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**LEGEND STRATEGY INTERNATIONAL HOLDINGS GROUP COMPANY
LIMITED**

枋濬國際集團控股有限公司
(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 8160)

**DISCLOSEABLE TRANSACTION IN RELATION TO
FORMATION OF A JOINT VENTURE**

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 22 December 2011 (after trading hours), the Joint Venture Agreement was entered into between Legend (a wholly-owned subsidiary of the Company) and First Creation in relation to the formation and management of the JV Companies. Upon completion of the Transaction, each JV Company will be owned as to 60% and 40% by Legend and First Creation respectively.

Each of the JV Companies will establish a wholly-owned subsidiary in Sanya PRC to conduct the business of hotel operation and consultancy services in the PRC.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios as set out in the GEM Listing Rules are more than 5% but less than 25%, the transactions contemplated under the Joint Venture Agreement constitute a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

THE JOINT VENTURE AGREEMENT

Date

22 December 2011

Parties

- (1) Legend
- (2) First Creation

As at the date hereof, Legend is a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, and after making reasonable enquiries, as at the date hereof, each of First Creation and its respective ultimate beneficial owners is a third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Business Scope of the JV Companies

It is intended that the JV Companies, HK Waterfront and HK Jinhua, will incorporate PRC Waterfront and PRC Jinhua as their respective wholly-owned subsidiaries in Sanya PRC and will conduct the business of hotel operation and consultancy services in the PRC through their respective wholly-owned subsidiaries.

Shareholding of the JV Company and investment

Conditional upon (1) the issue of the business licenses of the PRC Companies, (2) the execution of the Consultancy Agreement by Legend Strategy Limited, a wholly-owned subsidiary of the Company and HK Waterfront and the Consultancy Agreement by Legend Strategy Limited and HK Jinhua in respect of the establishment and operation of the budget hip hotels with a total aggregated consultancy fees of RMB4.5 million, and (3) First Creation procuring certain leasing rights in China for PRC Waterfront and PRC Jinhua, Legend and First Creation shall subscribe for the shares in the JV Companies at nominal value of HK\$1.00 per share upon completion of the transaction. The number of JV Shares to be held and the value of investment by way of shareholders loans by Legend and First Creation upon completion of the Transaction would be as follows:

HK Waterfront:

Parties	Way of investment	Amount of shareholders loans	Shareholding in HK Waterfront
Legend	In cash	RMB7.5 million	60%
First Creation	In cash	RMB5 million	40%

HK Jinhua:

Parties	Way of investment	Amount of shareholders loans	Shareholding in HK Jinhua
Legend	In cash	RMB5.475 million	60%
First Creation	In cash	RMB3.65 million	40%

The total investment, by way of shareholders loan, in an aggregate amount of RMB21.625 million to be borne by Legend and First Creation, were determined after arm's length negotiations between Legend and First Creation with reference to the proposed capital requirements for establishing the PRC Companies and carrying out the business of the JV Companies.

The Group intends to finance its investment with its internal funds.

The JV Companies will become non-wholly owned subsidiaries of the Company.

Board Composition of the JV Companies

Each of the JV Companies will be managed by its respective boards of the directors. The board of directors of each JV Company shall consist of 2 directors, one of whom shall be appointed by Legend

and one of whom shall be appointed by First Creation. All the major financial, accounting and administrative decisions of each of the JV Companies shall be determined by unanimous consent of all the directors.

Information on the Group and the Joint Venture Parties

The Group is principally engaged in operating budget hip hotels and providing hotel consultancy services in the PRC. Legend is a wholly-owned subsidiary of the Company and is an investment holding company of the Group.

First Creation is principally engaged in investment.

REASONS FOR THE FORMATION OF THE JV COMPANIES AND ENTERING INTO OF THE JOINT VENTURE AGREEMENT

The Group is principally engaged in operating budget hip hotels and providing hotel consultancy services in the PRC. The Board considers that the formation of the JV Companies will provide further opportunities for its business in Sanya, PRC, and hence will enhance the source of revenue of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement and its terms are fair and reasonable, on commercial terms, and are in the interests of the Company and the Shareholders as a whole.

