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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Main Board and GEM of The Stock Exchange of Hong Kong Limited 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.

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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 on Main Board: 1355)
(Stock Code on GEM: 8160)

TRANSFER OF LISTING FROM GEM TO MAIN BOARD

Financial adviser to Legend Strategy International Holdings Group Company Limited

Quam CAPITAL 華富嘉洛企業融資

On 21 March 2013, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares from GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) the 180,000,001 Shares in issue; (ii) the 900,000 Shares which may fall to be issued pursuant to the exercise of the outstanding share options being granted under the Share Option Scheme; and (iii) the 36,000,000 Shares which may fall to be issued pursuant to the exercise of convertible rights attaching to the Convertible Notes in full, on the Main Board by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing was granted by the Stock Exchange on Friday, 9 August 2013. The last day of dealings in the Shares on GEM will be Tuesday, 20 August 2013. Dealings in the Shares on the Main Board will commence at 9:00 a.m. on Wednesday, 21 August 2013. The Company has fulfilled all pre-conditions for a transfer of listing under Rule 9A.02 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement made by the Company on 21 March 2013 in relation to the Transfer of Listing. On 21 March 2013, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares from GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) the 180,000,001 Shares in issue; (ii) the 900,000 Shares which may fall to be issued pursuant to the exercise of the outstanding share options being granted under the Share Option Scheme; and (iii) the 36,000,000 Shares which may fall to be issued pursuant to the exercise of convertible rights attaching to the Convertible Notes in full, on the Main Board by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing was granted by the Stock Exchange on Friday, 9 August 2013. The last day of dealings in the Shares on GEM will be Tuesday, 20 August 2013. Dealings in the Shares on the Main Board will commence at 9:00 a.m. on Wednesday, 21 August 2013 and the Shares will be delisted from GEM according to Rule 9A.09(6) of the Listing Rules.

REASONS FOR THE TRANSFER OF LISTING

The Group is principally engaged in budget hotel operations and provision of hotel consultancy and hotel management services in the PRC. The Board believes that the Transfer of Listing will enhance the profile of the Company and increase the trading liquidity of the Shares. The Board considers that the Transfer of Listing will be beneficial to the future growth and business development of the Group as well as its financing flexibility. There is no intention of the Board to change the nature of business of the Group following the Transfer of Listing. The Transfer of Listing will not involve any issue of new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 15 July 2011, the GEM Listing Date. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (Stock code: 8160) will be Tuesday, 20 August 2013. Dealing in the Shares on the Main Board (Stock code: 1355) will commence at 9:00 a.m. on Wednesday, 21 August 2013.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot size of 3,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Codan Trust Company (Cayman) Limited and the branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited. No change will be made to the Chinese and English stock short names of the Company, the existing share certificates, board lot size, trading currency and share registrars of the Shares in connection with the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 22 June 2011, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group, which will expire on 21 June 2021. As at the date of this announcement, the Share Option Scheme fully complies with the requirements of Chapter 17 of the Listing Rules. Thus, the Share Option Scheme will remain effective upon the Transfer of Listing.

As at the date of this announcement, there were 900,000 share options already granted to option holders. The details of the outstanding 900,000 share options are as follows:

Number of options	Exercise price per Share	Exercise period
900,000	HK$ 1.33	21 February 2012 to 20 February 2014

Pursuant to the Share Option Scheme and as at the date of this announcement, the Company may grant additional share options in respect of a total of 17,100,000 Shares during the remaining term of the Share Option Scheme. The listing of the Shares issued and to be issued pursuant to the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Listing Rules.

Pursuant to the Share Option Scheme, the total outstanding 900,000 share options previously granted but not yet exercised under the Share Options Scheme will remain valid and exercisable in accordance with their respective terms of issue.

CONVERTIBLE NOTES

On 12 October 2012, the Company issued the Convertible Notes in an aggregate principal amount of HK$30.6 million. Based on the initial conversion price of HK$0.85 per conversion share (which is subject to adjustments), a maximum of 36,000,000 Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes in full. No conversion rights under the Convertible Notes have been exercised up to the date of this announcement.

PUBLIC FLOAT

The Directors confirm that approximately 37.2% of the total issued share capital of the Company is held by the public (as defined in the Listing Rules) as at the Latest Practicable Date. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Listing Rules.

