THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Legend Strategy International Holdings Group Company Limited**, you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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LEGEND STRATEGY INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED

朸濬國際集團控股有限公司

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

(Stock Code: 1355)

VERY SUBSTANTIAL ACQUISITIONS IN RELATION TO (1) FORMATION OF JOINT VENTURE COMPANIES; AND (2) ENTERING INTO OF THE TENANCY AGREEMENTS

Financial Adviser to the Company

SORRENTO CAPITAL LIMITED 擎天資本有限公司

A notice convening an EGM of Legend Strategy International Holdings Group Company Limited to be held at Suite 1705, 17/F, World-Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong on Monday, 20 April 2020 is set out on pages EGM-1 to EGM-5 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of Legend Strategy International Holdings Group Company Limited in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

26 March 2020

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meaning:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Chengdu Agreement"	an agreement entered into between Shenzhen Subsidiary and Chengdu Partner on 24 January 2020 for the establishment of joint venture in relation to hotel business in Chengdu, the PRC
"Chengdu Hotel"	a hotel to be established by Chengdu JV at the Chengdu Property
"Chengdu JV"	成都力之浚酒店管理有限公司 (transliterated as Chengdu Legend Strategy Hotel Development Co., Ltd.*), a company established jointly by Shenzhen Subsidiary and Chengdu Partner in the PRC
"Chengdu Landlord"	成都洋洋摩爾百貨有限公司 (transliterated as Chengdu Yangyang Mall Department Store Co., Ltd.*), a company established in the PRC and the landlord of the Chengdu Property
"Chengdu Partner"	Ms. Liao Zihan (廖子涵)
"Chengdu Property"	a property situated at Chengdu, Sichuan Province, the PRC
"Chengdu Tenancy Agreement"	an agreement entered into between Shenzhen Subsidiary, Chengdu Partner and Chengdu Landlord on 24 January 2020 for the lease of the Chengdu Property
"Chengdu Tenancy Agreements"	the Chengdu Tenancy Agreement, the First Supplemental Chengdu Tenancy Agreement and the Second Supplemental Chengdu Tenancy Agreement
"Company"	Legend Strategy International Holdings Group Company Limited (朸濬國際集團控股有限公司*), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange (stock code: 1355)

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be held and convened to consider and approve the JV Agreements, the Tenancy Agreements and the transactions contemplated thereunder
"First Supplemental Chengdu Tenancy Agreement"	an agreement dated 4 February 2020 entered into among Shenzhen Subsidiary, Chengdu Partner and Chengdu Landlord in relation to the amendment to the Chengdu Tenancy Agreement
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hotels"	the Chengdu Hotel and the Wuhan Hotel
"Independent Third Party(ies)"	person(s) who is (are) third party(ies) independent of the Company and connected persons of the Company
"Joint Venture Companies"	Chengdu JV and Wuhan JV
"JV Agreements"	the Chengdu Agreement and the Wuhan Agreement
"JV Condition Date"	30 September 2020, being the date on which the last of the conditions precedents set out in each of the JV Agreements are duly fulfilled, waived and/or performed
"JV Partners"	Chengdu Partner and Wuhan Partner
"Landlords"	Chengdu Landlord and Wuhan Landlord
"Latest Practicable Date"	23 March 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Properties"	the Chengdu Property and the Wuhan Property
"RMB"	Renminbi, the lawful currency of the PRC
"Second Supplemental Chengdu Tenancy Agreement"	an agreement dated 17 March 2020 entered into among Shenzhen Subsidiary, Chengdu Partner and Chengdu Landlord in relation to the amendment to the Chengdu Tenancy Agreement which supersedes the First Supplemental Chengdu Tenancy Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Subsidiary"	深圳枋浚酒店管理有限公司 (transliterated as Shenzhen Legend Strategy Hotel Management Company Limited*), an indirect wholly-owned subsidiary of the Company
"sqm"	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Wuhan Tenancy Agreement"	an agreement dated 17 March 2020 entered into among Wuhan JV and Wuhan Landlord in relation to the amendment to the Wuhan Tenancy Agreement
"Tenancy Agreements"	the Chengdu Tenancy Agreements and the Wuhan Tenancy Agreements

"Transfer Agreement"	an agreement appended to the Chengdu Tenancy Agreement entered into among (i) Shenzhen Subsidiary and Chengdu Partner, as previous tenants; (ii) Chengdu JV, as new tenant; and (iii) Chengdu Landlord, as landlord, in relation to the transfer of lease of the Chengdu Property on 23 March 2020
"Wuhan Agreement"	an agreement entered into between Shenzhen Subsidiary and Wuhan Partner on 24 January 2020 for the establishment of joint venture in relation to hotel business in Wuhan, the PRC
"Wuhan Hotel"	a hotel to be established by Wuhan JV at the Wuhan Property
"Wuhan JV"	武漢枋浚酒店管理有限公司 (transliterated as Wuhan Legend Strategy Hotel Development Co., Ltd.*), a company established jointly by Shenzhen Subsidiary and Wuhan Partner in the PRC
"Wuhan Landlord"	武漢公民酒店發展有限公司 (transliterated as Wuhan Citizen Hotel Development Co., Ltd.*), a company established in the PRC and the landlord of the Wuhan Property
"Wuhan Partner"	Mr. Sun Taishan (孫太山)
"Wuhan Property"	a property situated at Wuhan, Hubei Province, the PRC
"Wuhan Tenancy Agreement"	an agreement entered into between Wuhan JV and Wuhan Landlord on 24 January 2020 for the lease of the Wuhan Property
"Wuhan Tenancy Agreements"	the Wuhan Tenancy Agreement and the Supplemental Wuhan Tenancy Agreement
"%"	per cent.

For the purpose of this circular, unless otherwise specified, conversion of RMB into HK$ is based on the approximate exchange rate of HK$1.13 to RMB1.00.

LEGEND STRATEGY INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED
杤濬國際集團控股有限公司
(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 1355)

Executive Director:
Mr. Chen Wu *(Chief Executive Officer)*
Mr. Chung Tin Yan

Non-executive Directors:
Mr. Yuan Fuer *(Chairman)*
Mr. Hu Xinglong

Independent non-executive Directors:
Mr. Wu Jilin
Mr. Du Hongwei
Ms. Li Zhou

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters and principal place of business in Hong Kong:
Suite 1705, 17/F
World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

26 March 2020

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITIONS IN RELATION TO
(1) FORMATION OF JOINT VENTURE COMPANIES;
AND
(2) ENTERING INTO OF THE TENANCY AGREEMENTS

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 24 January 2020 in relation to, among other things, the formation of Joint Venture Companies and the entering into of the Tenancy Agreements; (ii) the announcement of the Company dated 4 February 2020 in relation to the entering into of the First Supplemental Chengdu Tenancy Agreement; and (iii) the announcement of the Company dated 17 March 2020 in relation to the entering into of the Second Supplemental Chengdu Tenancy Agreement and the Supplemental Wuhan Tenancy Agreement.

On 24 January 2020 (after the trading hours of the Stock Exchange), (i) Shenzhen Subsidiary and Chengdu Partner entered into the Chengdu Agreement pursuant to which Shenzhen Subsidiary and Chengdu Partner will, among others, provide capital in the maximum amount of RMB21.00 million to Chengdu JV according to their proportional interests (i.e. 51% and 49% respectively) in Chengdu JV after establishment (subject to the terms and conditions of the Chengdu Agreement); and (ii) Shenzhen Subsidiary and Wuhan Partner entered into the Wuhan Agreement pursuant to which Shenzhen Subsidiary and Wuhan Partner will, among others, provide capital in the maximum amount of RMB20.90 million to Wuhan JV according to their proportional interests (i.e. 51% and 49% respectively) in Wuhan JV (subject to the terms and conditions of the Wuhan Agreement), for the development of hotel business in Chengdu and Wuhan, the PRC respectively.

In order to secure places for establishment of the Hotels, after the trading hours of the Stock Exchange on 24 January 2020, Shenzhen Subsidiary, Wuhan JV and Chengdu Partner also entered into the Chengdu Tenancy Agreement and the Wuhan Tenancy Agreement with relevant landlords for two commercial properties located in Chengdu and Wuhan, the PRC.

Having assessed the market condition in the PRC as impacted by the coronavirus, Shenzhen Subsidiary, Chengdu Partner and Chengdu Landlord further negotiated the terms of the Chengdu Tenancy Agreement and reached an agreement to reduce the monthly rent under the Chengdu Tenancy Agreement. After trading hours of the Stock Exchange on 4 February 2020, Shenzhen Subsidiary, Chengdu Partner and Chengdu Landlord entered into the First Supplemental Chengdu Tenancy Agreement. Furthermore, after trading hours of the Stock Exchange on 17 March 2020, (i) Shenzhen Subsidiary, Chengdu Partner and Chengdu Landlord entered into the Second Supplemental Chengdu Tenancy Agreement; and (ii) Wuhan JV and Wuhan Landlord entered into the Supplemental Wuhan Tenancy Agreement.

After trading hours of the Stock Exchange on 23 March 2020, (i) Shenzhen Subsidiary and Chengdu Partner, as previous tenants; (ii) Chengdu JV, as new tenant; and (iii) Chengdu Landlord, as landlord, entered into the Transfer Agreement pursuant to which the rights and obligations of previous tenants under the Chengdu Tenancy Agreements have been transferred to Chengdu JV.

The purpose of this circular is to provide you with, among others, further details of the JV Agreements, the Tenancy Agreements and such other information as required under the Listing Rules.

A. FORMATION OF JOINT VENTURE COMPANIES

The principal terms of each of the JV Agreements are set out below:

(1) The Chengdu Agreement

Date	:	24 January 2020 (after trading hours of the Stock Exchange)
Parties	:	(i) Shenzhen Subsidiary (ii) Chengdu Partner To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Chengdu Partner was the Independent Third Party at the time of entering into the Chengdu Agreement.
Chengdu JV	:	Chengdu JV is a company established in the PRC on 12 March 2020 with registered capital of RMB500,000 and is held as to 51% and 49% by Shenzhen Subsidiary and Chengdu Partner respectively as at the Latest Practicable Date. Pursuant to the Chengdu Agreement, both parties have agreed the business scope of Chengdu JV such that Chengdu JV will be qualified to apply relevant licences for its hotel business. The business scope of Chengdu JV is hotel corporation management. It is the intention of both parties to establish the Chengdu Hotel only in the Chengdu Property under Chengdu JV. Chengdu Partner shall facilitate the obtainment of relevant permit, registration and approval necessary for Chengdu JV to be qualified for the operation of Chengdu Hotel by the JV Condition Date. Then a management company, which may be introduced by Chengdu Partner, will be appointed by Chengdu JV for managing the Chengdu Hotel.

Upon the establishment of Chengdu JV, Chengdu JV, Shenzhen Subsidiary and Chengdu Partner shall execute the Transfer Agreement (details of which are appended to the Chengdu Tenancy Agreement) with Chengdu Landlord pursuant to which all the rights and obligations of Shenzhen Subsidiary and Chengdu Partner, as existing tenants, under the Chengdu Tenancy Agreements shall be transferred to Chengdu JV and the tenancy to be transferred to Chengdu JV will also be subject to all conditions precedent in the Chengdu Tenancy Agreement.

Upon completion of the Chengdu Agreement, Chengdu JV will remain a non-wholly owned subsidiary of the Company and owned as to 51% by the Company and 49% by Chengdu Partner.

Capital commitment to Chengdu JV : In order to satisfy the capital requirement for establishment and operation of the Chengdu Hotel, both parties have also agreed to provide (i) equity capital of RMB500,000 for the registered capital by 31 December 2030; (ii) two shareholders' loans of RMB17.50 million in total; and (iii) advance for operation of RMB3.00 million to Chengdu JV in the manner set out in table below, according to their proportionate interests in Chengdu JV. Such amount of capital commitment is determined by both parties after arm's length negotiation and taking into account (i) the expected one-off renovation costs (e.g. mechanical and electrical engineering costs, design costs and cost of renovation materials) of the Chengdu Hotel; (ii) one-off cost of furniture and consumables; (iii) initial rental deposit and subsequent lease payments and property management fee of the Chengdu Property for the first 12 months; and (iv) other major operating costs such as staff costs, utilities expenses for the first 9 months after commencement of business.

The Company considers that the capital commitment would provide necessary capital to the Chengdu Hotel for capital expenditure during the renovation period and for major operating expenses during the startup of business. As the Company expects that the Chengdu Hotel will record income after commencement of business and may gradually improve its performance, the Company does not expect to make any subsequent capital injection to Chengdu JV as at the Latest Practicable Date. Nevertheless, if the Company decides to make further capital injection to Chengdu JV for its other business development or capital replenishment, the Company will comply with the relevant requirements under the Listing Rules.

Shareholders' loan and advance (interest free)	Contribution date	Amount
First shareholders' loan	The later of 31 May 2020 or within ten days after the date of the JV Condition Date	Shenzhen Subsidiary: RMB6,000,000 Chengdu Partner: RMB6,500,000
Second shareholders' loan	The later of 31 August 2020 or within ten days after the JV Condition Date	Shenzhen Subsidiary: RMB2,925,000 Chengdu Partner: RMB2,075,000
Advance for operation	Depends on the capital need in early stage of operation	Shenzhen Subsidiary: RMB1,530,000 Chengdu Partner: RMB1,470,000

Priority distribution amount	:	From the date of commencement of business of the Chengdu Hotel to the expiry of the Chengdu Tenancy Agreement (the "**Chengdu Priority Period**"), Shenzhen Subsidiary shall, subject to the laws in the PRC, have priority over Chengdu Partner in respect of distribution from the amount (the "**Chengdu Distributable Amount**") of profit after tax (after offsetting accumulated losses and contribution to statutory reserve) and adding back non-cash items including depreciation and amortisation charges of Chengdu JV, which on average, is based on around 12% of the proportionate capital commitment (in form of share capital, if paid up, and aforesaid shareholders' loans) to be provided by Shenzhen Subsidiary (the "**Chengdu Priority Amount**") for each 12 month period over the Chengdu Priority Period. For illustration purposes, the average Chengdu Priority Amount would be approximately RMB1.10 million per 12 month period (the "**Chengdu Account Period**") (starting from the date of commencement of business of the Chengdu Hotel) (i.e. RMB18.00 million x 51% x 12%). Chengdu Partner will be entitled to the remaining amount in the Chengdu Distributable Amount after satisfying the Chengdu Priority Amount until the Chengdu Distributable Amount has reached 24% of the total capital commitment (in form of share capital, if paid up, and aforesaid shareholders' loans) of Chengdu JV. If the Chengdu Distributable Amount exceeds 24% of the total capital commitment of Chengdu JV, parties shall share the Chengdu Distributable Amount (other than those amounts which will firstly be distributed to Shenzhen Subsidiary and Chengdu Partner under the aforesaid arrangement) according to their respective interests in Chengdu JV. The aforesaid benchmarks of 12% and 24%, and accordingly the actual Chengdu Priority Amount for a particular Chengdu Account Period may vary in different stages of Chengdu Hotel depending on its renovation period, ramp-up period etc. The average Chengdu Priority Amount of 12% is determined by the Company after considering the market return rate of companies engaging in hotel business and expected return from its investment in the Chengdu Hotel. Both parties shall continue to be entitled to the relevant Chengdu Distributable Amount, if not distributed, pursuant to the Chengdu Agreement and the articles of Chengdu JV.

The determination of the Chengdu Distributable Amount will be on a standalone basis for each Chengdu Account Period. Nevertheless, if Chengdu JV records accumulated losses and/or is subject to mandatory contribution to its statutory surplus, profit after tax of Chengdu JV for the relevant Chengdu Account Period will first be used to offset the accumulated losses and/or make contribution to statutory surplus in order to comply with the relevant legal requirements. The balance of such profit after tax will then be made reference for determining the Chengdu Distributable Amount. Both parties agreed to determine the Chengdu Priority Amounts based on audited accounts for each Chengdu Account Period prepared by an independent auditor to be engaged by Chengdu JV.

