

**Pacific Legend Group Limited
Announces Details of its Proposed Listing on GEM of SEHK**

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**Offering 250,000,000 Shares including 225,000,000 Placing Shares
and 25,000,000 Public Offer Shares
Price Ranges from HK\$0.30 to HK\$0.40 per Offer Share**

(28 June 2018, Hong Kong) — **Pacific Legend Group Limited (“Pacific Legend” or the “Group”)** today announced the details of the proposed listing of its shares (the “Listing”) on GEM of The Stock Exchange of Hong Kong Limited (“SEHK”). The Group principally operates three lines of business, namely (i) sale of home furniture and accessories; (ii) rental of home furniture and accessories; and (iii) project and hospitality services. Pacific Legend ranked fifth in the home furniture and accessories industry in Hong Kong in 2016 in terms of sales, according to the Ipsos Report. Currently, Pacific Legend operates a total of 11 retail stores, of which nine were in Hong Kong, one in China and one in Dubai, UAE, through its own brand *Indigo*.

Offering Details

Pacific Legend intends to offer a total of 250,000,000 Shares, comprising 225,000,000 Placing Shares (subject to re-allocation) and 25,000,000 Public Offer Shares (subject to re-allocation) at a proposed Offer Price ranging from HK\$0.30 to HK\$0.40 per Offer Share. After deducting the underwriting fees and estimated total expenses payable by the Group, and assuming an Offer Price of HK\$0.35 per Offer Share (being the mid-point of the proposed Offer Price range), net proceeds from the Share Offer are estimated to be approximately HK\$62.3 million.

The Public Offer will commence at 9:00 a.m. on 29 June 2018 (Friday) and will end at noon on 6 July 2018 (Friday). The final Offer Price and results of allocation will be announced on 17 July 2018 (Tuesday). Trading of Pacific Legend’s shares will commence on GEM of SEHK on 18 July 2018 (Wednesday) under the stock code 8547. Shares will be traded in board lots of 10,000 shares each.

Success New Spring Capital Limited is the Sole Sponsor, and Aristo Securities Limited, Supreme China Securities Limited, Opus Capital Limited and Success Securities Limited are the Joint Bookrunners and Joint Lead Managers of the Listing.

Investment Highlights

Long operating history and brand recognition

The Group started out as a local furniture retailer in 1979 and began to trade under the brand *Indigo* in 2004. With over 30 years of operating history, the Group has accumulated a wealth of knowledge and experience about running a home furniture and accessories retail, rental and project business. Pacific Legend expanded outside Hong Kong and commenced its business operation in Dubai, UAE, in 2006. In 2014, the Group began its business in China.

Offer a trend-driven and comprehensive range of products that meet customer's preference

The Group produces two catalogues each year, namely the "lookbook" for Spring/ Summer and Autumn/ Winter seasons. By introducing to the Group's target customers trend-driven and stylish home furniture and accessories on a regular basis, Pacific Legend strives to entice its customers to visit the Group's shops repeatedly. In addition, the team in the Buying and Merchandising Department attends home furniture and accessories trade fairs or exhibitions to meet suppliers and keep abreast of the industry, market and new product developments. Pacific Legend believes that offering trend-driven products will allow the Group to enlarge its customer base and thus expand its market share.

Experienced and committed management team

The Group has an experienced and committed management team. All of its Executive Directors and senior management have been serving the Group for an average of 10 years. The committed and continued service of the Group's management team allows Pacific Legend to formulate and execute its business strategies and to achieve the company vision and business objectives.

Proven track record of hospitality projects

The Group's project and hospitality service business lines differentiate it from other home furniture and accessories retailers. The types of projects that Pacific Legend has participated in range from styling, decorating and furnishing a single specific residential unit to five-star hotels. Pacific Legend is also a chosen partner of a major property developer in Hong Kong, for the provision of furniture packages to home-buyers.

Provide tailored services to customers

In serving customers engaging the Group for project and hospitality services, it not only provides a curated range of home furniture and accessories which are sourced from third parties, but also has own in-house designers who can custom design home furniture and accessories. While for retail customers, the Group offers design consultancy services and provides ideas for customers on how their homes can be furnished in style.