Save for the 900,000 outstanding share options previously granted but not yet exercised under the Share Option Scheme and the outstanding Convertible Notes, the Company does not have any other options, warrants or similar rights or convertible equity securities in issue as at the Latest Practicable Date.

COMPETING INTERESTS

As at the date of this announcement, none of the Directors or controlling Shareholders or their respective associates has any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group pursuant to Rule 9A.09(10) of the Listing Rules.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Listing Rules, the general mandates granted to the Directors to allot and issue new Shares and repurchase Shares by the Shareholders on 25 June 2013 will continue to be valid and remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Articles or any applicable laws to be held; or

(c) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

BIOGRAPHICAL INFORMATION OF DIRECTORS

The Company discloses the biographical information of each Director as follows:

Executive Directors:

Mr. Fong Man, Kelvin, aged 51, is the Chairman of the Company. He was appointed as an executive Director on 23 February 2011. He is responsible for the daily operation of the Group and overall strategic planning and management of the Group. He is also actively involved in designing hotels (including both the leased-and-operated hotels and hotels under the hotel consultancy agreements) for developing the Group's business. Mr. Fong obtained the degree of bachelor of arts in architecture from the University of Lincoln in the United Kingdom (formerly known as the Humberside College of Higher Education) in July 1985. In February 1989, Mr. Fong obtained the degree of master of science in architecture from the University College London in the United Kingdom. In January 1990, he completed the degree of master of business administration at the University of Sheffield in the United Kingdom. In July 1991, Mr. Fong obtained the postgraduate diploma in architecture from the University College London in the United Kingdom. In 2006, Mr. Fong set up Welcome Inn Caitian and founded the Group's business. Mr. Fong is one of the founding shareholders of China Learning Support Services Limited, a company which provides learning support programme for children with learning difficulties. Mr. Fong is also a brother of Ms. Fong Nga, Peggy, an executive Director. Mr. Fong is the spouse of Ms. Wong Pit Lai, Vera, the marketing manager of the Group.

Mr. Fong was a director and shareholder holding 50% equity interest of Architerior Limited (formerly known as Universal General Development Limited) ("Architerior"), an interior design company incorporated in Hong Kong on 28 March 1995. During Mr. Fong's directorship with Architerior in April 2003, a winding-up petition was filed against Architerior for its failure to repay debts due to financial difficulties amid the burst of the internet bubble in 2000 and the outbreak of the severe acute respiratory syndrome in late 2002 which adversely impacted the general economy. Architerior was dissolved on 21 September 2011. There was no bankruptcy petition filed against Mr. Fong. Mr. Fong confirmed that there was no wrongful act, fraud or irregularities on his part in leading to the liquidation of Architerior.

As of the date of this announcement, Mr. Fong is interested in 102,576,466 Shares. Mr. Fong is the single largest Shareholder holding in aggregate of approximately 56.99% of the issued shares of the Company. Save as disclosed above, Mr. Fong does not hold any other interests or short position in the shares, underlying shares or debentures of the Company or its associate corporations within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Fong is not connected with other Directors, senior management or substantial shareholders of the Company.

The term of office of Mr. Fong as an executive Director is 3 years commencing from 22 June 2011 and will be subject to the retirement by rotation and re-election provisions in the Articles. Salary and allowances will be determined by the Board with reference to his contribution in terms of time, effort, experience and his expertise. Mr. Fong is entitled to a monthly basic salaries and allowances of HK$70,000 for the year ending 31 December 2013. Bonus will be paid at the absolute discretion of the Board after taking into account the operating results of the Group and the performance of the Directors.

Ms. Fong Nga, Peggy, aged 48, is a sister of Mr. Fong Man, Kelvin. She was appointed as an executive Director on 28 December 2012. Ms. Fong was awarded a bachelor's degree of arts (honours) in Accountancy by The University of Kent at Canterbury, the United Kingdom in 1987. Ms. Fong is a certified public accountant of Illinois, the United States of America. Ms. Fong has over 18 years of finance and accounting experience, working with international accounting firm. From 2000 to 2006, she was appointed as the financial controller of Office Maintenance Service Co. Ltd, a company engaged in engineering and construction business and she was responsible for financial and corporate management.

As of the date of this announcement, Ms. Fong does not hold any interests or short position in the shares, underlying shares or debentures of the Company or its associate corporations within the meaning of Part XV of the SFO. Save as disclosed above, Ms. Fong is not connected with other Directors, senior management or substantial shareholders of the Company.