Right of Purchase : Shenzhen Subsidiary is given a right to purchase (the "**Chengdu Right of Purchase**") all the 49% interests in Chengdu JV held by Chengdu Partner if (i) Chengdu Partner and/or Chengdu JV cannot fulfill their obligations to Shenzhen Subsidiary in respect of the distribution of the Chengdu Priority Amount in any Chengdu Account Period (e.g. the actual Chengdu Priority Amount is less than the benchmark to be agreed for each Chengdu Account Period); or (ii) Chengdu JV records losses after tax for two consecutive Chengdu Account Periods, during the first three Chengdu Account Periods (the "**Chengdu Right of Purchase Period**").

The purchase price will be based on the investment costs committed by Chengdu Partner in Chengdu JV (i.e. any paid-up capital and shareholder's loans) less proportionate losses of Chengdu JV, if any, during the Chengdu Right of Purchase Period.

Board composition : The board of directors of Chengdu JV will comprise of five (5) directors. Shenzhen Subsidiary shall have the right to appoint at least three (3) directors and Chengdu Partner shall have right to appoint the remaining directors respectively.

Others : In light of the coronavirus spread in Wuhan which may affect the schedule of renovation work and commencement of business, both parties agreed, subject to the status to be announced by the PRC official agents and local government, to negotiate a rent-free period with Chengdu Landlord in future.

Conditions Precedent : Completion of the Chengdu Agreement is conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent on or before the JV Condition Date (or other later dates as agreed by both parties in written) as stated in the Chengdu Agreement which include, *inter alia*, the following:

(i) the planned use of the Chengdu Property is suitable for hotel operation. Except for the mortgages that have been disclosed (if any), the Chengdu Property is not subject to third-party rights restrictions such as leasing, occupancy, seizure, and other mortgages, or any legal defects that will render the Chengdu Property unsuitable for hotel operation and there is no functional defect in the Chengdu Property itself;

(ii) Chengdu Partner having assisted Chengdu JV to obtain approvals, confirmations or consents from competent local government authorities or other relevant third parties in respect of the Chengdu Agreement and transactions contemplated thereunder for Chengdu JV and its proposed hotel business; and all such approvals, confirmations or consents will remain in full and effective without any conflicts and will not cause any changes in any terms and conditions of the Chengdu Agreement or render such terms and conditions invalid;

(iii) Shenzhen Subsidiary is reasonably satisfied with the due diligence results (whether legal, accounting, financial, operation or other aspect which Shenzhen Subsidiary considers material) on Chengdu JV and the Chengdu Property conducted by Shenzhen Subsidiary and its agents and professional advisers;

(iv) during any time from the date of the Chengdu Agreement to its termination, the warranties provided by Chengdu Partner under the Chengdu Agreement will remain true, accurate and complete without any material misleading, nor has it been violated, and there is no events or circumstances which lead to any material adverse changes;

(v) the Shareholders having approved the Chengdu Agreement and transactions contemplated thereunder at the EGM pursuant to the articles of association of the Company and the Listing Rules and the transactions under the Chengdu Agreement are approved by the Stock Exchange (if necessary); and

(vi) there is no adverse changes in laws, regulations, policies or regulatory requirements applicable to Chengdu Partner, Shenzhen Subsidiary and/or Chengdu JV.

The Company is entitled to waive any conditions precedent stated in the Chengdu Agreement except for the condition precedent set out in (v) above. In the event that any conditions precedent in the Chengdu Agreement is not fulfilled (or waived by the Company, if any and where applicable) on or before the JV Condition Date, the Company shall have the right, by notice in writing, to terminate the Chengdu Agreement. As advised by the legal adviser to the Company as to the PRC laws, the hotel business contemplated under the Chengdu Agreement should refer to the operation of the Chengdu Hotel and the tenancy of the Chengdu Property is a transaction contemplated under the Chengdu Agreement. Therefore, if any conditions precedent of the Chengdu Tenancy Agreement cannot be fulfilled, including the obtainment of the Shareholders' approval at the EGM, the transactions under the Chengdu Tenancy Agreements and the Transfer Agreement will not be proceeded and accordingly the condition precedent (ii) of the Chengdu Agreement above cannot not be fulfilled. The Directors also confirm that the Company will not waive condition precedent (ii) of the Chengdu Agreement if the Chengdu Tenancy Agreements and the Transfer Agreement are not approved by the Shareholders at the EGM in view of its objective to operate the Chengdu Hotel under Chengdu JV.

(2) The Wuhan Agreement

Date	:	24 January 2020 (after trading hours of the Stock Exchange)
Parties	:	(i) Shenzhen Subsidiary (ii) Wuhan Partner To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wuhan Partner is not a connected person of the Company.
Wuhan JV	:	Wuhan JV is a company established in the PRC on 19 January 2020 with registered capital of RMB500,000 and is held as to 51% and 49% by Shenzhen Subsidiary and Wuhan Partner respectively as at the Latest Practicable Date. The business scope of Wuhan JV includes, among others, hotel management, business consulting (excluding investment consulting), brand and corporate image planning, parking lot services, wedding etiquette services, exhibition services and conducting market research. It is the intention of both parties to establish the Wuhan Hotel only in the Wuhan Property under Wuhan JV. Wuhan Partner shall facilitate the obtainment of relevant permit, registration and approval necessary for Wuhan JV to be qualified for the operation of Wuhan Hotel by the JV Condition Date. Then a management company, which may be introduced by Wuhan Partner, will be appointed by Wuhan JV for managing the Wuhan Hotel. Upon completion of the Wuhan Agreement, Wuhan JV will remain a non-wholly owned subsidiary of the Company and owned as to 51% by the Company and 49% by Wuhan Partner.

Capital commitment to Wuhan JV : In order to satisfy the capital requirement for establishment and operation of the Wuhan Hotel, both parties have also agreed to provide (i) equity capital of RMB500,000 for the registered capital by 31 December 2030; (ii) two shareholders' loans of RMB17.40 million in total; and (iii) advance for operation of RMB3.00 million to Wuhan JV in the manner set out in table below, according to their proportionate interests in Wuhan JV. Such amount of capital commitment is determined by both parties after arm's length negotiation and taking into account (i) the expected one-off renovation costs (e.g. mechanical and electrical engineering costs, design costs and cost of renovation materials) of the Wuhan Hotel; (ii) one-off cost of furniture and consumables; (iii) initial rental deposit and subsequent lease payments and property management fee of the Wuhan Property for the first 9 months; and (iv) other major operating costs such as staff costs, utilities expenses for the first 6 months after commencement of business.

The Company considers that the capital commitment would provide necessary capital to the Wuhan Hotel for capital expenditure during the renovation period and for major operating expenses during the startup of business. As the Company expects that the Wuhan Hotel will record income after commencement of business and may gradually improve its performance, the Company does not expect to make any subsequent capital injection to Wuhan JV as at the Latest Practicable Date. Nevertheless, if the Company decides to make further capital injection to Wuhan JV for its other business development or capital replenishment, the Company will comply with the relevant requirements under the Listing Rules.

Shareholders' loan and advance (interest free)	Contribution date	Amount
First shareholders' loan	The later of 31 May 2020 or within ten days after the date of the JV Condition Date	Shenzhen Subsidiary: RMB6,000,000 Wuhan Partner: RMB6,500,000
Second shareholders' loan	The later of 31 August 2020 or within ten days after the JV Condition Date	Shenzhen Subsidiary: RMB2,874,000 Wuhan Partner: RMB2,026,000
Advance for operation	Depends on the capital need in early stage of operation	Shenzhen Subsidiary: RMB1,530,000 Wuhan Partner: RMB1,470,000

Priority distribution amount : From the date of commencement of business of the Wuhan Hotel to the expiry of the Wuhan Tenancy Agreement (the "**Wuhan Priority Period**"), Shenzhen Subsidiary shall, subject to the laws in the PRC, have priority over Wuhan Partner in respect of distribution from the amount (the "**Wuhan Distributable Amount**") of profit after tax (after offsetting accumulated losses and contribution to statutory reserve) and adding back non-cash items including depreciation and amortisation charges of Wuhan JV, which on average, is based on around 12% of the proportionate capital commitment (in form of share capital, if paid up, and aforesaid shareholders' loans) to be provided by Shenzhen Subsidiary (the "**Wuhan Priority Amount**") for each 12 month period over the Wuhan Priority Period. For illustration purposes, the average Wuhan Priority Amount would be approximately RMB1.10 million per 12 month period (the "**Wuhan Account Period**") (starting from the date of commencement of business of the Wuhan Hotel) (i.e. RMB17.90 million x 51% x 12%). Wuhan Partner will be entitled to the remaining amount in the Wuhan Distributable Amount after satisfying the Wuhan Priority Amount until the Wuhan Distributable Amount has reached 24% of the total capital commitment (in form of share capital, if paid up, and aforesaid shareholders' loans) of Wuhan JV.

If the Wuhan Distributable Amount exceeds 24% of the total capital commitment of Wuhan JV, both parties shall share the Wuhan Distributable Amount (other than those amounts which will firstly be distributed to Shenzhen Subsidiary and Wuhan Partner under the aforesaid arrangement) according to their respective interests in Wuhan JV. The aforesaid benchmarks of 12% and 24%, and accordingly the actual Wuhan Priority Amount for a particular Wuhan Account Period may vary in different stages of Wuhan Hotel depending on its renovation period, ramp-up period etc. The average Wuhan Priority Amount of 12% is determined by the Company after considering the market return rate of companies engaging in hotel business and expected return from its investment in the Wuhan Hotel. Both parties shall continue to be entitled to the relevant Wuhan Distributable Amount, if not distributed, pursuant to the Wuhan Agreement and the articles of Wuhan JV.

The determination of the Wuhan Distributable Amount will be on a standalone basis for each Wuhan Account Period. Nevertheless, if Wuhan JV records accumulated losses and/or is subject to mandatory contribution to its statutory surplus, profit after tax of Wuhan JV for the relevant Wuhan Account Period will first be used to offset the accumulated losses and/or make contribution to statutory surplus in order to comply with the relevant legal requirements. The balance of such profit after tax will then be made reference for determining the Wuhan Distributable Amount. Both parties agreed to determine the Wuhan Priority Amounts based on audited accounts for each Wuhan Account Period prepared by an independent auditor to be engaged by Wuhan JV.

Right of Purchase	:	Shenzhen Subsidiary is given a right to purchase (the "**Wuhan Right of Purchase**") all the 49% interests in Wuhan JV held by Wuhan Partner if (i) Wuhan Partner and/or Wuhan JV cannot fulfill their obligations to Shenzhen Subsidiary in respect of the distribution of the Wuhan Priority Amount in any Wuhan Account Period (e.g. the actual Wuhan Priority Amount is less than the benchmark to be agreed for each Wuhan Account Period); or (ii) Wuhan JV records losses after tax for two consecutive Wuhan Account Periods, during the first three Wuhan Account Periods (the "**Wuhan Right of Purchase Period**"). The purchase price will be based on the investment costs committed by Wuhan Partner in Wuhan JV (i.e. any paid-up capital and shareholder's loans) less proportionate losses of Wuhan JV, if any, during the Wuhan Right of Purchase Period.
Board composition	:	The board of directors of Wuhan JV will comprise of five (5) directors. Shenzhen Subsidiary shall have the right to appoint at least three (3) directors and Wuhan Partner shall have right to appoint the remaining directors respectively.
Others	:	In light of the coronavirus spread in Wuhan which may affect the schedule of renovation work and commencement of business, both parties agreed, subject to the status to be announced by the PRC official agents and local government, to negotiate a rent-free period with Wuhan Landlord in future.

Conditions Precedent : Completion of the Wuhan Agreement is conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent on or before the JV Condition Date (or other later dates as agreed by both parties in written) as stated in the Wuhan Agreement which include, *inter alia*, the following:

(i) the planned use of the Wuhan Property is suitable for hotel operation. Except for the mortgages that have been disclosed (if any), the Wuhan Property is not subject to third-party rights restrictions such as leasing, occupancy, seizure, and other mortgages, or any legal defects that will render the Wuhan Property unsuitable for hotel operation and there is no functional defect in the Wuhan Property itself;

(ii) Wuhan Partner having assisted Wuhan JV to obtain approvals, confirmations or consents from competent local government authorities or other relevant third parties in respect of the Wuhan Agreement and transactions contemplated thereunder for Wuhan JV and its proposed hotel business; and all such approvals, confirmations or consents will remain in full and effective without any conflicts and will not cause any changes in any terms and conditions of the Wuhan Agreement or render such terms and conditions invalid;

(iii) Shenzhen Subsidiary is reasonably satisfied with the due diligence results (whether legal, accounting, financial, operation or other aspect which Shenzhen Subsidiary considers material) on Wuhan JV and the Wuhan Property conducted by Shenzhen Subsidiary and its agents and professional advisers;

(iv) during any time from the date of the Wuhan Agreement to its termination, the warranties provided by Wuhan Partner under the Wuhan Agreement will remain true, accurate and complete without any material misleading, nor has it been violated, and there is no events or circumstances which lead to any material adverse changes;

(v) the Shareholders having approved the Wuhan Agreement and transactions contemplated thereunder at the EGM pursuant to the articles of association of the Company and the Listing Rules and the transactions under the Wuhan Agreement are approved by the Stock Exchange (if necessary); and

(vi) there is no adverse changes in laws, regulations, policies or regulatory requirements applicable to Wuhan Partner, Shenzhen Subsidiary and/or Wuhan JV.

The Company is entitled to waive any conditions precedent stated in the Wuhan Agreement except for the condition precedent set out in (v) above. In the event that any conditions precedent in the Wuhan Agreement is not fulfilled (or waived by the Company, if any and where applicable) on or before the JV Condition Date, the Company shall have the right, by notice in writing, to terminate the Wuhan Agreement. As advised by the legal adviser to the Company as to the PRC laws, the hotel business contemplated under the Wuhan Agreement should refer to the operation of the Wuhan Hotel and the tenancy of the Wuhan Property is a transaction contemplated under the Wuhan Agreement. Therefore, if any conditions precedent of the Wuhan Tenancy Agreement cannot be fulfilled, including the obtainment of the Shareholders' approval at the EGM, the transactions under the Wuhan Tenancy Agreements will not be proceeded and accordingly the condition precedent (ii) of the Wuhan Agreement above cannot not be fulfilled. The Directors also confirm that the Company will not waive condition precedent (ii) of the Wuhan Agreement if the Wuhan Tenancy Agreements are not approved by the Shareholders at the EGM in view of its objective to operate the Wuhan Hotel under Wuhan JV.

B. ENTERING INTO OF THE TENANCY AGREEMENTS

The principal terms of each of the Tenancy Agreements are set out below:

(1A) The Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement which supersedes the First Supplemental Chengdu Tenancy Agreement)

The principal terms of the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) are set out below:

Dates	:	(i) the Chengdu Tenancy Agreement – 24 January 2020 (after trading hours of the Stock Exchange) (ii) the First Supplemental Chengdu Tenancy Agreement – 4 February 2020 (after trading hours of the Stock Exchange) (iii) the Second Supplemental Chengdu Tenancy Agreement – 17 March 2020 (after trading hours of the Stock Exchange)
Parties	:	(i) Shenzhen Subsidiary, as tenant; (ii) Chengdu Partner, as tenant; and (iii) Chengdu Landlord, as landlord To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Chengdu Landlord and its ultimate beneficial owner(s) are Independent Third Parties.
Chengdu Property	:	a portion of 10/F and entire 9/F, 55 Dongyu Street, Jinjiang District, Chengdu, Sichuan Province, the PRC
Use	:	Commercial use
Total rentable area	:	Approximately 7,567 sqm
Term	:	From 23 March 2020 to 22 January 2032

Total consideration payable	:	The total rental payable under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) is approximately RMB65.11 million for the entire term (exclusive of property management fees, air-conditioning, other charges and outgoings). In light of the coronavirus spread in Wuhan which may affect the schedule of renovation work and commencement of business, parties agreed, subject to the status to be announced by the PRC official agents and local government, to negotiate a rent-free period in future. The rent under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) is determined after arm's length negotiations between parties, after taking into consideration the market rent. The consideration will be satisfied by internal resources of and facilities available to the Group.
Payment term	:	The rental shall be payable quarterly in advance before the last business day on the first month of each quarter.
Deposit	:	Shenzhen Subsidiary and Chengdu Partner shall pay RMB400,000 to Chengdu Landlord within 20 business days after the date of the Chengdu Tenancy Agreement and another RMB400,000 upon one year from the effective date of the Chengdu Tenancy Agreement as guarantee of the due performance and observance by Shenzhen Subsidiary and Chengdu Partner of their obligations throughout the term of the tenancy. The deposit is refundable except where Shenzhen Subsidiary and Chengdu Partner cannot perform their obligations under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) or terminate the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) before its expiry due to its affair, such as failure to obtain the Shareholders' approval at the EGM.

