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PACIFIC LEGEND GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8547)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

The Board is pleased to announce that on 4 March 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent 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 15,516,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.21 per Placing Share.

The Placing Price of HK\$0.21 per Placing Share represents (i) a discount of approximately 0.94% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 2.78% to the average of the closing prices per Share of approximately HK\$0.216 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The maximum number of the Placing Shares represents (i) approximately 7.30% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the completion of the Placing).

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming all 15,516,000 Placing Shares are subscribed for in full, upon completion of the Placing, the aggregate gross proceeds from the Placing will be approximately HK\$3.26 million and the estimated aggregate net proceeds will be approximately HK\$3.18 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.205 per Placing Share. The Directors intend to apply the estimated net proceeds to possible merger and acquisition opportunities and to general working capital of the Group.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING

The Board is pleased to announce that on 4 March 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 15,516,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.21 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 4 March 2024 (after trading hours of the Stock Exchange)

Parties: Issuer: The Company
Placing Agent: KGI Asia Limited

The Placing Agent has been appointed to place up to 15,516,000 Placing Shares at the Placing Price of HK\$0.21 on a best effort basis, to not less than six Placees.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares are expected to be placed, on a best effort basis, to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) of the Company.

Placing Shares

The maximum number of Placing Shares of up to 15,516,000 Shares under the Placing represents (i) 7.30% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change

in the issued share capital of the Company from the date of this announcement and up to the completion of the Placing). The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,551,600.

Placing Price

The Placing Price of HK\$0.21 per Placing Share represents:

- (i) a discount of approximately 0.94% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 2.78% to the average of the closing prices per Share of HK\$0.216 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price 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 are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole. After taking into account all related costs, fees, expenses and commission of the Placing, the net issue price of the Placing Shares is approximately HK\$0.205 per Share.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Placing Commission

The Placing Agent will charge the Company a placing commission of 1.5% of the aggregate Placing Amount. The Placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent by reference to the prevailing market rates. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the EGM, subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the EGM. Under the General Mandate, the Company is authorised to issue up to 38,016,000 new Shares. After the completion of the share placement on 2 February 2024, 22,500,000 Shares have been allotted and issued, the remaining balance of the Placing Shares which can be issued under the General Mandate at the date of this announcement is 15,516,000. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares and such listing and permission not subsequently being revoked; (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (iii) the Placing Agreement not being terminated in accordance with the terms thereunder.

In the event any of the conditions above is not fulfilled on or before 22 March 2024 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties thereto shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing shall take place on the third (3rd) Business Day after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Placing” above (or such later date as may be agreed between the parties) or such other date as the Company and the Placing Agent may agree in writing.

Application for listing

The Company will make an application to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination

Notwithstanding anything contained in the Placing Agreement to the contrary, the Placing Agent may, in its reasonable opinion, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or

- (4) any statement contained in this announcement or previous announcements (as defined in the Placing Agreement) has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (5) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (6) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties hereunder; or
- (7) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in the Cayman Islands or Hong Kong and if in the reasonable opinion of the Placing Agent any such new law or change would materially and adversely affect the business or financial prospects of the Group taken as a whole and/or have an adverse impact on the success of the Placing; or
- (8) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group taken as a whole and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing.

Upon termination of the Placing Agreement as set out above, all rights, obligations and liabilities of the parties shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of (i) any antecedent breach of any obligation under the Placing Agreement; and (ii) any liabilities as specified under the Placing Agreement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally involved in (i) the 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 (which typically involve designing, styling, decorating and furnishing commercial or residential properties such as hotels, serviced apartments and showflats).

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$3.26 million, and the estimated net proceeds will be approximately HK\$3.18 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.205 per Placing Share.

The Group has been recording net cash outflow in operating its ordinary and usual course of business. As set out in the interim report of the Company for the six months ended 30 June 2023 (“**6M2023**”) and further elaborated below, the Group recorded a net cash outflow of approximately HK\$7.2 million for 6M2023. For the past four months ended 31 December 2023, the Group continued to record an operating net cash outflow. The Directors estimate that the Group will continue to have net cash outflow in its ordinary and usual course of business before the second quarter of 2024, taking into account the normal and usual expenditures in its ordinary business and the facts that (i) the Group has to repay a bank loan of approximately HK\$2.4 million before the May of 2024; and (ii) the Group expects to pay the annual bonus to its employees in the first quarter of 2024.