The term of office of Ms. Fong as an executive Director is 3 years commencing from 28 December 2012 and will be subject to the retirement by rotation and re-election provisions in the Articles. Salary and allowances will be determined by the Board with reference to her contribution in terms of time, effort, experience and her expertise. Ms. Fong is entitled to a monthly basic salaries and allowances of HK$30,000 for the year ending 31 December 2013. Bonus will be paid at the absolute discretion of the Board after taking into account the operating results of the Group and the performance of the Directors.

Non-executive Director:

Mr. De Weyer, Daniel Ludovicus Joannes, aged 57, was appointed as a non-executive Director on 22 June 2011. Mr. De Weyer obtained his diploma for the academic degree of licentiate in applied economics at the Universitaire Faculteiten Sint-Ignatius Antwerpen in Belgium in July 1978. He has also obtained the dealing certificate from International Capital Markets Association (formerly known as International Securities Market Association) in 1996. For the period from June 1981 to September 1988, Mr. De Weyer worked as an administrative employee in a bancassurance company which provides banking and insurance products in Belgium named KBC Global Services NV. For the period from October 1988 to March 1991, Mr. De Weyer worked as an education specialist in SWIFT Education EMEA, La Hulpe, Belgium. For the period from April 1991 to October 2000, he worked as a customer training manager in SWIFT Education Asia-Pacific. Since November 2000, Mr. De Weyer started to work in various positions in SWIFT AsiaPacific including regional head of sales, market infrastructures and partner relations manager, senior relationship manager for key clients, and currently global client director.

As of the date of this announcement, Mr. De Weyer is interested in 10,382,655 Shares which in aggregate represent approximately 5.77% of the issued shares of the Company. Save as disclosed above, Mr. De Weyer does not hold any other interests or short position in the shares, underlying shares or debentures of the Company or its associate corporations within the meaning of Part XV of the SFO. Mr. De Weyer is not connected with other Directors, senior management or substantial shareholders of the Company.

The term of office of Mr. De Weyer as a non-executive Director is 3 years commencing from 22 June 2011 and will be subject to the retirement by rotation and re-election provisions in the Articles. Salary and allowances will be determined by the Board with reference to his contribution in terms of time, effort, experience and his expertise. Mr. De Weyer is entitled to an annual basic salaries and allowances of HK$88,000 for the year ending 31 December 2013. Bonus will be paid at the absolute discretion of the Board after taking into account the operating results of the Group and the performance of the Directors.

Independent non-executive Directors:

Dr. Wong Hak Kun, Jerry, aged 57, was appointed as an independent non-executive Director on 22 June 2011. Dr. Wong obtained his master of business administration in international management from Royal Melbourne Institute of Technology in Australia in January 1997 and doctorate in business administration from the Bulacan State University in the Republic of the Philippines in November 2006. Dr. Wong also holds a bachelor's degree in theology from the Alliance Bible Seminary in June 1978 and a master's degree of Christian Ministry from the Alliance Bible Seminary in June 2005. He had been a clergy in the Christian and Missionary Alliance from July 1978 to May 2006. Dr. Wong has also been the chairman of Happy Tree Social Services since September 2003, a charity organisation, which aims at providing social services to the disadvantaged minorities over the world.

As of the date of this announcement, Dr. Wong does not hold any interests or short position in the shares, underlying shares or debentures of the Company or its associate corporations within the meaning of Part XV of the SFO. Dr. Wong is not connected with other Directors, senior management or substantial shareholders of the Company.

The term of office of Dr. Wong as an independent non-executive Director is 3 years commencing from 22 June 2011 and will be subject to the retirement by rotation and re-election provisions in the Articles. Salary and allowances will be determined by the Board with reference to his contribution in terms of time, effort, experience and his expertise. Dr. Wong is entitled to an annual Director's fee of HK$88,000 for the year ending 31 December 2013.

