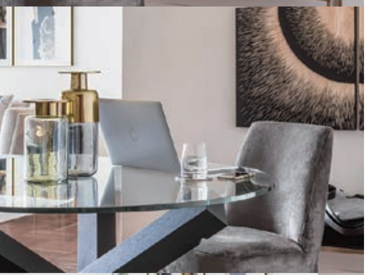
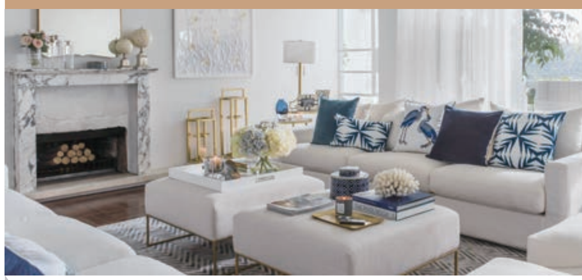




PACIFIC LEGEND GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)
Stock Code: 8547



2018 Interim Report

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchange and Clearing Limited and the Stock Exchange take no responsibilities for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Pacific Legend 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 enquires, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.

The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail and it is available on the Company's website at www.pacificlegendgroup.com.

CONTENTS

FINANCIAL HIGHLIGHTS

- The shares of the Company have been listed on the GEM of the Stock Exchange on 18 July 2018.

- The unaudited revenue of the Group amounted to approximately HK$119.1 million for the six months ended 30 June 2018, representing an increase of approximately HK$0.2 million or 0.2% as compared with the revenue of approximately HK$118.9 million for the six months ended 30 June 2017.

- The unaudited loss of the Group after tax was approximately HK$17.0 million for the six months ended 30 June 2018 as compared to a loss of approximately HK$2.4 million for the six months ended 30 June 2017.

- No interim dividend is recommended by the Board for the six months ended 30 June 2018.

UNAUDITED INTERIM FINANCIAL INFORMATION

The board of Directors (the "Board") of Pacific Legend Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 June 2018 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2018

		Three months ended 30 June		Six months ended 30 June	
		2018	2017	**2018**	2017
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)		**(Unaudited)**	
Revenue	4	**56,380**	72,663	**119,139**	118,867
Cost of sales		**(22,464)**	(31,232)	**(47,513)**	(47,722)
Gross profit		**33,916**	41,431	**71,626**	71,145
Other income and gains	5	**435**	240	**1,584**	316
Selling and distribution costs		**(14,914)**	(11,623)	**(26,981)**	(24,778)
Administrative and other operating expenses		**(27,105)**	(25,032)	**(53,917)**	(47,756)
Finance cost		**(7)**	–	**(7)**	–
Listing expenses		**(3,016)**	(1,365)	**(9,215)**	(1,365)
(Loss)/profit before taxation	6	**(10,691)**	3,651	**(16,910)**	(2,438)
Income tax credit/(expense)	7	**100**	–	**(81)**	–
(Loss)/profit for the period attributable to equity shareholders of the Company		**(10,591)**	3,651	**(16,991)**	(2,438)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2018

	Note	Three months ended 30 June		Six months ended 30 June	
		2018	2017	**2018**	2017
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)		**(Unaudited)**	
Other comprehensive income					
Item that may be classified subsequently to profit or loss:					
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		**27**	76	**205**	580
Total comprehensive (loss)/income for the period attributable to equity shareholders of the Company		**(10,564)**	3,727	**(16,786)**	(1,858)
Dividend paid	8	**–**	–	**(26,250)**	–
(Loss)/earnings per share attributable to equity shareholders of the Company Basic and diluted *(HK Cents)*	9	**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	10,072	8,568
Finance lease receivables		997	764
		11,069	9,332
Current assets			
Inventories		47,076	43,212
Trade and other receivables	11	54,018	44,126
Current portion of finance lease receivables		2,544	2,673
Contract assets		3,495	4,455
Amount due from a director	12	–	1,603
Pledged bank deposits		3,000	5,164
Cash and cash equivalents		14,587	45,882
		124,720	147,115
Current liabilities			
Trade and other payables	13	53,795	40,656
Contract liabilities		–	3,647
Amount due to a related company	14	213	213
Tax payable		2,053	2,127
Bank borrowings	15	2,726	–
		58,787	46,643
Net current assets		65,933	100,472
Total assets less current liabilities		77,002	109,804

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2018

	Note	**30 June 2018** ***HK$'000*** **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Non-current liabilities			
Provisions		**7,221**	6,987
NET ASSETS		**69,781**	102,817
Capital and reserves			
Share capital	16	**–**	779
Reserves		**69,781**	102,038
TOTAL EQUITY		**69,781**	102,817