Conditions precedent : The Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) is conditional upon:

(i) Shenzhen Subsidiary and Chengdu Partner (or its controlling shareholder) being reasonably satisfied with the results of the due diligence exercise on the Chengdu Property (whether legal or other aspects that the Company considers material) conducted by Shenzhen Subsidiary and Chengdu Partner (or its controlling shareholder) or its agents and professional advisers;

(ii) during any time from the date of the Chengdu Tenancy Agreement to its termination, the warranties provided by Chengdu Landlord under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) will remain true, accurate and complete without any material misleading, nor has it been violated, and there is no events or circumstances which lead to any material adverse changes;

(iii) the Shareholders having approved the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) and transactions contemplated thereunder at the EGM pursuant to the articles of association of the Company and the Listing Rules and the transactions under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) are approved by the Stock Exchange (if necessary);

(iv) the Shareholders having approved the Chengdu Agreement and transactions contemplated thereunder at the EGM pursuant to the articles of association of the Company and the Listing Rules and the transactions under the Chengdu Agreement are approved by the Stock Exchange (if necessary); and

(v) Chengdu JV, Shenzhen Subsidiary, Chengdu Partner and Chengdu Landlord having executed the Transfer Agreement (details of which are appended to the Chengdu Tenancy Agreement) pursuant to which all the rights and obligations of Shenzhen Subsidiary and Chengdu Partner, as existing tenants, under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) will be transferred to Chengdu JV.

In the event that any conditions precedent in the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) is not fulfilled on or before 31 August 2020 or the any other date agreed by Shenzhen Subsidiary, Chengdu Partner and Chengdu Landlord, Chengdu Landlord shall have the right, by notice in writing, to terminate the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement).

Others : Pursuant to the Second Supplemental Chengdu Tenancy Agreement, parties confirmed that the rights and obligations of Shenzhen Subsidiary and Chengdu Partner under the Chengdu Tenancy Agreements should be on 51% and 49% basis respectively which is in line with their respective interests in Chengdu JV upon establishment.

Upon the establishment of Chengdu JV, all parties to the Chengdu Tenancy Agreement shall execute the Transfer Agreement (details of which are appended to the Chengdu Tenancy Agreement) with Chengdu JV pursuant to which all the rights and obligations of Shenzhen Subsidiary and Chengdu Partner, as existing tenants, under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) shall be transferred to Chengdu JV and the tenancy to be transferred to Chengdu JV will also be subject to all conditions precedent in the Chengdu Tenancy Agreement.

During the period from the date of the Chengdu Tenancy Agreement to 31 January 2021, (i) Chengdu Landlord shall allow Shenzhen Subsidiary and Chengdu Partner to carry out renovation, decoration and addition and Shenzhen Subsidiary and Chengdu Partner shall be responsible for making relevant applications to government's approval; (ii) Shenzhen Subsidiary and Chengdu Partner shall be wholly responsible for the results of any renovation and alteration made for inspection by fire department; (iii) Shenzhen Subsidiary and Chengdu Partner shall be responsible for any charges relating to the renovation; and (iv) the time and method of renovation should be governed by Chengdu Landlord and property management company to avoid inconvenience to other tenants in the building.

The value of the right-of-use asset to be recognised by the Company under the Chengdu Tenancy Agreements would be approximately RMB48.59 million which is the present value of aggregated lease payments, plus initial direct costs and estimated reinstatement cost with the lease (if any) in accordance with HKFRS 16. A discount rate of 4.9% is applied to compute the present value of aggregate lease payments less incentives (if any) under the Chengdu Tenancy Agreements.

(1B) The Transfer Agreement

Date : 23 March 2020 (after trading hours on the Stock Exchange)

Parties :

(i) Shenzhen Subsidiary, as previous tenants;

(ii) Chengdu Partner, as previous tenants;

(iii) Chengdu JV, as new tenant; and

(iv) Chengdu Landlord, as landlord

Principal terms : Pursuant to the Transfer Agreement, (i) Chengdu Landlord, Shenzhen Subsidiary and Chengdu Partner agreed to transfer all rights and obligations of Shenzhen Subsidiary and Chengdu Partner, as tenants, to Chengdu JV; (ii) Chengdu JV agreed to accept such rights and obligations of Shenzhen Subsidiary and Chengdu Partner under the Chengdu Tenancy Agreements with effect from the date of the Transfer Agreement.

Upon the effectiveness of the Transfer Agreement, (i) Chengdu Landlord shall not claim any rights to Shenzhen Subsidiary and Chengdu Partner on the Chengdu Tenancy Agreements; (ii) Shenzhen Subsidiary and Chengdu Partner shall no longer be required to perform any obligations to Chengdu Landlord under the Chengdu Tenancy Agreements; and (iii) Chengdu JV shall bear all rights and obligations of Shenzhen Subsidiary and Chengdu Partner under the Chengdu Tenancy Agreements.

(2) The Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement)

The principal terms of the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) are set out below:

Date	:	(i) the Wuhan Tenancy Agreement – 24 January 2020 (after trading hours of the Stock Exchange) (ii) the Supplemental Wuhan Tenancy Agreement – 17 March 2020 (after trading hours of the Stock Exchange)
Parties	:	(i) Wuhan JV, as tenant; and (ii) Wuhan Landlord, as landlord To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wuhan Landlord and its ultimate beneficial owner(s) are Independent Third Parties.
Wuhan Property	:	Entire 5–8/F and a portion of the commercial podium on 4/F, Building B, Phase 1, Runwin International Hotel, 31 Xin Cheng Yi Road, Dongxihu District, Wuhan, Hubei Province, the PRC
Use	:	Accommodation, catering and commercial use
Total rentable area	:	Approximately 8,967 sqm
Term	:	From 23 July 2020 to 22 July 2035

Total consideration payable	:	The total rental payable under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) is approximately RMB92.95 million for the entire term including property management fees (exclusive of air-conditioning, other charges and outgoings). In light of the coronavirus spread in Wuhan which may affect the schedule of renovation work and commencement of business, both parties agreed, subject to the status to be announced by the PRC official agents and local government, to negotiate a rent-free period in future. The rent under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) is determined after arm's length negotiations between both parties, after taking into consideration the market rent. The consideration will be satisfied by internal resources of and facilities available to the Group.
Payment term	:	The rental shall be payable quarterly in advance before the last business day on the first month of each quarter.
Deposit	:	Wuhan JV shall pay RMB403,528.05 to Wuhan Landlord within 20 business days after the date of the Wuhan Tenancy Agreement and another RMB403,528.05 upon one year from the effective date of the Wuhan Tenancy Agreement as guarantee of the due performance and observance by Wuhan JV of its obligations throughout the term of the tenancy. The deposit is refundable except where Wuhan JV cannot perform its obligations under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) or terminate the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) before its expiry due to its affair, such as failure to obtain the Shareholders' approval at the EGM.

Conditions precedent : The Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) is conditional upon:

(i) Wuhan JV (or its controlling shareholder) being reasonably satisfied with the results of the due diligence exercise on the Wuhan Property (whether legal or other aspects that the Company considers material) conducted by Wuhan JV (or its controlling shareholder) or its agents and professional advisers;

(ii) during any time from the date of the Wuhan Tenancy Agreement to its termination, the warranties provided by Wuhan Landlord under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) will remain true, accurate and complete without any material misleading, nor has it been violated, and there is no events or circumstances which lead to any material adverse changes;

(iii) the Shareholders having approved the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) and transactions contemplated thereunder at the EGM pursuant to the articles of association of the Company and the Listing Rules and the transactions under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) are approved by the Stock Exchange (if necessary); and

(iv) the Shareholders having approved the Wuhan Agreement and transactions contemplated thereunder at the EGM pursuant to the articles of association of the Company and the Listing Rules and the transactions under the Wuhan Agreement are approved by the Stock Exchange (if necessary).

In the event that any conditions precedent in the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) is not fulfilled on or before 31 August 2020 or the any other date agreed by Wuhan JV and Wuhan Landlord, Wuhan Landlord shall have the right, by notice in writing, to terminate the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement).

Others : During the period from the date of the Wuhan Tenancy Agreement to 31 March 2021, among others, (i) Wuhan Landlord shall allow Wuhan JV to carry out renovation, decoration and addition and Wuhan JV shall be responsible for making relevant applications to government's approval; (ii) Wuhan JV shall be wholly responsible for the results of any renovation and alteration made for inspection by fire department; (iii) Wuhan JV shall be responsible for any charges relating to the renovation; and (iv) the time and method of renovation should be governed by Wuhan Landlord and property management company to avoid inconvenience to other tenants in the building.

The value of the right-of-use asset to be recognised by the Company under the Wuhan Tenancy Agreements would be approximately RMB63.24 million which is the present value of aggregated lease payments, plus initial direct costs and estimated reinstatement cost with the lease (if any) in accordance with HKFRS 16. A discount rate of 4.9% is applied to compute the present value of aggregate lease payments less incentives (if any) under the Wuhan Tenancy Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENTS AND THE TENANCY AGREEMENTS

The Company is principally engaged in hotel operations and hotel consultations and management services and other related businesses. As at the Latest Practicable Date, the Company has three leased-and-operated hotels under operation in Shenzhen and Huizhou, Guangdong Province, the PRC.

Shenzhen Subsidiary is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding as at the Latest Practicable Date.

Chengdu JV is a company newly established in the PRC on 12 March 2020 with registered capital of RMB500,000 which is held as to 51% and 49% respectively by Shenzhen Subsidiary and Chengdu Partner. The business scope of Chengdu JV is hotel corporation management.

Wuhan JV is a company newly established in the PRC on 19 January 2020 with registered capital of RMB500,000 which is held as to 51% and 49% respectively by Shenzhen Subsidiary and Wuhan Partner. The existing business scope of Wuhan JV includes, among others, hotel management, business consulting (excluding investment consulting), brand and corporate image planning, parking lot services, wedding etiquette services, exhibition services and conducting market research. As at the Latest Practicable Date, Wuhan JV has not yet commenced any business. Hence, Wuhan JV is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules as at the Latest Practicable Date. In order to continue the development of Wuhan JV, Shenzhen Subsidiary and Wuhan Partner have confirmed their commitment to complete the formation of Wuhan JV and agreed the terms of cooperation by entering into the Wuhan Agreement.

Chengdu Partner is an individual with experience in hotel industry. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Chengdu Partner was an Independent Third Party at the time of entering into the Chengdu Agreement and, after establishment of Chengdu JV, is not a connected person of the Company by virtue of being a substantial shareholder of an insignificant subsidiary, Chengdu JV, of the Company pursuant to Rule 14A.09 of the Listing Rules.

Wuhan Partner is an individual with experience in management of hotel and tourism projects. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wuhan Partner is not a connected person of the Company by virtue of being a substantial shareholder of an insignificant subsidiary, Wuhan JV, of the Company pursuant to Rule 14A.09 of the Listing Rules.

Chengdu Landlord is a company established in the PRC on 26 September 2001 with registered capital of RMB20 million. The business scope of Chengdu Landlord covers, among others, sales of daily necessities, hardware, household appliances, knitted products, clothing, shoes and leather products, glass products, office supplies, crafts, computers and accessories, communication equipment (excluding radio transmitting equipment), jewelry etc.; wholesale and retail of pre-packaged food and bulk foods, dairy products; retail of books; and retail of cigarettes, cigars. Based on the information on Chengdu Landlord, the substantial shareholders of Chengdu Landlord are 四川建設發展股份有限公司 (transliterated as Sichuan Construction Development Company Limited*) as to approximately 62% and Jiang Bingjin (江秉金) as to approximately 13%. Sichuan Construction Development Company Limited* is held by State-owned Assets Supervision and Administration Commission of Deyang City (德陽市國有資產監督管理委員會), public shareholders and other individuals. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Chengdu Landlord, Sichuan Construction Development Company Limited*, Jiang Bingjin (江秉金) and State-owned Assets Supervision and Administration Commission of Deyang City is an Independent Third Party.

Wuhan Landlord is a company established in the PRC on 5 March 2002 with registered capital of RMB50 million. The business scope of Wuhan Landlord covers hotel management services, management of business operation, property development, sales of properties and sales of decoration materials and construction materials. Based on the information on Wuhan Landlord, as at the Latest Practicable Date, the ultimate beneficial owners of Wuhan Landlord are Chen Xiaoying (陳小英), Chen Xiaoping (陳小平) and Chen Faju (陳發菊). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Wuhan Landlord and its ultimate beneficial owners is an Independent Third Party.

As set out in the annual results announcement of the Company for the year ended 31 December 2019, the Group would continue to look for investment and enhancement opportunities, and explore the provision of various hotel accommodation and hotel consultations and management services in the PRC, Hong Kong or overseas to optimise the overall hotel assets structure and improve efficiency. In view that all the existing hotels of the Group are situated in Guangdong Province, the PRC, the Directors consider that exploring new geographical market by forming joint ventures with JV Partners would reduce business risk in reliance on a single province whilst the introduction of JV Partners would facilitate the establishment and operation of the Hotels given their acquaintance with hotel market and hotel management.

The Chengdu Property is situated at Qingyang District, Chengdu, Sichuan Province, the PRC which is within a walkable distance to Tianfu Square (天府廣場), being located in the central district of Chengdu with various attraction tourist spots such as museums, shopping malls etc..

The Wuhan Property is situated at Dongxihu District, Wuhan, Hubei Province, the PRC which is near Wuhan Five Rings Sports Center (武漢五環體育中心) and Jinyinhu Lake Wetland Park (金銀湖國家城市濕地公園). Various attraction tourist spots such as museums, scenic area etc. are also located within reasonable travelling distance.

It is currently expected that the Chengdu Hotel and the Wuhan Hotel will be able to provide around 200 accommodation places in total.

Since the capital commitment to Joint Venture Companies by Shenzhen Subsidiary and JV Partners are proportional to their respective interests in Joint Venture Companies and the capital will be applied to the expansion of the Company's hotel business in Chengdu and Wuhan which is the ordinary business of the Group, the Directors consider that the terms of the JV Agreements are on normal commercial terms and fair and reasonable.

As the Properties are necessary to the business of the Hotels in Chengdu and Wuhan, the PRC, and the rental charge, is determined after arm's length negotiations between the Group and the Landlords, after taking into consideration the market rent, the Directors consider that the terms of the Tenancy Agreements are on normal commercial terms and fair and reasonable.

Taking into account (i) the opportunities for the Group to expand its hotel business to other provinces in the PRC which will enhance the scale and profile of the Group's hotel business; (ii) the location of the Properties; and (iii) the revenue stream of the Group is expected to be broaden by the operation of the Hotels, the Directors (including the independent non-executive

Directors) consider that the entering into of the JV Agreements and the Tenancy Agreements (including the Transfer Agreement) and the terms and conditions thereunder are fair and reasonable and on normal commercial terms, in ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS ON THE GROUP UNDER THE JV AGREEMENTS AND THE TENANCY AGREEMENTS

The JV Agreements

As at the Latest Practicable Date, Wuhan JV was owned as to 51% and 49% by Shenzhen Subsidiary and Wuhan Partner respectively. Accordingly Wuhan JV is an indirect non-wholly owned subsidiary of the Company. As Chengdu JV has been established and owned as to 51% and 49% by Shenzhen Subsidiary and Chengdu Partner respectively, Chengdu JV is also an indirect non-wholly owned subsidiary of the Company. Therefore assets and liabilities and profit and loss of Joint Venture Companies will be consolidated into the financial statements of the Group.

