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Pacific Legend Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8547)

CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS

Reference is made to the section headed “Connected Transactions” in the Prospectus in relation to, among others, the 2018 Delivery Service Contract.

REVISION OF ANNUAL CAPS

During a recent review by the Board on the existing continuing connected transactions of the Group, the Directors found that the transactions amount under the 2018 Delivery Service Contract is approaching the existing annual cap of HK\$3,000,000 for the financial year ending 31 December 2018.

On 28 November 2018 (after trading hours), Indigo HK, a wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with Winford to revise the existing annual caps from HK\$3,000,000 for each of the financial years ending 31 December 2018, 2019 and 2020 to (i) HK\$3,800,000 for the financial year ending 31 December 2018, (ii) HK\$4,200,000 for the financial year ending 31 December 2019 and (iii) HK\$4,500,000 for the financial year ending 31 December 2020, respectively.

IMPLICATIONS UNDER THE GEM LISTING RULES

Winford is owned as to 50% by Mr. McLennan, the chairman of the Board, an executive Director and a controlling Shareholder of the Company. Therefore, Winford is a connected person of the Company under Rule 20.07 of the GEM Listing Rules. Accordingly, the entering into of the Supplemental Agreement constitutes continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

According to Rule 20.52 of the GEM Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

Based on the revised annual caps under the Supplemental Agreement, as all of the applicable percentage ratios (as defined under the GEM Listing Rules) are less than 5%, the entering into of the Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(a) of the GEM Listing Rules.

At the Board meeting approving the Supplemental Agreement, other than Mr. McLennan and his associate Mrs. Jennifer Carver McLennan (being Mr. McLennan's spouse) who were considered to have a material interest in the relevant transactions and had abstained from voting on the relevant board resolutions, none of the Directors had a material interest in the transactions contemplated thereunder.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed "Connected Transactions" in the Prospectus in relation to, among others, the 2018 Delivery Service Contract.

Principal terms of the 2018 Delivery Service Contract are set out below for reference:

Date

22 June 2018

Parties

Indigo HK and Winford

Services

Winford shall provide delivery service and manpower support to Indigo HK from time to time.

Term

For the period commencing on the Listing Date and expiring on 31 December 2020.

Pricing basis

The price of delivery services set out in the 2018 Delivery Service Contract was determined after arm's length negotiations between Winford and the Group with reference to the then prevailing market price of similar services in the market at the date of the 2018 Delivery Service Contract. The Directors consider the price of the delivery services provided by Winford to be no less favourable to the Group than that offered by Independent Third Parties to the Group. At the beginning of each month, Winford will issue an invoice in respect of its services to the Group in respect of their services for previous month. Winford's invoices are due upon presentation, and Indigo HK settles the invoice by cheque.

REVISION OF ANNUAL CAPS

During a recent review by the Board on the existing continuing connected transactions of the Group, the Directors found that the transactions amount under the 2018 Delivery Service Contract is approaching the existing annual caps for the financial year ending 31 December 2018.

Winford has been primarily contracted to deliver the products for the Group's rental business in Hong Kong. However, the Company decided it would be helpful and more efficient for the Group to also use Winford for some of its retail deliveries in Hong Kong. The Group found the pricing of Winford competitive in the market and the services of Winford meet the expectations of the Company as Winford has worked well with the Group since 2009. As such, the transactions amount for the financial year ending 31 December 2018 is expected to be higher than the original level as envisaged at the time entering into of the 2018 Delivery Service Contract. The Company anticipates that the Group will continue to require Winford's services in the retail deliveries of the Group over the next few years.

On 28 November 2018 (after trading hours), Indigo HK entered into the Supplemental Agreement with Winford to revise the existing annual caps from HK\$3,000,000 for each of the financial years ending 31 December 2018, 2019 and 2020 to (i) HK\$3,800,000 for the financial year ending 31 December 2018, (ii) HK\$4,200,000 for the financial year ending 31 December 2019 and (iii) HK\$4,500,000 for the financial year ending 31 December 2020, respectively.

