

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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



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)

**PLACING OF HK\$30.6 MILLION CONVERTIBLE NOTES
UNDER GENERAL MANDATE**

Placing Agent



英皇證券(香港)有限公司
Emperor Securities Limited

On 20 September 2012 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six independent Placees to subscribe in cash for the Convertible Notes of up to an aggregate principal amount of HK\$30,600,000.

The Convertible Notes shall bear interest at the rate of 5% per annum and shall mature on the second anniversary of the Issue Date. Assuming the exercise in full of the conversion rights attaching to the Convertible Notes at the initial Conversion Price of HK\$0.85 (subject to adjustments) per Conversion Share, an aggregate of 36 million Conversion Shares will be issued, representing approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be issued under the General Mandate.

The estimated net proceeds from the issue of the Convertible Notes will be approximately HK\$29.5 million, which is intended to be used as general working capital for the Group's existing project in the PRC and future expansion of the Group.

The Placing is conditional upon, among other things, the granting of the listing of and permission to deal in the Conversion Shares by the Listing Committee of the Stock Exchange. If such condition is not fulfilled on or before 19 October 2012, the Placing will not proceed.

Completion of the Placing is conditional, inter alia, upon the fulfillment of the conditions precedent under the Placing Agreement. In particular, the Placing is subject to the Placing Agent not terminating the Placing Agreement in accordance with the terms set out therein. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 20 September 2012 (after trading hours)

Issuer: the Company

Placing Agent: Emperor Securities Limited

To the best of the Director's knowledge, information and belief after making reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees: The Convertible Notes shall be placed to not less than six Placees (who will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. Further announcement will be made by the Company if the Placing Agreement lapses, or the Placing Agent fails to identify at least six Placees. It is expected that no Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately following Completion and full conversion of the Convertible Notes.

Placing commission: The Placing Agent will receive a placing commission of 3.0% of the aggregate principal amount of the Convertible Notes successfully placed. The commission was determined after arm's length negotiation between the Company and the Placing Agent after taking into account the current financial position of the Group, the size of the Placing and the current market condition.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Principal amount Up to an aggregate principal amount of HK\$30,600,000

Maturity date Second anniversary of the Issue Date, or if such is not a Business Day, the first Business Day thereafter

Issue price The Convertible Notes will be issued at 100% of their principal amount

Interest 5% per annum, payable annually in arrears

Redemption	<p>The Company may at anytime and from time to time prior to the Maturity Date redeem the outstanding Convertible Notes (in whole or in part) at the Redemption Price. Convertible Notes which are redeemed will forthwith be cancelled</p> <p>Any Convertible Notes outstanding on the maturity date shall be redeemed by the Company at 112% of the outstanding principal amount</p>
Conversion Period	The period commencing from the day after the Issue Date up to and including the date immediately prior to the Maturity Date
Conversion Price	<p>Initially at HK\$0.85 per Conversion Share, subject to customary adjustments provisions as set out and in accordance with the terms and conditions of the Convertible Notes (see “Adjustment to the Conversion Price” below)</p> <p>The Conversion Price was determined after arm’s length negotiations between the Company and the Placing Agent and with reference to current market price of the Shares and in view of the business expansion plan of the Group. The initial Conversion Price of HK\$0.85 per Conversion Share represents:</p> <ul style="list-style-type: none"> (i) a discount of approximately 16.67% to the closing price of HK\$1.02 per Share as quoted on the Stock Exchange on 20 September 2012, being the last trading day of the Shares immediately prior to the date of the Placing Agreement; (ii) a discount of approximately 18.58% to the average closing price of HK\$1.044 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement; and (iii) a discount of approximately 20.41% to the average closing price of HK\$1.068 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to the date of the Placing Agreement.
Conversion Shares	Upon full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.85 per Conversion Share, an aggregate of 36 million Conversion Shares will be issued, representing approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares
Listing	No listing Convertible Notes will be sought on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares
Ranking of the Convertible Notes	The Convertible Notes constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and will rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law

