

TARGET

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PACIFIC LEGEND GROUP LTD: THIS COMPANY IS LIKELY TO BE KNOWN BY ITS LEGEND OF LOSSES

Ever since July 18, 2018 (that was the date on which Pacific Legend Group Ltd [Stock Code: 8547] sought and was granted the privilege to have its entire Issued and Fully Paid-Up Share Capital listed on The Growth Enterprise Market – The **GEM** – The Stock Exchange of Hongkong Ltd) Senior Management has been forced to see the Company's financials whittled down, Year-after-Year-after-Year.

As at December 31, 2022, shareholders were forced to take note of the following:

- The Company's Revenue had hit its lowest level of the past Five Financial Years, at \$HK204,038,000.00; and,
- The Company's Net Loss – a record-breaking Net Loss, by the way – with regard to the 2022 Financial Year, coming in at \$HK47,888,000.00.

Pacific Legend Group Ltd was incorporated in the Cayman Islands on or about September 1, 2017.

The Company and its subsidiaries are principally engaged in the sales 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.

In his Chairman's Statement, Mr John Warren McLennan, the Chairman of the Board of Directors, Chief Executive Officer, and an Executive Director of the Company, had this to relate to shareholders:

'2022 IN REVIEW

'The general market conditions in 2022 was (sic) extremely challenging, in particular in Hong Kong and mainland China because of the outbreak of the Omicron variant of the COVID-19 in the first half of the Year as well as the social distancing measures which had caused a wave of expatriate departures and the property developers put the brakes on releasing residential flats for sale. Our retail business in Hong Kong also

suffered from weak demand following the decline in the second-hand property market and by fierce price competition from other furniture retailers. As the Hong Kong SAR Government gradually relaxed such social distancing measures in the second half of the Year, there were signs of recovery in our show-flat sales and project businesses, but it was still not sufficient to cover the shortfall compared to last year. However, we have successfully launched a large volume furniture package for a new private housing estate developed by a leading property developer in Hong Kong, which is expected to deliver in mid-2023. We have also extended our online businesses to B2B model with the launch of our Indigo Trade website which offers our new and existing wholesale customers exclusive items such as accessories, wall art and cushions, from our vast library of Indigo products, as well as newly launched items offered in our retail channels.

‘We closed the only store in Shanghai during the Year but to maintain our presence in projects and distribution business in the PRC (the **People’s Republic of China**), we await opportunities of reopening new stores when (the) Chinese economy recovers following the re-opening of borders to the world since January 2023.

‘Our retail and corporate sales business in Dubai, United Arab Emirates continued to grow with the opening of another new store in Dubai Hills Mall in the third quarter of 2022. On the other hand, even though the project revenue in Dubai decreased, it still managed to maintain a stable pipeline for the next two years.

‘2023 – LOOKING TO THE FUTURE

‘Our mission for 2023 will remain the same — to enable our customers and their clients to “**Live Beautifully**”.

‘As COVID-19 pandemic subsides and the borders of Hong Kong and China open in 2023, it is likely that Hong Kong economy and property market may gradually recover. Mainland Chinese buyers may resume coming to Hong Kong to acquire commercial and residential properties, and with the expected growth in economic activities, it is believed that there will be an increase in new and existing Hong Kong commercial and residential property owners or tenants seeking to decorate, refit or renovate their properties. Apart from working with the property developers and introducing more furniture packages for first-hand residential flats buyers, we also expect a potential growth in demand of project management services for interior design and renovation in the coming years. The Group shall seek and seize opportunities to further expand its projects business by way of organic growth of our existing projects team or acquisition of suitable project management company(ies) providing interior design and renovation services when the suitable opportunity arises. In February 2023 we have completed a placing of new shares, raising approximately HK\$13.4 million for such potential acquisition opportunities as well as the general working capital of the Group.

‘On the other hand, following the recent demographic changes in Hong Kong we shall conduct research and invest in products targeting local customers. We also look for business opportunities in Dubai and Shanghai, from opening new retail stores to corporate sales and furniture projects.’

THE FINANCIALS OF PACIFIC LEGEND GROUP LTD

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