Mr. Tam Kwok Ming, Banny, aged 50, was appointed as an independent non-executive Director on 22 June 2011. Mr. Tam was awarded the post-experience certificate in accountancy in 1993 from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). Mr. Tam is a practising certified public accountant in Hong Kong and an associate of the Association of Chartered Certified Accountants. Mr. Tam has about 15 years of experience in accounting and has been working in various positions including partner and practising director in various accounting firms during the period from September 1992 to July 2010. Since September 2010, Mr. Tam has been the sole practitioner of YATA, a certified public accounting firm. Mr. Tam is an independent non-executive director of each of Inner Mongolia Yitai Coal Company Limited, a company listed on the Shanghai Stock Exchange and China 3D Digital Entertainment Limited, a company listed on GEM.

As of the date of this announcement, Mr. Tam does not hold any interests or short position in the shares, underlying shares or debentures of the Company or its associate corporations within the meaning of Part XV of the SFO. Mr. Tam is not connected with other Directors, senior management or substantial shareholders of the Company.

The term of office of Mr. Tam as an independent non-executive Director is 3 years commencing from 22 June 2011 and will be subject to the retirement by rotation and re-election provisions in the Articles. Salary and allowances will be determined by the Board with reference to his contribution in terms of time, effort, experience and his expertise. Mr. Tam is entitled to an annual Director's fee of HK$88,000 for the year ending 31 December 2013.

Mr. Tsoi Wing Sum, aged 40, was appointed as an independent non-executive Director on 22 June 2011. Mr. Tsoi obtained his bachelor's degree in pharmacy from the University of the State of New York in 1996. He also obtained a master's degree in business administration from the University of London in 2008. Since 2000, he joined AstraZeneca Hong Kong Limited, a multi-national pharmaceutical company and now serves as an associate sales manager.

As of the date of this announcement, Mr. Tsoi does not hold any interests or short position in the shares, underlying shares or debentures of the Company or its associate corporations within the meaning of Part XV of the SFO. Mr. Tsoi is not connected with other Directors, senior management or substantial shareholders of the Company.

The term of office of Mr. Tsoi as an independent non-executive Director is 3 years commencing from 22 June 2011 and will be subject to the retirement by rotation and re-election provisions in the Articles. Salary and allowances will be determined by the Board with reference to his contribution in terms of time, effort, experience and his expertise. Mr. Tsoi is entitled to an annual Director's fee of HK$88,000 for the year ending 31 December 2013.

Mr. Wong Sui Chi, Frankie, aged 44, was appointed as an independent non-executive Director on 28 December 2012. Mr. Wong was awarded a bachelor's degree in Accountancy by the City University of Hong Kong. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Mr. Wong has over 15 years of finance and accounting experience, including but not limited to, financial management, corporate management and auditing, serving in international accounting firm, manufacturing and retailing companies, listed property development company, securities and futures brokerage company and shipping company. He is currently the financial controller of Shine Vision Investments Limited, a company engaged in wholesale and retailing of eyewear products in the People's Republic of China and the South-east Asia, and is responsible for planning and directing the finance and accounting functions, providing financial analysis and budgets to the management and other corporate administrative functions.

As of the date of this announcement, Mr. Wong does not hold any interests or short position in the shares, underlying shares or debentures of the Company or its associate corporations within the meaning of Part XV of the SFO. Mr. Wong is not connected with other Directors, senior management or substantial shareholders of the Company.

The term of office of Mr. Wong as an independent non-executive Director is 3 years commencing from 28 December 2012 and will be subject to the retirement by rotation and re-election provisions in the Articles. Salary and allowances will be determined by the Board with reference to his contribution in terms of time, effort, experience and his expertise. Mr. Wong is entitled to an annual Director's fee of HK$88,000 for the year ending 31 December 2013.

Save as disclosed above, there is no other information relating to the Directors which needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

REGULAR PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of quarterly reporting of financial results and will follow the relevant requirements of the Listing Rules which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively. The Board is of the view that the investors and Shareholders will continue to have access to relevant information on the Company following the reporting requirements under the Listing Rules.

COMPLIANCE WITH THE LISTING RULES

The Company has fulfilled all pre-conditions for a transfer of listing under Rule 9A.02 of the Listing Rules.

