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PACIFIC LEGEND GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8547)

VOLUNTARY ANNOUNCEMENT — FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

The Board hereby announces that on 29 September 2021, Raeford (a wholly-owned subsidiary of the Company), Ms. Chan and the JV Company entered into the JV Agreement for the formation of the Joint Venture by way of Share Subscription.

According to the JV Agreement, upon completion of Share Subscription, the JV Company will be owned as to 60% by Raeford and as to 40% by Ms. Chan. As Raeford will be able to control the majority of the board of directors of the JV Company, the JV Company shall become an indirect non wholly-owned subsidiary of the Company and the JV Group's results will be consolidated into the financial statements of the Company.

GEM LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios under Chapter 19 of the GEM Listing Rules in relation to the formation of the joint venture under the JV Agreement are less than 5%, the JV Agreement is not subject to any disclosure requirements pursuant to Chapter 19 of the GEM Listing Rules. This announcement is made on a voluntary basis to provide a business update of the Company to the investors.

FORMATION OF JOINT VENTURE

The Board hereby announces that on 29 September 2021, Raeford (a wholly-owned subsidiary of the Company), Ms. Chan and the JV Company entered into the JV Agreement for the formation of the Joint Venture by way of Share Subscription.

The principal terms of the JV Agreement are set out as follows:

Date : 29 September 2021

Parties : (1) Raeford;
(2) Ms. Chan; and
(3) the JV Company

- Ownership of the JV Company : Pursuant to the terms of the JV Agreement, the parties agreed to form a joint venture by way of the Share Subscription following which the JV Company will be owned as to 60% by Raeford and 40% by Ms. Chan after completion of the Share Subscription.
- Capital commitment : The total issued share capital of the JV Company was US\$1.00 before the Share Subscription which would be increased to US\$10,000.00 pursuant to the JV Agreement. The total capital commitment to be made by Raeford and Ms. Chan into the JV Company is expected to be approximately HK\$10.0 million, and will be borne on a pro-rata basis with reference to their respective shareholding in the JV Company by way of Share Subscription pursuant to the terms and conditions of the JV Agreement.
- The amount of the said total capital commitment was arrived at after arm's length negotiation among the parties to the JV Agreement with reference to the estimated capital requirement of the JV Company.
- Pursuant to the terms of the JV Agreement, the total amount to be contributed by the Group is estimated to be HK\$6.0 million, which will be financed by internal resources of the Group.
- Management structure of the JV Company : Pursuant to the JV Agreement, the board of directors of the JV Company shall consist of three members, of which Raeford is entitled to nominate two directors. The chairman of the board of directors of the JV Company shall be nominated by Raeford.
- Scope of business : The scope of business of the JV Group Companies is intended to be interior design, decoration & renovation services, and any other business ancillary thereto as carried by the JV Group Companies.
- Conditions to the Share Subscription : Completion of the Share Subscription is subject to the following conditions:
- (a) Raeford having received documents evidencing completion of transfer of the entire issued share capital of the JV Subsidiary from Ms. Chan to the JV Company;

- (b) the parties to the JV Agreement having obtained all necessary approval, consent, authorisation or waiver in relation to the JV Agreement and the transactions contemplated thereunder, and such approval, consent, authorisation or waiver being valid as at the date of completion of the Share Subscription; and
- (c) there not having any relevant laws, regulations, directions, order or judgement from any courts or administrative authorities prohibiting the transactions contemplated under the JV Agreement or imposing any conditions or restrictions, or being reasonably foreseeable that such conditions or restrictions will be imposed.

Completion of the Share Subscription : Completion will take place within 14 days from the date of the JV Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

The Group is principally engaged 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.

The Group has been developing and upgrading its design and build capabilities (contracting) in the residential and commercial area over the past 3 years. The Group has seen a steady growth of the market in this area and is interested to expand further. Currently the Group outsources its contracting to several third parties with varying results. To secure more and especially larger contracts, it is in the interest of the Group to enter into JV Agreement with Ms. Chan to provide the Group with more consistent access to quality contracting. It allows the parties of the JV Agreement to share leads and provide the Group's customers a one-stop solution ranging from design, furniture supply, contracting to installation.

In light of the above, the Directors are of the view that the JV Agreement was entered into after arm's length negotiation and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Raeford is an investment holding company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of the Company.

Ms. Chan has substantial experience in interior design and renovation industry and is mainly responsible for design, project management, customer services and cost control. She runs her own design business and its scope of services include office and residential interior design and renovation works.

The JV Company is a company incorporated in the British Virgin Islands with limited liability which is an investment holding company. The JV Company will own the entire issued shares of the JV Subsidiary before completion of the Share Subscription. The JV Subsidiary is a company incorporated in Hong Kong with limited liability which will be principally engaged in interior design, decoration & renovation services, and any other business ancillary thereto as carried by the JV Group Companies after completion of the Share Subscription.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Ms. Chan is an Independent Third Party.

According to the JV Agreement, upon completion of Share Subscription, the JV Company will be owned as to 60% by Raeford and as to 40% by Ms. Chan. As Raeford will be able to control the majority of the board of directors of the JV Company, the JV Company shall become an indirect non wholly-owned subsidiary of the Company and the JV Group's results will be consolidated into the financial statements of the Company.

GEM LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Pacific Legend Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Director(s)”	directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	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”	a third party independent of the Company and the connected persons (has the meaning ascribed thereto in the GEM Listing Rules) of the Company and is not a connected person (has the meaning ascribed thereto in the GEM Listing Rules) of the Company
“Joint Venture”	the joint venture business established by Raeford and Ms. Chan pursuant to the JV Agreement
“JV Agreement”	the joint venture agreement dated 29 September 2021 entered into between Raeford, Ms. Chan and the JV Company in relation to the formation of the Joint Venture
“JV Company”	Indigo Overseas Projects Company Limited (木籃海外項目有限公司), a company incorporated in the British Virgin Islands with limited liability
“JV Group Companies”	collectively, the JV Company and its subsidiary(ies)
“JV Subsidiary”	Indigo (Overseas Projects) Company Limited (木籃(海外項目)有限公司), a company incorporated in Hong Kong with limited liability which will be the subsidiary of the JV Company before completion of the Share Subscription
“Ms. Chan”	Ms. Chan Pui Man (陳佩文)
“Raeford”	Raeford Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Share Subscription”	the proposed subscription of shares in the JV Company by Raeford and Ms. Chan subject to and in accordance with the terms and conditions of the JV Agreement
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Pacific Legend Group Limited
John Warren McLennan
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 29 September 2021

As at the date of this announcement, the Board comprises Mr. John Warren McLennan, Ms. Mok Lai Yin Fiona, Mr. So Kin Ting Wilson and Mr. Zheng Tianzhi as executive Directors; Mrs. Jennifer Carver McLennan as non-executive Director; and Ms. Lale Kesebi, Mr. Roderick Donald Nichol, Mr. So Alan Wai Shing and Mr. Lee Kwong Ming 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 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.