Ranking of the Conversion Shares	The Conversion Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of such Conversion Shares and be entitled to dividends and other rights carried by the Shares. There will be no restriction on subsequent sale of the Conversion Shares
Voting	The Noteholder(s) are not entitled to receive notice of, attend or vote at any general meeting of the Shareholders
Transferability	The Convertible Notes are freely transferable to any person, except that they may not be transferred to a Connected Person of the Company without the prior written consent of the Company
Adjustment to the Conversion Price	The Conversion Price will be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Notes upon occurrence of, among others, the following events: (i) consolidation or subdivision of Shares; (ii) capitalisation of profits or reserves of the Company; (iii) capital distributions by the Company; (iv) rights issues of Shares or grant of warrants or options over Shares at a price which is less than 80% of the then market price of the Shares; (v) issues of securities convertible into or exchangeable for rights to subscribe the Shares at a consideration less than 80% of the then market price of the Shares; and (vi) issue of Shares by the Company wholly for cash at a price which is less than 80% of the then market price of the Shares
Conversion Rights	<p>The Noteholder(s) shall have the right at any time during the Conversion Period to convert the whole or part of the principal amount outstanding (in minimum amount of HK\$850,000 or whole multiple thereof) under the Convertible Notes at the Conversion Price into Conversion Shares</p> <p>The Noteholder(s) shall not exercise any Conversion Rights to such an extent that results or will result in (i) the holder(s) and person(s) acting in concert with it (within the meaning of the Takeovers Code) holding or having 30% or more (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the then issued ordinary share capital of the Company or otherwise being obliged to make a general offer for the Shares in accordance with the Takeovers Code; or (ii) the Company in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public</p> <p>At any time when the delivery of Shares deliverable upon conversion of the Convertible Notes is required to satisfy the Conversion Rights in respect of a Conversion Notice and the number of Shares that can be issued under the portion of the General Mandate which has not yet been utilized is less than the number of the Conversion Shares to be delivered pursuant to such Conversion Notice, the Company shall pay to the Noteholder an amount of cash in Hong Kong dollars to satisfy the balance of such Conversion Rights (the other part being satisfied by the delivery of the Shares that can be issued under the portion of the General Mandate which has not yet been utilized.) Such cash payment shall be made no later than the 30th day following the date of the Conversion Notice</p>

The terms of the Convertible Notes have been arrived based on arm's length negotiations between the Company and the Placing Agent. The Directors consider that the terms of the Convertible Notes including the initial Conversion Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Placing under the Placing Agreement shall be conditional upon:—

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares; and
- (b) the compliance of any other requirements under the Listing Rules and the Takeovers Code or otherwise of the Stock Exchange and the SFC which requires compliance in relation to the creation and issue of the Convertible Notes and the Conversion Shares.

If the above conditions have not been fulfilled by 10:00 a.m. (Hong Kong time) on or before 19 October 2012 (or such other time and date as the Placing Agent and the Company may agree in writing) ("**Long Stop Date**"), the Placing Agreement shall terminate and the respective obligations of the parties to the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claims against each other (save for any antecedent breaches).

Completion

Completion of the Placing shall take place on or before the third Business Day after the above conditions have been fulfilled, but not later than 19 October 2012 or such other time and date as the Placing Agent and the Company may agree in writing.

Termination

The Placing Agent may terminate the Placing Agreement by giving notice in writing to the Company, if at any time on or prior to 10:00 a.m. on the day of Completion, there shall develop, occur, exist or come into effect:

- (a) any introduction of new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group;
- (b) any occurrence of local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation any general suspension or material restriction or trading in securities) occurs which affect the completion of the Placing or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;

- (d) any material breach of or omission to observe by the Company commits in any material respect any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (e) any suspension in the trading of the Shares on the Stock Exchange occurs for more than fifteen consecutive trading days save for the purposes of clearing of the announcement or circulars relating to the Placing and any ancillary agreements thereto; or
- (f) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated and if the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely have a material prejudicial effect on the Placing.

In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid event, all obligations of each of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of the Company and the Placing Agent shall have any claim against each other in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach.

Moreover, the Placing Agreement shall automatically lapse if the Placing Agent fails to procure the six Places in accordance with the Placing Agreement by the Long Stop Date.

General Mandate

The Conversion Shares shall be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 10 May 2012 subject to the limit of 36,000,000 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date).

The General Mandate has not been utilised prior to the date of this announcement. Based on the initial Conversion Price of HK\$0.85 per Conversion Share, the 36 million Conversion Shares to be allotted and issued will utilise of the entire General Mandate. The Placing and the issue of the Conversion Shares are not subject to the Shareholders' approval.