Long term and strong relationships with suppliers and key corporate customers

The top five suppliers and manufacturers have had a business relationship with the Group for an average of approximately six years. The long-established relationships have enabled the Group to successfully negotiate with selected vendors for the supply of home furniture and accessories. It also enhances the efficiency in the Group's procurement and ensures that quality control procedures are effective. Furthermore, the Group's relationship with some of the major customers spans over 10 years, enabling it to understand their business needs and requirements and placing Pacific Legend in a competitive position in securing business from these customers.

Growth Strategies

Leveraging the strengths, Pacific Legend's vision is to increase its competitiveness and market share in Hong Kong and to further expand its business overseas. The Group plans to further open a total of four retail stores by the end of 2020, of which three new stores will be in China and one new store will be in Dubai, UAE. Besides, it will recruit additional staff including general retail sales staff, design consultants and bilingual sales staff with experience in the furniture industry in order to support the expansion of its retail network.

The Group anticipates that there will be continuous growth in sales via its online platforms and it intends to capture that market potential by introducing more interactive features to its existing online shop. Pacific Legend intends to hire a digital media specialist to enhance its overall presence in the internet or digital platform. The overall information technology infrastructure will also be enhanced by employing radio frequency identification technology in the Group's warehouse and logistics functions. Moreover, it is currently introducing data mining capabilities and upgrading its ERP system to fully integrate with the enhanced warehousing and logistics functionality, new intelligence capabilities and improved online services integration.

In addition, the Group plans to introduce design consultancy services to its new retail stores in Dubai, UAE and China and its operations in Hong Kong. Furthermore, it has a specific line of products tailored for kids, namely Indigo Kids. With an aim to provide safe, fun and educational living solutions for kids and parents, it plans to introduce a more diversified range of furniture specifically designed for kids and will create a "shop-within-shop" to showcase the line of furniture to facilitate the shopping process of parents. The Group believes that a wider product range and enhanced shopping experience will bring in more sales for kids' furniture in the future.

Financial Highlights

HK\$'000	Year ended 31 Dec 2016	Year ended 31 Dec 2017	YoY change in %
Revenue	244,441	278,628	+14.0%
Gross profit	146,568	161,895	+10.5%
Gross profit margin	60.0%	58.1%	
Adjusted net profit	5,420	9,679*	+78.6%
Adjusted net profit margin	2.2%	3.5%*	

* Adjusted net profit and margin are derived by excluding non-recurring listing expenses for 2017

** The unaudited revenue amounted to HK\$62.8 million for Q12018, representing an increase of 35.8% YoY

Use of Net Proceeds

Assuming an Offer Price per Offer Share of HK\$0.35 (being the mid-point of the proposed Offer Price range), the estimated net proceeds are expected to be approximately HK\$62.3 million, intended to be applied for the following purposes:

Uses	Percentage	Amount
• For expansion of retail network by opening four additional retail stores by the end of 2020, of which three new stores will be in China and one store will be in Dubai, UAE	58.6%	HK\$36.5 million
• For enhancing online shop and information technology capability	8.0%	HK\$5.0 million
• For recruiting additional staff	11.4%	HK\$7.1 million
• For recruiting additional staff for planned new stores	3.2%	HK\$2.0 million
• For increasing inventory	10.4%	HK\$6.5 million
• General working capital	8.4%	HK\$5.2 million
Total:	<u>100%</u>	HK\$62.3 million

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Photo 1

From Left to Right - Executive Director, Ms. Fiona Mok Lai Yin; Executive Director and Chairman, Mr. John Warren McLennan; and Executive Director, Chief Executive Officer and Vice-Chairman, Ms. Tracy-Ann Fitzpatrick.

Photo 2

Executive Director and Chairman, Mr. John Warren McLennan.

Photo 3



Executive Director, Chief Executive Officer and Vice-Chairman, Ms. Tracy-Ann Fitzpatrick.

Pacific Legend Group Limited

Pacific Legend Group Limited principally operates three lines of business, namely (i) sale of home furniture and accessories; (ii) rental of home furniture and accessories; and (iii) project and hospitality services, which typically involve styling, decorating and furnishing commercial or residential properties such as hotels, serviced apartments and showflats. Pacific Legend ranked fifth in the home furniture and accessories industry in Hong Kong in 2016 in terms of sales, according to the Ipsos Report. Currently, Pacific Legend operates a total of 11 retail stores, of which nine were in Hong Kong, one in China and one in Dubai, UAE, through its own brand *Indigo*.

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