In view of the above, the Directors consider that the Placing represents a good opportunity to raise funding for its business operations and future developments and broaden the shareholders base and capital base of the Company.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms after arm’s length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the Placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

Save for equity fund raising activities mentioned below, the Company has not carried out any other equity fund raising activities in the past twelve-month period immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised	Intended use of proceeds	Utilised/allocated proceeds up to the date of this announcement	Actual/allocated use of proceeds as at the date of this announcement
27 July 2023	Placing of 230,700,000 new shares under general mandate	Approximately HK\$17,590,000	a) Possible merger and acquisition opportunities in future; and b) General working capital for operations	Approximately HK\$12,290,000	a) (i) HK\$4,000,000 for acquisition of 6.7% interest in MPJS Group Limited. Please refer to the announcement of the Company dated 9 October 2023 for further details; (ii) HK\$5,200,000 for acquisition of 40% interest in Hong Kong Taichen Ecology Agricultural Development Company Limited. Please refer to the announcement of the Company dated 10 November 2023 for further details; and b) Administrative and operations of HK\$3,090,000
13 September 2023	Placing of 8,610,000 new shares under general mandate	Approximately HK\$1,670,000	General working capital for operations	Fully utilised	Administrative and operations of HK\$1,670,000
2 February 2024	Placing of 22,500,000 new shares under general mandate	Approximately HK\$4,600,000	General working capital for operations	Fully utilised	Administrative and operations of HK\$4,600,000

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming the Placing Shares are subscribed in full and there is no other change in the shareholding structure of the Company between the date of this announcement and completion of the Placing):

	As at the date of this announcement		Immediately upon Completion of the placing	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Double Lions Limited (Notes 1,2,3 and 4)	41,450,000	19.50	41,450,000	18.17
Mr. Cheung Wai Keung	10,700,000	5.03	10,700,000	4.69
Century Great Investments Limited (Note 5)	39,337,000	18.50	39,337,000	17.25
The Placees	—	—	15,516,000	6.80
Other Public Shareholders	<u>121,093,000</u>	<u>56.97</u>	<u>121,093,000</u>	<u>53.09</u>
Total	<u><u>212,580,000</u></u>	<u><u>100.00</u></u>	<u><u>228,096,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Double Lions Limited is owned as to 40.48% by Mr. John Warren McLennan, 20.00% by Ms. Tracy-Ann Fitzpatrick, 14.88% by Ms. Alison Siobhan Bailey, 14.88% by Mr. John Martin Rinderknecht and 9.76% by Mr. James Seymour Dickson Leach (collectively, with Double Lions Limited, the “Double Lions Shareholders”). Each of the Double Lions Shareholders executed the deed of acting in concert dated 12 February 2018 confirming the existence of their acting in concert and are deemed to be interested in all the Shares owned by Double Lions Limited.
2. Mrs. Jennifer Carver McLennan is the spouse of Mr. John Warren McLennan and is deemed to be interested in the Shares held by Mr. John Warren McLennan by virtue of the SFO.
3. Mr. David Frances Bulbeck is the spouse of Ms. Tracy-Ann Fitzpatrick and is deemed to be interested in the Shares held by Ms. Tracy-Ann Fitzpatrick by virtue of the SFO.
4. Ms. Alison Siobhan Bailey and Mr. James Seymour Dickson Leach are married to each other and each of them is deemed to be interested in the Shares held by her/his spouse via Double Lions Limited by virtue of the SFO.
5. Century Great Investments Limited is 100% owned by Ms. Wong Wing Man, an executive Director of the Company.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or public holiday in Hong Kong or any day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours and the Stock Exchange is open for business of dealing in securities throughout its normal trading hours
“Company”	Pacific Legend Group Limited, a company incorporated in the Cayman Islands on 1 September 2017 as an exempted company with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8547)
“Completion Date”	the date which is the third (3rd) Business Days after the fulfilment of the conditions set out in the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 8 January 2024
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the EGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the EGM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	party(ies) who is (are) not connected persons of the Company and is (are) third party(ies) independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Last Trading Date”	1 March 2024, being the last trading day of the shares on the Stock Exchange immediately before the entering into of the placing agreement
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best effort basis, of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	KGI Asia Limited, a licensed corporation incorporated in Hong Kong to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 17 January 2024 in relation to the Placing
“Placing Price”	HK\$0.21 per Placing Share
“Placing Share(s)”	up to 15,516,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$” Hong Kong dollar, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 4 March 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 purposes 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the Company’s website at www.pacificlegendgroup.com.