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

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Legend Strategy International Holdings Group Company Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2020 (the "**Annual Results**"). The Annual Results have been reviewed by the audit committee of the Board. This announcement is published on the websites of the Company (www.legend-strategy.com) and the Stock Exchange (www.hkexnews.hk).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	5	**50,678**	45,585
Depreciation of right-of-use assets		**(17,752)**	(14,474)
Depreciation of property, plant and equipment		**(3,069)**	(3,998)
Employee benefit expenses		**(14,506)**	(16,918)
Utilities		**(1,705)**	(2,400)
Other operating expenses		**(11,333)**	(15,258)
Other income	6	**3,336**	2,969
Operating profit (loss)		**5,649**	(4,494)
Finance costs	7	**(5,505)**	(3,626)
Profit (loss) before tax		**144**	(8,120)
Income tax expense	8	**(2,605)**	(7,002)
Loss for the year	9	**(2,461)**	(15,122)
Other comprehensive income (loss):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**889**	(612)
Total comprehensive loss for the year		**(1,572)**	(15,734)

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**2,063**	(14,970)
Non-controlling interests		**(4,524)**	(152)
		(2,461)	(15,122)
Total comprehensive income (loss) for the year attributable to:			
Owners of the Company		**3,224**	(15,586)
Non-controlling interests		**(4,796)**	(148)
		(1,572)	(15,734)
Earnings (loss) per share	11		
– Basic *(Hong Kong cents)*		**0.46**	(3.34)
– Diluted *(Hong Kong cents)*		**0.46**	(3.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	12	**36,332**	11,138
Rental deposits		**2,720**	2,921
Goodwill		**2,003**	1,879
Prepayments		**104**	145
Right-of-use assets	12	**163,180**	39,891
Deferred tax assets		**2,690**	1,937
		207,029	57,911
Current assets			
Rental deposits		**2,722**	392
Prepayments, deposits and other receivables		**1,150**	977
Trade receivables	13	**548**	611
Inventories		**110**	144
Bank and cash balances		**19,969**	11,201
		24,499	13,325
Total assets		**231,528**	71,236
Current liabilities			
Trade and other payables	14	**12,238**	4,104
Tax payable		**2,214**	2,755
Provision for asset retirement		**–**	472
Lease liabilities		**30,158**	13,521
Borrowings	15	**37,026**	15,000
		81,636	35,852
Net current liabilities		**(57,137)**	(22,527)
Total assets less current liabilities		**149,892**	35,384

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Non-current liabilities			
Provision for asset retirement		**444**	397
Lease liabilities		**147,394**	31,361
		147,838	31,758
Net assets		**2,054**	3,626
EQUITY			
Capital and reserves			
Share capital		**4,484**	4,484
Reserves		**2,589**	(635)
Equity attributable to owners of the Company		**7,073**	3,849
Non-controlling interests		**(5,019)**	(223)
Total equity		**2,054**	3,626

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Exchange reserve**	**Statutory reserve**	**Shareholders' contributions**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019	4,484	261,578	656	1,743	9,112	(258,138)	19,435	(75)	19,360
Loss for the year	–	–	–	–	–	(14,970)	(14,970)	(152)	(15,122)
Other comprehensive (loss) income	–	–	(616)	–	–	–	(616)	4	(612)
At 31 December 2019 and at 1 January 2020	4,484	261,578	40	1,743	9,112	(273,108)	3,849	(223)	3,626
Profit (loss) for the year	–	–	–	–	–	2,063	2,063	(4,524)	(2,461)
Other comprehensive income (loss)	–	–	1,161	–	–	–	1,161	(272)	889
At 31 December 2020	4,484	261,578	1,201	1,743	9,112	(271,045)	7,073	(5,019)	2,054

NOTES

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Suite 1702, 17/F., World-Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Its parent is Hehui International Development Limited (the "**Controlling Shareholder**"), a company incorporated in the British Virgin Islands, and is beneficially owned as to 100% by Mr. Yuan Fuer ("**Mr. Yuan**"), who is also the non-executive director of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the accommodation operations and provision of accommodation consultations and accommodation facilities management services and other related businesses in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is same as the functional currency of the Company. The consolidated financial statements are presented in the nearest thousand (HK$'000) unless otherwise stated.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2020, but are extracted from those consolidated financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations.