According to the unaudited pro forma consolidated statement of assets and liabilities of the Group (including Joint Venture Companies) as set out in the Appendix II to this circular, it is assumed that (i), Chengdu Partner will provide capital in the amount of approximately RMB8.93 million (or equivalent to approximately HK$10.09 million); and (ii) Wuhan Partner will provide capital in the amount of approximately RMB8.72 million (or equivalent to approximately HK$9.86 million), which are based on the capital commitment to Joint Venture Companies (comprising shareholders' loans and advances for starting the business of the Hotels) under the JV Agreements and their proportionate interests in respective Joint Venture Companies. Therefore total assets of the Group is expected to be increased by approximately RMB17.65 million (or equivalent to approximately HK$19.95 million) after implementation of the JV Agreements and such capital contribution of JV Partners would be recognised as amounts due to non-controlling shareholders of subsidiaries. Since the Company intends to utilise an existing facilities by further borrowing of HK$10.00 million to finance part of its capital commitment to Joint Venture Companies, both assets and liabilities of the Group is expected to be increased by such amount of borrowing. It is expected that there will be no material change in earnings of the Group immediately following implementation of the JV Agreements since Joint Venture Companies have not yet commenced business and the aforesaid facilities, shareholders' loans and advances are interest-free. As Joint Venture Companies will incur certain capital expenditures, it is expected that additional depreciation charges would be recorded by the Group in future. The overall effects on the future earnings of Joint Venture Companies will depend on, among other things, the future operating results of Joint Venture Companies.

The Tenancy Agreements

Pursuant to HKFRS 16, the entering into of the Tenancy Agreements by (i) Chengdu JV (after its establishment and entering into of the Transfer Agreement); and (ii) Wuhan JV, as tenants, will require the Group to recognise the right-of-use assets. Therefore, the entering into of the Tenancy Agreements will be regarded as acquisition of assets by the Company under the Listing Rules. Set out below is the accounting treatment of the Group in relation to the right-of-use asset:

Right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentive, payments at or prior to commencement and restoration obligations or similar. After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless:

(i) the right-of-use asset is an investment property and the lessee fair values its investment property under HKAS 40; or

(ii) the right-of-use asset relates to a class of plant, property and equipment to which the lessee applies HKAS 16's revaluation model, in which case all right-of-use asset relating to that class of plant, property and equipment can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

According to the unaudited pro forma consolidated statement of assets and liabilities of the Group (including Joint Venture Companies) as set out in the Appendix II to this circular, the value of right-of-use asset to be recognised by the Group would be (i) approximately RMB48.59 million (or equivalent to approximately HK$54.91 million) under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement); and (ii) approximately RMB63.24 million (or equivalent to approximately HK$71.46 million) under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) respectively. Along with the recognition of the right-of-use assets, the lease liabilities in the same amounts are expected to be recognised. Since the Properties will be occupied for running the hotel business of the Group, the total lease expenses of the Group (as represented by depreciation of right-of-use assets in the financial statements of the Group) are expected to increase as a result of entering into the Tenancy Agreements (including the Transfer Agreement).

The accompanying unaudited pro forma financial information of the Group (including Joint Venture Companies) has been prepared to illustrate the effect of the JV Agreements and the Tenancy Agreements (including the Transfer Agreement). The unaudited pro forma consolidated statement of assets and liabilities of the Group (including Joint Venture Companies) is set out in Appendix II to this circular. It should however be noted that the ultimate effects on the assets and liabilities and profit and loss of the Group as a result of the JV Agreements and the Tenancy Agreements (including the Transfer Agreement) are subject to audit by the auditors of the Company.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the entering into of the Tenancy Agreements as tenant will require the Company to recognise a right-of-use asset. Therefore, the entering into of the Tenancy Agreements (including the Transfer Agreement) will be regarded as acquisition of assets by the Company under the Listing Rules. The value of right-of-use asset to be recognised by the Company would be (i) approximately RMB48.59 million under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) ; and (ii) approximately RMB63.24 million under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) respectively.

As the highest applicable percentage ratio in respect of each of (i) the Chengdu Agreement and the Chengdu Tenancy Agreements (including the Transfer Agreement); and (ii) the Wuhan Agreement and the Wuhan Tenancy Agreements, on aggregate basis, is more than 100%, the entering into of each of (i) the Chengdu Agreement and the Chengdu Tenancy Agreements (including the Transfer Agreement); and (ii) the Wuhan Agreement and the Wuhan Tenancy Agreements, on aggregate basis, constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, as no Shareholders or any of their respective associates has a material interest in the JV Agreements, the Tenancy Agreements (including the Transfer Agreement) and the transactions contemplated thereunder, no Shareholders will be required to abstain from voting at the EGM for approving the same.

EGM

The EGM will be convened and held for the Shareholders to, among other things, consider and, if thought fit, approve the JV Agreements, the Tenancy Agreements (including the Transfer Agreement) and the transactions contemplated thereunder. The voting in respect of the JV Agreements, the Tenancy Agreements (including the Transfer Agreement) and the transactions contemplated thereunder at the EGM will be conducted by way of poll.

A notice convening the EGM to be held at Suite 1705, 17/F, World-Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong on Monday, 20 April 2020 is set out on pages

EGM-1 to EGM-5 of this circular for the purpose of considering and, if thought fit, approving the ordinary resolutions set out therein.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the share registrar of the Company, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the JV Agreements, the Tenancy Agreements (including the Transfer Agreement) and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the EGM.

FURTHER INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

For and on behalf of the Board
Legend Strategy International Holdings Group Company Limited
Yuan Fuer
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited financial information of the Group for each of the years ended 31 December 2016, 2017, 2018 and 2019 are disclosed in the following annual reports or annual results announcement of the Company for the years ended 31 December 2016, 2017, 2018 and 2019 respectively, which have been published and are available on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.legend-strategy.com):

(a) the annual report of the Company for the year ended 31 December 2016 published on 12 April 2017 (pages 56 to 119) in relation to the financial information of the Group for the same year (https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0412/ltn20170412438.pdf);

(b) the annual report of the Company for the year ended 31 December 2017 published on 12 March 2018 (pages 62 to 127) in relation to the financial information of the Group for the same year (https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0312/ltn20180312563.pdf);

(c) the annual report of the Company for the year ended 31 December 2018 published on 26 April 2019 (pages 73 to 162) in relation to the financial information of the Group for the same year (https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn201904261025.pdf); and

(d) the announcement of the Company dated 14 February 2020 in relation to the annual results of the Company for the year ended 31 December 2019 (https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0214/2020021400953.pdf).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2020, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

Shareholder borrowings

As at 31 January 2020, the Group had borrowings from Hehui International Development Limited of approximately HK$22.77 million which are unsecured, non-interest bearing and repayable on demand. None of the above are guaranteed as at 31 January 2020.

Lease liabilities

As at 31 January 2020, the Group had lease liabilities of approximately HK$43.41 million which are unguaranteed and unsecured.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 31 January 2020, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, and term loans, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

3. MATERIAL ADVERSE CHANGE

References are made to (i) the annual results announcement of the Company dated 14 February 2020 regarding the performance of the Group for the year ended 31 December 2019 and the related information included therein; (ii) the announcement of the Company dated 30 January 2020 in relation to the non-renewal of tenancy agreement for a hotel of the Group in Luohu district, Shenzhen, the PRC (the "**Luohu Hotel**"); and (iii) the announcement of the Company dated 17 March 2020 in relation to the non-renewal of tenancy of one of two properties where a hotel of the Group in Huidong County, Huizhou, Guangdong Province, the PRC (the "**Huizhou Hotel**") operated in. Save as disclosed in the publication above, as at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Group's available financial resources, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 December 2019, the Group recorded a revenue of approximately HK$45.58 million representing an increase of approximately 0.07% as compared to that of approximately HK$45.55 million for the previous year. Such increase was mainly due to (i) the increase in total available room nights of the Group by 52,497 nights or approximately 28.31% as a result of the opening of the Huizhou Hotel; and (ii) the stable average room revenue. However such improvement was offset by the decrease in occupancy rate by approximately 12.39% since the total available rooms of Huizhou Hotel accounted for a large proportion of the overall available rooms of the Group.

For the year ended 31 December 2019, the Group recorded total operating costs of approximately HK$53.05 million representing an increase of approximately 2.83% as compared to that of approximately HK$51.59 million for the previous year. Major items such as (i) employee benefit expenses increased by approximately 4.97% mainly attributable to the full year operation of the Huizhou Hotel under the Group ; and (ii) depreciation of right-of-use assets of the Group decreased by approximately 4.75% due to the reduction of rental space resulted from the relocation of office in Hong Kong office in May 2018 offset by the rental expenses of the newly acquired Huizhou Hotel.

During the year ended 31 December 2019, the Group had four leased and owned hotel in Guangdong Province, the PRC, comprising (i) the Huizhou Hotel with 372 rooms; (ii) a hotel in Nanshan district, Shenzhen, the PRC (the "**Nanshan Hotel**") with 189 rooms; (iii) the Luohu Hotel with 78 rooms; and (iv) a hotel in Baoan district, Shenzhen, the PRC (the "**Baoan Hotel**") with 55 rooms. According to the announcement of the Company dated 30 January 2020, as the Group has decided not to renew the tenancy for the Luohu Hotel, the Group has ceased the operation of the Luohu Hotel accordingly. On the other hand, as tenancy of a premises where part of the Huizhou Hotel operates in (with 184 rooms) will expire on 31 March 2020 and the Company has decided not to renew it, the number of rooms available in the Huizhou Hotel will become 188 from April 2020.

According to the annual results announcement of the Company dated 14 February 2020, due to trade friction between the PRC and the United States of America, the global economy has been uncertain while income and consumer sentiment in the PRC have been affected. Nevertheless, the PRC was still able experience growth and recorded a preliminary growth of gross domestic product of approximately 6.1% in 2019. Chengdu, Hubei and Shenzhen all recorded increase in per capita disposable income of urban residents of around 9% in 2019. The accommodation and catering industry in Sichuan Province, Hubei Province and Shenzhen all recorded growth in 2019 as represented by (i) a growth of approximately 9.34% of the industry value addition in Sichuan Province for first three quarters of 2019; (ii) a growth of approximately 9.30% of the industry sales amount in Hubei Province for the whole year 2019; and (iii) a growth of approximately 11.23% of industry sales amount in Shenzhen for the whole year 2019, respectively based on government statistics.

According to the information of Ministry of Culture and Tourism of the PRC ("**MCT**"), Shenzhen, Chengdu and Wuhan are all on the list of 50 key cities for tourism in the PRC in 2019. As mentioned in a research report published by MCT, among various regions where local travel agencies organised tour to during the first three quarter of 2019, Guangdong Province was ranked the first, in term of number of tourist, and both Hubei Province and Sichuan Province were ranked in the top ten regions. As regards the average occupancy rate of hotels, there has been no material fluctuation for the first three quarter of 2019 as compared with the same period in 2018. Wuhan recorded an increase in average room rate of approximately 10.64% during the third quarter of 2019 and was ranked the seventh, in term of growth of room rate, among other key cities for tourism.

Recently the world is being affected by a coronavirus outbreak and transportation services for some cities in the PRC, particularly Wuhan, are temporarily affected or suspended. It is believed that such coronavirus will continue to impact the PRC and Hong Kong over coming months. In light of the fundamental of Hubei Province and Sichuan Province as mentioned above and the development of Guangdong – Hong Kong – Macao Greater Bay Area which may benefit both tourist and business activities to Shenzhen, the Company is optimistic about the future of the PRC in medium to long term and considers that the impact of the coronavirus to the accessibility to and tourist activities in the PRC to be temporary. The tenancies of the Chengdu Property and the Wuhan Property will commence from March and July 2020 respectively and the Company expects to take not more than six months for renovation. Accordingly the Company currently expects to commence business of the Chengdu Hotel and the Wuhan Hotel in third quarter and fourth quarter of 2020 respectively. The Company will continue to assess the impact of coronavirus, in particular availability of contractors for renovation work, staff recruitment and process of licence, approval, permit etc. by relevant government authorities and will promptly inform the Shareholders if there is any material development of the Hotels.

Looking ahead, the Group expects that the macroeconomic factors and ongoing uncertainties in the global economy, particularly those arising from the ongoing trade conflicts between the PRC and the United States of America, may continue to affect the economic performance whilst the coronavirus outbreak may continue to affect the tourist sentiment in the PRC.

It is the strategy of the Company to actively seek opportunities in the prospective markets for its development of hotel business such as acquisition projects, management contracts and co-operative or joint ventures projects, with an aim to strengthen its operation scale with an aim to identify new sources of profitability and growth to safeguard the sustainability of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is a management discussion and analysis of the Group's results of operation for each of the three years ended 31 December 2017, 2018 and 2019. The information set out below is principally extracted from the annual reports of the Company for the two years ended 31 December 2017 and 2018 and the annual results announcement for the year ended 31 December 2019, respectively, in order to provide further information relating to the financial condition and results of operations of the Group during the periods stated.

The Group is principally engaged in hotel operations, hotel consultations and management services and other related businesses in the PRC. The Group is also involved in the money lending business.

i) For the year ended 31 December 2017

Business Review

For the year ended 31 December 2017, the Group had three leased-and-operated hotels under operation.

Hotel operations

Revenue from hotel operations mainly included hotel room rentals and revenue from sales of hotel membership cards. Revenue was approximately HK$16.28 million for the year ended 31 December 2017, representing a decrease of approximately 7.8% as compared with revenue of approximately HK$17.65 million for the last year. The decrease in revenue was mainly due to the hotel renovation carried out by the Group during the year, resulting in a decrease in the number of available rooms and occupancy rate. The renovation had been substantially completed in the third quarter of the year. In the fourth quarter of the year and the foreseeable future, revenue from hotel operations had increased with the gradual recovery in the number of available rooms, improvement in room services and adjustment in room rates.

On the other hand, on 21 April 2016, the Group entered into a memorandum of understanding in relation to the proposed acquisition of 51% interests in a hotel which is located in Sichuan Province, the PRC. This potential acquisition would be in line with the Group's intention to achieve breakthroughs amid the long term depression of budget hotel business and eventually bring returns to shareholders, in the event it materializes. As at the end of the year, the Group was still in negotiation of the proposed acquisition, no legally binding agreement had been entered into.

For the year ended 31 December 2017, the revenue of the Nanshan Hotel had decreased by approximately 7.6%. During the current year, comprehensive renovation works were carried out in the Nanshan Hotel and were completed in September 2017. During the renovation period, revenue of the Nanshan Hotel was affected to certain extent. However, as the renovation works have been completed, the Group believed the Nanshan Hotel's service quality would be upgraded, thus this would attract more customers and bring greater revenue to the Group.

The major part of its revenue for the Luohu Hotel was based on domestic travelers making short trips to Hong Kong. The aged decoration of the Luohu Hotel brought a negative impact of the attractiveness of the hotel on the customers and thus revenue of the hotel decreased by approximately 3.1% during the year.

During the year, internal decoration of the Baoan Hotel showed signs of aging which affected the possibility of leasing and some rooms had to terminate leasing for refurbishments. The revenue of the Baoan Hotel decreased by approximately 16.7% as compared with the last year. In addition, as some new hotels nearby had been completed and put into operation successively, the Group expected the Baoan Hotel would continue to be faced with significant challenges in the foreseeable future. In view of this, the Group had reached agreement with the owner to renew the lease with a relatively longer lease term, providing an important fundamental condition for the Group to consider comprehensive renovation for the Baoan Hotel shortly, so as to enhance its competitiveness and bring considerable returns for the long-term investments.

Financial services and asset management business

The Group obtained a money lenders license in 2016 which had been renewed for a term until the end of 2018. The Group had also submitted an application to the Securities and Futures Commission ("**SFC**") for the licenses of Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO.

