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**LEGEND STRATEGY INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED**

**枋濬國際集團控股有限公司**

*(a company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1355)**

**DISCLOSEABLE TRANSACTION**

**RENEWAL OF TENANCY IN RESPECT OF PROPERTIES IN SHENZHEN, THE PRC**

**THE TENANCY AGREEMENT**

On 18 July 2019, the Tenant and the Landlord entered into the Tenancy Agreement in respect of the renewal of the tenancy of the Properties.

Pursuant to HKFRS 16, following the conclusion of the Tenancy Agreement as tenant, the Group shall recognize an asset representing its right to use the Properties in the amount of approximately RMB11.2 million calculated with reference to the present value of the fixed rental payments as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the Tenancy Agreement. As such, the transaction contemplated under the Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

**IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction contemplated under the Tenancy Agreement based on the value of the right-of-use asset recognized by the Group pursuant to HKFRS 16 exceeds 5% but is less than 25%, the conclusion contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is accordingly subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 18 July 2019, the Tenant and the Landlord entered into the Tenancy Agreement in respect of the renewal of the tenancy of the Properties.

The principal terms of the Tenancy Agreement are set out below:

## **TENANCY AGREEMENT**

**Date:** 18 July 2019

**Parties:**

**Tenant:** Shenzhen Yingde Tourists Co., Ltd.\* (深圳盈的旅業有限公司), an indirectly wholly-owned subsidiary of the Company

**Landlord:** Shenzhen Chuanghua Co-operation Co., Ltd.\* (深圳創華合作有限公司)

**Relevant Premises:** Parts of 1/F & 3/F to 6/F of Elite Building\* (億利達精英綜合樓), No. 2009 Nanshan Avenue, Nanshan District, Shenzhen, the PRC

**Total gross floor area:** 7,079 sq. m

**Term of the tenancy:** 2 years commencing on 1 January 2020

**Rental:** RMB536,588 per month

**Use:** Hotel operations

## **BASIS FOR DETERMINATION OF THE RENTALS AND OTHER INFORMATION**

The terms of the Tenancy Agreement (including the rental) were determined after arm's length negotiations between the Landlord and the Tenant, with reference to the prevailing market rentals for properties of similar type, age and location.

The rental and other amounts payable by the Tenant under the Tenancy Agreement are expected to be financed by the internal resources of the Group.

## **INFORMATION ON THE PARTIES**

### **The Group and the Tenant**

The Group is principally engaged in the hotel operations, hotel consultations and management services and other related businesses in the PRC.

The Tenant is an indirectly wholly-owned subsidiary of the Company principally engaged in hotel operations.

### **The Landlord**

The Landlord is a company established in the PRC whose scope of business mainly includes, among others, leasing of properties and operation of carpark.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## **REASONS FOR AND BENEFITS OF RENEWAL OF THE TENANCY AGREEMENT**

The Group is principally engaged in the hotel operations, hotel consultations and management services and other related businesses in the PRC. One of our current hotels, Nanshan Hotel, is situated in the tenancy being renewed. The existing tenancy agreement is going to expire on 31 December 2019. The Board believes that the renewal of tenancy will have a positive impact on the future development of the Company. Having taken into account the above reasons and benefits, the Board is of the view that the terms of the Tenancy Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, following the conclusion of the Tenancy Agreement as tenant, the Group shall recognize an asset representing its right to use the Properties in the amount of approximately RMB11.2 million calculated with reference to the present value of the fixed rental payments as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire term of the Tenancy Agreement. As such, the transaction contemplated under the Tenancy Agreement will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction contemplated under the Tenancy Agreement based on the value of the right-of-use asset recognized by the Group pursuant to HKFRS 16 exceeds 5% but is less than 25%, the conclusion contemplated under the Tenancy Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is accordingly subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Legend Strategy International Holdings Group Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants, which sets out the principles for the recognition, measurement, presentation and disclosure of leases
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Shenzhen Chuanghua Co-operation Co., Ltd.* (深圳創華合作有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, does not include Hong Kong, the Macao Special Administrative Region of the People’s Republic of China or Taiwan
“Properties”	Parts of 1/F & 3/F to 6/F of Elite Building* (億利達精英綜合樓), No. 2009 Nanshan Avenue, Nanshan District, Shenzhen, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Tenancy Agreement”      the tenancy agreement in respect of Properties entered into between the Landlord and the Tenant and dated 18 July 2019

“Tenant”      Shenzhen Yingde Tourists Co., Ltd.\* (深圳盈的旅業有限公司), an indirectly wholly-owned subsidiary of the Company

\* *for identification purpose only*

**By order of the Board**  
**Legend Strategy International Holdings Group Company Limited**  
**Ye Shusheng**  
*Executive Director*  
*and Chief Executive Officer*

Hong Kong, 18 July 2019

*As at the date of this announcement, the Board comprises the following Directors:*

*Executive Director:*

Mr. Ye Shusheng

*Non-executive Directors:*

Mr. Yuan Fuer (Chairman)

Mr. Hu Xinglong

*Independent non-executive Directors:*

Mr. Wu Jilin

Mr. Du Hongwei

Ms. Li Zhou