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## **PACIFIC LEGEND GROUP LIMITED**

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

**(Stock Code: 8547)**

### **(A) FURTHER CHANGE IN USE OF PROCEEDS FROM THE SHARE OFFER AND**

### **(B) CHANGE IN USE OF PROCEEDS FROM THE PLACING**

#### **(A) FURTHER CHANGE IN USE OF PROCEEDS FROM THE SHARE OFFER**

Reference is made to (i) the prospectus issued by Pacific Legend Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) dated 29 June 2018 (the “**Prospectus**”) in relation to the listing of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of share offer, which sets out the intended use of the net proceeds from the issue of new shares of the Company (the “**Net Proceeds**”) at the time of preparing the Prospectus, (ii) the announcement dated 18 February 2022 in relation to a reallocation of certain amount of Net Proceeds which were unutilised (the “**Announcement**”), (iii) the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”); (iv) the third quarterly report for the nine months ended 30 September 2023 published on 14 November 2023 (the “**Third Quarterly Report**”), in which the utilisation of the Net Proceeds up to 30 September 2023 was disclosed; and (v) the circular of the Company dated 22 December 2023 (the “**Circular**”) in relation to the refreshment of general mandate in which the status of the use of the Net Proceeds as at 20 December 2023 (the “**Latest Practicable Date**”), being the latest practicable date of the circular, was disclosed. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Announcement.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to announce that the Board has resolved to further change the use of the Net Proceeds as disclosed in this announcement.

### **Previous change in use of proceeds**

The original intended use of the Net Proceeds, which amounted to approximately HK\$48.5 million after deducting underwriting commissions and fees and other listing related expenses, was set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As disclosed in the Announcement, on 18 February 2022, an amount of unutilised Net Proceeds approximately HK\$23.7 million was reallocated in the manner set out in the Announcement.

As disclosed in the section headed “Use of Proceeds from the Listing” in the Third Quarterly Report, the Company had further utilised approximately HK\$12.9 million of the Net Proceeds up to 30 September 2023.

As disclosed under the section headed “Reasons for the grant of the New General Mandate — (iii) The net proceeds from previous fund-raising activities have been mostly utilised” in the Circular, out of the unutilised Net Proceeds of approximately HK\$23.7 million as at 18 February 2022, the utilised Net Proceeds and the unutilised Net Proceeds up to the Latest Practicable Date were approximately HK\$12.9 million and HK\$10.8 million respectively, and the Company expected to utilise the unutilised Net Proceeds by December 2024.

Further breakdown of the revised use of Net Proceeds can be referred to in the Announcement, the Third Quarterly Report and the Circular.

### **Further change in use of proceeds**

As at the date of this announcement, the amount of Net Proceeds which remains unutilised (the “**Unutilised Net Proceeds**”) up to the date of this announcement amounted to approximately HK\$10.8 million.

After due and careful consideration on the current business needs of the Group as further explained below, the Board has resolved to further change the use of the Unutilised Net Proceeds. Set out below are details of the original allocation of Net Proceeds as stated in the Prospectus, the revised allocation of the Net Proceeds as disclosed in the Announcement, the amount of the utilised Net Proceeds as at the date of this announcement, the amount of the Unutilised Net Proceeds as at the date of this announcement and the further revised allocation of the Unutilised Net Proceeds:

	Original allocation of Net Proceeds as stated in the Prospectus	Revised allocation of the Net Proceeds as disclosed in the Announcement	Utilised Net Proceeds as at the date of this announcement	Unutilised Net Proceeds as at the date of this announcement	Further revised allocation of Unutilised Net Proceeds	Expected timeline for fully utilizing the Unutilised Net Proceeds (taking into account of the new allocation)
	<i>HK\$'000</i> <i>(approximately)</i>	<i>HK\$'000</i> <i>(approximately)</i>	<i>HK\$'000</i> <i>(approximately)</i>	<i>HK\$'000</i> <i>(approximately)</i>	<i>HK\$'000</i> <i>(approximately)</i>	
Expand the Group's retail network by opening additional retail stores in PRC and UAE	28,382	12,284	(4,186)	8,098	—	—
Expand the Group's retail network by opening additional retail stores in Hong Kong	—	2,000	(1,575)	425	—	—
Enhance the Group's online shop and the Group's information technology capability	3,893	3,000	(2,128)	872	1,200	31 December 2024
Recruitment of additional staff	5,545	—	—	—	—	—
Recruitment for the Group's planned new retail stores in PRC and UAE	1,556	1,392	—	1,392	—	—
Increasing the Group's inventory	5,056	—	—	—	—	—
Engaging in the Furniture Supply Projects	—	—	—	—	9,587	31 December 2024
General working capital	4,043	5,000	(5,000)	—	—	—
	<u>48,475</u>	<u>23,676</u>	<u>(12,889)</u>	<u>10,787</u>	<u>10,787</u>	

## Reasons for further change in use of proceeds

The Group principally operates three lines of business, namely, (i) sale of home furniture and accessories (which includes retail, corporate sales, online shops, wholesale and franchise); (ii) rental of home furniture and accessories; and (iii) project and hospitality services (“**Projects**”, which typically involve designing, styling, decorating and furnishing commercial or residential properties such as hotels, serviced apartments and showflats).

As disclosed in the Announcement, in response to the COVID-19 pandemic and the impact of the relevant preventive measures, the Group has adjusted its business plan, including scaling down and delaying its retail stores opening plan in the PRC and the UAE respectively and enhancing the Group’s online shopping facility, and has changed the proposed use of its unutilised Net Proceeds as originally disclosed in the Prospectus accordingly.