These financial statements have been prepared on the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

Going concern

The Group incurred a net loss of approximately HK$2,461,000 (2019: HK$15,122,000) for the year ended 31 December 2020 and, as of that date, the Group had net current liabilities of approximately HK$57,137,000 (2019: HK$22,527,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the Controlling Shareholder and the beneficial owner, at a level sufficient to finance the working capital requirements of the Group and the Controlling Shareholder has undertaken not to demand repayment for the borrowing due by the Group of approximately HK$37,026,000, until the Company can meet all the other obligations. The Controlling Shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due, of which the beneficial owner has agreed to undertake the amount. As at 31 December 2020, the Group had unused credit facility of approximately HK$312,974,000 granted by the Controlling Shareholder is available for use.

Further, the outbreak of COVID-19 has brought additional uncertainties to the Group's operations. In order to improve the Group's operating performance and alleviate its liquidity risk, management is implementing measures to broaden its revenue base, control costs and contain capital expenditures. Further investments in accommodation operations and provision of accommodation consultations and accommodation facilities management services will be made only when the Group has sufficient financial resources after meeting its day-to-day working capital and other capital commitment requirements.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The directors of the Company have reviewed the Group's cash flow projections. The cash flow projections cover a period of not less than twelve months from 31 December 2020. In the opinion of the directors of the Company, based on these cash flow projections and in light of the above, the Group will have sufficient financial resources in the coming twelve months to meet its financial obligations as and when they fall due. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *COVID-19-Related Rent Concession*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on early application of Amendment to HKFRS 16 *COVID-19-Related Rent Concessions*

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening accumulated losses at 1 January 2020. The Group has benefited from one month waiver of lease payments on several leases in the PRC. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of approximately HK$1,219,000, which has been recognised as lease concession in "other income" for the year ended 31 December 2020.

New and amendments to HKFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current and non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The application of amendments will not result in any reclassification of the Group's outstanding liabilities as at 31 December 2020.

4 OPERATING SEGMENT INFORMATION

Information reported to the Group's management, being the chief operating decision maker ("**CODM**"), for the purpose of resources allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group's reportable segments under HKFRS 8 *Operating Segments* are as follows:

– Accommodation operations and provision of accommodation facilities management services

– Provision of accommodation consultations services

During the year, the Group commenced provision of accommodation consultations services, and it is considered as a new operating and reportable segment by the CODM.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31 December 2020

	Accommodation operations and provision of accommodation facilities management services *HK$'000*	**Provision of accommodation consultations services** *HK$'000*	**Total** *HK$'000*
Segment revenue	**37,982**	**12,696**	**50,678**
Segment results	**10,819**	**3,540**	**14,359**
Interest income			**34**
Finance costs			**(5,505)**
Unallocated corporate expenses			**(8,744)**
Profit before tax			**144**

For the year ended 31 December 2019

	Accommodation operations and provision of accommodation facilities management services *HK$'000*	Total *HK$'000*
Segment revenue	45,585	45,585
Segment results	11,699	11,699
Interest income		227
Finance costs		(3,626)
Unallocated corporate expenses		(16,420)
Loss before tax		(8,120)

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in both years.

The accounting policies of the operating segments are the same as the Group's accountings policies. For the year ended 31 December 2020, the segment results represents the profit earned by each segment without allocation of certain administration costs, certain other income, director's emoluments, interest income, finance costs and other corporate expenses. For the year ended 31 December 2019, the segment results represents loss from each segment without allocation of certain administrative costs, certain depreciation for property, plant and equipment, certain depreciation for right-of-use assets, certain other income, directors' emoluments, interest income, finance costs and other corporate expenses. This measure is reported to the CODM for the purpose of revenue allocation and performance assessment.

No segment assets and segment liabilities are presented as the information is not regularly reported to the CODM for the purpose of resource allocation and assessment of performance. Therefore, only segment revenue and segment results are presented.

Other segment information

Amounts included in the measure of segment results:

For the year ended 31 December 2020

	Accommodation operations and provision of accommodation facilities management services *HK$'000*	**Provision of accommodation consultations services** *HK$'000*	**Total** *HK$'000*
Depreciation of property, plant and equipment	**2,729**	**340**	**3,069**
Depreciation of right-of-use assets	**14,382**	**3,370**	**17,752**

For the year ended 31 December 2019

	Accommodation operations and provision of accommodation facilities management services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment	3,424	574	3,998
Depreciation of right-of-use assets	11,263	3,211	14,474
Impairment loss recognised in respect of property, plant and equipment	435	–	435
Impairment loss recognised in respect of right-of-use assets	1,404	–	1,404

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. For the year ended 31 December 2020, revenue of approximately HK$50,678,000 (2019: HK$45,585,000) were derived in the PRC.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	2020	2019
	HK$'000	*HK$'000*
By geographical location		
Hong Kong	**8,369**	4,861
PRC	**193,250**	48,192
	201,619	53,053

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

Revenue from customers of corresponding years individually contributing over 10% of the total revenue of the Group are as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A[1]	**–**[3]	11,463
Customer B[1]	**5,913**	8,198
Customer C[1]	**6,330**	–[3]
Customer D[2]	**9,311**	–[3]
Customer E[1]	**5,273**	–[3]

1 Revenue from accommodation operations and provision of accommodation facilities management services segment.

2 Revenue from accommodation operations and provision of accommodation facilities management services segment and provision of accommodation consultations services.