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Share capital	Share premium	Exchange reserve	Other reserve	Accumulated profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2017	789	–	(592)	–	98,777	98,974
Loss for the period	–	–	–	–	(2,438)	(2,438)
Other comprehensive income	–	–	580	–	–	580
Total comprehensive income/(loss) for the period	–	–	580	–	(2,438)	(1,858)
Balance at 30 June 2017	789	–	(12)	–	96,339	97,116
Balance at 1 January 2018	**779**	**–**	**128**	**10**	**101,900**	**102,817**
Loss for the period	**–**	**–**	**–**	**–**	**(16,991)**	**(16,991)**
Other comprehensive income	**–**	**–**	**205**	**–**	**–**	**205**
Total comprehensive income/(loss) for the period	**–**	**–**	**205**	**–**	**(16,991)**	**(16,786)**
Issue of shares under subscription agreement *(note 16(d))*	**–**	**10,000**	**–**	**–**	**–**	**10,000**
Effect of reorganisation *(note 16)*	**(779)**	**–**	**–**	**779**	**–**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**(26,250)**	**(26,250)**
Balance at 30 June 2018	**–**	**10,000**	**333**	**789**	**58,659**	**69,781**

Other reserve represented the difference between the total issued share capital of the Company's wholly owned Hong Kong incorporated subsidiaries Pacific Legend Development Limited ("Pacific Legend Development") and of Deep Blue Living Limited ("Deep Blue"), and the issued share capital of Company (see note 16 for details of the reorganisation of the Group).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(16,793)**	2,371
Net cash used in investing activities	**(1,146)**	(4,627)
Net cash used in financing activities	**(13,531)**	–
Net decrease in cash and cash equivalents	**(31,470)**	(2,256)
Cash and cash equivalents at 1 January	**45,882**	43,607
Effect of foreign exchange rate changes	**175**	205
Cash and cash equivalents at 30 June	**14,587**	41,556

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 1 September 2017. The registered office of the Company is Cricket Square Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Units 1202–04, Level 12, Cyberport 2, 100 Cyberport Road, Hong Kong.

The Company is an investment holding company and its shares are listed on the GEM of the Stock Exchange since 18 July 2018 (the "Listing"). The Company's subsidiaries are principally engaged in the sale of home furniture and accessories, rental of home furniture and accessories and project and hospitality services (the "Listing Businesses").

The unaudited condensed consolidated financial information is presented in Hong Kong dollars ("HK$"), which is the same as functional currency of the Company.

The companies now comprising the Group (the "Operating Companies"), were under control of Mr. John Warren McLennan, Ms. Alison Siobhan Bailey, Mr. James Seymour Dickson Leach, Mr. John Martin Rinderknecht and Ms. Tracy-Ann Fitzpatrick, immediately before (either direct control or through certain Operating Companies) and after the Reorganisation (as defined in note 16 below through Double Lions Limited "Double Lions", a company incorporation in British Virgin Islands the ("BVI")). For the purpose of this report, the financial results for the six months ended 30 June 2017 has been prepared on a combined basis.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial information should be read in conjunction with the historical financial information for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA, as set out in Appendix I of the prospectus of the Company dated 29 June 2018 (the "Prospectus").

Immediately prior to and after the Reorganisation, the Listing Businesses were conducted through the Operating Companies. Pursuant to the Reorganisation, such Operating Companies together with the underlying Listing Businesses were transferred to and held by the Company. The Reorganisation of such Listing Businesses does not result in any changes in management and the ultimate owners. Accordingly, the combined financial statements of the Operating Companies were presented using the carrying values of the Listing Businesses for the six months ended 30 June 2017.

Details of the Reorganisation were set out in note 16.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. NEW ACCOUNTING STANDARDS AND ACCOUNTING CHANGES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those set out in the accountant's report as included in the Prospectus.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*
HK (IFRIC) – Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKAS 28	*As part of the Annual Improvements to HKFRSs 2014-2016 Cycle*
Amendments to HKAS 40	*Transfers of Investment Property*

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosure set out in these condensed consolidated financial statements but additional disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7 "Disclosure Initiative" will be provided in the consolidated financial statements for the year ending 31 December 2018.

The Group has applied HKFRS 15 which resulted in changes in accounting policies used in the preparation of the consolidated financial statements. In accordance with the transitional provisions in HKFRS 15, comparative figures have not been restated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. NEW ACCOUNTING STANDARDS AND ACCOUNTING CHANGES (CONTINUED)

The accounting policies have been changed to comply with HKFRS 15, which replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations associated with the recognition, classification and measurement of revenue and costs.

The adoption of HKFRS 15 resulted in changes in terminology used. "Amounts due from/to customers for contract works" previously used under HKAS 11 in relation to construction contracts were reclassified as "Contract assets/liabilities" under HKFRS 15 as shown in the condensed consolidated statements of financial position.

The adoption of HKFRS 15 has no material impact on the condensed consolidated income statement and the condensed consolidated statement of cash flows.

4. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments:

– Sale of home furniture and accessories

– Rental of home furniture and accessories

– Project and hospitality services

Performance is based on segment gross profit. The Group's most senior executive management does not evaluate operating segment using assets and liabilities information, so segment assets and liabilities are not reported to the Group's most senior executive management. Accordingly, reportable segment assets and liabilities have not been presented in the consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)		**(Unaudited)**	
Segment revenue – External customers				
– Sale of home furniture and accessories	**41,059**	42,834	**87,550**	80,502
– Rental of home furniture and accessories	**5,451**	6,831	**11,741**	13,716
– Project and hospitality services	**9,870**	22,998	**19,848**	24,649
	56,380	72,663	**119,139**	118,867
Revenue recognition –				
At a point of time				
– Sale of home furniture and accessories	**41,059**	42,834	**87,550**	80,502
Over time				
– Rental of home furniture and accessories	**5,451**	6,831	**11,741**	13,716
– Project and hospitality services	**9,870**	22,998	**19,848**	24,649
	56,380	72,663	**119,139**	118,867

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)		**(Unaudited)**	
Segment results				
– Sale of home furniture and accessories	**25,998**	28,729	**54,362**	52,417
– Rental of home furniture and accessories	**4,382**	5,150	**9,288**	10,766
– Project and hospitality services	**3,536**	7,552	**7,976**	7,962
	33,916	41,431	**71,626**	71,145
Other income and gains	**435**	240	**1,584**	316
Selling and distribution costs	**(14,914)**	(11,623)	**(26,981)**	(24,778)
Administrative and other operating expenses	**(27,105)**	(25,032)	**(53,917)**	(47,756)
Finance cost	**(7)**	–	**(7)**	–
Listing expenses	**(3,016)**	(1,365)	**(9,215)**	(1,365)
(Loss)/profit before taxation	**(10,691)**	3,651	**(16,910)**	(2,438)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue from external customers

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)		**(Unaudited)**	
Segment revenue – external customers				
– Hong Kong	**35,209**	43,789	**81,152**	75,216
– United Arab Emirates ("UAE")	**10,581**	18,636	**23,053**	29,500
– Mainland China ("PRC")	**10,590**	10,238	**14,934**	14,151
	56,380	72,663	**119,139**	118,867

The revenue information above is based on the locations of the customers.

Non-current assets

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
– Hong Kong	**8,784**	6,526
– UAE	**1,496**	1,579
– PRC	**789**	1,227
	11,069	9,332

The non-current asset information above is based on the locations of the assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER INCOME AND GAINS

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)		**(Unaudited)**	
Bank interest income	**10**	1	**18**	4
Gain on disposals of property, plant and equipment	**–**	15	**–**	7
Interest income from finance leases	**62**	59	**120**	125
Sundry income	**209**	165	**220**	180
Reversal of provision for bad debts	**351**	–	**351**	–
(Reversal of)/net exchange gain	**(424)**	–	**452**	–
Franchise related income	**227**	–	**423**	–
	435	240	**1,584**	316

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)		**(Unaudited)**	
(a) Staff costs:				
Salaries, allowances and commissions	**18,214**	15,734	**35,036**	31,915
Retirement benefits scheme contributions	**850**	545	**1,604**	1,063
(b) Other items:				
Auditor's remuneration	**107**	96	**237**	237
Allowance for doubtful debts	**57**	–	**57**	–
Bad debts written off	**–**	41	**–**	41
Cost of inventories recognised as expense	**21,657**	30,260	**45,914**	45,639
Depreciation	**1,729**	1,887	**3,432**	3,972
Net exchange loss	**–**	533	**–**	574
Operating lease rentals in respect of rented premises				
– Minimum lease payments	**8,549**	9,491	**16,670**	17,182
– Contingent rent	**52**	55	**105**	163

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX CREDIT/(EXPENSES)

Taxation in unaudited consolidated statement of profit or loss and other comprehensive income:

	Three months ended 30 June		**Six months ended 30 June**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)		**(Unaudited)**	
Current tax – credit/(provision) for the period				
Hong Kong Profits Tax	**114**	–	**(67)**	–
PRC Enterprise Income Tax	**(14)**	–	**(14)**	–
	100	–	**(81)**	–

The Group is not subject to any income tax in the Cayman Islands, the BVI and UAE pursuant to the rules and regulations in those jurisdictions.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2018 and 2017.

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits in accordance with relevant rules and regulations in the PRC.

8. INTERIM DIVIDENDS

On 4 January 2018, the Company paid HK$26,250,000 to the then sole shareholder, Double Lions.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. (LOSS)/EARNINGS PER SHARE

No (loss)/earnings per share information is presented for the purpose of these consolidated financial statements as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the presentation of the results for the six months ended 30 June 2018 and 2017 on consolidated and combined basis respectively.