Subsequent to the Announcement and as disclosed in the 2022 Annual Report, the Group opened a new store in Dubai Hills Mall in September 2022 and has fully utilised the Net Proceeds allocated for opening an additional retail store and recruitment of staff in UAE as disclosed in the Announcement and the Prospectus. Furthermore, as at the date of this announcement, the Group has also fully utilised the Net Proceeds allocated for enhancement of the Group’s online shop and the Group’s information technology capability.

However, due to the prolonged legacy of the COVID-19 pandemic and social distancing measures implemented in the PRC, the Group had closed down its only store in Shanghai in 2022. While the Group has been waiting for opportunities of re-opening new stores in the PRC when the PRC economy recovers following the re-opening of borders to the world since January 2023, the real estate industry in the PRC remains challenging which the Directors believe will continue to have an impact on the Group’s proposed retail business plan in the PRC.

While the Group is still facing difficult business environment in its retail business in the PRC, on the other hand, the Group have completed several Projects in Hong Kong and the UAE. As disclosed in the Third Quarterly Report, the revenue from the Projects business increased significantly by approximately 2 times from approximately HK\$23.6 million for the nine months ended 30 September 2022 to approximately HK\$71.5 million for the nine months ended 30 September 2023. The Directors believe that its Projects business in Hong Kong still has a strong pipeline on furniture packages as the property developers in Hong Kong have become more aggressive in releasing their residential flats for sale. As disclosed in the Circular, the Group has been working on the possible Projects with some local developers involving supply of furniture package (the “**Furniture Supply Projects**”). As at the date of this announcement, the Group is expected to incur approximately HK\$1.2 million for enhancement of its information technology capability and has been engaged in, and has been further negotiating on, several ongoing Furniture Supply Projects with the local property developers in Hong Kong. These Furniture Supply Projects will require an upfront expenditure from the Group in the first half of 2024 but are expected to generate cash inflow to the Group only until the third quarter of 2024.

Having considered the above, the Group proposes to re-allocate its financial resources from retail network expansion to support and finance the enhancement of the Company's information technology capability and the Furniture Supply Projects which requires an upfront expenditure from the Group. Comparing to the Company's original plan to use the Net Proceeds in expanding the Group's retail network by opening additional retail stores, the Board is of the view that the funding need for the Furniture Supply Projects is more forthcoming and imminent, and the re-allocation of a portion of the Unutilised Net Proceeds originally intended for expanding the Group's retail network to support the Furniture Supply Projects is more appropriate and advantageous and is in the best interest of the Company and Shareholders as a whole.

The Board considers that the abovementioned change in use of the Unutilised Net Proceeds will allow the Group to deploy its financial resources more effectively in implementing the Group's latest business development, and therefore the above change is fair and reasonable and in the interests of the Group and the Shareholders as a whole. The Board also confirms that there is no material change in the principal business of the Group as set out in the Prospectus and is of the view that the above change is in line with the business strategy of the Group and will not adversely affect its operation and business.

The Board will continuously assess the plan for the use of the Unutilised Net Proceeds and may revise or amend such plan where necessary to respond to the changing market conditions and strive for better business performance of the Group.

Save as disclosed in this announcement, there are no other changes on the use of the Net Proceeds.

## **(B) CHANGE IN USE OF PROCEEDS FROM THE PLACING**

Reference is made to the announcements of the Company dated 9 June 2023 and 27 July 2023 in relation to the placing of 230,700,000 new shares of the Company (the "Placing") and the Circular.

As disclosed in the Circular, in relation to the Placing, (i) HK\$4.0 million has been utilised or allocated for the subscription of shares in MPJS Group Limited as disclosed in the announcement of the Company dated 9 October 2023; (ii) HK\$5.2 million has been utilised or allocated for the acquisition of shares in Hong Kong Taichen Ecology Agricultural Development Company Limited as disclosed in the announcement of the Company dated 10 November 2023; and (iii) approximately HK\$3.1 million has been utilised for general working capital for operations. The balance of the net proceeds of approximately HK\$5.3 million from the Placing was intended to be further used for financing possible investment in businesses.

However, given the fact that the Company has not identified other suitable acquisition targets or investment opportunities at this moment and considering that the Group may need further capital to finance and support its daily operation after taking into account the Group's engagement in the Furniture Supply Projects, in order to better deploy the resources of the Group, the Board has resolved to reallocate the balance of the net proceeds from the Placing of approximately HK\$5.3 million from financing possible investment in businesses to general working capital for daily operations.

The Board is of the view that the reallocation of the balance of the net proceeds from the Placing as disclosed above will enable better utilisation of the unutilised net proceeds from the Placing, providing funding for its business operations, which is beneficial to the Group. The Board considers that the proposed change in the use of the net proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its Shareholders as a whole.

By order of the Board  
**Pacific Legend Group Limited**  
**John Warren McLennan**  
*Executive Director, Chairman and Chief Executive Officer*

Hong Kong, 1 February 2024

*As at the date of this announcement, the Board comprises Mr. John Warren McLennan, Ms. Shawlain Ahmin and Ms. Wong Wing Man as executive Directors; and Mr. So Alan Wai Shing, Mr. Lee Kwong Ming, Mr. Lee Fung Lun, Mr. Wong Sui Chi and Mr. Chan Kin Sun as independent non-executive Directors.*

*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 Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting and on the Company’s website at [www.pacificlegendgroup.com](http://www.pacificlegendgroup.com).*