Moreover, the Group was seeking to acquire suitable financial institutions, asset or fund management corporations, with a view to expanding the financial services segment of the Group. As mentioned in the announcements of the Company dated 24 May 2017, 8 August 2017, 29 August 2017, 29 September 2017, 24 October 2017 and 22 November 2017, Perfect Peace Global Limited ("**Perfect Peace**"), which is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with ZhongHua Financial Holdings Limited ("**ZhongHua**"), the vendor, in relation to the purchase of the entire issued share capital of ZhongHua Finance Asset Management Co., Limited ("**ZhongHua FAM**"), a company incorporated in Hong Kong licensed to conduct Type 9 regulated activity under the SFO, subject to the then independent shareholders' approval. This potential acquisition would be in line with the Group's intention to achieve breakthroughs in the long-term depression of budget hotel business and eventually bring reasonable returns to shareholders, in the event it materializes.

Financial Review

The Group had recorded a revenue of approximately HK$16.28 million, compared with approximately HK$17.65 million of last year, representing a decrease of approximately 7.8%. Due to the decreases in provisions and write-offs, the Group recorded a total comprehensive loss of approximately HK$46.61 million for the year ended 31 December 2017, representing a decrease of approximately HK$52.23 million or approximately 52.8% as compared with the total comprehensive loss of approximately HK$98.84 million for the last year.

Analysis on financial conditions

Operating Costs

The total operating costs decreased by approximately HK$55.40 million, or approximately 49.0%, from approximately HK$113.14 million for the last year to approximately HK$57.73 million for the year ended 31 December 2017. The decrease in operating expenses was due to several write-offs in prior year. Operating lease expenses increased by approximately HK$2.87 million, or approximately 24.4%, due to the reversal of the effective rental payable accrued for previous years upon the termination of the leases in hotels of the Group located in Buji, Longgang District, Shenzhen and Huizhou in prior year. Depreciation of property, plant and equipment increased by approximately HK$0.56 million due to depreciation of leasehold improvements upon completion of renovation projects of the Nanshan Hotel.

Finance Cost

The finance costs increased by approximately HK$1.38 million as compared with the last year. It mainly represented the interest expenses for the convertible bonds and shareholders' loans.

Liquidity and financial resources

As at 31 December 2017, the Group mainly financed its operations and expansion with its own working capital generated internally, shareholders' loans of a principal amount of HK$16.50 million which were unsecured and interest-bearing at 8% per annum and would be repayable in 2020, and fund raising activities.

As at 31 December 2017, the Group had bank balances and cash of approximately HK$7.88 million (31 December 2016: approximately HK$10.10 million). Gearing ratio was calculated as the amount of interest-bearing borrowings divided by total equity. The gearing ratio, which was calculated by dividing total borrowing by total equity, as of 31 December 2017 was approximately 76.5% (31 December 2016: approximately 414.4%).

Significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies, and future plans for material investment or capital assets

During 2016, the Group had entered into a memorandum of understanding in relation to the proposed acquisition of 51%-interests in a hotel located in Sichuan Province, the PRC. The Group made the first deposit payment of approximately HK$23.99 million in mid-May 2016. After the reporting period, the Group demanded refund and the deposit was refunded in February 2018.

Moreover, as mentioned in the announcement of the Company dated 24 May 2017, Perfect Peace entered into a memorandum of understanding in relation to the proposed acquisition of two licensed corporations, which are licensed to conduct Type 6 and Type 9 regulated activities under the SFO respectively. The consideration of the proposed acquisition should be satisfied by issuance of new ordinary share(s) of HK$0.01 each in the share capital of the Company at an issue price to be determined between the parties. On 8 August 2017, Perfect Peace entered into a sale and purchase agreement with, among others, ZhongHua in relation to the purchase of the entire issued share capital of ZhongHua FAM subject to independent shareholders' approval. Please refer to the announcements of the Company dated 24 May 2017, 8 August 2017, 29 August 2017, 29 September 2017, 24 October 2017 and 22 November 2017 for further details.

Save as disclosed above, during the year ended 31 December 2017, there was no significant investment held or material acquisition or disposal of subsidiaries or affiliated companies by the Company, and the Company had no future plan for material investments or capital assets.

Foreign exchange risk

As at 31 December 2017, the Group's majority of the assets and liabilities, and income and expenses were denominated in Renminbi and Hong Kong Dollar. The Group had no significant exposure to fluctuations in exchange rates or under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Capital structure

Amount of HK$51.00 million of convertible bonds of the Group were converted into 54,838,708 Shares during the year ended 31 December 2017. The total number of the issued Shares of the Company was 448,363,708 as at 31 December 2017 (2016: 393,525,000).

Employee and remuneration policies

The Group had 56 employees as at 31 December 2017 (31 December 2016: 78 employees). Remuneration was determined with reference to market terms and performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance would be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to retirement scheme.

Charges on assets

As at 31 December 2017, the Group did not have any charges on its assets (2016: Nil).

Capital commitments and contingent liabilities

As at 31 December 2017, the Group had no material capital commitments (2016: Nil). As at 31 December 2017, the Group had no material contingent liabilities (2016: Nil).

ii) For the year ended 31 December 2018

Business Review

For the year ended 31 December 2018, the Group had four leased-and-operated hotels under operation, including the newly acquired Huizhou Hotel during the year. Other than the money lending business, the financial services and asset management business were discontinued during the year. Revenue from hotel operations during the year was mainly derived from rental of hotel rooms.

On 18 July 2018, Hehui International Development Limited ("**Hehui**" or the "**Current Controlling Shareholder**") entered into a share purchase agreement with, among others, China Medical Overseas Limited ("**China Medical**" or the "**Former Controlling**

Shareholder") to purchase an aggregate of 269,019,010 shares of the Company, representing approximately 60% of the then total issued shares of the Company at that time, for a total cash consideration of HK$300.00 million. In August 2018, pursuant to Rule 26.1 of the Code on Takeovers and Mergers, Hehui made a mandatory unconditional general cash offer (the "**Offer**") to acquire all the then issued shares of the Company. The Offer was closed on 5 September 2018, whereby Hehui received valid acceptances in respect of a total of 52,561,500 offer shares, representing approximately 11.72% of the then entire issued share capital of the Company at that time. Together with the shares previously purchased from China Medical, Hehui had acquired a total of 321,580,510 shares, representing approximately 71.72% of the then entire issued share capital of the Company at that time.

Hotel operations

During the year, under the strategy implemented by the new management, the Group's financial figures had improved as a whole. With respect to the hotel operation, for the year ended 31 December 2018, the revenue was approximately HK$45.55 million, representing an increase of approximately 179.8% as compared with revenue of approximately HK$16.28 million for the last year. The increase was mainly attributable to the improvement of existing hotel performance and development of hotels.

At the end of this year, the Group commenced a comprehensive renovation at the Baoan Hotel. With reference to the experience at the Nanshan Hotel, subsequent to the renovation, room rates, occupancy rate and the Baoan Hotel's revenue could be boosted and thus improving the performance of the Baoan Hotel.

In addition to working on improving existing hotel business, the Group also studied and analyzed other potential projects and hotel locations and developed various mergers and acquisitions and hotel launch proposals in an attempt to accelerate the Group's development, expand its size, and increase profits so as to reward investors' support. During the year, the Group successfully developed a new hotel project. As disclosed in the announcement of the Company dated 30 April 2018, the Group successfully acquired the Huizhou Hotel to increase the number of available rooms and expand the size of the Group's hotel business.

The hotel renovation of the Nanshan Hotel completed in 2017 led to a significant impact on the growth of the hotel performance including increase in number of available rooms, occupancy rate and room rates. During the year, the Nanshan Hotel had a turnaround financial performance, improving from a loss making position to a profit making position when comparing with last year. This gave the Group an extra assurance to keep on implementing our updated sales strategies and operational management which have a proven positive impact on revenue and profit.

The revenue of the Luohu Hotel slightly increased during the year when comparing with last year. The Group commenced the Luohu Hotel's small-scale renovation in the second quarter of 2018. This small-scale renovation mainly included repair of ceilings and walls, and replacement of in-room electrical appliances and bed linens. Although, the implementation of one-visit-one-week policy by the Hong Kong Government had continuously cast adverse impacts on the Luohu Hotel, the prime location of the Luohu Hotel provided flexibility in switching its customer base. The Luohu Hotel was shifting its customer base from Hong Kong short-trip visitors to group customers participating in nearby events and exhibitions. Regular exhibitions and recreational functions in the Luohu District created strong demand for hotel rooms and thus, under the strategy implemented by the new management, the Luohu Hotel had been able to shift to alternative customer groups by collaborating with exhibition or function organisers.

The Group commenced a comprehensive renovation to the Baoan Hotel in the fourth quarter of 2018 and expects to finish the renovation before the end of the first quarter of 2019. The revenue of Baoan Hotel slightly decreased for the year since the Baoan Hotel was experiencing an adverse operating environment which was mainly due to the aged decoration of the interior. The main competitive disadvantage of the Baoan Hotel comparing with new competitors in the surrounding area was the aged decoration of the interior of the hotel. Thus, the comprehensive renovation to be completed in the first quarter of 2019 should solve this issue, provide support to the Group's sales team and boost both number of guests and revenue effectively.

Financial services and asset management business

To focus on developing hotel operations and hotel consultations and management services business, the Group had decided to integrate resources and discontinue the development of financial services and asset management business, and therefore had ceased to apply for licences of Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO. Moreover, as mentioned in the announcement of the Company dated 16 May 2018, the Company had terminated the acquisition of a company licensed to conduct Type 9 (asset management) regulated activity under the SFO. This was aimed to accelerate the development of the core businesses and fully utilize current resources and experience to expand the Company's size. However, for the Group's future development and upgrade of deployment efficiency of the Group's assets, the Group would maintain the money lending business.

Financial Review

The Group had recorded a revenue of approximately HK$45.55 million, compared with approximately HK$16.28 million of last year, representing an increase of approximately 179.8%. Due to the improvement of existing hotel performance and the revenue brought by the newly acquired Huizhou Hotel, the Group recorded a total comprehensive loss of approximately HK$5.26 million for the year ended 31 December 2018, representing a decrease of approximately HK$38.13 million or about 87.9% as compared with the total comprehensive loss of approximately HK$43.39 million (restated) for the last year.

Analysis on financial conditions

Operating Costs

The total operating costs decreased by approximately HK$4.30 million, or approximately 7.7%, from approximately HK$55.89 million (restated) for the last year to approximately HK$51.59 million for the year ended 31 December 2018. The Group had adopted cost saving measures to lower the operating expenses and employee benefit expenses. Depreciation of right-of-use assets increased by approximately HK$2.77 million, or approximately 22.3%, due to the rental expenses incurred by the Huizhou Hotel that was newly acquired during the year. Depreciation of property, plant and equipment increased by approximately HK$0.98 million, or approximately 20.4% due to the depreciation of leasehold improvements upon completion of renovation projects of the Nanshan Hotel.

Finance Cost

The finance costs decreased by approximately HK$7.00 million as compared with the last year. The finance costs of last year mainly represented the interest expenses for the convertible bonds while the finance costs of this year mainly represented the finance lease cost and the interest expenses for the shareholder's borrowings. During the year, the Company successfully obtained a waiver regarding the interests of shareholder borrowings from the Former Controlling Shareholder.

Liquidity and financial resources

As at 31 December 2018, the Group mainly financed its operations and expansion with its own working capital generated internally, Former Controlling Shareholder's borrowings of a principal amount of HK$13.80 million which were unsecured and interest-free and would be repayable in 2020 and Current Controlling Shareholder's borrowings of a principal amount of HK$10.00 million which was unsecured and interest free and repayable on demand.

As at 31 December 2018, the Group had bank balances and cash of approximately HK$27.65 million (31 December 2017: approximately HK$7.88 million). Gearing ratio was calculated as the amount of interest-bearing borrowings divided by total equity. The gearing ratio as of 31 December 2018 was not applicable (31 December 2017: approximately 76.5%).

Significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies, and future plans for material investment or capital assets

As mentioned in the announcements of the Company dated 21 April 2016 and 20 October 2016 respectively, during 2016, the Group had entered into a memorandum of understanding in relation to the proposed acquisition of 51% interests in a hotel located in Sichuan Province, the PRC. The Group made the first deposit payment of approximately

HK$23.99 million in mid-May 2016. During the year, the negotiation on the proposed acquisition had been terminated and the Group also demanded refund and the deposit was refunded in February 2018.

Moreover, as mentioned in the announcement of the Company dated 30 April 2018, the Company acquired the operating company of the Huizhou Hotel during the year. The Company had been managing and operating the Huizhou Hotel since its official opening on 1 June 2018.

On 8 August 2017, ZhongHua, as vendor, the Group as purchaser, and a guarantor had entered into a sale and purchase agreement in relation to the sale and purchase of the entire issued share capital of ZhongHua FAM. As disclosed in the announcement of the Company dated 16 May 2018, given that the conditions for completion under the aforesaid agreement had not been met or waived or varied and a new agreement had yet to be reached, ZhongHua and the Group had mutually agreed not to proceed with the transaction.

Save as disclosed above, during the year ended 31 December 2018, there was no significant investment held or material acquisition or disposal of subsidiaries, associates and joint ventures by the Company, and the Company had no future plan for material investments or capital assets.

Foreign exchange risk

As at 31 December 2018, the Group's majority of the assets and liabilities, and revenue and expenses were denominated in Renminbi and Hong Kong Dollar. The Group had no significant exposure to fluctuations in exchange rates under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Capital structure

The total number of the issued shares of the Company was 448,363,708 as at 31 December 2018 (2017: 448,363,708 shares).

Employee and remuneration policies

The Group had 92 employees as at 31 December 2018 (31 December 2017: 56 employees). Remuneration was determined with reference to market terms and performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance would be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to retirement scheme.

Charges on assets

As at 31 December 2018, the Group did not have any charges on its assets (2017: Nil).

Capital commitments and contingent liabilities

As at 31 December 2018, the Group had outstanding capital commitments mainly related to the renovation of Baoan Hotel which was not provided for in the Group's financial statements, among which approximately HK$3.64 million (2017: Nil) commitments were contracted for. As at 31 December 2018, the Group had no material contingent liabilities (2017: Nil).

iii) For the year ended 31 December 2019

Business Review

For the year ended 31 December 2019, the Group had four leased-and-operated hotels under operation. Revenue from hotel operations during the year was mainly derived from rental of hotel rooms and conference rooms.

Hotel operations

With respect to the hotel operation, for the year ended 31 December 2019, the revenue was approximately HK$45.58 million, representing a slight increase of less than 1% as compared with revenue of approximately HK$45.55 million for the last year. As disclosed in the announcement of the Company dated 30 April 2018, the Group successfully acquired the Huizhou Hotel to increase the number of available rooms and expand the size of the Group's hotel business. The increase in revenue was mainly attributable to the increase in revenue brought by the Huizhou Hotel which was opened in June 2018. During the year, Huizhou Hotel maintained its edge as the second half of 2018 with stable performance.

On the other hand, despite the increase in revenue brought by the Huizhou Hotel during the year, the performance of the Group was affected by the performance of hotels located in Shenzhen, namely Nanshan Hotel being affected by the continuous large scale construction work in the nearby subway station and the Baoan Hotel experiencing the climb-up stage of business after its renovation took place. As a result, the increase in revenue was partially offset by the decrease in revenue brought by hotels located in Shenzhen.

In addition, the Group also took important actions to control back office and other expenses, including reviewing human resource efficiency and making corresponding adjustments, maintaining cost saving measures to lower corporate expenses and reviewing performance from time to time by comparing to financial budgets, so as to maximize the Group's benefits.

The renovation completed at the Nanshan Hotel in recent years led to a significant positive impact on the growth of hotel performance by increasing the number of available rooms and thus providing grounds to increase hotel room rates. However, during the year, due to the continuous large-scale construction work in the nearby subway station, the operation of the Nanshan Hotel has been affected to a certain extent. The occupancy rate was lowered and as a result, the revenue of the Nanshan Hotel decreased as compared with last year.

