cash. HKIPS is dedicated to delivering the Certificate Courses to equip its individual customers with financial analysis skill. With track record of over 15 years, HKIPS has established solid brand awareness and expertise in the financial education industry. Furthermore, the Certificate Courses provided by HKIPS are registered under the Continuing Education Fund, enabling students to apply for reimbursement of part of their course fees paid, which creates a stable student pipeline for the Certificate Courses. Details of the transaction were set out in the Company’s announcement dated 27 September 2022.

Save for the above acquisitions and disposal and as disclosed elsewhere in this announcement, there were no significant investments, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2023.

Saved as disclosed in this announcement, there was no future plan for material investments or capital assets as at 31 March 2023.

### **Contingent Liabilities**

The Group had no material contingent liabilities as at 31 March 2023 (2022: Nil).

### **Capital Commitments**

The Group had no material capital commitments as at 31 March 2023 (2022: Nil).

## **Employees and Emolument Policies**

The Group had approximately 120 employees (including Directors) as at 31 March 2023 (2022: 90). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

## **Legal Proceedings**

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.

## SUSPENSION OF TRADING

At the request of the Company, the trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has been suspended with effect from 9:00 a.m. on 19 October 2021.

On 22 November 2021, the Company received a letter from the Stock Exchange setting out the following resumption guidance (the “Initial Resumption Guidance”) for the resumption of trading in the shares:

- i. have the winding-up petition (or order, if made) against the Company withdrawn or dismissed (the “Resumption Guidance 1”);
- ii. demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which will pose a risk to investors and damage market confidence (the “Resumption Guidance 2”); and
- iii. announce all material information for the Company’s shareholders and investors to appraise the Company’s position (the “Resumption Guidance 3”).

On 14 June 2022, the Company received a letter from the Stock Exchange setting out an additional resumption guidance that the Company to conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules (the “Resumption Guidance 4”, together with the Initial Resumption Guidance, the “Resumption Guidance”). Further details were set out in the Company’s announcement dated 19 October 2021, 1 November 2021, 3 November 2021, 26 November 2021, 23 November 2021, 18 January 2022, 14 April 2022, 7 June 2022, 17 June 2022, 20 June 2022, 29 June 2022, 30 June 2022, 18 July 2022 and 25 July 2022.

As all the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 9 August 2022 on the Stock Exchange. Details were set out in the Company’s announcement dated 8 August 2022.



## **Compliance Committee**

The Company established a compliance committee (the “Compliance Committee”) with effect from 20 June 2022. The Compliance Committee is responsible for overseeing the regulatory compliance with all relevant rules and regulations applicable to the Company, including but not limited to, the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”), the Securities and Futures Ordinance, and the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (together, “Applicable Laws”).

The members of the Compliance Committee consist of two independent non-executive Directors and one executive Director. The Board has appointed Mr. Chung Chin Kwan, Mr. Chan Kim Fai Eddie, both being independent non-executive Directors and Mr. Yuen Yu Sum, being the chairman of the Board and an executive Director, as members of the Compliance Committee. Mr. Chung Chin Kwan has been appointed as the chairman of the Compliance Committee.

The terms of reference of the Compliance Committee will be made available on the Company’s website at <http://www.legendaryedu.com> and the Stock Exchange’s website at <http://www.hkexnews.hk>.

With the aim to implement the Independent Consultant’s recommendation and strengthen the regulatory compliance function of the Group, the Company has engaged Kenneth Chong Law Office, an independent Hong Kong legal adviser, to provide consultation on Applicable Laws compliance to the Group for a period commencing from 1 July 2022 to 30 June 2023.

## **BONUS ISSUE**

On 26 September 2022, the board of the Company has resolved to recommend a bonus issue of Shares on the basis of one (1) Bonus Share for every ten (10) existing Shares held by the Qualifying Shareholders whose names appeared on the register of members of the Company on the Record Date. Details were set out in the Company’s announcements dated 26 September 2022 and 7 November 2022, and the Company’s circular dated 7 November 2022.

The Board has proposed to, subject to shareholders’ approval, make a bonus issue of Shares on the basis of one (1) bonus Share for every ten (10) existing Shares held by the qualifying Shareholders. The timetable and further details of the proposed bonus issue will be announced by the Company in due course.

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

On 26 September 2022, the board of the Company has resolved to propose the adoption of the Scheme. The purposes of the Scheme are to align the interests of Eligible Persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares and to encourage and enable Eligible Persons, upon whose judgment, initiative and efforts the Group largely depends on, for the successful conduct of its business, to make contributions to the long-term growth and profits of the Group and share in the success of the Group. Details were set out in the Company's announcements dated 26 September 2022 and 7 November 2022, and the Company's circular dated 7 November 2022.

