

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

PACIFIC LEGEND GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8547)

DISCLOSEABLE TRANSACTION FURTHER ACQUISITION OF 40% SHAREHOLDING INTEREST IN THE TARGET COMPANY AND THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

Reference is made to the announcement of the Company dated 10 November 2023 in relation to the 2023 Acquisition.

The Board would like to announce that on 23 September 2024 (after trading hours), the Vendor and the Purchaser, a wholly-owned subsidiary of the Company, entered into the SPA, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has agreed to sell, the Target Shares at the Consideration of HK\$4.5 million, of which HK\$4,021,500 will be satisfied by cash and HK\$478,500 will be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor at the Issue Price.

Subject to and upon the Completion, an aggregate of 2,900,000 Consideration Shares will be allotted and issued to Vendor, which represent approximately 1.07% of the issued share capital of the Company as at the date of this announcement and approximately 1.06% of the issued share capital of the Company as enlarged by the Consideration Shares.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and is not subject to the approval of the Shareholders. The Consideration Shares, when allotted and issued, shall rank *pari passu* with the Shares in issue.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The financial results of the Target Company will be consolidated to the financial results of the Group after Completion, but the financial results of the PRC Company will not be consolidated to the financial results of the Group after Completion.

GEM LISTING RULES IMPLICATIONS

As the 2023 Acquisition and the Acquisition were entered into with the same party within a 12-month period, they shall be aggregated as a series of transactions pursuant to Rule 19.22 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, and none of the applicable percentage ratios in respect of the 2023 Acquisition and the Acquisition when aggregated exceeds 25%, the Acquisition, on a standalone basis and when aggregated with the 2023 Acquisition, constituted discloseable transactions of the Company which are subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE ACQUISITION

On 23 September 2024 (after trading hours), the Vendor and the Purchaser, a wholly-owned subsidiary of the Company, entered into the SPA, the salient terms of which are set out as follows:

Date: 23 September 2024 (after trading hours)

Parties: (1) The Vendor; and

(2) The Purchaser.

Subject matter: The Purchaser has conditionally agreed to acquire, and the Vendor has agreed to sell, a further 40% shareholding interest in the Target Company (the “**Target Shares**”). The Target Company holds 50% shareholding interest in the PRC Company.

Consideration: The Consideration is HK\$4.5 million, of which HK\$4,021,500 will be satisfied by cash and HK\$478,500 will be satisfied by the allotment and issue of the Consideration Shares by the Company to the Vendor at the Issue Price.

The Consideration was determined after arm’s length negotiations between the parties after taking into account: (i) the audited net asset value of the PRC Company as at 31 December 2023 of approximately RMB27.6 million; and (ii) the reasons as set out in the paragraphs headed “Reasons for and benefits of the Acquisition” in this announcement.

Subject to and upon the Completion, an aggregate of 2,900,000 Consideration Shares will be allotted and issued to Vendor, which represent approximately 1.07% of the issued share capital of the Company as at the date of this announcement and approximately 1.06% of the issued share capital of the Company as enlarged by the Consideration Shares.

The Issue Price of each Consideration Share is HK\$0.165, which represents:

- (1) a premium of approximately 12.2% to the closing price of HK\$0.147 per Share as quoted on the Stock Exchange on 23 September 2024, being the date of the SPA; and
- (2) a premium of approximately 9.6% to the average closing price of HK\$0.1506 per Share as quoted on the Stock Exchange for the five (5) trading days immediately prior to the date of the SPA.

The Issue Price was arrived at after arm's length negotiations between the parties to the SPA after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions. The Directors consider that the Issue Price is fair and reasonable.

The Consideration Shares shall be allotted and issued pursuant to the General Mandate, credited as fully paid, and shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue, including the right to receive all dividends and distributions which may be declared, made or paid after the Completion and will be issued free and clean of all liens, encumbrances, equities or other third party rights. The allotment and issue of the Consideration Shares under the General Mandate is not subject to the approval of the Shareholders.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Profit guarantee:

The Vendor irrevocably undertakes to the Purchaser that the actual profit after tax attributable to shareholders of the PRC Company for each of the financial years of 2024 (“**FY2024**”) and 2025 (“**FY2025**”) as audited by an auditor designated by the Purchaser (the “**Actual Profit**”) shall not be less than the following Guaranteed Profit:

- FY2024: RMB1 million
- FY2025: RMB1 million

If the Actual Profit for any of the guaranteed periods is lower than the Guaranteed Profit for the same period, the Vendor shall, within one month after the issue of the audit report of the PRC Company for that period, repurchase from the Purchaser (i) the Target Shares at the consideration of HK\$4.5 million.