FINANCIAL INFORMATION

The table below sets forth the selected information of the Group's consolidated statement of comprehensive income for the three years ended 31 December 2012 and the six months ended 30 June 2013:

	For the year ended 31 December			**For the six months ended 30 June**
	2010	2011	2012	**2013**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000* (unaudited)
Revenue	37,318	69,592	91,155	37,719
— Hotel operations	27,685	27,392	32,969	17,537
— Provision of hotel consultancy services	9,633	42,200	58,186	20,182
Profit attributable to equity holders of the Company	9,185	21,265	32,872	7,677
Net profit margin	24.6%	30.6%	36.1%	20.4%

The total revenue of the Group increased by approximately 31.0% for the year ended 31 December 2012 as compared with that for the year ended 31 December 2011, and by approximately 86.5% for the year ended 31 December 2011 as compared with that for the year ended 31 December 2010. Such increases in the years of 2012 and 2011 were mainly attributable to the increase in revenue generated from the provision of hotel consultancy services for the years ended 31 Decmeber 2012 and 2011 of approximately 37.9% and 338.1% as compared with that for the years ended 31 December 2011 and 2010 respectively. The Group's total revenue for the six months ended 30 June 2013 also increased by approximately 16.7% as compared with that for the six months ended 30 June 2012.

The profit attributable to equity holders of the Company increased by approximately 54.6% for the year ended 31 Decmeber 2012 as compared with that for the year ended 31 December 2011, and by approximately 131.5% for the year ended 31 December 2011 as compared with that for the year ended 31 December 2010. Such increases in the years of 2012 and 2011 were mainly attributable to the increase in revenue generated from the provision of hotel consultancy services as abovementioned.

The Group's operating profit margin decreased from approximately 49.1% for the year ended 31 December 2012 to approximately 35.1% for the six months ended 30 June 2013. The Group's net profit margin also declined from approximately 36.1% for the year ended 31 December 2012 to approximately 20.4% for the six months ended 30 June 2013. The decline in both operating and net profit margins was mainly due to the following factors: (i) the increase in employee benefit expenses which was attributable to the increase in salary in the PRC and also the employment of several new senior management executives since January 2013, which resulted in the ratio of employee benefit expenses to revenue increased from approximately 10.8% for 2012 to approximately 17.7% for the six months ended 30 June 2013; (ii) the recognition of hotel consultancy services income, which generated higher profit margin than the hotel operation business but was recognised according to the progress of completion of services and thus fluctuated during the year, representing approximately 53.5% and 63.8% of the total revenue for the six months ended 30 June 2013 and for the year ended 31 December 2012 respectively; (iii) the increase in other operating expenses such as legal, accounting and other professional fees during the six months ended 30 June 2013; and (iv) the increase in net finance cost due to the amortisation of interest portion for the Convertible Notes issued in October 2012.

The segment result margin of the hotel operations business of the Group decreased from approximately 22.5% for the year ended 31 December 2012 to approximately 9.4% for the six months ended 30 June 2013 mainly due to the increase in employee benefits expenses as a result of the increase in salary in the PRC and also the employment of several new senior management executives since January 2013 and the increase in other operating expenses such as legal, accounting and other professional fees during the six months ended 30 June 2013. Compared to the six months ended 30 June 2012, the Group's hotel operations business recorded a loss of approximately HK$0.3 million.

Recent developments

The Group had entered into and completed three hotel consultancy agreements during the three months ended 31 March 2013. The Group further entered into four new hotel consultancy agreements subsequently up to 30 June 2013. The Group had completed and recognised approximately 80% in average of the hotel consultancy service fees as revenue under these seven agreements according to the stage of completion for each project up to 30 June 2013.

The Group has confirmed three locations for the development of new leased-and-operated hotels in the second half of 2012 and commenced the renovation and refurbishment work in the fourth quarter of 2012. In view of the current status of the renovation and refurbishment work for these three hotels, a slight delay of three to six months in the commencement of their respective operations is expected as compared with the original plans. The Group has also confirmed two locations in Shenzhen City, the PRC in February 2013 for two more new leased-and-operated hotels. As the renovation work for these two hotels has not commenced yet, a delay of three to six months in the commencement of their operations is expected.

For hotels under management, the Sanya WelcomeInn Waterfront Hotel commenced operation in July 2013. The Sanya WelcomeInn Jinhua Hotel is expected to commence operation in the last quarter of 2013 or early 2014.

Please refer to the annual reports and interim report of the Company which were made available for viewing on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.legendstrategy.com for details of the financial performance of the Group and the corresponding management discussion and analysis of the respective financial periods.

Trade debtors

The table below sets forth the trade debtors balance of the Group as at 31 December 2010, 2011 and 2012 respectively.

