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## **LEGENDARY EDUCATION GROUP LIMITED**

**傳承教育集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8195)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **Placing Agent**



On 19 March 2024 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 38,462,000 Placing Shares at the Placing Price of HK\$1.30 per Placing Share to not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) are Independent Third Parties. The Placing Shares will be allotted and issued under the General Mandate.

Assuming that there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date, the maximum number of the Placing Shares under the Placing represents approximately (i) 9.2% of the existing issued share capital of the Company of 419,279,264 Shares as at the date of this announcement; and (ii) 8.4% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum number of the Placing Shares. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$19,231 based on par value of HK\$0.0005 per Share.

The Placing Price of HK\$1.30 per Placing Share represents (i) a discount of approximately 19.75% to the closing price of HK\$1.62 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.85% to the average closing price of HK\$1.622 per Share for the last five trading days immediately prior to the date of the Placing Agreement based on the respective daily closing prices quoted on the Stock Exchange.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$50.0 million and HK\$49.4 million, respectively. Assuming that all the Placing Shares are successfully placed, the net price per Placing Share will be approximately HK\$1.29.

**The Shareholders and the potential investors of the Company should note that Completion is subject to the fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, the Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

Reference is made to the announcement of the Company dated 1 March 2024 in relation to the proposed placing of new Shares under the General Mandate. The Board is pleased to announce that on 19 March 2024 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement.

## **THE PLACING AGREEMENT**

### **Date**

19 March 2024 (after trading hours)

### **Issuer**

The Company

### **Placing Agent**

Sino-Rich Securities & Futures Limited

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 38,462,000 Placing Shares to the Placees upon the terms and subject to the condition of the Placing Agreement.

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

### **Placees**

The Placing Agent will, on a best effort basis, place the Placing Shares either by itself or through its sub-placing agents to not less than six Placees, being individual(s), corporation(s) and/or institutional or professional investor(s), who and whose ultimate beneficial owner(s) (if applicable) are Independent Third Parties. The Placing Agent shall use its best endeavour to ensure that none of the Placees, together with their ultimate beneficial owner(s) (if applicable), will become a substantial Shareholder (as defined in the GEM Listing Rules) as a result of the Placing.

## **Number of Placing Shares**

Assuming that there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date, the maximum number of the Placing Shares under the Placing represents approximately (i) 9.2% of the existing issued share capital of the Company of 419,279,264 Shares as at the date of this announcement; and (ii) 8.4% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum number of the Placing Shares. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$19,231 based on par value of HK\$0.0005 per Share.

## **Ranking of Placing Shares**

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue at the time of issue of the Placing Shares.

## **Placing Price**

The Placing Price of HK\$1.30 per Placing Share represents (i) a discount of approximately 19.75% to the closing price of HK\$1.62 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.85% to the average closing price of HK\$1.622 per Share for the last five trading days immediately prior to the date of the Placing Agreement based on the respective daily closing prices quoted on the Stock Exchange. The estimated expenses for the Placing amounted to approximately HK\$0.6 million, comprising placing commission and other related expenses and professional fees. Assuming that all the Placing Shares are successfully placed, the net price per Placing Share will be approximately HK\$1.29.

The Placing Price was determined with reference to the current market conditions, the prevailing market prices and the liquidity of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing, including the Placing Price, are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

## **Placing commission**

The placing commission to be received by the Placing Agent pursuant to the Placing Agreement is 0.95% of the amount equal to the Placing Price multiplied by the number of Placing Shares actually and successfully placed by the Placing Agent.

The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions, the size of the Placing as well as the trading performance of the Shares. The Directors consider that the terms of the Placing, including the placing commission, are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

## **General Mandate**

The Placing Shares will be issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. At the AGM 2023, the General Mandate was granted to the Directors to issue and allot up to 83,319,932 Shares, representing 20% of the then issued Shares. As at the date of this announcement, no Share has been issued under the General Mandate.

## **Application for listing of Placing Shares**

Application will be made by the Company to the Listing Committee for the grant of approval for the listing of, and permission to deal in, the Placing Shares.

## **Condition of the Placing Agreement**

Completion is conditional upon the Listing Committee granting the approval for the listing of, and permission to deal in, the Placing Shares.

If the above condition is not fulfilled on or prior to 8 April 2024 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement will terminate and none of the parties to the Placing Agreement will have any claim against the other for any costs or losses, damages, compensation or otherwise save in respect of any antecedent breaches of the Placing Agreement.

## **Termination of the Placing**

Pursuant to the Placing Agreement, if at any time up to but no later than 10:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent, the success of the Placing would or might be materially and adversely affected and making it impracticable to proceed with by:

- (i) any material breach of any of the representations, warranties and undertakings set out under the Placing Agreement; or
- (ii) any of the following events:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
  - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Placing Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or

- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong, the Cayman Islands or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective Shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company provided that such notice is received prior to 10:00 a.m. on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement pursuant to the above termination clause, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

### **Completion of the Placing**

Completion will take place on the Completion Date, subject to the fulfillment of the condition set out in the Placing Agreement. Please refer to the paragraph headed “Condition of the Placing Agreement” above in this announcement for details.

