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

**CONTINUING CONNECTED TRANSACTION**  
**(I) EXCEEDING OF 2019 ANNUAL CAP**  
**(II) REVISION OF 2020 ANNUAL CAP**  
**AND**  
**DISCLOSEABLE TRANSACTION**

On 13 December 2019 (after trading hours), Indigo HK, a wholly-owned subsidiary of the Company, entered into the 2019 Supplemental Agreement with Winford to revise (i) the 2019 Annual Cap from HK\$4,200,000 to HK\$5,200,000; and (ii) the 2020 Annual Cap from HK\$4,500,000 to HK\$5,730,000.

**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, and thus a connected person of the Company under Rule 20.07 of the GEM Listing Rules. In the circumstances, the transactions contemplated under the 2018 Delivery Service Contract (as supplemented by the 2018 Supplemental Agreement and 2019 Supplemental Agreement) constitute continuing connected transactions under the GEM Listing Rules.

As the aggregate transactions amount for the ten months ended 31 October 2019 has exceeded the 2019 Annual Cap of HK\$4,200,000, the Company is required to re-comply with the reporting and announcement requirements.

Based on the revised annual caps under the 2018 Delivery Services Contract (as supplemented by 2018 Supplemental Agreement and 2019 Supplemental Agreement), as all of the applicable percentage ratios are less than 25%, and the total amount of the revised annual caps is less than HK\$10,000,000, the entering into of the 2019 Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempted from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

In addition, as one or more of the applicable percentage ratios in respect of the revised annual caps is more than 5% but less than 25%, the transaction contemplated under the 2018 Delivery Service Contract (as supplemented by the 2018 Supplemental Agreement and 2019 Supplemental Agreement) constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements, but not the shareholders' approval requirement under the GEM Listing Rules.

At the Board meeting approving the 2019 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.

This announcement is made pursuant to Rule 20.52 of the GEM Listing Rules.

References are made to (i) the section headed "Connected Transactions" in the 2018 Annual Report and (ii) 2018 Announcement, in relation to the continuing connected transactions between the Group and Winford under the 2018 Delivery Service Contract and the 2018 Supplemental Agreement. For further information on the 2018 Delivery Service Contract (as supplemented by the 2018 Supplemental Agreement), please refer to the 2018 Announcement.

#### **EXCEEDING OF 2019 ANNUAL CAP**

It came to the attention of the Company that the aggregate transactions amount for the ten months ended 31 October 2019 with Winford has exceeded the 2019 Annual Cap by HK\$268,000 and adjustments are needed to be made for both the 2019 Annual Cap and the 2020 Annual Cap.

The table below set out the actual transaction amounts with Winford:

	For the year ended 31 December 2018 <i>(HK\$'000)</i>	For the ten months ended 31 October 2018 <i>(HK\$'000)</i>	<b>For the ten months ended 31 October 2019 <i>(HK\$'000)</i></b>
Actual delivery service	3,317	2,652	<b>4,468</b>

The 2019 Annual Cap was exceeded mainly due to the significant increase in sales of showflat furniture in the third quarter of 2019 which increased the use of delivery services providers, including Winford.

The delay in notification and announcement in respect of the exceeding of the 2019 Annual Cap was due to inadvertent oversight. This oversight was discovered when Indigo HK was in the process of month end closing and preparation of its financial statement for the ten months ended 31 October 2019.

## **2019 SUPPLEMENTAL AGREEMENT AND REVISION OF ANNUAL CAPS**

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 reporting and announcement requirements.

On 13 December 2019 (after trading hours), Indigo HK, a wholly-owned subsidiary of the Company, entered into the 2019 Supplemental Agreement with Winford to revise (i) the 2019 Annual Cap from HK\$4,200,000 to HK\$5,200,000; and (ii) the 2020 Annual Cap from HK\$4,500,000 to HK\$5,730,000.

Principal terms of the 2018 Delivery Service Contract (as supplemented by the 2018 Supplemental Agreement and 2019 Supplemental Agreement) 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 18 July 2018 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 to the Group in respect of their services for previous month. Winford invoices are due upon presentation, and Indigo HK settles the invoice by cheque.