3 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5 REVENUE

Revenue represents the aggregate amount of accommodation operations and provision of accommodation facilities management services and provision of accommodation consultations services as set out as follows:

	2020	2019
	HK$'000	*HK$'000*
Accommodation operations and provision of accommodation facilities management services	**37,982**	45,585
Provision of accommodation consultations services	**12,696**	–
Revenue from contracts with customers	**50,678**	45,585
Timing of revenue recognition from contracts with customers		
At a point in time	**12,696**	–
Over time	**37,982**	45,585
	50,678	45,585

The disaggregation of revenue by geographical location is consistent with the segment disclosures under Note 4.

Performance obligations for contracts with customers

Accommodation operations and provision of accommodation facilities management services

Revenue of accommodation operations and provision of accommodation facilities management services are recognised over time using output method when the service are provided. The Group allows an average credit period is not more than 30 days to travel agents and corporate customers.

Provision of accommodation consultations services

Revenue of accommodation consultations services is recognised at a point in time when the related services are rendered.

6 OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**34**	227
Food and beverage	**20**	85
Gain on early repayment of borrowings	**–**	1,046
Reversal of provision for asset retirement	**103**	1,378
COVID-19-related rent concessions	**1,219**	–
Government grants	**1,782**	–
Others	**178**	233
	3,336	2,969

7 FINANCE COSTS

	2020 *HK$'000*	2019 *HK$'000*
Finance cost on provision for asset retirement	**23**	74
Interest on borrowings from China Medical Overseas Limited (the "**Former Controlling Shareholder**")	**–**	1,091
Interest on lease liabilities	**5,482**	2,461
	5,505	3,626

8 INCOME TAX EXPENSE

	2020 *HK$'000*	2019 *HK$'000*
Current tax – PRC corporate income tax		
Provision for the year	**3,197**	4,195
Deferred tax	**(592)**	2,807
	2,605	7,002

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

9 PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging (crediting):

	2020 *HK$'000*	2019 *HK$'000*
Auditors' remuneration for		
– audit services	**900**	1,000
– non-audit services	**240**	545
	1,140	1,545
Depreciation of property, plant and equipment	**3,069**	3,998
Depreciation of right-of-use assets	**17,752**	14,474
Net foreign exchange (gain) loss	**(2)**	24
COVID-19-related rent concessions	**(1,219)**	–
Impairment loss recognised in respect of property, plant and equipment	**–**	435
Impairment loss recognised in respect of right-of-use assets	**–**	1,404

10 DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company for both years.

11 EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

The calculation of basic earnings (loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$2,063,000 (2019: loss of approximately HK$14,970,000) and the weighted average number of ordinary shares is 448,363,708 (2019: 448,363,708) in issue during the year.

(b) Diluted earnings (loss) per share

No diluted earnings (loss) per share for both years were presented as there were no potential shares in issue for both years.

12 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the year ended 31 December 2020, the Group had acquired property, plant and equipment of approximately HK$26,309,000 (2019: HK$6,591,000), of which approximately HK$25,710,000 were related to construction in progress for two leased-and-operate hotels under construction situation in Chengdu and Wuhan.

During the year ended 31 December 2020, the Group entered into several new lease agreements with lease terms ranged from 2 to 15 years. On lease commencement, the Group recognised right-of-use assets and related lease liabilities of approximately HK$129,725,000, of which approximately of HK$123,093,000 represented two leased-and-operate hotels under construction situation in Chengdu and Wuhan.

13 TRADE RECEIVABLES

The majority of the Group's revenue from accommodation operations and provision of accommodation facilities management services are made via credit cards, cash or other payment platforms such as Alipay and Wechat Pay. Hotel rooms are rented to corporate customers with an appropriate credit history on credit terms of 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**548**	611

The following is the aging analysis of trade receivables, net of allowance for credit losses, presented based on the past due date:

	2020	2019
	HK$'000	*HK$'000*
Neither past due nor impaired	**168**	400
1–30 days past due	**105**	35
31–60 days past due	**113**	–
61–90 days past due	**138**	168
Over 90 days past due	**24**	8
	548	611

14 TRADE AND OTHER PAYABLES

	2020 *HK$'000*	2019 *HK$'000*
Trade payables	**108**	92
Accruals and other payables	**12,130**	4,012
	12,238	4,104

The aging analysis of trade payables, based on invoice date, is as follows:

	2020 *HK$'000*	2019 *HK$'000*
0–30 days	**104**	88
31–60 days	**3**	4
61–90 days	**1**	–
	108	92

15 BORROWINGS

	Note	2020 *HK$'000*	2019 *HK$'000*
Borrowings from the Controlling Shareholder	(a)	**37,026**	15,000

Notes:

(a) As at 31 December 2020, the Group has borrowings of approximately HK$37,026,000 (2019: HK$15,000,000) from the Controlling Shareholder. The borrowings are unsecured, non-interest bearing and repayable on demand.