	As at 31 December		
	2010	**2011**	**2012**
	HK$ million	*HK$ million*	*HK$ million*
Trade debtors attributable to hotel operations	0.3	1.6	1.3
Trade debtors attributable to hotel consultancy services	1.4	26.4	48.5
Provision for impairment of trade debtor balances	—	—	(1.5)
Total	1.7	28.0	48.3

The trade debtors of the Group increased substantially from approximately HK$28.0 million as at 31 December 2011 to HK$48.3 million as at 31 December 2012 as a result of the substantial increase in revenue attributable to the provision of the hotel consultancy services.

The table below sets out the breakdown of the Group's trade debtors attributable to hotel consultancy services as at 31 December 2012 by major customers and the subsequent settlement by age groups as at the Latest Practicable Date.

		Subsequent settlement up to the Latest Practicable Date				
Major customers	**Trade debtors as at 31 December 2012**	**Neither past due nor impaired**	**0-30 days past due**	**31-60 days past due**	**61-90 days past due**	**Over 90 days past due**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
A	9.4	—	—	—	—	9.4
B	10.1	—	—	—	—	4.3
C	11.4	—	—	—	1.5	9.9
D	10.3	—	0.3	7.0	—	3.0
E	7.3	—	5.3	1.3	0.7	—

Set out below are the background of the aforesaid major customers of the Group's hotel consultancy business to the best knowledge of the Directors:

Major customer	Background
A	It is engaged in property development in Zhuhai, the PRC. All outstanding trade receivables as at 31 December 2012 were fully settled up to the Latest Practicable Date.
B	The owner of the customer owns a woollen factory in Dongguan, the PRC. Up to Latest Practicable Date, approximately 53% of the contract sum was received. Payments were settled in accordance with the revised payment schedule. The last payment is expected to be settled on or before September 2013.
C	The owner of the customer invests in properties and engages in finance business in Guangzhou, the PRC. The customer is looking for investment opportunity to generate steady return from its property. All outstanding trade receivables as at 31 December 2012 were fully settled up to the Latest Practicable Date.
D	The customer owns a trading business in Hong Kong and the PRC. All outstanding trade receivables as at 31 December 2012 were fully settled up to the Latest Practicable Date.
E	The owner of the customer is a property developer, who also owns a trading business in Guangzhou, the PRC. All outstanding trade receivables as at 31 December 2012 were fully settled up to the Latest Practicable Date.

Credit terms

Pursuant to the hotel consultancy agreements entered into during the three years ended 31 December 2012, the hotel consultancy fee was payable in four instalments whereby 30% of the total consultancy fee was payable at each of the following three stages: (i) the date of hotel consultancy agreement; (ii) upon the delivery of operating procedures and quality manual; and (iii) upon the delivery of hotel interior design package. The remaining 10% of the consultancy fee was payable upon the commencement of the construction or conversion work. For the three years ended 31 December 2012, the Group offered credit term to customers of seven days for each of the aforesaid stage payment. Such credit term was determined when the Group's hotel consultancy services business was first launched with an intention to adopt a strict credit policy, therefore the management had not made reference to any industry practice. With the aim to adopt a strict credit policy to control risks, the management offered the customers only seven days of credit period when negotiating the terms of the hotel consultancy agreements, which were accepted by all the customers, therefore the management did not consider the actual payment pattern of the customers.

Despite such credit policy may not appear pragmatic based on the subsequent payment pattern of the customers, the Group did not revise such credit policy until 2013 mainly because the Group then has yet to build up established relationships with the customers, and preferred to maintain a strict credit policy to control credit risks, while in the event that long overdue trade debtors balance appeared, the Group would agree with the customer on a revised payment schedule on a case-by-case basis. The management may only start taking actions to urge the customers to settle any outstanding payments after the expiry of the credit period. Therefore, a short credit period allows the management to start chasing for any outstanding payments earlier as opposed to a long credit period. In fact, simply extending the credit period may reduce the long overdue trade debtors balance, but will not reduce the total level of trade debtors balance nor will it improve the cash flow of the Group. On the other hand, extension of the credit period will restrict the Group's right to collect trade receivables earlier. Therefore, the Group preferred to maintain a strict credit policy during the early stage of development of its hotel consultancy services business.