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

- (a) the historical actual transaction amounts between our Group and Winford of HK\$3,317,000 for the financial year ended 31 December 2018 and HK\$4,468,000 for the ten months ended 31 October 2019;
- (b) the anticipated increase in demand for delivery services from Winford in the two months ending 31 December 2019; and
- (c) the anticipated increase in demand for delivery services from Winford for the year ending 31 December 2020.

Save and except the revised annual caps of the transaction amounts between the Company and Winford as amended and supplemented by the 2019 Supplemental Agreement, the other provisions of the 2018 Delivery Service Contract (as supplemented by 2018 Supplemental Agreement) will remain in full force and effect.

Having considered the reasons and benefits stated above, the Directors (including the independent non-executive Directors) considered it is beneficial for the Group to revise the annual caps for the continuing connected transactions under the 2018 Delivery Service Contract (as supplemented by the 2018 Supplemental Agreement) 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 considered the entering into of the 2019 Supplemental Agreement is in the Group's ordinary course of business, and the terms of the 2019 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.

## **MEASURES ADOPTED BY THE COMPANY FOR FUTURE COMPLIANCE**

In order to avoid any occurrence of similar events in the future and comply with the requirements of the GEM Listing Rules, the Company will take the following measures and actions:

- (i) conducting more frequent reviews on the aggregate volume of the transactions with Winford;
- (ii) forecasting transactions in the upcoming three months which require the services of Winford;
- (iii) expediting the data collection process from both Winford and the Group; and
- (iv) enhancing the supervision of the continuing connected transactions of the Group by providing trading data, on a monthly basis, for review by the management and members of the audit committee of the Company.

## **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 showflats.

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

## **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, and thus a connected person of the Company under Rule 20.07 of the GEM Listing Rules. In the circumstances, the transactions contemplated under the 2018 Delivery Service Contract (as supplemented by the 2018 Supplemental Agreement and 2019 Supplemental Agreement) constitute continuing connected transactions under the GEM Listing Rules.

As the aggregate transactions amount for the ten months ended 31 October 2019 has exceeded the 2019 Annual Cap of HK\$4,200,000, the Company is required to re-comply with the reporting and announcement requirements.

Based on the revised annual cap under the 2018 Delivery Service Contract (as supplemented by the 2018 Supplemental Agreement and 2019 Supplemental Agreement), as all of the applicable percentage ratios are less than 25%, and the total amount of revised annual cap is less than HK\$10,000,000, the entering into of the 2019 Supplemental Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempted from the circular (including independent financial advice) and shareholders' approval requirements under Rule 20.74(2)(b) of the GEM Listing Rules.

In addition, as one or more of the applicable percentage ratios in respect of the revised annual caps is more than 5% but less than 25%, the transaction contemplated under the 2018 Delivery Service Contract (as supplemented by the 2018 Supplemental Agreement and 2019 Supplemental Agreement) constitutes a discloseable transaction for the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements, but not the shareholders' approval requirement under the GEM Listing Rules.

At the Board meeting approving the 2019 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 Announcement”	the announcement of the Company dated 28 November 2018 in relation to the revision of the annual caps of transactions amount under 2018 Delivery Service Contract for the three years ending 31 December 2018, 2019 and 2020, respectively
“2018 Annual Report”	the annual report of the Company for the year ended 31 December 2018
“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

“2018 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
“2019 Annual Cap”	the approved maximum aggregate transaction amount with Winford for the year ending 31 December 2019
“2019 Supplemental Agreement”	the corporate sales delivery service supplemental agreement dated 13 December 2019 entered into between Indigo HK and Winford, which amended and supplemented the 2018 Delivery Service Contract and 2018 Supplemental Agreement
“2020 Annual Cap”	the approved maximum aggregate transaction amount with Winford for the year ending 31 December 2020
“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 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, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(s) 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
“Mr. McLennan”	Mr. John Warren McLennan, the chairman of the Board, an executive Director and a controlling Shareholder of the Company
“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
“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, 13 December 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 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](http://www.hkexnews.hk) and the GEM website at [www.hkgem.com](http://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](http://www.pacificlegendgroup.com).*