(b) During the year ended 31 December 2019, the Group signed an agreement with the Former Controlling Shareholder, pursuant to which, the Group early repaid RMB10,680,000 (equivalent to approximately of HK$11,906,000) to the Former Controlling Shareholder to settle principal amount of borrowings of approximately HK$13,800,000. At the date of repayment, the carrying amount of the borrowings was approximately of HK$12,952,000 resulting in the recognition of a gain on early repayment of borrowings of approximately of HK$1,046,000.

16 CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities for both years 31 December 2020 and 31 December 2019.

17 CAPITAL COMMITMENTS

	2020 *HK$'000*	2019 *HK$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**12,002**	32

BUSINESS REVIEW

The Group is principally engaged in accommodation operations, provision of accommodation consultations and accommodation facilities management services and other related businesses. The Group is also involved in the money lending business. For the financial year ended 31 December 2020 ("**the Year**"), the Group has 3 leased-and-operated hotels under operation and 2 leased-and-operated hotels under development. Revenue from hotel operations during the Year was mainly derived from rental of accommodation and conference facilities and provision of accommodation facilities management and acommodation consultations services.

In 2020, the PRC's gross domestic product exceeded the threshold of RMB100 trillion for the first time at its annual economic growth rate of 2.3%, making it the only major economy to achieve a positive economic growth in the world under the severe impact of the COVID-19 outbreak. Although the sudden COVID-19 outbreak at the beginning of the Year caused a serious impact on the operation of the hotel industry, by persisting in stringent control and management measures with respect to pandemic prevention, governments at all levels in the PRC continued to introduce various favorable policies to pave the way for the resumption of work and production among various industries, which facilitates the pace of economic recovery. As a result of effective control over the COVID-19 pandemic, the domestic tourism economy and consumer confidence were restored, particularly evidenced by the comprehensive restarting of interprovincial tourism, as well as the combined effects of the peak tourist seasons in both the summer holiday and Golden Week in October, and the hotel business of the Group also demonstrated the trend of U-shaped recovery and gradually recorded a positive growth. Driven by revenue from the accommodation consultations and accommodation facilities management services, the revenue of the Group for the Year amounted to HK$50,678,000, representing an increase of approximately 11.2% as compared with revenue of HK$45,585,000 the same period of the last financial year.

In 2020, the Group pursued the strategic initiative of focusing on our main business expansion and strengthening our core competence, while steadily promoting our brand upgrade and new brand incubation to improve our brand system. By diversifying hotel brands, we made improvement in service quality and hotel features, which unleased their unique personalities and cultural connotations. By providing different products and services to our customers, we increased our customers' awareness of each of our brands, which helped improve our brand value and economic benefits in the midst of achieving market expansion. Our newly established "Laiya" (萊亞) brand is positioned in five areas, namely, exploration, technology, vitality, art, and aspiration, and is expected to provide technologically active and artistically restive space to the adventurous and tech-savvy business community, in order to ultimately achieve the rapid development of brand value and influence by exploring the limitations for the art of living, as well as experiencing the brand concept that encourages the aspiration for future technology.

As disclosed in the Company's announcement dated 24 January 2020 and the section headed "Significant investment held, material acquisitions or disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets" below, the Group entered into separate agreements with partners in Chengdu and Wuhan to provide capital to two joint venture companies for the development of accommodation business in Chengdu and Wuhan respectively. The newly set up joint venture companies also entered into tenancy agreements with separate landlords for securing places for establishment of Chengdu Branch and Wuhan Branch respectively, which is expected to provide around 227 accommodation places in total and thus increases the number of available rooms of the Group. The service operation is expected to commence in the first quarter of 2021. The Group will continue to look for investment and enhancement opportunities to broaden its revenue base and source of income, and explore the provision of various accommodation projects, accommodation consultations and accommodation facility management services in the PRC, Hong Kong or overseas to optimize the overall hotel assets structure and improve efficiency.