10. PROPERTY, PLANT AND EQUIPMENT

	Decoration and fittings	Furniture and fixtures	Office equipment	Motor vehicle	Furniture for rental	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount:						
At 1 January 2017	3,616	421	3,722	192	2,397	10,348
Additions	132	64	222	387	1,564	2,369
Write-off	–	–	–	(10)	–	(10)
Depreciation	(1,140)	(90)	(577)	(82)	(2,083)	(3,972)
Exchange realignment	40	3	9	1	7	60
At 30 June 2017 (unaudited)	2,648	398	3,376	488	1,885	8,795
At 1 January 2018	**2,452**	**563**	**3,141**	**923**	**1,489**	**8,568**
Additions	**3,036**	**75**	**442**	**–**	**1,378**	**4,931**
Depreciation	**(980)**	**(116)**	**(602)**	**(134)**	**(1,600)**	**(3,432)**
Exchange realignment	**3**	**(2)**	**(3)**	**2**	**5**	**5**
At 30 June 2018 (unaudited)	**4,511**	**520**	**2,978**	**791**	**1,272**	**10,072**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND OTHER RECEIVABLES

	30 June 2018 *HK$'000* (Unaudited)	31 December 2017 *HK$'000* (Audited)
Trade receivables	**18,904**	12,981
Less: allowances for doubtful debts	**(829)**	(829)
	18,075	12,152
Other receivables	**4,120**	3,287
Deposits and prepayments	**31,823**	28,687
	54,018	44,126

At 30 June 2018 and 31 December 2017, apart from certain deposits totalling HK$10,670,000 and HK$8,590,000, all trade and other receivables are expected to be recovered or recognised as expenses within one year.

(a) Ageing analysis

The ageing analysis of trade receivables, based on invoice date and net of allowance of doubtful debts, is as follows:

	30 June 2018 *HK$'000* (Unaudited)	31 December 2017 *HK$'000* (Audited)
Within 1 month	**7,445**	5,260
More than 1 month but less than 3 months	**8,312**	4,813
More than 3 months but less than 12 months	**1,178**	2,076
More than 12 months	**1,140**	3
	18,075	12,152

Trade receivables are due within 30 days from the date of billing.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. AMOUNT DUE FROM A DIRECTOR

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Advances	–	1,375
Trade balances	–	228
	–	1,603

All balances are unsecured, interest-free and repayable on demand, and have been fully settled in February 2018.

13. TRADE AND OTHER PAYABLES

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Trade payables	4,246	2,120
Deposits received	21,149	15,594
Other payables and accruals	28,400	22,942
	53,795	40,656

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an ageing analysis of trade payables presented based on the invoice date:

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Within 1 month	**2,554**	355
More than 1 month but less than 3 months	**425**	267
More than 3 months	**1,267**	1,498
	4,246	2,120

14. AMOUNT DUE TO A RELATED COMPANY

The amount due to Winford Inc. Limited is trade related, unsecured, interest-free and repayable on demand.

A Director, Mr. John Warren McLennan ("Mr. McLennan"), has a 50% equity interest in Winford Inc. Limited.

15. BANK BORROWINGS

	30 June 2018 *HK$'000* **(Unaudited)**	31 December 2017 *HK$'000* (Audited)
Import invoice financing loan repayable within 12 months	**2,726**	–

As at 30 June 2018, the import invoice financing loan was secured by the bank deposits of a subsidiary and a personal guarantee from Mr. McLennan (see note 19).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. SHARE CAPITAL

The Group

The share capital as at 31 December 2017 represented the combined issued share capital of the Company and Deep Blue (before acquired by the Company on 11 January 2018 under a reorganisation of the Operating Companies now comprising the Group (the "Reorganisation" see note (c) below)).

The share capital as at 30 June 2018 represented the issued share capital of the Company.

The Company

	Number of ordinary shares	Share Capital
		HK$'000
Authorised:		
At 1 September 2017 (date of incorporation) and 1 January 2018 *(note (a))*	38,000,000	380
Increase in authorised share capital on Reorganisation *(note (e))*	9,962,000,000	99,620
At 30 June 2018 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
At 1 September 2017 (date of incorporation) *(note (a))*	1	–
Issue of shares on Reorganisation *(note (b))*	499	–
At 1 January 2018	500	–
Issue of shares on Reorganisation *(note (c))*	346	–
Issue of shares under subscription agreement *(note (d))*	154	–
At 30 June 2018 (unaudited)	1,000	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. SHARE CAPITAL (CONTINUED)

Notes:

(a) The Company was incorporated on 1 September 2017 with an initial authorised share capital of HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each. Upon incorporation, 1 new share of HK$0.01 was allotted and issued, as nil paid, to the subscriber and was subsequently transferred to Double Lions.

(b) On 28 December 2017, the 1 nil paid share in (a) above was credited as fully paid by the Company and the Company further allotted and issued 499 shares at HK$0.01 each to Double Lions, credit as fully paid, in consideration for the acquisition of the entire issued share capital in Pacific Legend Development.

(c) On 11 January 2018, the entire issued capital in Deep Blue directly held by the owners of Double Lions (see note 1) was transferred to Raeford Holdings Limited (a company incorporated in the BVI and a wholly owned subsidiary of the Company) in consideration of the Company allotting and issuing 346 shares, credit as fully paid, to Double Lions.