The average trade debtors turnover days for the year ended 31 December 2012 was approximately of 153 days. In view of the actual payment pattern of the customers and in order to adopt a more pragmatic payment schedule, since 2013, the total consultancy fee is payable as to (i) 4% within seven days after the signing of the hotel consultancy services agreement; (ii) 26% within 60 days after the completion of location selection and feasibility study; (iii) 30% within 60 days after the delivery of operating procedures and quality manual; (iv) 30% within 60 days after the completion of the hotel design plan; and (v) 10% within 60 days after the provision of recommended construction contractor. The credit term offered to customers in the new hotel consultancy services agreements is extended from seven days to 60 days for the stage payments which was determined after arm's length negotiations between the Group and the relevant customers. The revised credit policy was determined by the management with an aim to maintain a balance between adopting a more pragmatic credit policy which is closer to the actual payment pattern of the customers and retaining a conservative credit policy to control risks. Despite the revised credit policy may not be entirely in line with the historical payment pattern of the customers (based on the average trade debtors turnover days for the year ended 31 December 2012 of approximately of 153 days), the management decided not to extend the credit period further because that will restrict the Group's right to collect trade receivables earlier. The management consider that if the Group extends the credit period further, the Group may risk suffering from the customers prolonging the payments further.

After the adoption of the new payment term, all (being two) of the customers who have adopted the new credit term under their hotel consultancy services agreement have been making payments in accordance with the new credit term, however one of the customers subsequently proposed to extend the payment schedule. The Group has negotiated with such customer and agreed on extending the payment schedule because the customer encountered some administrative delays in arranging the payments which were unforeseeable when the parties entered into the hotel consultancy service agreement and the Directors have considered the customer's intention to settle the payments in good faith. Up to the Latest Practicable Date, the customer has settled the entire contract sum in full which was ahead of the agreed revised payment schedule.

Trade debtors management

To the best knowledge of the Directors, the customers of the Group's hotel consultancy services business are individuals with strong financial capability who look for steady and good return investment opportunities. They were referred to the Group through the Directors' personal network or through the previous or existing hotel consultancy customers. The Directors are aware of the importance of the customers' quality, and have carried out assessment, such as meeting regularly with the customers and visiting their business factories or premises before entering into the hotel consultancy services agreements. Therefore, the Directors are confident in the customer's financial capability.

In order to manage the overdue trade debtors balance, the management of the Group reviews the trade receivables aging analysis monthly, sends reminders and liaises with the customers periodically to remind them the overdue payments based on the trade receivables aging analysis. Set out below are the actions taken by the Group in collecting trade receivables:

1. The management of the Group will contact the customer directly by phone to remind the customer to settle the outstanding bill.

2. The management of the Group will visit the customer's office and discuss with the person in charge to update the overdue status and request for payment.

3. If the bill is still outstanding after the preceding two steps, the Directors will contact the customer and try to understand the financial position of the customer and the reasons for the overdue payment. The Directors will negotiate a revised payment schedule with the customer.

Once a revised payment schedule is agreed, the management reviews the payment status based on the schedule. If the customers do not make payments in accordance with the revised payment schedule, the management will continue to liaise with the customers to follow up on the payments monthly. The management of the Group places great emphasis on collection of the trade debtors balance and is well informed of the collection status. Since 2013, the Group has implemented strengthened credit control policies such as collecting upfront payment before commencement of work, requesting for collateral such as letter of gurantee or acceptance bills from customers who are new and not well-known to the Directors and depending on the financial strength of the customers, and terminating the remaining hotel consultancy services agreements in case of significant risk associated or assessed in the collectability of payments, where appropriate. As discussed in the above section headed "Credit terms", all of the new hotel consultancy services agreements entered into by the Group since April 2013 have adopted a more pragmatic payment schedule which requires the customers to pay an upfront fee of 4% of the total contract sum within seven days after signing the agreements. Up to the Latest Practicable Date, all of the upfront payments which amounted to RMB700,000 were received by the Group.

For the outstanding trade debtors balance as at 31 December 2010, 2011 and 2012, the customers of the hotel consultancy services have made payments in accordance with or ahead of the revised payment schedules. All of the trade debtors balance attributable to the provision of the hotel consultancy services as at 31 December 2011 and approximately 88% of such trade debtors balance as at 31 December 2012 were settled as at the Latest Practicable Date. The remaining balance of the trade debtors is expected to be fully settled in or before the third quarter of 2013. The Group will make specific impairment provision to trade debtors if the management is in doubt of the collectability of the trade debtors balance. Given that the relevant customers have continuously made settlements to the Group, the Directors are confident of the collectability of the remaining trade debtors balance and consider the provision for impairment of trade debtors balance is adequate but not excessive.