LONG STOP DATE

If all the conditions precedent of closing have not been fulfilled by the expiry of a six-month period from the date of the Joint Venture Agreement, or such later date as may be agreed in writing by Legend and First Creation, Legend shall not be obliged to complete the transfer of and subscription for the relevant shares and the grant of shareholder loan and First Creation shall not be obliged to complete the subscription for the relevant shares and the grant of shareholder loan, both as contemplated under the Joint Venture Agreement, and none of the parties shall have any further rights or obligations under the Joint Venture Agreement save in respect of certain provisions expressed to be continued in full force and effect.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios as set out in the GEM Listing Rules are more than 5% but less than 25%, the transactions contemplated under the Joint Venture Agreement constitute a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“Board” board of Directors

“Company” Legend Strategy International Holdings Group Company Limited, a company incorporated under the laws of the Cayman Islands, the issued Shares of which are listed on the GEM

“connected person(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“Consultancy Agreements”	the consultancy agreements to be entered into by (i) Legend Strategy Limited, a wholly-owned subsidiary of the Company and (ii) HK Waterfront or HK Jinhua in respect of the establishment and operation of the budget hip hotels with a total aggregate consultancy fees of RMB4.5 million (each, the “Consultancy Agreement”)
“Directors(s)”	directors of the Company
“First Creation”	First Creation Investment Limited, a company incorporated in the British Virgin Islands, a third party independent of and not connected with the Company and its connected person
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK Jinhua”	Sanya Welcomeinn Jinhua Tourism Limited, a company incorporated under the laws of Hong Kong currently 100% beneficially owned by Legend and to be owned by Legend and First Creation as to 60/40 upon completion as contemplated under the Joint Venture Agreement
“HK Waterfront”	Sanya Welcomeinn Waterfront Tourism Limited, a company incorporated under the laws of Hong Kong currently 100% beneficially owned by Legend and to be owned by Legend and First Creation as to 60/40 upon completion as contemplated under the Joint Venture Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	the joint venture agreement dated 22 December 2011 made between Legend and First Creation in relation to the formation of the JV Companies
“JV Companies”	HK Waterfront and HK Jinhua (each, a “JV Company”)
“JV Share(s)”	share(s) of par value of HK\$1.00 in the share capital of each of the JV Companies
“Legend”	Legend Strategy Investment Limited, a company incorporated under the laws of the British Virgin Islands, and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong and the Macau Special Administrative Region of the PRC
“PRC Companies”	PRC Waterfront and PRC Jinhua (each, the “PRC Company”)

“PRC Waterfront”	Sanya WelcomeInn Waterfront Hotel Limited (三亚悦来客栈水岸酒店有限公司), a wholly foreign owned enterprise to be organized and existing under the laws of the PRC, wholly owned by HK Waterfront, with a registered capital of HK\$8.5 million and having its principal place of business at No.110 Jinjiling Road, Sanya Hainan, PRC
“PRC Jinhua”	Sanya WelcomeInn Jinhua Hotel Limited (三亚悦来客栈锦华酒店有限公司), a wholly foreign owned enterprise to be organized and existing under the laws of the PRC, wholly owned by HK Jinhua, with a registered capital of HK\$8.5 million and having its principal place of business at No. 10 Shangpin Road, Sanya Hainan, PRC
“RMB”	Reminbi, the lawful currency of PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the establishment of the Joint Venture Companies by Legend and First Creation and completion as contemplated under the Joint Venture Agreement
“%”	per cent.

For and on behalf of the Board
**Legend Strategy International Holdings
Group Company Limited**
Mr. Fong Man, Kelvin
Chairman

Hong Kong, 22 December 2011

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Fong Man, Kelvin (Chairman)

Mr. Wong William (formerly known as Mr. Wong Hiu Fan)

Non- Executive Director:

Mr. De Weyer, Daniel Ludovicus Joannes

Independent Non-Executive Directors:

Dr. Wong Hak Kun, Jerry

Mr. Tam Kwok Ming, Banny

Mr. Tsoi Wing Sum

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 announcement 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 announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for seven days from the day of its posting and on the website of the Company at www.legendstrategy.com.