During the year, despite the small-scale renovation including the repair of ceilings and walls and the replacement of in-room electrical appliances and bed linens carried out in the Luohu Hotel in the second quarter of 2018, the gradually aged decoration of the interior casted certain impact on the attractiveness of the rooms. As a result, the revenue of the Luohu Hotel decreased as compared with last year. As mentioned in the Company's announcement dated 30 January 2020, the Group's management had decided not to renew the tenancy agreement after its expiry on 31 January 2020 as it would be difficult for the hotel to bring reasonable return to the Group in view of the hugely increased monthly rent upon renewal of tenancy agreement.

The revenue of the Baoan Hotel decreased during the year as the hotel has been experiencing the climb-up stage of business after the comprehensive renovation was carried out. However, the comprehensive renovation completed during the year should solve the problems created by the aged decoration of the interior of the Baoan Hotel and thus provide support to the Group's sales team, enhance the service quality and boost both number of guests and revenue effectively.

Financial Review

For the year ended 31 December 2019, the Group recorded revenue of approximately HK$45.58 million, compared with approximately HK$45.55 million for the last year, representing a slight increase of less than 1%. The Group recorded a total comprehensive loss of approximately HK$15.73 million for the year ended 31 December 2019 compared with approximately HK$5.26 million for the last year, representing an increase of approximately 199.0%. The increase in total comprehensive loss was mainly attributable to the increase in other operating expenses. The increase in total comprehensive loss was also due to the absence of a one-off gain on disposal of subsidiaries during the year.

Analysis on financial conditions

Operating Costs

The total operating costs increased by approximately HK$1.46 million, or approximately 2.8%, from approximately HK$51.59 million for last year to approximately HK$53.05 million for the year ended 31 December 2019.

Depreciation of right-of-use assets decreased by approximately HK$0.72 million or approximately 4.8% due to the reduction of rental space resulted from the relocation of Hong Kong office in May 2018 offset by the rental expenses of the newly acquired Huizhou Hotel. Depreciation of property, plant and equipment decreased by approximately

HK$1.75 million or approximately 30.5% primarily due to the disposal of property, plant and equipment in prior year.

Employee benefit expenses increased by approximately HK$0.80 million or approximately 5.0% mainly attributable to the full year effect contributed by the newly acquired Huizhou Hotel and the establishment of brand development team and investment team. Utilities decreased by approximately HK$0.60 million or approximately 20.1% mainly attributable to the reduced electricity charge due to government refund during the year.

Other operating expenses increased by approximately HK$3.73 million or approximately 32.4% due to the increase in operating costs brought by the newly acquired Huizhou Hotel and the one-off impairment loss of right-of-use assets and property, plant and equipment made during the year, partially offset by the impact of the cost saving measures adopted by the Group during the year to lower the operating costs.

Finance Cost

The finance costs increased by approximately HK$0.50 million to approximately HK$3.63 million as compared with last year. It mainly represented the lease interest and the interest expenses for the borrowings from China Medical.

Liquidity and financial resources

During the year ended 31 December 2019, the Group mainly financed its operations and expansion with its own working capital generated internally and borrowings from Current Controlling Shareholder (with principal amount of HK$15.00 million as at 31 December 2019, unsecured, interest-free and repayable on demand).

As at 31 December 2019, the Group had bank balances and cash of approximately HK$11.20 million (31 December 2018: approximately HK$27.65 million). Gearing ratio was calculated as the amount of interest bearing borrowings divided by total equity. The gearing ratio as at 31 December 2019 was N/A (31 December 2018: N/A).

The Group was in net current liabilities position of approximately HK$22.53 million as at 31 December 2019. The controlling shareholder had agreed to provide continuing financial support to the Company to enable it to meet its liabilities as and when they fall due and to enable the Company to continue its operations for the foreseeable future. Consequently, the financial statements are prepared on a going concern basis.

Significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies, and future plans for material investment or capital assets

As mentioned in the announcement of the Company dated 18 July 2019, a wholly owned subsidiary of the Group and the landlord entered into a tenancy agreement in respect of the renewal of the tenancy of the properties on which the Nanshan Hotel operates. Pursuant to Hong Kong Financial Reporting Standard 16 "Leases", following the conclusion of this tenancy agreement as tenant, the Group should recognize an asset representing its right to use the relevant properties in the amount of approximately RMB11.20 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 this tenancy agreement. As such, the transaction contemplated under this tenancy agreement was regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

Save as disclosed above, during the year ended 31 December 2019, there was no significant investment held or material acquisition or disposal of subsidiaries, associates and joint ventures by the Company, and the Company had no future plan for material investments or capital assets.

Foreign exchange risk

For the year ended 31 December 2019, the Group's majority of the assets and liabilities, and income and expenses were denominated in Renminbi and Hong Kong Dollar. The Group had no significant exposure to fluctuations in exchange rates under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Capital structure

The total number of the issued shares of the Company was 448,363,708 as at 31 December 2019 (31 December 2018: 448,363,708 shares).

Employee and remuneration policies

The Group had 84 employees as at 31 December 2019 (31 December 2018: 92 employees). Remuneration was determined with reference to market terms and performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance would be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to retirement scheme.

Charges on assets

As at 31 December 2019, the Group did not have any charges on its assets (31 December 2018: Nil).

Capital commitments and contingent liabilities

As at 31 December 2019, the Group had outstanding capital commitments which were not provided for in the Group's financial statements, among which HK$32,356 (31 December 2018: approximately HK$3.64 million) commitments were contracted for. As at 31 December 2019, the Group had no material contingent liabilities (31 December 2018: Nil).

A. 中汇 ZHONGHUI

26 March 2020

The Board of Directors
Legend Strategy International Holdings Group Company Limited
Room 1705, 17th Floor, World-wide House
No. 19 Des Voeux Road Central
Central
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Legend Strategy International Holdings Group Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") prepared by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2019 (the "**Statement**") as set out on pages II-5 to II-10 of the circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the Statement are described on page II-4.

The Statement has been compiled by the directors to illustrate the effect of (i) provision of capital to (a) 成都力之浚酒店管理有限公司 (transliterated as Chengdu Legend Strategy Hotel Development Co., Ltd.*, "**Chengdu JV**") established jointly by 深圳枋浚酒店管理有限公司 (transliterated as Shenzhen Legend Strategy Hotel Management Company Limited, "**Shenzhen Subsidiary**"), an indirect wholly-owned subsidiary of the Company, and an independent third party ("**Chengdu Partner**"); and (b) 武漢枋浚酒店管理有限公司 (transliterated as Wuhan Legend Strategy Hotel Development Co., Ltd., "**Wuhan JV**") which has already been established by Shenzhen Subsidiary and an independent third party ("**Wuhan Partner**"); and (ii) the entering into of (a) the tenancy agreement dated 24 January 2020 ("**Chengdu Tenancy Agreement**"), the supplemental agreement dated 17 March 2020 ("**Second Supplemental Chengdu Tenancy Agreement**") by Shenzhen Subsidiary and Chengdu Partner (for Chengdu JV) and the relevant landlord and an agreement dated 23 March 2020 (" **Transfer Agreement**") to transfer the tenancy to Chengdu JV; and (b) the tenancy agreement dated 24 January 2020 ("**Wuhan Tenancy Agreement**") and the supplemental agreement dated 17 March 2020 ("**Supplemental Wuhan Tenancy Agreement**") by Wuhan JV and the relevant landlord, assuming the provision of capital to Chengdu JV and Wuhan JV, the Chengdu Tenancy Agreement and the Wuhan Tenancy Agreement (as amended and supplemented by relevant supplemental agreements above) and the effect of the Transfer Agreement had been completed and/or commenced as at 31 December 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's consolidated financial statements as included in the annual results announcement for the year ended 31 December 2019.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the Statement in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Statement and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Statement beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Statement in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Statement, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Statement.

The purpose of the Statement included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the Statement has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Statement provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The Statement reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Statement has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Statement has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Statement as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

The accompanying unaudited pro forma consolidated statement of assets and liabilities (the "**Statement**") of Legend Strategy International Holdings Group Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") has been prepared to illustrate the effect of (i) provision of capital to (a) 成都力之浚酒店管理有限公司 (transliterated as Chengdu Legend Strategy Hotel Development Co., Ltd.*, "**Chengdu JV**") established jointly by 深圳杤浚酒店管理有限公司 (transliterated as Shenzhen Legend Strategy Hotel Management Company Limited, "**Shenzhen Subsidiary**"), an indirect wholly-owned subsidiary of the Company, and an independent third party ("**Chengdu Partner**"); and (b) 武漢杤浚酒店管理有限公司 (transliterated as Wuhan Legend Strategy Hotel Development Co., Ltd., "**Wuhan JV**", together with Chengdu JV "**Joint Venture Companies**") which has already been established by Shenzhen Subsidiary and an independent third party ("**Wuhan Partner**"); and (ii) the entering into of (a) the tenancy agreement dated 24 January 2020 ("**Chengdu Tenancy Agreement**") and the supplemental agreement dated 17 March 2020 ("**Second Supplemental Chengdu Tenancy Agreement**") by Shenzhen Subsidiary and Chengdu Partner (for Chengdu JV) and the relevant landlord and an agreement dated 23 March 2020 ("**Transfer Agreement**") to transfer the tenancy to Chengdu JV; and (b) the tenancy agreement dated 24 January 2020 ("**Wuhan Tenancy Agreement**") and the supplemental agreement dated 17 March 2020 ("**Supplemental Wuhan Tenancy Agreement**") by Wuhan JV and the relevant landlord, assuming the provision of capital to Chengdu JV and Wuhan JV, the Chengdu Tenancy Agreement and the Wuhan Tenancy Agreement (as amended and supplemented by relevant supplemental agreements above) and the effect of the Transfer Agreement had been completed and/or commenced as at 31 December 2019 might have affected the financial position of the Group.

The Statement is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2019 as extracted from the annual results announcement of the Group for the year ended 31 December 2019 after making certain pro forma adjustments that are (i) directly attributable to all the transactions (the "**Transactions**") mentioned in the paragraph above; and (ii) factually supportable, as summarised in the accompanying notes.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the hypothetical nature of the Statement, it may not give a true picture of the actual financial position of the Group (including Joint Venture Companies) or purport to describe the actual financial position of the Group (including Joint Venture Companies) that would have been attained had the Transactions actually occurred on 31 December 2019. Furthermore, the Statement does not purport to predict future financial position of the Group (including Joint Venture Companies).

The Statement should be read in conjunction with the financial information of the Group as set out in the annual results announcement of the Company for the year ended 31 December 2019 (reference to which is set out in the Appendix I to this circular) and other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Group (including Joint Venture Companies) as at 31 December 2019

	The Group as at 31 December 2019				Pro forma adjustments					Pro forma statement of assets and liabilities of the Group (including Joint Venture Companies) as at 31 December 2019
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	*Note 9*	
Non-current assets										
Property, plant and equipment	11,137,775	–	–	–	–	–	–	–	–	11,137,775
Rental deposits	2,920,969	–	–	–	–	–	452,000	455,987	–	3,828,956
Goodwill	1,879,426	–	–	–	–	–	–	–	–	1,879,426
Prepayment	144,893	–	–	–	–	–	–	–	–	144,893
Right-of-use assets	39,891,481	–	–	–	54,910,537	71,461,897	–	–	–	166,263,915
Deferred income tax assets	1,936,484	–	–	–	–	–	–	–	–	1,936,484
	57,911,028	–	–	–	54,910,537	71,461,897	452,000	455,987	–	185,191,449
Current assets										
Rental deposits	391,918	–	–	–	–	–	–	–	–	391,918
Prepayments, deposits and other receivables	977,389	–	–	–	–	–	42,751	–	–	1,020,140
Trade receivables	611,113	–	–	–	–	–	–	–	–	611,113
Inventories	144,189	–	–	–	–	–	–	–	–	144,189
Bank and cash balances	11,200,511	10,000,000	9,689,750	9,634,380	–	–	(420,208)	(232,554)	–	39,871,879
	13,325,120	10,000,000	9,689,750	9,634,380	–	–	(377,457)	(232,554)	–	42,039,239
Total assets	71,236,148	10,000,000	9,689,750	9,634,380	54,910,537	71,461,897	74,543	223,433	–	227,230,688
Current liabilities										
Trade and other payables	4,103,550	–	–	–	–	–	–	–	1,235,000	5,338,550
Tax payable	2,754,672	–	–	–	–	–	–	–	–	2,754,672
Provision for asset retirement	471,921	–	–	–	–	–	–	–	–	471,921
Lease liabilities	13,521,072	–	–	–	3,244,111	1,351,339	(329,187)	–	–	17,787,335
Borrowings	15,000,000	10,000,000	–	–	–	–	–	–	–	25,000,000
Amounts due to non-controlling shareholders of subsidiaries	–	–	9,689,750	9,634,380	–	–	403,730	223,433	–	19,951,293
	35,851,215	10,000,000	9,689,750	9,634,380	3,244,111	1,351,339	74,543	223,433	1,235,000	71,303,771
Net current liabilities	(22,526,095)	–	–	–	(3,244,111)	(1,351,339)	(452,000)	(455,987)	(1,235,000)	(29,264,532)
Total assets less current liabilities	35,384,933	–	–	–	51,666,426	70,110,558	–	–	(1,235,000)	155,926,917

	The Group as at 31 December 2019	Pro forma adjustments								Pro forma statement of assets and liabilities of the Group (including Joint Venture Companies) as at 31 December 2019
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	*Note 9*	
Non-current liabilities										
Provision for asset retirement	397,371	–	–	–	–	–	–	–	–	397,371
Lease liabilities	31,360,676	–	–	–	51,666,426	70,110,558	–	–	–	153,137,660
	31,758,047	–	–	–	51,666,426	70,110,558	–	–	–	153,535,031
Net assets	3,626,886	–	–	–	–	–	–	–	(1,235,000)	2,391,886
EQUITY										
Capital and reserves										
Share capital	4,483,637	–	–	–	–	–	–	–	–	4,483,637
Reserves	(634,199)	–	–	–	–	–	–	–	(1,235,000)	(1,869,199)
Equity attributable to owners of the Company	3,849,438	–	–	–	–	–	–	–	(1,235,000)	2,614,438
Non-controlling interests	(222,552)	–	–	–	–	–	–	–	–	(222,552)
Total equity	3,626,886	–	–	–	–	–	–	–	(1,235,000)	2,391,886

1. The carrying amounts of the assets and liabilities of the Group are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2019 set out in the annual results announcement of the Company for the year ended 31 December 2019.

2. As at 31 December 2019, the Group has borrowings of HK$15,000,000 from the controlling shareholder of the Company, Hehui International Development Limited ("**Controlling Shareholder**"). The Company intends to apply this borrowing and further obtain borrowing of HK$10,000,000 from the Controlling Shareholder together with other internal resources to the Transactions. The borrowings from the Controlling Shareholder are unsecured, non-interest bearing and repayable on demand.

3. Pursuant to an agreement entered into between Shenzhen Subsidiary and Chengdu Partner on 24 January 2020 for the establishment of a joint venture in relation to hotel business in Chengdu, the PRC ("**Chengdu Agreement**"), in order to satisfy the capital requirement for establishment and operation of the Chengdu Hotel, Shenzhen Subsidiary and Chengdu Partner have agreed to provide (i) equity capital of RMB500,000 for the registered capital by 31 December 2030; (ii) two shareholders' loans of RMB17.50 million in total; and (iii) advance for operation of RMB3.00 million to Chengdu JV in the manner set out in table below, according to their proportionate interests in Chengdu JV.