Growth of the hotel consultancy service business

Despite encountering delays in payments by the customers of the hotel consultancy services business, the Directors consider it is in the interests of the Company and the Shareholders to continue to develop the hotel consultancy services business after taking into account that (i) the Directors are confident of the collectability of the trade debtors balance in view that all the trade debtors balance as at 31 December 2011 and approximately 88% of the trade debtors balance as at 31 December 2012 has been settled up the the Latest Practicable Date; and (ii) the profit margin of the hotel consultancy services business is comparatively higher and the required capital for the hotel consultancy services business is comparatively lower than the leased-and-operated hotel business. For the year ended 31 December 2012, the segment result margin of the hotel consultancy services business was approximately 64.2% while the segment result margin of the leased-and-operated hotel business was approximately 22.5%. The depreciation expense relating to the hotel consultancy services business accounted for approximately 7.5% of the Group's total depreciation expenses while that relating to the leased-and-operated hotel business accounted for approximately 92.5% of the Group's total depreciation expenses.

As the Group's business is still in the developing stage, in order to foster a more rapid growth, the Directors consider it advantageous for the Group to adopt a light capital strategy for its expansion. The hotel consultancy services business allows the Group to capitalise its expertise in interior design and proven experience in hotel leased-and-operated hotel business to create value to Shareholders. In addition, the hotel consultancy services business also creates the potential to increase the number of hotels to be managed by the Group without committing heavy capital investment, as some of the customers of the hotel consultancy services business may subsequently engage the Group for the provision of hotel management services under the Group's brand name. Moreover, the development of the hotel consultancy services business allows the Group to ride on the rapid growth of the hotel industry in the PRC without large capital requirements. In view of the above, the Directors believe that expanding the hotel consultancy services business is in the interests of the Company and the Shareholders as a whole.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection on the websites of the Company at www.legendstrategy.com and the Stock Exchange at www.hkexnews.hk and www.hkgem.com:

1) the memorandum and articles of association of the Company;

2) the Directors' report and annual report of the Company for the year ended 31 December 2012;

3) the first quarterly report of the Company for the three months ended 31 March 2013;

4) the interim report of the Company for the six months ended 30 June 2013;

5) the circular of the Company dated 30 March 2012 in relation to the general mandates to issue and to repurchase Shares, proposed re-election of Directors and notice of annual general meeting;

6) the circular of the Company dated 7 December 2012 in relation to the refreshment of general mandate and notice of extraordinary general meeting;

7) the circular of the Company dated 28 March 2013 in relation to the general mandates to issue and repurchase Shares, proposed re-election of Directors and notice of annual general meeting; and

8) the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the Listing Rules and the GEM Listing Rules.

DEFINITIONS

"Articles"	the articles of association of the Company
"Board"	the board of Directors
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"Company"	Legend Strategy International Holdings Group Company Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM
"Convertible Notes"	convertible notes issued by the Company in the principal amount of HK$30.6 million, details of which were disclosed in the Company's announcements dated 20 September 2012 and 12 October 2012
"Director(s)"	the director(s) of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Date"	the date on which the Shares were listed on GEM, being 15 July 2011
"GEM Listing Rules"	The Rules Governing the Listing of Securities on GEM, as amended from time to time

"Group"	the Company and its subsidiaries from time to time
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	7 August 2013, being the latest practicable date prior to the issue of this announcement for ascertaining certain information contained in this announcement
"Listing Committee"	the listing committee of the board of directors of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
"PRC"	People's Republic of China,
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 22 June 2011
"Shareholder(s)"	the holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transfer of Listing"	the proposed transfer of listing of the Shares from GEM to the Main Board pursuant to the Listing Rules

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

Hong Kong, 9 August 2013

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

Executive Directors:	Mr. Fong, Man Kelvin *(Chairman)* Ms. Fong, Nga Peggy
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 Mr. Wong, Sui Chi Frankie

This announcement will remain on the websites of GEM at www.hkgem.com on the "Latest Company Announcements" page for seven days from the day of its posting, the Stock Exchange at www.hkexnews.hk and the Company at www.legendstrategy.com.