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)

(1) PROFIT WARNING - ESTIMATED INCREASE IN NET LOSS FOR THE YEAR ENDED 31 DECEMBER 2019; AND (2) BUSINESS UPDATE

This announcement is made by Legend Strategy International Holdings Group Company Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

(1) PROFIT WARNING - ESTIMATED INCREASE IN NET LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and taking into consideration the information currently available to the Board, the Group is expected to record a significant increase of approximately 181% or approximately HK$9.4 million in consolidated net loss for the year ended 31 December 2019 as compared with the audited consolidated net loss of approximately HK$5.2 million for the year ended 31 December 2018. The Board considers that such increase was mainly driven by the following factors:

(i) the absence of a one-off gain on disposal of subsidiaries and the decrease in foreign exchange gain as compared with the prior financial year;

(ii) the decrease in revenue as a result of the decline in performance of the overall hotel industry driven by decrease in both number of economic activities and number of tourists travelling to Guangdong-Hong Kong-Macao Greater Bay Area due to the worsening of the macro-economic situation;

(iii) specifically, the temporary decrease in Nanshan Hotel performance due to the continuous large-scale construction work in the nearby subway station; and

(iv) the comprehensive renovation completed during the year ended 31 December 2019 at Baoan Hotel which is now experiencing the climb-up stage of business and thus still facing loss position during the year.

The information contained in this announcement is only based on the preliminary assessment by the management of the Group of the consolidated management accounts of the Group for the year ended 31 December 2019 and information currently available, which have not been reviewed or audited by the Company's auditor and are subject to finalization and adjustments.

Shareholders of the Company and the potential investors are advised to read carefully the results announcement of the Company for the year ended 31 December 2019 which will contain details of the financial information and performance of the Group during the year and is expected to be published by the end of February 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

(2) BUSINESS UPDATE

The tenancy agreement in respect of one of the hotels operated by the Group, namely Luohu Hotel, will expire in 31 January 2020. The Group's management has decided not to renew the tenancy agreement due to the following reasons:

(i) the decrease in revenue of the Luohu Hotel during the year ended 31 December 2019 as compared with the prior financial year;

(ii) the unsatisfactory performance of the Luohu Hotel as reflected by the shift from a net profit during the year ended 31 December 2018 to a net loss during the year ended 31 December 2019; and

(iii) the huge increase in monthly rent to be charged by the landlord if the tenancy agreement is to be renewed.

In view of the above, the Group's management decided to devote the available resources to the other hotels of the Group and other investment and enhancement opportunities in Mainland China and Hong Kong, such as the formation of joint venture companies in Chengdu and Wuhan as mentioned in the Company's announcement dated 24 January 2020, to optimize the overall hotel assets structure and improve efficiency.

By Order of the Board
Legend Strategy International Holdings Group Company Limited
Chung Tin Yan
Executive Director and Company Secretary

Hong Kong, 30 January 2020

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

Executive Director:
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