EFFECT OF THE PLACING ON SHAREHOLDING

Set out below are (i) the shareholding structure of the Company as at the date of this announcement; and (ii) the shareholding structure of the Company assuming full exercise of the Conversion Rights attached to the Convertible Notes at the initial Conversion Price of HK\$0.85:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing and assuming full conversion of the Convertible Notes at initial Conversion Price of HK\$0.85 per Share	
	No. of Shares	%	No. of Shares	%
Mr. Fong Man Kelvin	99,759,466	55.42	99,759,466	46.18
Mr. Qiu Dai Lun	10,800,000	6.00	10,800,000	5.00
Mr. De Weyer Daniel Ludovicus Joannes	10,382,655	5.77	10,382,655	4.81
Placees (Note 1)	—	—	36,000,000	16.67
Other public Shareholders	59,057,880	32.81	59,057,880	27.34
Total	<u>180,000,001</u>	<u>100.00</u>	<u>216,000,001</u>	<u>100.00</u>

Note:

1. Assuming the Placees do not currently hold any Shares.

Upon full conversion of the Convertible Notes, the shareholding of the existing controlling Shareholder, Mr. Fong Man Kelvin, will be diluted but he will still be the controlling Shareholder.

It is expected that no Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately following completion of the Placing and assuming full conversion of the Convertible Notes.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS

The Group is principally engaged in hotel operations and provision of hotel consultancy services. In view of the expansion plans of the business of the Group, the Directors consider that the Placing represents a good opportunity to broaden the shareholders base and capital base of the Company so as to provide more capital for the development of the Group. The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$1.1 million in connection with the Placing. The net proceeds of approximately HK\$29.5 million from the Placing will be used as general working capital for the Group's existing project in the PRC and future expansion of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the 12 months immediately before the date of this announcement.

Completion of the Placing is conditional, inter alia, upon the fulfillment of the condition precedent under the Placing Agreement. In particular, the Placing is subject to the Placing Agent not terminating the Placing Agreement in accordance with the terms set out therein. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day”	a day (excluding Saturday and Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business
“Company”	Legend Strategy International Holdings Group Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8160)
“Completion”	completion of the Placing
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion”	means the exercise of the Conversion Rights and the issuance of the Conversion Shares accordingly
“Conversion Notice”	means a written notice delivered to the Company by the Noteholder(s) during the Conversion Period to exercise the Conversion Rights on any Business Day
“Conversion Period”	the period commencing from the day after the Issue Date up to and including the date immediately prior to the Maturity Date
“Conversion Price”	means the price at which each Conversion Share to will be issued upon Conversion, being HK\$0.85 per Conversion Share initially and subject to adjustment
“Conversion Right”	the rights attaching to the Convertible Notes to convert the principal amount or a part thereof into Shares
“Conversion Share(s)”	means the new Share(s) to be issued upon Conversion

“Convertible Notes”	means the convertible notes to be issued by the Company in the principal amount of HK\$30.6 million pursuant to the Placing Agreement
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“General Mandate”	general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10 May 2012 to allot, issue and deal with up to 36 million new shares of HK\$0.01 each, representing 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual or a company who is not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates
“Issue Date”	the date of issue of the Convertible Notes
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	Rules Governing the Listing of Securities on the GEM
“Maturity Date”	the date falling on the date being the second anniversary of the Issue Date, or, if that is not a Business Day, the first Business Day thereafter
“Noteholder(s)”	holder of the Convertible Notes
“Placee(s)”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe any of the Convertible Notes pursuant to the Placing Agreement
“Placing”	the placing of the Convertible Notes by the Placing Agent on a best endeavor basis
“Placing Agent”	Emperor Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 20 September 2012 in relation to the Placing

“PRC”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong and the Macau Special Administrative Regions and Taiwan
“SFC”	the Securities and Futures Commission
“Redemption Price”	the price payable by the Company at redemption which will make the annualized yield of the Convertible Notes at 11% (including accrued interest to be paid up to date of redemption)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code of Takeovers and Mergers
“%”	per cent.

By Order of the Board
Legend Strategy International Holdings Group Company Limited
Fong, Man Kelvin
Chairman and Executive Director

Hong Kong, 20 September 2012

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

Executive Director:

Mr. Fong Man, Kelvin (*Chairman*)

Non-Executive Directors:

Mr. De Weyer, Daniel Ludovicus Joannes

Mr. Wong William

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.