Despite the Group recorded a decrease in total comprehensive loss as compared to the previous year, the Group continued to dedicate itself to improving the performance of its existing accommodation projects and stimulating its accommodation facility management and accommodation consultations services by implementing effective sales and marketing plans, including cooperation agreements with new tourism intermediaries and active liaison with various corporate customers. The Group also continued to adopt a series of operation improvement schemes during the Year such as improving accommodation ancillary facilities and implementing staff performance programs. By seeking customers' feedback from time to time, reviewing comments available from online travel agencies and their platforms, as well as actively carrying out improvement plans to increase service quality, customers' satisfaction and employees' morale, the Group aimed to boost up revenue and improve performance in all aspects.

In addition to the frontline operation of various accommodation projects and services, we 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 following is an update on the Group's existing business:

Accommodation Projects under Operation

Huizhou Branch

Huizhou Branch is situated at Xunliaowan of Huizhou, which is easily accessible as Huizhou is located near the Pearl River Delta neighbouring Shenzhen and Hong Kong with direct flights to other cities in the PRC. Xunliaowan offers our guests opportunities to enjoy a beach vacation in the region, become a beach bum, spend their days lazing on the sand and take in the sun followed by a dip in the clear waters. Also, with both historic scenic spots and the coast along the Pacific Ocean, Huizhou attracts domestic and foreign tourists to spend their holiday in the region. The Group's management also decided not to renew the tenancy agreement of one of the two separate blocks of buildings in which Huizhou Branch was operating after its expiry on 31 March 2020 and to devote the available resources to the remaining block of Huizhou Branch.

Thanked to the principle of internal economic circulation in the PRC, Huizhou Hotel at the resort area did not record a huge decrease in its total annual revenue despite the impact of the pandemic. The revenue of Huizhou Branch started to pick up as early as in the second quarter of 2020 as the market gradually recovers from the pandemic and the newly promoted "Staycation" trend in the region. Given the popularity of Huizhou Branch gained from prior years and with the commitment to the development of the Greater Bay Area of the PRC Government, the Group looks forward to the increasing number of guests visiting the region which will boost the performance of Huizhou Branch in the long run.

Nanshan Branch

Nanshan Branch is situated near the Hong Kong-Shenzhen Western Corridor and the Shekou Port. It has five floors and a total GFA of approximately 7,000 sq.m, comprising 189 rooms. The project is located just beside the subway exit of Nanshan Station of Shenzhen Metro Line No. 11 and it takes approximately 30 minutes from Nanshan Branch to the airport. Also, Nanshan Hotel is in the proximity of the Coastal City Commercial Area, Shenzhen Book Mall (Nanshan), Shenzhen Bay Sports Centre Stadium and theme parks such as the Window of the World, Overseas Chinese Town Harbour and the Sea World, which provides stable demand for temporary accommodation from both business and tourism guests.

Internal renovation work completed in recent years at Nanshan Branch helped increase the number of rooms, as well as the satisfaction of hotel guests. With the pandemic in the PRC brought under control as early as in the second quarter of the year, resulting in the rapid recovery of consumption from and number of local travelers, Nanshan Branch recorded an increase in its revenue in the second half of the year. Given the ever-changing market conditions driven by government policies implemented to combat the pandemic, the Group will continue to review its marketing strategies and re-examine the model of cooperation and sales plans with tourism intermediaries and corporate customers in order to improve revenue in the long run.

Baoan Branch

Baoan Branch has four floors and a total GFA of approximately 1,700 sq.m, comprising 46 rooms. Surrounded by prosperous commercial streets and pedestrian streets, the accommodation project is located at the central area of administration, culture, sport, commerce and entertainment in the Baoan District, "a core district of the Bay Area", and is within close proximity of Haiya Mega Mall, a famous commercial center in Shenzhen, and Bao'an Sports Center, the largest gymnasium in Shenzhen where the 2011 Summer Universiade was held. It is a 20-minute drive from the Baoan International Airport, and takes within 10 minutes by walk from the Coach Terminal, the Xixiang Pier, and Lingzhi Station of Shenzhen Metro Line 5 (near Lingzhi Park). It has access to efficient road, sea and air transportation with convenient life.

Although the revenue of Baoan Branch was impacted by the pandemic in the first quarter of 2020, the occupancy rate of the branch started to restore its normal level in the second quarter of 2020, due to the comprehensive renovation in recent years and the improving pandemic situation. Driven by the support and commitment by the sales team, the revenue of the branch for the Year increased as compared with that last financial year.