Shareholders' loan and advance (interest free)	**Contribution date**	**Amount**
First shareholders' loan	The later of 31 May 2020 or within ten days after the date of the conditions precedents set out in the Chengdu Agreement are duly fulfilled, waived and/or performed ("**Chengdu Condition Date**")	Shenzhen Subsidiary: RMB6,000,000 Chengdu Partner: RMB6,500,000
Second shareholders' loan	The later of 31 August 2020 or within ten days after the Chengdu Condition Date	Shenzhen Subsidiary: RMB2,925,000 Chengdu Partner: RMB2,075,000
Advance for operation	Depends on the capital need in early stage of operation	Shenzhen Subsidiary: RMB1,530,000 Chengdu Partner: RMB1,470,000

For the purpose of compiling the Statement, it is assumed that, on the Chengdu Condition Date, Shenzhen Subsidiary will provide the first shareholders' loan and second shareholders' loan of approximately HK$6,780,000 and approximately HK$3,305,250 respectively and Chengdu Partner will provide the first shareholders' loan and second shareholders' loan of approximately HK$7,345,000 and approximately HK$2,344,750 respectively to Chengdu JV. The shareholders' loans and advance are unsecured, non-interest bearing and have no fixed repayment terms.

4. Pursuant to an agreement entered into between Shenzhen Subsidiary and Wuhan Partner on 24 January 2020 for the establishment of a joint venture in relation to hotel business in Wuhan, the PRC ("**Wuhan Agreement**"), in order to satisfy the capital requirement for establishment and operation of the Wuhan Hotel, Shenzhen Subsidiary and Wuhan Partner have agreed to provide (i) equity capital of RMB500,000 for the registered capital by 31 December 2030; (ii) two shareholders' loans of RMB17.40 million in total; and (iii) advance for operation of RMB3.00 million to Wuhan JV in the manner set out in table below, according to their proportionate interests in Wuhan JV.

Shareholders' loan and advance (interest free)	**Contribution date**	**Amount**
First shareholders' loan	The later of 31 May 2020 or within ten days after the date of the conditions precedents set out in the Wuhan Agreement are duly fulfilled, waived and/or performed ("**Wuhan Condition Date**")	Shenzhen Subsidiary: RMB6,000,000 Wuhan Partner: RMB6,500,000
Second shareholders' loan	The later of 31 August 2020 or within ten days after the Wuhan Condition Date	Shenzhen Subsidiary: RMB2,874,000 Wuhan Partner: RMB2,026,000
Advance for operation	Depends on the capital need in early stage of operation	Shenzhen Subsidiary: RMB1,530,000 Wuhan Partner: RMB1,470,000

For the purpose of compiling the Statement, it is assumed that, on the Wuhan Condition Date, Shenzhen Subsidiary will provide the first shareholders' loan and second shareholders' loan of approximately HK$6,780,000 and approximately HK$3,247,620 respectively and Wuhan Partner will provide the first shareholders' loan and second shareholders' loan of approximately HK$7,345,000 and approximately HK$2,289,380 respectively to Wuhan JV. The shareholders' loans and advance are unsecured, non-interest bearing and have no fixed repayment terms.

5. These adjustments represent (i) the acquisition of a right-of-use asset in respect of a property being leased under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) and the effect of the Transfer Agreement; and (ii) the corresponding lease liability with discount rate of 4.9%.

   The lease period is from 23 March 2020 to 22 January 2032. The total rental payable under the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) is approximately RMB65.11 million for the entire term (exclusive of property management fees, air-conditioning, other charges and outgoings). The rental shall be payable quarterly in advance before the last business day on the first month of each quarter.

6. These adjustments represent (i) the acquisition of a right-of-use asset in respect of a property being leased under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement); and (ii) the corresponding lease liability with discount rate of 4.9%.

   The lease period is from 23 July 2020 to 22 July 2035. The total rental payable under the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) is approximately RMB92.95 million for the entire term including property management fees (exclusive of air-conditioning, other charges and outgoings). The rental shall be payable quarterly in advance before the last business day on the first month of each quarter.

7. These adjustments represent the payment of the followings for the Chengdu Tenancy Agreement (as amended and supplemented by the Second Supplemental Chengdu Tenancy Agreement) on or before commencement of the Chengdu Tenancy Agreement.

	HK$
Payment of rental deposit	452,000
Prepayment of property management fee for the first quarter (which consists of one month)	42,751
Prepayment of rental for the first quarter (which consists of one month)	329,187
	823,938

   Shenzhen Subsidiary and Chengdu Partner will advance approximately HK$420,208 and approximately HK$403,730 respectively (i.e. approximately HK$823,938 in total) for the above payments according to their proportionate interests in Chengdu JV.

8. These adjustments represent the payment of the followings for the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement) on or before commencement of Wuhan Tenancy Agreement.

	HK$
Payment of rental deposit	455,987

Shenzhen Subsidiary and Wuhan Partner will advance approximately HK$232,554 and approximately HK$223,433 respectively (i.e. approximately HK$455,987 in total) for the above payments.

9. This adjustment represents the estimated transaction cost including advisory, legal, accounting, valuation and other professional fees of approximately HK$1,235,000 payable by the Group in connection with the Transactions.

10. Shenzhen Subsidiary is given a right to purchase (the "**Chengdu Right of Purchase**") the interests in Chengdu JV held by Chengdu Partner under certain circumstances during the first three 12-month periods. The purchase price will be based on the investment costs committed by Chengdu Partner in Chengdu JV (i.e. any paid-up capital and shareholder's loans) less proportionate losses of Chengdu JV, if any. Details of the purchase arrangement are set out in the principal terms of the Chengdu Agreement in the circular of the Company in relation to the Transactions.

    The management of the Group has assessed the fair value of the Chengdu Right of Purchase is minimal. For the purpose of compiling the Statement, the fair value of the Chengdu Right of Purchase is assumed to be insignificant as at the Chengdu Condition Date.

11. Shenzhen Subsidiary is given a right to purchase (the "**Wuhan Right of Purchase**") the interests in Wuhan JV held by Wuhan Partner under certain circumstances during the first three 12-month periods. The purchase price will be based on the investment costs committed by Wuhan Partner in Wuhan JV (i.e. any paid-up capital and shareholder's loans) less proportionate losses of Wuhan JV, if any. Details of the purchase arrangement are set out in the principal terms of the Wuhan Agreement in the circular.

    The management of the Group has assessed the fair value of the Wuhan Right of Purchase is minimal. For the purpose of compiling the Statement, the fair value of the Wuhan Right of Purchase is assumed to be insignificant as at the Wuhan Condition Date.

12. Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Adjustments to the equity and non-controlling interests represent the impacts of the Transactions as detailed above.

13. For the purpose of presenting the Statement, conversion of RMB into HK$ is based on the approximate exchange rate of HK$1.13 to RMB1.00.

The following is the text of a letter, a valuation summary and valuation certificates prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the leasehold interests with different lease terms of the properties. Terms defined in this appendix applies to this appendix only.

Vincorn Consulting and Appraisal Limited
21/F
No. 268 Des Voeux Road Central
Hong Kong

The Board of Directors
Legend Strategy International Holdings Group Company Limited
Unit 1705, 17th Floor
World-wide House
No. 19 Des Voeux Road Central
Central
Hong Kong

26 March 2020

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Values of the leasehold interests with different lease terms of the properties located in The People's Republic of China ("**The PRC**") for the purposes of public disclosure. The properties will be leased by Legend Strategy International Holdings Group Company Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**"). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Values of the leasehold interests as at 24 January 2020 (the "**Valuation Date**").

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors effective from 30 December 2017 and with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2020; and the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the leasehold interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the leasehold interests.

No allowances have been made for any charges, mortgages or amounts owing on the leasehold interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the leasehold interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the leasehold interests.

The relevant rental payments or premium in relation to the leasehold interests have been paid-up in full, and the leasehold interests can be freely assigned without any restrictions or impediments.

VALUATION METHODOLOGY

When valuing the leasehold interests, we have adopted Income Approach – Income Capitalisation Analysis.

Market Approach has been adopted to assess the rental incomes to be applied in Income Capitalisation Analysis. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rent; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rent is adjusted in order to arrive at Market Rent for the subject.

Income Approach is a valuation approach commonly adopted for income producing assets. The technique used in this valuation by Income Approach is Income Capitalisation Analysis. This technique derives the capital value of an asset by capitalising its income by a capitalisation rate. In this valuation, it involves the capitalisation of the rental incomes over the lease term of a leasehold interest by a relevant capitalisation rate.

This valuation of the leasehold interests in accordance with the HKIS Valuation Standards 2017 and with reference to the International Valuation Standards 2017 has been prepared on different basis and approach as the recognition of the right-of-use assets pursuant to Hong Kong Financial Reporting Standard 16 issued by Hong Kong Institute of Certified Public Accountants in May 2016.

LAND TENURE AND TITLE INVESTIGATION

We have been provided with copies of documents in relation to the titles of the properties. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group.

We have relied on the advices given by the PRC legal adviser of the Group, AllBright Law Offices, regarding the titles of the properties in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter, the valuation summary and the valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the properties set out in this letter, the valuation summary and the valuation certificates.

INFORMATION SOURCES

We have relied to a considerable extent on the information provided by the Group and the legal adviser, in respect of the titles of the properties in the PRC. We have also accepted advice given to us on matters such as identification of the properties, particulars of occupancy, tenancy details, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The properties were inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the properties. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the properties and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the properties and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi ("**RMB**").

The valuation summary and the valuation certificates are attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited

Vincent Cheung
BSc (Hons) MBA FRICS MHKIS RPS(GP)
MCIREA MHKSI MISCM MHIREA
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note: Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region ("**Hong Kong**"), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators and a Registered Real Estate Appraiser and Agent People's Republic of China. He is suitably qualified to carry out the valuation and has over 22 years of experience in the valuation of properties of this magnitude and nature in the subject region.

VALUATION SUMMARY

Properties to be Leased by the Group in The PRC

		Market Rent as at 24 January 2020	Market Value* as at 24 January 2020
1	Leasehold interest with a lease term of 11 years and 10 months of a portion of 10/F and entire 9/F, No. 55 Dongyu Street, Jinjiang District, Chengdu, Sichuan Province, The PRC	RMB354,000 per month exclusive of management fees and air-conditioning fees with an annual rental escalation of 5.00% subject to a term of 11 years and 10 months	RMB47,400,000
2	Leasehold interest with a lease term of 15 years of entire 5–8/F and a portion of the commercial podium on 4/F, Building B, Phase 1, Runwin International Hotel, No. 31 Xin Cheng Yi Road, Dongxihu District, Wuhan, Hubei Province, The PRC	RMB409,000 per month inclusive of management fees, but exclusive of air-conditioning fees with an annual rental escalation of 3.50% subject to a term of 15 years	RMB55,500,000
	Total:		**RMB102,900,000**

* The Market Value is deduced by capitalising the rental incomes over the lease term of a leasehold interest by a relevant capitalisation rate.

VALUATION CERTIFICATE

Properties to be Leased by the Group in The PRC

No.	Property	Description and Tenure	Occupancy Particulars	Market Rent as at 24 January 2020
1	Leasehold interest with a lease term of 11 years and 10 months of a portion of 10/F and entire 9/F, No. 55 Dongyu Street, Jinjiang District, Chengdu, Sichuan Province, The PRC	The property comprises a portion of a 30-storey composite building, which was completed in about 2011. As per the information provided by the Group, the property has a lettable floor area ("**LFA**") of approximately 7,566.64 square metres ("**sqm**"). The land use rights of the property were granted for a term expiring on 18 November 2047 for commercial uses.	As per our on-site inspection and the information provided by the Group, the property is currently available for leasing.	RMB354,000 per month exclusive of management fees and air-conditioning fees with an annual rental escalation of 5.0% subject to a term of 11 years and 10 months **Market Value* as at 24 January 2020** RMB47,400,000 (Renminbi Forty Seven Million Four Hundred Thousand)

* The Market Value is deduced by capitalising the rental incomes over the lease term of a leasehold interest by a relevant capitalisation rate.

Notes:

1. The property was inspected by Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC* on 15 January 2020.

2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC.*

3. Pursuant to two State-owned Land Use Rights Certificates, dated 22 May 2012 and issued by Chengdu State-owned Land Resources Bureau, the land use rights of the subject site with a total apportioned site area of 866.72 sqm were granted to 成都洋洋摩爾百貨有限公司 for a term expiring on 18 November 2047 for commercial uses.

   The details of the State-owned Land Use Rights Certificates are summarized below:

State-owned Land Use Rights Certificate No.	Apportioned Site Area *(sqm)*
Cheng Guo Yong (2012) Di No. 284	429.54
Cheng Guo Yong (2012) Di No. 285	437.18

4. Pursuant to two Building Ownership Certificates, dated 23 December 2011 and issued by Chengdu Real Estate Title Registration Centre, the building ownership rights of 9–10/F of the subject building with a total GFA of 10,040.10 sqm were legally vested in 成都洋洋摩爾百貨有限公司.

The details of the Building Ownership Certificates are summarized below:

Unit	**Building Ownership Certificate No.**	**GFA** *(sqm)*
9/F	Cheng Fang Quan Zheng Jian Zheng Zi Di No. 2966395	4,975.84
10/F	Cheng Fang Quan Zheng Jian Zheng Zi Di No. 2966407	5,064.26

5. Pursuant to a tenancy agreement dated 24 January 2020 and a supplementary agreement dated 17 March 2020, entered into between 成都洋洋摩爾百貨有限公司 as a landlord and 深圳枃浚酒店管理有限公司 and 廖子涵 as tenants (such tenancy was then transferred to 成都力之浚酒店管理有限公司 under a transfer agreement dated 23 March 2020), the key tenancy terms are summarized below:

Item		**Details**
Tenure	:	11 years and 10 months from 23 March 2020 to 22 January 2032
Use	:	Hotel and hotel's ancillary services
LFA	:	7,566.64 sqm
Sub-letting	:	Without the written approval of the landlord, the tenants shall not sub-let, lease or sub-contract the leased property in any form.

6. The general description and market information of the property are summarized below:

Location	:	The property is located at No. 55 Dongyu Street, Jinjiang District, Chengdu, Sichuan Province, The PRC.
Transportation	:	Chengdu Shuangliu International Airport and Chengdu Railway Station are located approximately 18.3 kilometres and 6.5 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a commercial area in Tianfu Square.

7. We have been provided with a legal opinion regarding the property by AllBright Law Offices, which contains, *inter alia*, the following:

   (a) In order to maintain the stability of business operation within the property during the lease term, the following term has been incorporated to the tenancy agreement: 成都洋洋摩爾百貨有限公司 has obtained the legal ownership rights of the property and has the rights to lease out the property; and

   (b) The state-owned land use rights and building ownership rights of the property are subject to a mortgage. The mortgagee is 中國工商銀行股份有限公司成都沙河支行.

8. In the course of our valuation, we have considered and analysed the rental comparables of commercial buildings in the vicinity. These comparables are adopted as they are considered relevant to the property in terms of physical and locational attributes. By making relevant adjustments, the Market Rent of the property is assessed at RMB354,000 per month exclusive of management fees and air-conditioning fees with an annual rental escalation of 5.0% subject to a term of 11 years and 10 months commencing from the Valuation Date. The effective rent under the subject tenancy agreement are considered as in line with the effective Market Rent.

9. By assuming that the relevant rental payments or premium in relation to the leasehold interests have been paid-up in full, and the leasehold interest with a lease term of 11 years and 10 months can be freely assigned without any restrictions or impediments, the Market Value of the leasehold interest assessed by Income Capitalisation Analysis was circa RMB47,400,000 as at the Valuation Date. By making reference to relevant market transactions, we have deduced and adopted a capitalisation rate of 4.75% for Income Capitalisation Analysis.

No.	Property	Description and Tenure	Occupancy Particulars	Market Rent as at 24 January 2020
2	Leasehold interest with a lease term of 15 years of entire 5–8/F and a portion of the commercial podium on 4/F, Building B, Phase 1, Runwin International Hotel, No. 31 Xin Cheng Yi Road, Dongxihu District, Wuhan, Hubei Province, The PRC	The property comprises a portion of a 26-storey composite building, which was completed in about 2018. As per the information provided by the Group, the property has a LFA of approximately 8,967.29 sqm. The land use rights of the property were granted for a term expiring on 23 August 2053 for residential and food and beverage and uses.	As per our on-site inspection and the information provided by the Group, the property is currently available for leasing.	RMB409,000 per month inclusive of management fees, but exclusive of air-conditioning fees with an annual rental escalation of 3.50% subject to a term of 15 years **Market Value* as at 24 January 2020** RMB55,500,000 (Renminbi Fifty Five Million Five Hundred Thousand)

* The Market Value is deduced by capitalising the rental incomes over the lease term of a leasehold interest by a relevant capitalisation rate.