Save and except the revised annual caps of the transaction amounts between the Company and Winford as amended and supplemented by the Supplemental Agreement, the other provisions of the 2018 Delivery Service Contract shall remain in full force and effect.

The Board confirms that the existing annual caps for the financial year ending 31 December 2018 has not yet been exceeded as at the date of the announcement.

Historical transaction amounts and annual caps

The tables below set out (i) the actual transactions amounts and (ii) the existing annual caps and the revised annual caps, under the 2018 Delivery Service Contract:

	For the year ended 31 December 2017 (HK\$'000)	For the nine months ended 30 September 2017 (HK\$'000)	For the nine months ended 30 September 2018 (HK\$'000)
Actual Delivery Service amounts	2,940	2,267	2,315

	For the year ended 31 December 2018 (HK\$'000)	For the year ending 31 December 2019 (HK\$'000)	For the year ending 31 December 2020 (HK\$'000)
Existing annual cap	3,000	3,000	3,000
Revised annual cap	3,800	4,200	4,500

The revised annual caps are determined with reference to the following factors:

- (a) the historical actual transaction amounts between the Group and Winford of HK\$2,940,000 for the financial year ended 31 December 2017 and HK\$2,315,000 for the nine months ended 30 September 2018;
- (b) the anticipated increase in demand for delivery services from Winford in the last quarter of the financial year ending 31 December 2018; and
- (c) the anticipated increase in demand for delivery services from Winford for the financial years ending 31 December 2019 and 2020 respectively.

Having considered the reasons and benefits stated above, the Directors (including the independent non-executive Directors) consider it is beneficial for the Group to revise the annual caps for the continuing connected transactions under the 2018 Delivery Service Contract in order to continue to provide quality delivery service to the retail and rental customers of the Group. The Directors (including the independent non-executive Directors) also consider the entering into of the Supplemental Agreement is in the Group's ordinary course of business, and the terms of the Supplemental Agreement together with the revised annual caps are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND WINFORD

The Group is principally involved in (i) the sale of home furniture and accessories; (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 show flats.

Winford is principally engaged in the provision of delivery service in Hong Kong.

IMPLICATIONS UNDER THE GEM LISTING RULES

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According to Rule 20.52 of the GEM Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

Based on the revised annual caps under the Supplemental Agreement, as all of the applicable percentage ratios (as defined under the GEM Listing Rules) are less than 5%, the entering into of the Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, annual review, and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(a) of the GEM Listing Rules.

At the Board meeting approving the Supplemental Agreement, other than Mr. McLennan and his associate Mrs. Jennifer Carver McLennan (being Mr. McLennan's spouse) who were considered to have a material interest in the relevant transactions and had abstained from voting on the relevant board resolutions, none of the Directors had a material interest in the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“2018 Delivery Service Contract”	the corporate sale delivery service contract dated 22 June 2018 entered into between Indigo HK and Winford in relation to the provision of delivery services by Winford to Indigo HK
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Pacific Legend Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the GEM
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third party(ies) independent of and not connected with any director, chief executive or substantial shareholders or management shareholders of the Company or its subsidiaries or any of their respective associates
“Indigo HK”	Indigo Living Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“Listing Date”	18 July 2018, the listing date of the Company on GEM
“Mr. McLennan”	Mr. John Warren McLennan, the chairman of the Board, an executive Director and a controlling Shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 29 June 2018
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the corporate sales delivery service supplemental agreement dated 28 November 2018 entered into between Indigo HK and Winford, which amended and supplemented the 2018 Delivery Service Contract
“Winford”	Winford Inc. Limited, a company incorporated in Hong Kong with limited liability and owned as to 50% by Mr. McLennan and 50% by an Independent Third Party
“%”	per cent.

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

Hong Kong, 28 November 2018

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

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 Stock Exchange's website at www.hkexnews.hk and the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting and be posted on the website of the Company at www.pacificlegendgroup.com.