### Securities Investment Held by the Group

Details of the investment performance for the year ended 31 March 2023 in respect of equity securities listed in Hong Kong held by the Group are as follows:

Name of investments	Notes	Movement during the year ended 31 March 2023								
		% to the total assets of the Group as at 1 April 2022	% of interest of the respective investments as at 1 April 2022	Fair value as at 1 April 2022 HK\$'000	Addition/ (disposal), net HK\$'000	Change on fair value, net HK\$'000	Fair value as at 31 March 2023 HK\$'000	% to the total assets of the Group as at 31 March 2023	% of interest of the respective investments as at 31 March 2023	Loss on disposal/redemption for the year ended 31 March 2023 HK\$'000
<b>Equity securities listed in Hong Kong</b>										
MOG Holdings Limited (1942)		0.03%	0.10%	109	(109)	-	-	-	-	52
Ju Teng International Holdings Ltd (3336)		0.10%	0.03%	330	(330)	-	-	-	-	20
Chinese Estates Holdings Limited (127)	(a)	N/A	N/A	-	770	54	824	0.22%	0.02%	25
				<u>439</u>	<u>331</u>	<u>54</u>	<u>824</u>			<u>97</u>
<b>Investment funds</b>										
Swiss Financial Services (Singapore) Pte Ltd. – Class L of Investment Target “DiDi Global Inc.”	(b)	0.47%	N/A	1,554	-	(208)	1,346	0.35%	N/A	-
				<u>1,993</u>	<u>331</u>	<u>(154)</u>	<u>2,170</u>			<u>97</u>

*Notes:*

- (a) The investment represented 333,500 shares, which was approximately 0.02% of the total issued shares of Chinese Estates Holdings Limited (“Chinese Estates”) as at 31 March 2023. Chinese Estates and its subsidiaries (“Chinese Estates Group”) is principally engaged in the business of property investments and development in Hong Kong, mainland China and overseas. The Group recorded an unrealized fair value gain of approximately HK\$54,000 in respect of its investment in Chinese Estates for the year ended 31 March 2023. According to Chinese Estates’ annual report for the year ended 31 December 2022, Chinese Estates Group recorded revenue and net profit of approximately HK\$1,436 million and HK\$1,152 million respectively.

The Group would also continue to monitor the performance and share price of Chinese Estates.

- (b) The unlisted equity investment is issued by private entities with operations in Cayman Islands. The investment is carried at cost less impairment as management believes that the range of fair value estimates is so wide that the fair value cannot be estimated reliably.

## **PURCHASE, SALE OR REDEMPTION OF THE SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the year ended 31 March 2023.

## **CORPORATE GOVERNANCE PRACTICES**

The Board has adopted various policies to ensure compliance with the code provisions of the CG Code under Appendix 15 of the GEM Listing Rules. For the year ended 31 March 2023, save for the deviations as further explained below, the Company has fully complied with all applicable provisions of the CG Code. The Company will continue to enhance its corporate governance appropriate to the conduct and growth of its business and to review its corporate governance from time to time to ensure they comply with the statutory and the CG Code and align with the latest developments.

The Board currently comprises seven members, of which two are executive Directors namely Mr. Yuen Yu Sum and Mr. Chan Lap Jin Kevin and two non-executive Directors namely Mr. Law Wing Chung and Dr. Tang Sing Hing Kenny and three are independent non-executive Directors namely Mr. Chan Kim Fai Eddie, Mr. Chung Chin Kwan and Mr. Chung Kwok Pan.

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.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Group adopted the required standard 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 of the Company. Upon the Company's specific enquiry, each Director had confirmed that, they had fully complied with the required standard of dealings and there was no event of non-compliance for the year ended 31 March 2023.

## **AUDIT COMMITTEE**

The Company established the Audit Committee on 25 September 2014 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditors; review financial statements of the Company and judgments in respect of financial reporting; oversee internal control procedures of the Company; and review risk management and internal control system of the Group.

As at the date of this announcement, the Audit Committee consists of 3 independent non-executive Directors, namely Mr. Chan Kim Fai Eddie, Mr. Chung Chin Kwan and Mr. Chung Kwok Pan. Mr. Chan Kim Fai Eddie is the chairman of the Audit Committee.

The Group's results for the year ended 31 March 2023 had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2023 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 30 June 2023

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Yuen Yu Sum (Chairman) and Mr. Chan Lap Jin Kevin; two non-executive Directors, namely, Mr. Law Wing Chung and Dr. Tang Sing Hing Kenny; and three independent non-executive Directors, namely, Mr. Chung Chin Kwan, Mr. Chan Kim Fai Eddie and Mr. Chung Kwok Pan.*

*This announcement will remain on the "Latest Company Announcements" page of the 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.legendaryedu.com>.*