(d) On 12 January 2018, the Company allotted and issued 154 shares, representing 15.4% of the then enlarged issued share capital of the Company, to two investors for a total cash consideration of HK$10,000,000.

(e) Pursuant to the written resolutions of the shareholders of the Company on 19 June 2018, the authorised share capital of the Company was increased to HK$100,000,000 divided into 10,000,000,000 shares of a par value of HK$0.01 each by the creation of an additional 9,962,000,000 shares.

17. OPERATING LEASE COMMITMENTS

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within one year	**25,963**	23,813
In the second to fifth year inclusive	**25,489**	22,717
	51,452	46,530

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. OPERATING LEASE COMMITMENTS (CONTINUED)

The Group is the lessee in respect of certain properties under operating leases. The leases typically run for an initial period of 1 to 8 years, at the end of which period all terms are renegotiated. The operating lease rentals are based on the higher of a minimum guarantee rental or a sales level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

18. CONTINGENT LIABILITIES

At 31 December 2017, the Group had contingent liabilities in respect of a performance guarantee of HK$2,164,000 issued by a bank in favour of a customer in respect of the projects undertaken by the Group. Such guarantee had been released during the six-month period ended 30 June 2018.

19. PLEDGE OF ASSETS

At 31 December 2017 and 30 June 2018, pledged bank deposit of HK$3,000,000 was applied as security for the general banking facilities granted to a subsidiary. These facilities were also secured by a personal guarantee of HK$8,000,000 from Mr. McLennan. Such personal guarantee has been released upon the listing of the Company shares on GEM of the Stock Exchange on 18 July 2018.

In addition, as at 31 December 2017, pledged bank deposit of HK$2,164,000 was applied as security for a performance guarantee of the same amount issued by a bank (see note 18). Such pledged bank deposits have been released during the six-month period ended 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of key management personnel who are the directors is determined with reference to the performance of individual and market trends.

The remuneration of key management personnel during each of the periods of six months ended 30 June 2018 and 30 June 2017 respectively, were as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Salaries, allowances and bonus	**6,211**	6,883
Mandatory provident fund contribution	**81**	81
Provision for long service payments	**59**	52
	6,351	7,016

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2018 and 2017:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Winford Inc. Limited		
– Delivery charge expense	**1,222**	1,301
– Manpower support expense	**36**	73
Mr. McLennan		
– Sales of furniture and home accessories	**2**	5
Mrs. Jennifer Carver McLennan (spouse of Mr. McLennan)		
– Consultancy fee expense	**184**	80

21. SUBSEQUENT EVENTS

The shares of the Company have been listed on the GEM of the Stock Exchange by way of share offer on 18 July 2018. On the same date, 250,000,000 of the Company's new shares were issued pursuant to such share offer at an offer price of HK$0.30 per share, and 749,999,000 shares were issued through capitalisation of HK$7,499,990 standing to the credit of share premium account of the Company (the "Capitalisation Issue").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group principally operates three lines of business, namely, (i) sale of home furniture and accessories ("Furniture Sales", which includes retail, corporate sales, online shops, wholesale and franchise); (ii) rental of home furniture and accessories ("Furniture Rental"); 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). The shares of the Company were successfully listed on the GEM by way of share offer on 18 July 2018 (the "Share Offer").

During the six months ended 30 June 2018, we have continued to focus on increasing our competitiveness and market share in Hong Kong and to further expand our business overseas.

- This strategy involves the expansion of our retail network and we commenced operation of a new 3,468 sq.ft. store in May 2018 at Yoho Mall, Yuen Long.

- It also involves the development of our online shop and during the first half of the year we have enhanced our website performance and upgraded our Furniture Rental and Projects portfolio sections of our website and actively driven awareness of these sites through our online marketing activities. We have implemented online chat capabilities to our Dubai site and have improved our T-Mall offering in China.

- Our strategy is to enhance our in-store design consultancy services and we have added this service to our new Yoho Mall store.

- We are actively enhancing our information technology capabilities, and have also undertaken a pilot test of radio frequency identification ("RFID") in Hong Kong.

- We are expanding our product offer for kids supported by the recruitment of new kids buyer and new product launches in September 2018.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2018 was approximately HK$119.1 million, an increase of HK$0.2 million or 0.2% as compared with the corresponding period (six months ended 30 June 2017: approximately HK$118.9 million). It was due to growth in the revenue of Furniture Sales, which was partially offset by the fall in revenue of Furniture Rental and Projects businesses, as explained below.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The revenue from Furniture Sales increased by approximately 8.8% from approximately HK$80.5 million for the half year ended 30 June 2017 to approximately HK$87.6 million in the corresponding period in 2018. This is mainly the result of the following:

- An increase in corporate sales in Dubai of HK$5.4 million.
- The impact of our new franchise in Saudi Arabia (HK$3.3 million in six months ended 30 June 2018), which started business in the second half of 2017.
- An increase in online sales of HK$1.9 million.
- The same-store retail sales of the Group noted a decline of 5.3%, which is mainly due to slack performance of our Sheikh Zayed Road store in Dubai, after introduction of VAT tax in January 2018. Our store at An Fu Lu, Shanghai achieved a 9.6% increase from last year. Hong Kong same-store retail sales performance noted a slight decline of 0.9% in the first half of 2018. Our newly opened Yoho Mall store in Yuen Long did not have significant contribution to the revenue given that it commenced business for only less than one and a half month.