The above profit guarantee under the SPA is a separate and independent obligation of the Vendor from the Vendor's profit guarantee under the 2023 SPA, pursuant to which the Vendor irrevocably undertakes to the Purchaser that if the Actual Profit for any of the guaranteed periods is lower than the Guaranteed Profit for the same period, the Vendor shall fulfill the profit guarantee obligations under both the SPA and the 2023 SPA.

For the six months ended 30 June 2024, the PRC Company had recorded an Actual Profit of approximately RMB205,000 (unaudited).

Conditions precedent:

Completion is subject to certain conditions precedent being fulfilled (or waived by the Purchaser at its discretion) on or before 31 October 2024 (or such other date as agreed by the parties in writing), including but not limited to:

- (i) the Vendor having been the legal and beneficial owner of the shares in the Target Company being the subject of the Acquisition which are not subject to any encumbrance or third party right;
- (ii) the Purchaser having been satisfied with the net asset value of the PRC Company and results of the due diligence exercise on the Target Company and the PRC Company;
- (iii) the Target Company and the PRC Company having obtained all authorisation and approval in relation to the transactions under the SPA and the execution of all transaction documents;
- (iv) the Purchaser having obtained all internal approval in relation to the transactions under the SPA and the execution of all transaction documents;
- (v) the Vendor having completed all procedures to ensure that all liabilities of the Target Company and the PRC Company arising before Completion shall be borne by the Vendor based on the proportion of the Target Shares to the total issued shares of the Target Company;

- (vi) no material adverse change having arisen in relation to the management, business, assets, properties, financial condition, operation and/or prospect of the PRC Company; and
- (vii) the approval for the listing of, and permission to deal in the Consideration Shares by the Stock Exchange having been obtained by the Company, and such approval not having been revoked or withdrawn prior to Completion Date.

Conditions (i) to (vi) above may be waived by the Purchaser and condition (vii) may not be waived.

Completion:

Subject to the fulfillment (or waiver by the Purchaser) of all aforesaid conditions precedent, Completion shall take place on the Completion Date.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company. The financial results of the Target Company will be consolidated to the financial results of the Group after Completion, but the financial results of the PRC Company will not be consolidated to the financial results of the Group after Completion.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect of allotment and issue of the Consideration Shares on the shareholding structure of the Company upon the Completion is set out as below:

Name of Shareholder	As at the date of this announcement		Immediately after the Completion, the allotment and issue of all Consideration Shares (Note 1)	
	No. of Shares	Approximate % of number of Shares in issue	No. of Shares	Approximate % of number of Shares in issue
Double Lions Limited (Notes, 2, 3, 4 and 5)	34,060,000	12.58	34,060,000	12.44
Century Great Investments Limited (Note 6)	45,757,000	16.90	45,757,000	16.72
Vendor	—	—	2,900,000	1.06
Other Public Shareholders	190,979,000	70.52	190,979,000	69.78
Total	270,796,000	100.00	273,696,000	100.00

Notes:

- (1) Assuming no change in total issued share capital of the Company other than allotment and issue of all Consideration Shares.
- (2) 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 “**Double Lions Shareholders**”). Each of the Double Lions 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.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) Century Great Investments Limited is 100% owned by Ms. Wong Wing Man, an executive Director of the Company.

INFORMATION ABOUT THE GROUP AND THE PURCHASER

The Company is an investment holding company and its subsidiaries are principally engaged in the sale of home furniture and accessories, the leasing of home furniture and accessories and the provision of design consultancy services for fitting out interiors with furnishings.

The Purchaser is a wholly-owned subsidiary of the Company. The Purchaser is an investment holding company.

INFORMATION ABOUT THE VENDOR

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor, Ms. Yan Kam Ying (殷錦英), is a merchant and an Independent Third Party, save that she is a substantial shareholder holding 60% of the shares of the Target Company which will become a subsidiary of the Group upon Completion.

INFORMATION ABOUT THE TARGET COMPANY AND THE PRC COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and an investment holding company. It was formed as a special purpose vehicle to hold the equity interest in the PRC Company. As at the date of this announcement and immediately before Completion, the Target Company was owned as to 60% by the Vendor and 40% by the Purchaser; the PRC Company is held as to 50% by the Target Company and 50% by an Independent Third Party.