Accommodation Projects under Development

Chengdu Branch

Chengdu Branch is situated near Tianfu Square. It has two floors and a total GFA of approximately 7,600 sq.m. Tianfu Square is at the centre of the city and is accessible by both Chengdu Subway Line No. 1 and Line No. 2. The hotel is in the proximity of Chengdu Museum, Mao Zedong Statue, Sichuan Art Museum, Sichuan Science and Technology Museum and a selection of department stores and shopping malls. The renovation at Chengdu Branch nearly came to an end, and therefore its business operation is anticipated to commence in the first quarter of 2021, which is expected to provide up to around 107 accommodation places.

Wuhan Branch

Wuhan Branch has five floors and a total GFA of approximately 9,000 sq.m. This branch is located in the Runwin International Building on Xin Cheng Yi Road. Wuhan Branch is in the proximity of Wuhan Five Rings Sports Centre and the new government building. The airport or train station can also be reachable from the branch in approximately 30 minutes. The renovation at Wuhan Branch nearly came to an end, and therefore its business operation is anticipated to commence in the first quarter of 2021, which is expected to provide up to around 120 accommodation places.

Accommodation Facility Management and Accommodation Consultations Services

In view of the uncertainty hovering over revenue from the accommodation operation business due to the pandemic, the Group continued to explore ways to broaden and stabilise its revenue base and source of income as well as to improve the performance of the Group such as the provision of accommodation management and consultations services which are considered to be less impacted by the pandemic. For management services, during the Year, the Group provided accommodation facility outsourcing management services including services such as professional cleaning, sterilization, inventory supply management and quality management to third party customers.

For accommodation consultations services, the Group provides consultations services for setting up hotels, guesthouses, inns, resorts, service apartments, elderly apartments, homestays, dormitories, staff quarters and other accommodation projects, such as performing market research and investment feasibility analysis, provision of accommodation construction and design consultations services and accommodation pre-commencement, opening and construction management services to customers. During the Year, the Group strengthened its business operations involving accommodation facility management and accommodation consultations services, which are expected to continuously improve the performance of the Group in the foreseeable future.

FINANCIAL REVIEW

For the Year, the Group recorded revenue of HK$50,678,000, compared with HK$45,585,000 for the last financial year, representing an increase of approximately 11.2%. The Group recorded a total comprehensive loss of HK$1,572,000 for the Year compared with HK$15,734,000 for the last financial year, representing a decrease of approximately 90%. The decrease in comprehensive loss was mainly attributable to the revenue from accommodation facilities management and accommodation management service. The decrease in other operating expenses also lowered the burden for the comprehensive loss for the Year.

The following table shows the key information of all the Group's leased-and-operated accommodation rooms for the years ended 31 December 2020 and 2019 respectively.

	2020	2019
Total available room nights	**152,148**	237,935
Occupancy rate	**71.04%**	60.04%
ARR *(*RMB)*	**273.3**	296.5
RevPAR *(#RMB)*	**194.2**	178.0

* ARR: the room revenue of all accommodation rooms divided by the total occupied room nights

RevPAR: the room revenue of all accommodation rooms divided by the total available room nights

For the Year, total available room nights of the Group decreased by 85,787 nights or approximately 36.1% as compared with last financial year due to the expiry of tenancy agreements of Luohu Branch and one of the two separate blocks of buildings of Huizhou Branch during the Year. The occupancy rate and RevPAR of the Group increased by 11% and increased by RMB16.2 or approximately 9.1% respectively as compared with last financial year, mainly due to the average occupancy rate increased due to the "Staycation" promotion campaign. Meanwhile, the ARR during the Year remained comparable as compared with that of last financial year.

Operating costs

The total operating costs decreased by HK$4,683,000, or approximately 8.8%, from HK$53,048,000 for last financial year to HK$48,365,000 for the Year.

Depreciation of right-of-use assets increased by HK$3,278,000 or approximately 22.6% due to the newly established Chengdu Branch and Wuhan Branch, offsetting a decrease in the depreciation charge arising from the expiry of tenancy agreements of Luohu Branch and one of the two separate blocks of buildings of Huizhou Branch during the Year. Depreciation of property, plant and equipment decreased by HK$929,000 or approximately 23.2%, primarily due to the renewal of tenancy agreement of Nanshan Branch in July 2019 which extended the useful lives of the leasehold improvements of the branch and lowered the depreciation charge accordingly.

Employee benefit expenses decreased by HK$2,412,000 or 14.3% mainly attributable to lay off of manpower due to expiry of the tenancy agreements of some branches during the Year. Utilities decreased by HK$695,000 or approximately 29.0% mainly attributable to the reduced electricity charge due to government refund during the Year.

Other operating expenses decreased by HK$3,925,000 or approximately 25.7% mainly due to the impact of the cost saving measures adopted by the Group during the Year to lower the operating costs.