We continue to focus on the growth of revenue for Furniture Sales with the new store in Yuen Long and the expansion of our retail network and online capabilities. Development of our design consultancy services is further supporting sales for both retail and corporate sales.

However, opening new stores may place substantial strain on our management, operational and financial resources, and unexpected events may delay their opening. Also for any new store or new services offered it may take time to attract customers and build up a satisfactory customer base which generates revenues at a level comparable to our existing stores. Moreover, the market is also susceptible to shift in customers' tastes and preference, therefore it is no guarantee that the new stores or initiatives will bring positive profit contribution to the Group in a short period of time.

The revenue from Furniture Rental decreased by approximately 14.4% from approximately HK$13.7 million for the half year ended 30 June 2017 to approximately HK$11.7 million in the corresponding period in 2018. This decrease is mainly the result of the fall in demand for rental business coupled with expiring rental contracts from 2016. We expect that such declining trend on the Furniture Rental may not be reversed shortly given the impact on revenue of any new rental contracts will spread over its lease period. Also the demand of our Furniture Rental business depends on the willingness of multi-national corporations to relocate their staff to Hong Kong, which is affected by the attractiveness of conducting business in Hong Kong and thus beyond our control.

The revenue from Projects business decreased by approximately 19.5% from approximately HK$24.6 million for the half year ended 30 June 2017 to approximately HK$19.8 million in the corresponding period in 2018. The decrease mainly related to our Projects business in Dubai following the completion of a large hospitality project in 2017. We continue to successfully build our project and hospitality business pipeline for 2018 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Since our Group's Projects business is project based, and our provision of custom-made furniture packages can be individually or collectively engaged by our clients according to their needs of the projects. As a result the income flow of our Group's Projects business is irregular and is subject to various factors beyond the control of our group.

Gross Profit

Our gross profit varied principally as a result of the composition of revenues of our Furniture Sales, Furniture Rental and Projects businesses, changing conditions of the markets and their effects on product pricing, product mix and our cost of sales. Generally the gross profit margins of our Furniture Sales and Furniture Rental businesses are higher than the gross profit margin of the Projects business due to the provision of design and styling and custom furniture in the latter, which require more resources.

The gross profit of the Group increased HK$0.5 million or 0.7% from approximately HK$71.1 million for the six months ended 30 June 2017 to approximately HK$71.6 million for the corresponding period in 2018. Increase in gross profit arising from the growth in sale of Furniture Sales revenue, and offset by the impact of the fall in revenue from Furniture Rental.

Selling and Distribution Costs

Our selling and distribution costs comprise mainly staff cost of sales teams, staff commission, advertising and promotion, transportation and delivery costs, credit card commission, agency fees and others.

The Group's selling and distribution costs increased by approximately 8.9% from approximately HK$24.8 million for the half year ended 30 June 2017 to approximately HK$27.0 million in the corresponding period in 2018.

This increase of HK$2.2 million was mainly the result of the surge in sales-related staff costs (HK$1.3 million) and marketing expenses (HK$0.7 million).

The Hong Kong retail salaries package was revised in June 2018 to increase the basic salaries but reduce the commission amount, in order to ensure our package is competitive in the market. In China we have strengthened our sales team by employing additional salespersons, including an in-house e-commerce staff.

The increase in marketing expenses in the first half of the year was due mainly to upfront expenses incurred to drive our online and B2B business strategy for the full year. It also related to the launch of our new store in Yoho Mall.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Administrative and other operating expenses

Our administrative and other operating expenses comprise mainly staff cost (other than of the sales teams), rental and related expenses, depreciation on property, plant and equipment (other than those relating to the furniture for rental), staff benefits and others. Such expenses increased by approximately 12.9% from approximately HK$47.8 million for the half year ended 30 June 2017 to approximately HK$53.9 million in the corresponding period in 2018. This increase is mainly the result of:

(i) the growth in staff costs (other than sales teams) of HK$3.1 million to recruit additional staff with the necessary skills and knowledge to achieve our planned expansion and implement our strategies. We have also recruited additional manpower in order to meet the additional workload and requirements for Listing (and those after Listing).

(ii) the increase in rental expenses HK$1.6 million related in main part to the opening of our new Yoho Mall store and rent increases upon renewal of leases.

Listing expenses

The Company started the preparation work for the Listing in the second quarter of 2017. For the six months ended 30 June 2017, we incurred Listing expenses of approximately HK$1.4 million, compared to corresponding period in 2018 of HK$9.2 million.