The PRC Company is a company established in the PRC with limited liability. The PRC Company is principally engaged in animal husbandry.

Set out below is a summary of the key financial information of the Target Company and the PRC Company:

Target Company:

	For the period from 14 August 2023 to 30 June 2024 <i>HK\$</i> <i>(approximately)</i> <i>(unaudited)</i>
Revenue	—
Net profit/(loss) before taxation and extraordinary items	14,477
Net profit/(loss) after taxation and extraordinary items	14,477
	As at 30 June 2024 <i>HK\$</i> <i>(approximately)</i> <i>(unaudited)</i>
Total assets	12,743,977
Net assets/(liabilities)	(815,523)

PRC Company:

	For the year ended 31 December 2022 <i>RMB'000</i> <i>(approximately)</i> <i>(audited)</i>	For the year ended 31 December 2023 <i>RMB'000</i> <i>(approximately)</i> <i>(audited)</i>
Revenue	11,299	12,451
Net profit/(loss) before taxation and extraordinary items	334	428
Net profit/(loss) after taxation and extraordinary items	334	428

As at
31 December
2023
RMB'000
(approximately)
(audited)

Total assets	34,126
Net assets/(liabilities)	27,626

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider the Acquisition represents a positive investment opportunity for the Company to expand and diversify its business profile. The Board notes that the PRC Company has recorded stable income and profit in the past two financial years. Unlike the furniture business of the Group, the animal husbandry business of the PRC Company, sustained by the steady demand for food products in the PRC, has been less affected by COVID-19. The Board expects that the recovery of the PRC economy from COVID-19 will also benefit the business of the PRC Company. Given the business prospect of the PRC Company, it is believed that the investment in the PRC Company will bring a steady and additional source of income to the Group as the business of the PRC Company further develops. At the same time, the profit guarantee provided by the Vendor and her repurchase obligation serve as a protection of the Group's interest in the event the PRC Company does not achieve the expected level of profitability.

Having considered the above, the Directors are of the view that the terms of the SPA and the transactions contemplated thereunder (including the Acquisition) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the 2023 Acquisition and the Acquisition were entered into with the same party within a 12-month period, they shall be aggregated as a series of transactions pursuant to Rule 19.22 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, and none of the applicable percentage ratios in respect of the 2023 Acquisition and the Acquisition when aggregated exceeds 25%, the Acquisition, on a standalone basis and when aggregated with the 2023 Acquisition, constituted discloseable transactions of the Company which are subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“2023 Acquisition”	the acquisition of 40% shareholding interest in the Target Company by the Purchaser from the Vendor, pursuant to the 2023 SPA
“2023 SPA”	the share and purchase agreement dated 10 November 2023 and entered into between the Vendor and the Purchaser in relation to the 2023 Acquisition
“Acquisition”	the acquisition of 40% shareholding interest in the Target Company by the Purchaser from the Vendor, pursuant to the SPA
“Board”	the board of Directors
“Company”	Pacific Legend Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms of the SPA
“Completion Date”	the next business days after all conditions precedent are fulfilled (or if it is capable of being waived by the Purchaser pursuant to the SPA, so waived by the Purchaser), or such other date as agreed by the parties in writing
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration of HK\$4.5 million
“Consideration Shares”	an aggregate total of 2,900,000 new Shares to be issued and allotted by the Company to the Vendor pursuant to the terms and conditions of the SPA
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 28 June 2024 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or its connected persons
“Issue Price”	HK\$0.165 per Consideration Share
“PRC”	the People’s Republic of China
“PRC Company”	Huizhou Taichen Ecology Agricultural Development Company Limited* (惠州市泰琛生態農業發展有限公司), a company established in the PRC with limited liability
“Purchaser”	JF (Greater Bay) Group Company Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SPA”	the share and purchase agreement dated 23 September 2024 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hong Kong Taichen Ecology Agricultural Development Company Limited (香港泰琛生態農業發展有限公司), a company incorporated in Hong Kong with limited liability
“Vendor”	Ms. Yan Kam Ying (殷錦英)
“%”	per cent.

By order of the Board
Pacific Legend Group Limited
Wong Wing Man
Executive Director

Hong Kong, 23 September 2024

As at the date of this announcement, the Board comprises Ms. Wong Wing Man, Mr. Wong Sui Chi, Mr. Law Sai Kit and Mr. Lam Chun Hin as executive Directors; and Mr. So Alan Wai Shing, Mr. Lee Kwong Ming and Mr. Chan Kin Sun as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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.

** For identification purposes only*