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PACIFIC LEGEND GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8547)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

The Board is pleased to announce that on 9 June 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 316,800,000 Placing Shares, to not less than six Placées who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.078 per Placing Share.

The Placing Price of HK\$0.078 per Placing Share represents (i) a premium of approximately 41.82% to the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 41.82% to the average of the closing prices per Share of approximately HK\$0.055 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The maximum number of the Placing Shares represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the completion of the Placing).

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming all 316,800,000 Placing Shares are subscribed for in full, upon completion of the Placing, the aggregate gross proceeds from the Placing will be approximately HK\$24.7 million and the estimated aggregate net proceeds will be approximately HK\$24.2 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.076 per Placing Share. The Directors intend to apply the estimated net proceeds to possible merger and acquisition opportunities and to general working capital of the Group.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING

The Board is pleased to announce that on 9 June 2023 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 316,800,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.078 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 9 June 2023 (after trading hours of the Stock Exchange)

Parties: Issuer: The Company

Placing Agent: KGI Asia Limited

The Placing Agent has been appointed to place up to 316,800,000 Placing Shares at the Placing Price of HK\$0.078 on a best effort basis, to not less than six Placees.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares are expected to be placed, on a best effort basis, to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) of the Company.

Placing Shares

The maximum number of Placing Shares of up to 316,800,000 Shares under the Placing represents (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the completion of the Placing). The aggregate nominal value of the Placing Shares under the Placing will be HK\$3,168,000.

Placing Price

The Placing Price of HK\$0.078 per Placing Share represents:

- (i) a premium of approximately 41.82% to the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 41.82% to the average of the closing prices per Share of HK\$0.055 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole. After taking into account all related costs, fees, expenses and commission of the Placing, the net issue price of the Placing Shares is approximately HK\$0.076 per Share.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Placing Commission

The Placing Agent will charge the Company a placing commission of 2% of the aggregate Placing Amount. The Placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent by reference to the prevailing market rates. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 316,800,000 new Shares. Up to the date of this announcement, no Shares have been allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares and such listing and permission not subsequently being revoked; (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (iii) the Placing Agreement not being terminated in accordance with the terms thereunder.

In the event any of the conditions above is not fulfilled on or before 7 July 2023 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties thereto shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing shall take place on the fourth (4th) Business Day after the fulfilment of the conditions as set out in paragraph headed “Conditions of the Placing” above (or such later date as may be agreed between the parties) or such other date as the Company and the Placing Agent may agree in writing.

Application for listing

The Company will make an application to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (b) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
- (d) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (e) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (f) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or

- (g) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the termination clauses above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally involved in (i) the sale of home furniture and accessories (which includes retail, corporate sales, online shops, wholesale and franchise); (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).

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$24.7 million, and the estimated net proceeds will be approximately HK\$24.2 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.076 per Placing Share.

The Directors intend to apply the estimated net proceeds to possible merger and acquisition opportunities in future and to general working capital of the Group.

As at 31 March 2023, the unutilized amount of net proceeds from the Listing was approximately HK\$11.88 million.

The Directors intend to continue the existing business operations of the Group and apply the unutilized proceeds from the Listing to strengthen and improve the Group's retail network in the year 2023 (further details of the status of use of net proceeds from Listing as at 30 June 2023 will be disclosed in the Company's Interim report for the six months ended 30 June 2023) as after the cessation of COVID-19 pandemic restrictions, the local and worldwide economy is expected to gradually recover. In view of the current market conditions, the Directors consider that the Placing will strengthen the Group's financial position and represents an opportunity to raise additional funding for possible merger and acquisition opportunities as well as business operations of the Group and will, and enlarge Shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fundraising activity in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of announcement
6 February 2023	Placing of 264,000,000 new Shares under the general mandate granted by Shareholders at the Company's annual general meeting on 13 May 2022	Approximately HK\$13,500,000	a) Possible merger and acquisition opportunities to expand its project segment; and b) General working capital for operations	a) HK\$3,000,000 for acquisition of 75.02% interest in a Project Management company; and b) Administrative and operations of HK\$10,500,000

Save as abovementioned, the Company had not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) upon completion (assuming all the Placing Shares are issued and allotted) of the Placing are set out below:

Major Shareholder	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Double Lions Limited (Notes 1, 2, 3 and 4)	414,500,000	26.17%	414,500,000	21.81%
Mr. Cheung Wai Keung	132,000,000	8.33%	132,000,000	6.94%
Century Great Investments Limited (Note 5)	215,050,000	13.58%	215,050,000	11.31%
The Places	—	—	316,800,000	16.67%
Other Public Shareholders	<u>822,450,000</u>	<u>51.92%</u>	<u>822,450,000</u>	<u>43.27%</u>
Total	<u>1,584,000,000</u>	<u>100.00%</u>	<u>1,900,800,000</u>	<u>100.00%</u>

Notes:

1. Double Lions Limited 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 Limited, the “Controlling Shareholders”). Each of the Controlling Shareholders executed the deed of acting in concert 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 Limited.
2. 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.
3. 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.
4. 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 Limited by virtue of the SFO.
5. Century Great Investments Limited is 100% owned by Ms. Wong Wing Man.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 12 May 2023
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	Pacific Legend Group Limited, a company incorporated in the Cayman Islands on 1 September 2017 as an exempted company with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8547)
“Completion Date”	the date which is the fourth (4th) Business Days after the fulfilment of the condition set out in the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent)
“Director(s)”	the director(s) of the Company

“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	party(ies) who is (are) not connected persons of the Company and is (are) third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Last Trading Day”	8 June 2023, being the last trading day of the Shares on the Stock Exchange immediately before the entering into of the Placing Agreement
“Listing”	the listing of the Shares on GEM on 18 July 2018 by way of share offer
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 316,800,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	KGI Asia Limited, a licensed corporation incorporated in Hong Kong to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 9 June 2023 in relation to the Placing

“Placing Amount”	the total aggregate amount of money (total monetary value) derived from multiplying the Placing Price by the actual number of Placing Shares actually subscribed for by the Placees procured by the Placing Agent
“Placing Price”	HK\$0.078 per Placing Share
“Placing Share(s)”	up to 316,800,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 9 June 2023

As at the date of this announcement, the Board comprises Mr. John Warren McLennan, Ms. Shawlain Ahmin and Ms. Wong Wing Man as executive Directors; and Mr. So Alan Wai Shing, Mr. Lee Kwong Ming and Mr. Lee Fung Lun, 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.