Loss for the period

Loss attributable to equity shareholders of the Company for the six months ended 30 June 2018 amounted to approximately HK$17.0 million (six months ended 30 June 2017: loss of approximately HK$2.4 million).

The increase in loss was mainly attributable to the net effects of (i) the small increase in gross profit; (ii) the increase of selling and distribution costs and administrative and other operating expenses as mentioned above; and (iii) non-recurring Listing expenses of HK$9.2 million incurred during the six months ended 30 June 2018, compared to only HK$1.4 million in the corresponding period in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Historically, we have funded our operations primarily through net cash flow generated from our operations. Our primary uses of cash have been, and are expected to continue to be, operational costs and capital expenditures for business expansion. We currently expect that there will not be any material change in the sources and uses of cash of our Group, except that we have started using our import financing facilities as well as the additional funds from proceeds of the Share Offer for implementing our future plans as detailed in the heading "**Use of Proceeds**" below.

The Group had cash and cash equivalents of approximately HK$14.6 million as at 30 June 2018 (31 December 2017: HK$45.9 million). On the same date, the Group had total bank borrowings of approximately HK$2.7 million (31 December 2017: Nil). The details of the bank borrowings can be referenced to note 15 of the condensed consolidated financial statements.

GEARING RATIO

The Group monitors capital using a gearing ratio, which is the Group's total debts (bank borrowings) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level.

The Group's gearing ratios as at 30 June 2018 was 3.9% (31 December 2017: Nil). The increase in the gearing ratio of the Group is primarily from the start of using import financing facilities for trade payments.

PLEDGE OF ASSETS

At 31 December 2017 and 30 June 2018, pledged bank deposit of HK$3,000,000 was applied as security for the general banking facilities granted to a subsidiary. These facilities were also secured by a personal guarantee of HK$8,000,000 from Mr. McLennan. Such personal guarantee has been released upon the Listing of the Company shares on GEM of the Stock Exchange on 18 July 2018.

In addition, as at 31 December 2017, pledged bank deposit of HK$2,164,000 was applied as security for a performance guarantee of the same amount issued by a bank (see notes 18 and 19 to the condensed consolidated financial statements). Such pledged bank deposits have been released during the six-month period ended 30 June 2018.

FOREIGN CURRENCY RISK

The Group's sales and direct costs were primarily denominated in the functional currency of the operations to which the transactions are related. Accordingly, we consider that the Group's exposure to foreign currency risk is minimal.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CAPITAL COMMITMENTS

As at 30 June 2018, the Group did not have any significant capital commitments (31 December 2017: Nil).

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, as at 30 June 2018, the Group did not hold any significant investment in equity interest in any other company.

USE OF PROCEEDS

No net proceeds from the Share Offer has been received or utilised by the Company during the six months ended 30 June 2018.

The Company intends to utilise such net proceeds as disclosed in the "**Future Plans and Use of Proceeds**" section of the Prospectus, based on the net proceeds from the Share Offer was approximately HK$50.0 million upon the Company's Listing on the Stock Exchange on 18 July 2018.

	Net proceeds to be applied	**Approximate percentage of the proceeds**	**Amount utilised up to the date of this report**
	HK$'000	%	*HK$'000*
Expand our retail network by opening additional retail stores	29,300	58.6%	Nil
Enhance our online shop and our information technology capability	4,000	8.0%	Nil
Recruitment of additional staff	5,700	11.4%	Nil
Recruitment for our planned new retail stores	1,600	3.2%	Nil
Increasing our inventory	5,200	10.4%	Nil
General working capital	4,200	8.4%	Nil
	50,000	100.0%	Nil

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the "**Future Plans and Use of Proceeds**" section of the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 11 January 2018, the entire issued capital in Deep Blue directly held by the owners of Double Lions was transferred to the Group in consideration of the Company allotting and issuing 346 shares, credit as fully paid, to Double Lions, a company controlled by Controlling Shareholders (see below for definition).

Save as disclosed above, during the six months ended 30 June 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

EMPLOYEE AND EMOLUMENT POLICIES

As at 30 June 2018, the employee headcount (including Executive Directors) of the Group was 201 (31 December 2017: 193) and the total staff costs and sales commission (including Directors' emoluments), amounted to approximately HK$36.6 million during the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$33.0 million).

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 operations within the Group, the Group offered 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 and approved by the Board of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2018 the shares of the Company were not listed on the Stock Exchange. The respective Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), Section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules were not applicable to the Company.

As at the date of this report, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company (the "Chief Executives") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Name	Capacity/ Nature of Interest	Number of Shares held *(note 1)*	Percentage of Shareholding *(note 2)*
Mr. John Warren McLennan	Interest in a controlled corporation and interest held jointly with other persons *(note 3)*	634,500,000 (L)	63.45%
Mrs. Jennifer Carver McLennan	Interest of spouse *(note 4)*	634,500,000 (L)	63.45%
Ms. Tracy-Ann Fitzpatrick	Interest in a controlled corporation and interest held jointly with other persons *(note 3)*	634,500,000 (L)	63.45%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Notes:

(1) The letter "L" denotes the entity/person's long position in the ordinary shares of the Company (the "Shares").

