

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, 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 announcement.*

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

**DISCLOSEABLE TRANSACTION  
IN RELATION TO A TENANCY  
OF THE NEW WAREHOUSE**

On 28 November 2019, Indigo HK as tenant entered into the Offer Letter with ATL Logistics Centre HK as landlord in relation to the tenancy of the New Warehouse.

In accordance with HKFRS 16 “Leases” (effective from 1 January 2019), the Group will recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the leasing of the New Warehouse under the Offer Letter. Accordingly, the leasing transaction under the Offer Letter will be regarded as acquisition of assets by the Tenant for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use asset of the New Warehouse under the Offer Letter exceed 5% but are less than 25%, the leasing transaction contemplated thereunder constitutes discloseable transaction of the Company and is subject to the announcement requirement but exempt from Shareholders’ approval requirement of the Company under Chapter 19 of the GEM Listing Rules.

On 28 November 2019, Indigo HK as tenant entered into the Offer Letter with ATL Logistics Centre HK as landlord in relation to a tenancy of the New Warehouse.

## **THE OFFER LETTER DATED 28 NOVEMBER 2019**

Landlord:	ATL Logistics Centre HK
Tenant:	Indigo HK
Address of the New Warehouse:	Module E1, Portion of E2 and W1 on 6/F, ATL Logistics Centre B, Berth 3, Kwai Chung Container Terminal, Kwai Chung, Hong Kong
Term:	2 years commencing from 16 April 2020 to 15 April 2022 (both days inclusive), with an option to renew for a further 3 years at prevailing market rent
Usage:	Warehouse
Total Rental:	Approximately HK\$19,711,000, being the total rent of the fixed period of the Term less incentives as agreed by ATL Logistics Centre HK and Indigo HK under the Offer Letter (exclusive of management fees)

### **THE RIGHT-OF-USE ASSET**

The unaudited value of the right-of-use asset to be recognised by the Group under the Offer Letter amounted to approximately HK\$18,906,000, which is the present value of Total Rental and estimated reinstatement cost by the Tenant at the inception of the Term of the New Warehouse tenancy in accordance with HKFRS 16. Discount rate of 7.00% is applied to compute the present value of Total Rental under the Offer Letter.

### **REASONS AND BENEFITS FOR THE OFFER LETTER**

The Company is an investment holding company and its subsidiaries (including Indigo HK) are principally engaged in (i) sale and rental of home furniture and accessories; and (ii) project and hospitality services. For the purpose of the Group's sale of home furniture and accessories business, members of the Group enter into lease agreements from time to time for the lease of properties from Independent Third Parties as warehouse spaces for their inventories. The New Warehouse, located in Kwai Chung district, is more convenient and have better ancillary facilities compared to existing warehouse in Ap Lei Chau.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, ATL Logistics Centre HK is a property investment company incorporated in Hong Kong with limited liability and an Independent Third Party.

The Total Rental is arrived at arm's length negotiation with reference to the prevailing market rental of similar warehouses in the nearby locations. The Total Rental will be settled over the Term on monthly instalments out of the internal financial resources of the Group. The Directors believed that the terms and conditions of the Offer Letter are fair and reasonable and the transaction is on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and its Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

In accordance with HKFRS 16 "Leases" (effective from 1 January 2019), the Group will recognise the value of the right-of-use assets on its consolidated statement of financial position in connection with the leasing of the New Warehouse under the Offer Letter. Accordingly, the leasing transaction under the Offer Letter will be regarded as acquisition of assets by the Tenant for the purpose of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the value of the right-of-use of the New Warehouse under the Offer Letter exceed 5% but are less than 25%, the leasing transaction contemplated thereunder constitutes discloseable transaction of the Company and is subject to the announcement requirement but exempt from Shareholders' approval requirement of the Company under Chapter 19 of the GEM Listing Rules.

## **TERMS USED IN THIS ANNOUNCEMENT**

"ATL Logistics Centre HK" or "Landlord"	ATL Logistics Centre Hong Kong Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
"Board" or "Director(s)"	the board of directors of the Company
"Company"	Pacific Legend Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Rules"	The Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"Group"	the Company and its subsidiaries from time to time
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Indigo HK” or “Tenant”	Indigo Living Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“New Warehouse”	Module E1, Portion of E2 and W1 on 6/F, ATL Logistics Centre B, Berth 3, Kwai Chung Container Terminal, Kwai Chung, Hong Kong
“Offer Letter”	the offer letter dated 28 November 2019 entered into between Indigo HK as tenant and ATL Logistics Centre HK as landlord in relation to a tenancy of the New Warehouse
“Shareholders”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	2 years from 16 April 2020 to 15 April 2022 (both days inclusive), with an option to renew for a further 3 years at prevailing market rent
“Total Rental”	approximately HK\$19,711,000, being the total rent of the fixed period of the Term less incentives as agreed between ATL Logistics Centre HK and Indigo HK under the Offer Letter (exclusive of management fees)
“%”	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 2019

*As at the date of this announcement, 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. Elaine June Cheung, Ms. Lale Kesebi and Mr. Roderick Donald Nichol 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](http://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](http://www.pacificlegendgroup.com).*