The following table shows the total operating costs for the financial years ended 31 December 2019 and 2020:

	2020	2019
	HK$'000	*HK$'000*
Depreciation of right-of-use assets	**17,752**	14,474
Depreciation of property, plant and equipment	**3,069**	3,998
Employee benefit expenses	**14,506**	16,918
Utilities	**1,705**	2,400
Other operating expenses	**11,333**	15,258
	48,365	53,048

Finance costs

The finance costs increased by HK$1,879,000 to HK$5,505,000 as compared with last financial year. It mainly represented the interests accrued from lease liabilities arising from the conclusion of new tenancy agreements of Chengdu Branch and Wuhan Branch, and offset early repayment of the interest expenses incurred from borrowings from the Former Controlling Shareholders for the last financial year.

Liquidity and financial resources

During the Year, the Group mainly financed its operations and expansion with its own working capital generated internally and borrowings from the Current Controlling Shareholder (with principal amount of HK$37,026,000 as at 31 December 2020, which are unsecured, interest-free and repayable on demand).

As at 31 December 2020, the Group had bank and cash balances of HK$19,969,000 (31 December 2019: HK$11,201,000). Gearing ratio is calculated as the amount of interest-bearing borrowings divided by total equity. The gearing ratio as at 31 December 2020 was N/A (31 December 2019: N/A).

The Group was in net current liabilities position of HK$57,137,000 as at 31 December 2020. The Current Controlling Shareholder has 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.

Foreign exchange risk

For the Year, 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

For the Year, there was no material change to the capital structure of the Group and information disclosed in the report of the Company for the year ended 31 December 2019. The total number of the issued shares of the Company was 448,363,708 as at 31 December 2020 (31 December 2019: 448,363,708 shares).

Dividends

The Directors do not recommend the payment of dividend in respect of the Year (2019: Nil).

Charges on assets

As at 31 December 2020, the Group did not have any charges on its assets (31 December 2019: Nil).

Capital commitments and contingent liabilities

As at 31 December 2020, the Group had outstanding capital commitments which were not provided for in the Group's financial statements, among which HK$12,002,000 (31 December 2019: HK$32,000) commitments were contracted for.

As at 31 December 2020, the Group had no material contingent liabilities (31 December 2019: Nil).

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As mentioned in the Company's announcement dated 24 January 2020, (i) an indirect wholly-owned subsidiary of the Company ("**Shenzhen Subsidiary**") and an independent third party ("**Chengdu Partner**") entered into an agreement (the "**Chengdu Agreement**") pursuant to which Shenzhen Subsidiary and Chengdu Partner will, among others, provide capital in the amount of RMB21,000,000 to a company to be established jointly by Shenzhen Subsidiary and Chengdu Partner in the PRC (the "**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 an independent third party ("**Wuhan Partner**") entered into an agreement (the "**Wuhan Agreement**") pursuant to which Shenzhen Subsidiary and Wuhan Partner will, among others, provide capital in the amount of RMB20,900,000 to a company established jointly by Shenzhen Subsidiary and Wuhan Partner in the PRC (the "**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 accommodation business in Chengdu and Wuhan, the PRC respectively. Pursuant to the Chengdu Agreement and the Wuhan Agreement, Chengdu JV and Wuhan JV are accounted for as indirect non-wholly owned subsidiaries of the Company.

In addition, as disclosed in the Company's announcements dated 24 January 2020, 4 February 2020, 17 March 2020 and 23 March 2020 respectively, (i) pursuant to a tenancy agreement dated 24 January 2020 (as amended and supplemented by a supplemental agreement dated 17 March 2020, and subject to a transfer agreement dated 23 March 2020) (the "**Chengdu Tenancy Agreement**"), Chengdu JV shall lease a property situated in Chengdu, the PRC (the "**Chengdu Property**") for a term of around 12 years from 23 March 2020 to 22 January 2032; and (ii) pursuant to a tenancy agreement dated 24 January 2020 (as amended and supplemented by a supplemental agreement dated 17 March 2020) (the "**Wuhan Tenancy Agreement**"), Wuhan JV shall lease a property situated in Wuhan, the PRC (the "**Wuhan Property**") for a term of 15 years from 23 July 2020 to 22 July 2035. The total rentable areas of the Chengdu Property and the Wuhan Property are approximately 7,600 sq.m and approximately 9,000 sq.m respectively. The total rental payables under the Chengdu Tenancy Agreement and the Wuhan Tenancy Agreement are approximately RMB65,110,000 (exclusive of property management fees, air-conditioning, other charges and outgoings) and approximately RMB92,950,000 (inclusive of property management fees but exclusive of air-conditioning, other charges and outgoings) for the entire term respectively. Pursuant to HKFRS 16 "Leases", the entering into of tenancy agreements as tenant will require the Company to recognise a right-of-use asset. Therefore, the entering into of the tenancy agreements as stated above were regarded as acquisitions of assets by the Company under the Listing Rules. The value of right-of-use assets recognised by the Company upon commencement of lease term was (i) approximately RMB48,590,000 under the Chengdu Tenancy Agreement; and (ii) approximately RMB63,240,000 under the Wuhan Tenancy Agreement, respectively.