(2) The calculation is based on the total number of 1,000,000,000 Shares in issue immediately following the completion of the Capitalisation Issue (see note 21 to the condensed consolidated financial statements) and the Share Offer (without taking into account any Shares which may be issued upon exercise of any option which may be granted under the Company's share option scheme as detailed in the heading "**Share Option Scheme**" below).

(3) Double Lions 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, the "Controlling Shareholders"). Each of the Controlling Shareholders executed the deed of confirmation 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.

(4) 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.

SUBSTANTIAL SHAREHOLDERS

The respective Divisions 2 and 3 of Part XV and Section 336 of the SFO were not applicable to the Company as at 30 June 2018 since the Shares of the Company were not listed on the Stock Exchange on that date.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

As at the date of this report, the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO showed that the Company had been notified of the following substantial shareholders' interests, being 5% or more in the issued ordinary share capital of the Company. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Name	Capacity/ Nature of Interest	Number of Shares held *(note 1)*	Percentage of shareholding *(note 2)*
Double Lions	Beneficial interest	634,500,000 (L)	63.45%
Mr. David Frances Bulbeck	Interest of spouse *(note 2)*	634,500,000 (L)	63.45%
Ms. Alison Siobhan Bailey	Interest in a controlled corporation, interest held jointly with other persons *(note 1)* and interest of spouse *(note 3)*	634,500,000 (L)	63.45%
Mr. James Seymour Dickson Leach	Interest in a controlled corporation, interest held jointly with other persons *(note 1)* and interest of spouse *(note 3)*	634,500,000 (L)	63.45%
Mr. John Martin Rinderknecht	Interest in a controlled corporation and interest held jointly with other persons *(note 3)*	634,500,000 (L)	63.45%
Great Metro Limited	Beneficial interest	75,075,000 (L)	7.51%
Kwan Hoi Wang	Interests in controlled corporations *(note 4)*	90,425,000 (L)	9.04%

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Notes:

(1) Double Lions 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, the “Controlling Shareholders”). Each of the Controlling Shareholders executed the deed of confirmation 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.

(2) 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.

(3) 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 by virtue of the SFO.

(4) Mr. Kwan Hoi Wang is interested in the entire issued share capital of Great Metro Limited. Mr. Kwan Hoi Wang is deemed to be interested in the Shares held by Great Metro Limited by virtue of the SFO.

(5) The letter “L” denotes the entity/person’s long position in the Shares of the Company.

Save as disclosed above, as at Listing Date and up to the date of this report, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares or underlying shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIVIDENDS

On 4 January 2018, the Company paid HK$26.3 million to the then sole shareholder, Double Lions.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

SHARE OPTION SCHEME

A share option scheme (the “Share Option Scheme”) was adopted by the shareholders of the Company and was effective on 19 June 2018. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of on which this Scheme becomes unconditional. During the period from 19 June 2018 to the date of this report, no share options were granted by the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 June 2018 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). Having made specific enquiry of all the Directors, each of them have confirmed that they have compiled with the Required Standard of Dealings throughout the period from the date of Listing to the date of this report, and the Company was not aware of any non-compliance with such Required Standard of Dealings and its code of conduct regarding securities transactions by Directors during such period.

COMPETING INTERESTS

As at the date of this report, save as disclosed in "**Relationship with Controlling Shareholders**" section of the Prospectus, none of the Directors, and the Controlling Shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As at the date of this report, neither Altus Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, namely Ms. Elaine June Cheung, who has the appropriate accounting and financial related management expertise and serves as the chairperson of the audit committee, Ms. Li Yan Yan and Mr. Roderick Donald Nichol. The financial information in this report has not been audited by the auditor of the Company, but the audit committee has reviewed this report and has provided advice and comments thereon.

CORPORATE GOVERNANCE

As the Listing took place on 18 July 2018, the Company has not yet been listed on GEM during the period under review, the requirements under the code provisions set forth in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules were not applicable to the Company for the said period. Since the Listing, the Company has adopted the principles and the code provisions set out in the CG Code.

By Order of the Board
Pacific Legend Group Limited
Tracy-Ann Fitzpatrick
Executive Director, Vice-Chairperson and Chief Executive Officer

Hong Kong, 10 August 2018

As at the date of this report, the Board comprises Mr. John Warren McLennan, Ms. Tracy-Ann Fitzpatrick and Ms. Mok Lai Yin Fiona as executive Directors; Mrs. Jennifer Carver McLennan as non-executive Director; and Ms. Li Yan Yan, Ms. Elaine June Cheung and Mr. Roderick Donald Nichol as independent non-executive Directors.