### **Lock-up undertaking**

The Placing Agent has unconditionally and irrevocably undertaken to the Company to procure that, for the period of 24 months from the Completion Date, each of the Placees will not, directly or indirectly, sell, give, transfer, assign or dispose of or otherwise create any encumbrance on the Placing Shares in any manner.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Company is an investment holding company. The Group is principally engaged in (i) provision of financial quotient and investment education courses (the “**Financial Quotient and Investment Education Business**”); (ii) provision of private supplementary education services; (iii) manufacturing and sales of OEM garment products; (iv) retailing and wholesaling of garment products under the Group’s own brand and high-end fashion brand; (v) provision of loan services; and (vi) property investment.

As disclosed in the annual report of the Company for the year ended 31 March 2023, it has been the intention of the Company to invest resources to the Financial Quotient and Investment Education Business for further expansion of the market share and the customer base. The net proceeds from the Placing will enhance the financial position of the Group with additional funding for the business development. In addition, the Placing will broaden both the shareholder base and the capital base of the Company thereby increasing the liquidity of the Shares within a relatively shorter time frame and at a lower cost compared with other means of fund raising.

Having considered that the terms of the Placing Agreement (including the Placing Price and the placing commission), which were determined after arm’s length negotiations between the Company and the Placing Agent, are on normal commercial terms and fair and reasonable, the Directors (including the independent non-executive Directors) consider that the entering into of the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$50.0 million and HK\$49.4 million, respectively. The net proceeds from the Placing are intended to be applied by the Company as to approximately (i) HK\$44.0 million for the potential expansion of the existing principal businesses of the Group including the Financial Quotient and Investment Education Business and the private supplementary education business; and (ii) HK\$5.4 million for working capital and general corporate purposes. It is expected that the net proceeds will be fully utilised by 31 March 2025.

## **FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS**

The Company has not conducted any fundraising activity involving the issue of its equity securities in the past twelve (12) months immediately preceding the date of this announcement.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 419,279,264 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming that there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date and all 38,462,000 Placing Shares have been successfully placed):

<b>Shareholders</b>	<b>As at the date of this announcement</b>		<b>Immediately upon Completion</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Substantial Shareholder</b>				
Mr. Lui Yu Kin	55,669,320	13.3	55,669,320	12.2
<b>Public Shareholders</b>				
The Places	–	–	38,462,000	8.4
Other public Shareholders	<u>363,609,944</u>	<u>86.7</u>	<u>363,609,944</u>	<u>79.4</u>
<i>Sub-total:</i>	<u>363,609,944</u>	<u>86.7</u>	<u>402,071,944</u>	<u>87.8</u>
<b>Total</b>	<b><u>419,279,264</u></b>	<b><u>100.0</u></b>	<b><u>457,741,264</u></b>	<b><u>100.0</u></b>

The Shareholders and the potential investors of the Company should note that Completion is subject to the fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, the Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

## DEFINITIONS

“AGM 2023”	the annual general meeting of the Company held on 28 September 2023
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for banking business in Hong Kong
“Company”	Legendary Education Group Limited (傳承教育集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (Stock Code: 8195)
“Completion”	completion of the Placing pursuant to the terms and condition of the Placing Agreement
“Completion Date”	a day not later than the third Business Day following the satisfaction of the condition under the Placing (or such other date as the Company and the Placing Agent may agree in writing) and on which Completion will take place
“Directors”	directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the AGM 2023 to issue and allot new Shares not exceeding 20% of the then total number of issued Shares, i.e. 83,319,932 new Shares
“Group”	the Company and its subsidiaries
“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
“Independent Third Party(ies)”	party(ies) who is/are independent of, and not connected with the Company, any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries and any of their respective associates
“Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“Placee(s)”	any individual(s), corporation(s) and/or institutional or professional investor(s), who and whose ultimate beneficial owner(s) (if applicable) is/are Independent Third Party(ies), procured by or on behalf of the Placing Agent or its agent(s) to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement upon the terms and subject to the condition set out in the Placing Agreement
“Placing Agent”	Sino-Rich Securities & Futures Limited, the placing agent of the Company for the Placing and a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement dated 19 March 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$1.30 per Placing Share
“Placing Shares”	up to a total of 38,462,000 new Shares to be issued under the General Mandate and to be placed under the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.0005 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 19 March 2024

*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; three non-executive Directors, namely, Mr. Law Wing Chung, Dr. Tang Sing Hing Kenny and Ms. Mak Louisa Ming Sze; and three independent non-executive Directors, namely, Mr. Chung Chin Kwan, Mr. Chan Kim Fai Eddie and Mr. Chung Kwok Pan.*

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

*This announcement will remain on the “Latest Company Announcements” page of the 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>.*