Save as disclosed above, there was no significant investments held, or material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year, and the Company does not have any future plan for material investments or capital assets as at the date of this announcement.

OUTLOOK

Despite the global outbreak of the pandemic during the Year, the Board is optimistic that the tourism industry in the PRC will remain on a strong growth path in medium to long term and considers the impact of the coronavirus on the accessibility and business and tourist activities in the PRC to be temporary. The Board will continue to strive for improvements in the operating results of the Group and to look for investment and expansion opportunities in Greater Bay Area and Hong Kong. Further, the development of Guangdong-Hong Kong-Macao Greater Bay Area, such as the completion of High Speed Rail (Hong Kong Section), Hong Kong-Zhuhai-Macao Bridge, and other sizeable infrastructure projects, will bring new customer base to domestic hotel, service apartments and other markets with ongoing competition, and it is expected that the accommodation service market will continue to embrace opportunities in the future.

On top of consolidating the current business operations, the Group will continue to focus on core businesses by developing the principal businesses related to accommodation, and commit itself to improving its service standard and profitability. Leveraging on its current strengths to boost its brand influence, the Group will actively tap into the network of new management to strengthen its operation scale through its own expansion and acquisition of different accommodation projects, entering into management contracts and cooperative or joint ventures projects. In exercising caution over project investments, the Group doubles down on its efforts to expand its core business segment. Seizing investment opportunities in the prospective markets, the Group will identify new sources of profitability and growth to safeguard the sustainability of the Group. The incoming opening of Chengdu Branch and Wuhan Branch, as well as the accommodation facilities management service and accommodation consultations services, will also expand the Group's operation scale. On the other hand, the Group will continue to ride on the policies in effect during this year to continuously optimize its internal procedures and enhance management efficiency. To further achieve breakthroughs in the development momentum, the Group will facilitate the organic growth of its intrinsic corporate values and enhance its business vitality. The objectives will be to improve revenue, operating profit and the number of rooms under management.

CORPORATE GOVERNANCE

The Company is committed to ensuring a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Year. The Board will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct for securities transactions by the Directors and relevant employees who, because of their office or employment, are likely to be in possession of unpublished inside information in relation to the Company's securities. The Company had made specific enquiry to all the Directors and such relevant employees and they had confirmed compliance with the Model Code throughout the Year. No incident of non-compliance was noted by the Company during the Year.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 124 employees (31 December 2019: 84 employees) as at 31 December 2020. Remuneration is determined with reference to market terms and performance, qualifications and experience of each individual employee. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to retirement scheme.

AUDIT COMMITTEE REVIEW

The Group has an Audit Committee which was established for the purposes of, among others, reviewing and providing supervision over the Group's financial reporting process, internal controls and risk management system. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wu Jilin *(Chairman)*, Mr. Du Hongwei and Ms. Li Zhou. The Audit Committee has reviewed the accounting principles and policies adopted by the Group and has discussed and reviewed the internal controls and financial reporting matters of the Group, including the review of the consolidated annual results of the Group for the Year, with the management of the Company and has no disagreement with the accounting treatments adopted.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's auditor, HLB HODGSON IMPEY CHENG LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB HODGSON IMPEY CHENG LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB HODGSON IMPEY CHENG LIMITED on this announcement.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

The Company's auditor draws attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of HK$2,461,000 for the Year and as at 31 December 2020 and, as of that date, the Group had net current liabilities of approximately HK$57,137,000. This condition indicates a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The auditor's opinion is not modified in respect of this matter.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the Year.

Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercised any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the Year.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting ("**AGM**") of the Company is scheduled to be held on Friday, 28 May 2021. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 24 May 2021 to Friday, 28 May 2021, both days inclusive, during which period no transfer of share of the Company will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 May 2021.

ANNUAL REPORT PUBLICATION

The Company's 2020 Annual Report for the Year containing information required by Appendix 16 of the Listing Rules will be dispatched to shareholders of the Company and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.legend-strategy.com) in due course.

By order of the Board
Legend Strategy International Holdings Group Company Limited
Yuan Fuer
Chairman

Hong Kong, 27 February 2021

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

Executive Directors:
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