Notes:

1. The property was inspected by Wang Ya Jun on 16 January 2020.

2. The valuation and this certificate were prepared by Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC* and Kit Cheung *MRICS MHKIS RPS(GP) MCIREA Registered Real Estate Appraiser PRC*.

3. Pursuant to two Real Estate Title Certificates, both dated 20 July 2018 and issued by Wuhan Dongxihu District Real Estate Title Registration Centre, the land use rights of the subject development with a total apportioned site area of 3,937.58 sqm were granted to 武漢公民酒店發展有限公司 for a term expiring on 23 August 2053 for residential and food and beverage uses. The building ownership rights of the subject development with a total GFA of 58,089.82 sqm were legally vested in 武漢公民酒店發展有限公司.

   The details of the Real Estate Title Certificates are summarized below:

Unit	Real Estate Title Certificate No.	Apportioned Site Area *(sqm)*	GFA *(sqm)*
5–26/F	E (2018) Wuhan Dongxihu Bu Dong Chan Quan Zheng Di No. 0041469	2,196.66	32,406.59
1–4/F	E (2018) Wuhan Dongxihu Bu Dong Chan Quan Zheng Di No. 0041468	1,740.92	25,683.23

4. Pursuant to a tenancy agreement dated 24 January 2020 and a supplemental agreement dated 17 March 2020, entered into between 武漢公民酒店發展有限公司 as a landlord and 武漢枋浚酒店管理有限公司 as a tenant. The key tenancy terms are summarized below:

Item		**Details**
Tenure	:	15 years from 23 July 2020 to 22 July 2035
Use	:	Hotel and hotel's ancillary services
LFA	:	8,967.29 sqm
Sub-letting	:	Without the written approval of the landlord, the tenant shall not sub-let, lease or sub-contract the leased property in any form.

5. The general description and market information of the property are summarized below:

Location	:	The property is located at No. 31 Xin Cheng Yi Road, Dongxihu District, Wuhan, Hubei Province, The PRC.
Transportation	:	Wuhan Tianhe International Airport and Hankou Railway Station are located approximately 21.5 kilometres and 15.2 kilometres away from the property respectively.
Nature of Surrounding Area	:	The area is predominately a residential area in Dongxihu District.

6. We have been provided with a legal opinion regarding the property by AllBright Law Offices, which contains, inter alia, the following:

   (a) In order to maintain the stability of business operation within the property during the lease term, the following term has been incorporated to the tenancy agreement: 武漢公民酒店發展有限公司 has obtained the legal ownership rights of the property and has the rights to lease out the property; and

   (b) The state-owned land use rights and building ownership rights of the property are subject to a mortgage. The mortgagee is 中國工商銀行股份有限公司武漢東西湖支行.

7. In the course of our valuation, we have considered and analysed the rental comparables of commercial buildings in the vicinity. These comparables are adopted as they are considered relevant to the property in terms of physical and locational attributes. By making relevant adjustments, the Market Rent of the property is assessed at RMB409,000 per month inclusive of management fees, but exclusive of air-conditioning fees with an annual rental escalation of 3.50% subject to a term of 15 years commencing from the Valuation Date. The effective rent under the subject tenancy agreement are considered as in line with the effective Market Rent.

8. By assuming that the relevant rental payments or premium in relation to the leasehold interests have been paid-up in full, and the leasehold interest with a lease term of 15 years can be freely assigned without any restrictions or impediments, the Market Value of the leasehold interest assessed by Income Capitalisation Analysis was circa RMB55,500,000 as at the Valuation Date. By making reference to relevant market transactions, we have deduced and adopted a capitalisation rate of 5.50% for Income Capitalisation Analysis.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose 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, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTEREST IN SECURITIES

(a) Directors' and chief executive's interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Name of Director	Capacity/Nature of interest	Number of ordinary shares held as personal interests	Approximate percentage of interests
Yuan Fuer *(Note 1)*	Interest of a controlled corporation	321,580,510	71.72%

Note: These 321,580,510 shares were registered in the name of Hehui International Development Limited. Mr. Yuan Fuer held the entire issued share capital of Hehui International Development Limited and was deemed to be interested in the 321,580,510 shares in which Hehui International Development Limited was interested pursuant to the SFO.

(b) Interests of substantial shareholders

Save as disclosed below, as at the Latest Practicable Date, none of the shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Name of substantial Shareholders	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of the total number of issued shares
Hehui International Development Limited *(Note 1)*	Beneficial owner	321,580,510 (Long positions)	71.72%
Yuan Fuer *(Note 1)*	Interest in controlled corporations	321,580,510 (Long positions)	71.72%
Chen Hui *(Note 2)*	Interest of a controlled corporation	35,740,071 (Long positions)	7.97%

Notes:

1. Mr. Yuan Fuer holds the entire issued share capital of Hehui International Development Limited.

2. As disclosed in Form 1 – Individual Substantial Shareholder Notice filed by Mr. Chen Hui for the sale of the Shares on 20 February 2018, Mr. Chen Hui controls 100% of the interests in 智众開曼, which in turn controls 100% of the interests in CHINA DRAGON ASIA CHAMPION FUND SERIES SPC, and 智众開曼 and CHINA DRAGON ASIA CHAMPION FUND SERIES SPC each holds interests in 35,740,071 Shares.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

Save as two agreements entered into between (i) 惠州合正東部灣旅遊服務有限公司 (transliterated as Huizhou Hazens East Resort Travel Services Limited*), an indirect wholly-owned subsidiary of the Company; and (ii) 惠東興匯城建有限公司 (transliterated as Huidong Xinghui Construction Limited*) which Mr. Yuan Fuer, the non-executive Director, has controlling interests, in relation to two premises for operation of Huizhou Hotel from 1 April 2018 to 31 March 2020 and from 1 January 2018 to 31 December 2027 respectively (details of which are set out in the announcement of the Company dated 31 January 2019), as at the Latest Practicable Date:

(a) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and

(b) none of the Directors had any direct and indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

Save as disclosed below, there had been no contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years prior to 24 January 2019, i.e. the date of the JV Agreements, the Chengdu Tenancy Agreement and the Wuhan Tenancy Agreement, and up to the Latest Practicable Date which is or may be material:

(a) the agreement dated 30 April 2018 entered into between the Company as purchaser and 深圳市合正房地產集團有限公司 (transliterated as Shenzhen Hazens Real Estate Group Limited*) as vendor in relation to the sale and purchase of the entire equity interests in 惠州合正東部灣旅遊服務有限公司 (transliterated as Huizhou Hazens East Resort Travel Services Limited*) for a consideration of RMB1,000,000 (the "**Sale and Purchase Agreement**");

(b) the deed of indemnity dated 18 July 2018 executed by China Medical Overseas Limited and the Mr. Ding Yifan and Mr. Huang Yun, being the ultimate beneficial owners of China Medical Overseas Limited in favour of Hehui International Development Limited and the Company in respect of tax liability arising by virtue of any act or omission prior to the date of the deed or fees, expenses and expenditure incurred by virtue of any investigation, assessment or dispute in respect of such tax liability (the "**Deed of Indemnity**"); and

(c) the agreement dated 2 December 2019 entered into between the Company and China Medical Overseas Limited pursuant to which both parties agreed to the early settlement of total borrowings in principal amount of HK$13.80 million by the Company (the "**Settlement Agreement**").

8. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinions or advice, which are contained or referred to in this circular:

Name	**Qualification**
Vincorn Consulting and Appraisal Limited	Independent property valuer and professional surveyor
Zhonghui ANDA CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert:

(a) have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their letters or opinions or advice and references to their names, in the form and context in which they appear;

(b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. GENERAL

(a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The headquarters and principal place of business of the Company in Hong Kong is Suite 1705, 17/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(d) The secretary of the Company is Mr. Chung Tin Yan, who is a member of the Hong Kong Institute of Certified Public Accountants.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at Suite 1705, 17/F, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong, for a period of 14 days from the date of this circular (both days inclusive):

(a) the memorandum and articles of association of the Company;

(b) the Chengdu Agreement;

(c) the Chengdu Tenancy Agreement;

(d) the First Supplemental Chengdu Tenancy Agreement;

(e) the Second Supplemental Chengdu Tenancy Agreement;

(f) the Transfer Agreement;

(g) the Wuhan Agreement;

(h) the Wuhan Tenancy Agreement;

(i) the Supplemental Wuhan Tenancy Agreement;

(j) the annual report of the Company for the year ended 31 December 2016;

(k) the annual report of the Company for the year ended 31 December 2017;

(l) the annual report of the Company for the year ended 31 December 2018;

(m) the annual results announcement of the Company for the year ended 31 December 2019;

(n) the letter from the Board, the text of which is set out on pages 5 to 35 of this circular;

(o) the report in relation to the unaudited pro forma financial information of the Group (including Joint Venture Companies) from Zhonghui ANDA CPA Limited, the text of which is set out in Appendix II to this circular;

(p) the valuation report prepared by Vincorn Consulting and Appraisal Limited, the text of which is set out in Appendix III to this circular;

(q) the written consents referred to in the paragraph headed "8. Experts and consents" in this appendix;

(r) the Sale and Purchase Agreement;

(s) the Deed of Indemnity;

(t) the Settlement Agreement; and

(u) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Legend Strategy International Holdings Group Company Limited (the "**Company**") will be held at Suite 1705, 17/F, World-Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong on Monday, 20 April 2020 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed with or without amendment as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (i) the conditional agreement dated 24 January 2020 (the "**Chengdu Agreement**") entered into between 深圳枋浚酒店管理有限公司 (transliterated as Shenzhen Legend Strategy Hotel Management Company Limited*), an indirect wholly-owned subsidiary of the Company ("**Shenzhen Subsidiary**") and Ms. Liao Zihan (廖子涵) ("**Chengdu Partner**") in relation to, among other things, the provision of capital in the maximum amount of RMB21.00 million to a company, namely 成都力之浚酒店管理有限公司 (transliterated as Chengdu Legend Strategy Hotel Development Co., Ltd.* "**Chengdu JV**"), jointly established by Shenzhen Subsidiary and Chengdu Partner according to their proportional interests (i.e. 51% and 49% respectively) in Chengdu JV (subject to the terms and conditions of the Chengdu Agreement) for the development of hotel business in Chengdu, the People's Republic of China (the "**PRC**") (a copy of which has been produced to the EGM marked "A" and initialed by the chairman of the EGM for identification purpose) and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (ii) any one or more directors of the Company be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary, appropriate, desirable or expedient to carry out and implement the Chengdu

Agreement and all the transactions contemplated thereunder into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the directors of the Company in the interests of the Company and its shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Chengdu Agreement."

2. "**THAT**:

(i) the conditional agreement dated 24 January 2020 (the "**Wuhan Agreement**") entered into between Shenzhen Subsidiary and Mr. Sun Taishan (孫太山) ("**Wuhan Partner**") in relation to, among other things, the provision of capital in the maximum amount of RMB20.90 million to a company, namely 武漢朸浚酒店管理有限公司 (transliterated as Wuhan Legend Strategy Hotel Development Co., Ltd.* "**Wuhan JV**"), jointly established by Shenzhen Subsidiary and Wuhan Partner according to their proportional interests (i.e. 51% and 49% respectively) in Wuhan JV (subject to the terms and conditions of the Wuhan Agreement) for the development of hotel business in Wuhan, the PRC (a copy of which has been produced to the EGM marked "B" and initialed by the chairman of the EGM for identification purpose) and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(ii) any one or more directors of the Company be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary, appropriate, desirable or expedient to carry out and implement the Wuhan Agreement and all the transactions contemplated thereunder into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the directors of the Company in the interests of the Company and its shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Wuhan Agreement."

3. "**THAT**:

(i) the conditional agreement dated 24 January 2020 entered into among Shenzhen Subsidiary, Chengdu Partner and 成都洋洋摩爾百貨有限公司(transliterated as Chengdu Yangyang Mall Department Store Co., Ltd.*) in relation to the lease of a portion of 10/F and entire 9/F, 55 Dongyu Street, Jinjiang District, Chengdu, Sichuan Province, the PRC (the "**Chengdu Tenancy Agreement**") as amended and supplemented by two agreements (the "**Supplemental Chengdu Tenancy Agreements**") dated 4 February 2020 and 17 March 2020 respectively entered into among the same parties and an agreement (the "**Transfer Agreement**") dated 23 March 2020 entered into among Shenzhen Subsidiary, Chengdu JV, Chengdu Partner and 成都洋洋摩爾百貨有限公司 (transliterated as Chengdu Yangyang

Mall Department Store Co., Ltd.*) to transfer rights and obligations of Shenzhen Subsidiary and Chengdu Partner, as previous tenants, to Chengdu JV (a copy of the Chengdu Tenancy Agreement has been produced to the EGM marked "C1", a copy of the Supplemental Chengdu Tenancy Agreements has been produced to the EGM marked "C2" and a copy of the Transfer Agreement has been produced to the EGM marked "C3", all initialed by the chairman of the EGM for identification purpose) and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(ii) any one or more directors of the Company be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary, appropriate, desirable or expedient to carry out and implement the Chengdu Tenancy Agreement, the Supplemental Chengdu Tenancy Agreements, the Transfer Agreement and all the transactions contemplated thereunder into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the directors of the Company in the interests of the Company and its shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Chengdu Tenancy Agreement (as amended and supplemented by the Supplemental Chengdu Tenancy Agreements) and the Transfer Agreement."

4. "**THAT**:

(i) the conditional agreement dated 24 January 2020 entered into between Wuhan JV and 武漢公民酒店發展有限公司 (transliterated as Wuhan Citizen Hotel Development Co., Ltd.*) in relation to the lease of the entire 5–8/F and a portion of the commercial podium on 4/F, Building B, Phase 1, Runwin International Hotel, 31 Xin Cheng Yi Road, Dongxihu District, Wuhan, Hubei Province, the PRC (the "**Wuhan Tenancy Agreement**") as amended and supplemented by an agreement (the "**Supplemental Wuhan Tenancy Agreement**") dated 17 March 2020 entered into among the same parties (a copy of the Wuhan Tenancy Agreement has been produced to the EGM marked "D1" and a copy of the Supplemental Wuhan Tenancy Agreement has been produced to the EGM marked "D2"), both initialed by the chairman of the EGM for identification purpose) and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(ii) any one or more directors of the Company be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary, appropriate, desirable or expedient to carry out and implement the Wuhan Tenancy Agreement, the Supplemental Wuhan Tenancy Agreement and all the transactions contemplated thereunder into full effect and to agree to such variation, amendment or waiver as are in the reasonable opinion of the directors of the Company in the interests of the Company and its shareholders as a whole provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Wuhan Tenancy Agreement (as amended and supplemented by the Supplemental Wuhan Tenancy Agreement)."

Yours faithfully,
By order of the board of directors of
Legend Strategy International Holdings Group Company Limited
Yuan Fuer
Chairman

Hong Kong, 26 March 2020

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Headquarters and principal place of business in Hong Kong:
Suite 1705, 17/F
World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. In order to be valid, form(s) of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the office of the Company's share registrar, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof.

3. The Register of Members of the Company will be closed from Wednesday, 15 April 2020 to Monday, 20 April 2020, both days inclusive, for the purpose of determining its shareholders' entitlement to attend and vote at the EGM, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's share registrar, Union Registrars Limited, at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by no later than 4:00 p.m. on Tuesday, 14 April 2020.

4. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but should there be more than one of such joint holders present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

5. All resolutions set out in this notice of the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

6. A form of proxy in respect of the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish. In the event that you attend the EGM after having lodged the form of proxy, it will be deemed to have been revoked.

7. If Typhoon Signal No. 8 or above remains hoisted at or at any time after 9:00 a.m. on the date of the EGM, the EGM will be postponed or adjourned. The Company will post an announcement on the Company's website at www.legend-strategy.com and the HKExnews website at www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

* *For identification purposes only*