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

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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 (the "**Group**") for the year ended 31 December 2024 (the "**Year**").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	*5*	**40,684**	67,661
Depreciation on right-of-use assets		**(16,480)**	(20,316)
Depreciation on property, plant and equipment		**(7,546)**	(8,847)
Employee benefit expenses		**(15,943)**	(17,722)
Utilities		**(2,499)**	(3,649)
Other operating expenses	*6*	**(12,610)**	(12,891)
Fair value loss on financial asset at fair value through profit or loss ("**FVTPL**")		**(2,012)**	(1,864)
Reversal/(allowance) for expected credit loss model on financial assets at amortised cost		**13,707**	(14,573)
Impairment on non-financial assets		**(30,820)**	(41,760)
Other income	*7*	**2,324**	1,079
Operating loss		**(31,195)**	(52,882)
Finance costs	*8*	**(5,880)**	(5,791)
Loss before tax		**(37,075)**	(58,673)
Income tax expense	*9*	**(2,685)**	(3,095)
Loss for the year	*10*	**(39,760)**	(61,768)
Other comprehensive income/(loss):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**2,164**	(99)
Total comprehensive loss for the year		**(37,596)**	(61,867)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2024

	Notes	**2024** **HK$'000**	2023 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(21,120)**	(38,178)
Non-controlling interests		**(18,640)**	(23,590)
		(39,760)	(61,768)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(20,994)**	(38,526)
Non-controlling interests		**(16,602)**	(23,341)
		(37,596)	(61,867)
Loss per share	*12*		
– Basic (Hong Kong cents)		**(4.46)**	(8.51)
– Diluted (Hong Kong cents)		**(4.46)**	(8.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**7,631**	19,927
Rental deposits	*13*	**3,208**	3,226
Right-of-use assets		**46,416**	92,039
Deferred tax assets		**–**	2,909
		57,255	118,101
Current assets			
Rental deposits	*13*	**1,093**	1,197
Prepayments, deposits and other receivables	*13*	**1,482**	2,303
Financial asset at FVTPL		**–**	2,049
Trade receivables	*14*	**965**	1,071
Inventories		**402**	384
Bank and cash balances		**13,857**	2,214
		17,799	9,218
Total assets		**75,054**	127,319
Current liabilities			
Trade and other payables	*15*	**13,221**	25,778
Tax payable		**1,709**	2,207
Lease liabilities		**29,773**	25,953
Borrowings		**28,569**	27,469
		73,272	81,407
Net current liabilities		**(55,473)**	(72,189)
Total assets less current liabilities		**1,782**	45,912

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Non-current liabilities			
Provision for asset retirement		**482**	477
Lease liabilities		**106,650**	128,176
		107,132	128,653
Net liabilities		**(105,350)**	(82,741)
EQUITY			
Capital and reserves			
Share capital	*16*	**5,381**	4,484
Reserves		**(47,736)**	(40,832)
Equity attributable to owners of the Company		**(42,355)**	(36,348)
Non-controlling interests		**(62,995)**	(46,393)
Capital deficiency		**(105,350)**	(82,741)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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, 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**").

As at 31 December 2024, the Directors consider that Hehui International Development Limited, 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 as the controlling shareholder (the "**Controlling Shareholder**").

The Company is an investment holding company. The Group are principally engaged in: (i) accommodation business, namely accommodation operations and property facilities management services and provision of accommodation consultations and other related business in the People's Republic of China (the "**PRC**"); and (ii) healthcare and beauty business in the PRC.

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

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**Ints**")) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and accounting principles generally accepted in Hong Kong. In addition, these consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at their fair values.

2. BASIS OF PREPARATION (continued)

Going Concern Basis

The Group incurred a net loss of approximately HK$39,760,000 for the year ended 31 December 2024 and, as at 31 December 2024, the Group had net current liabilities and net liabilities of approximately HK$55,473,000 and approximately HK$105,350,000 respectively. 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 its 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 borrowings due by the Group of approximately HK$28,569,000 at 31 December 2024, until the Company can meet all the other obligations. Moreover, the Controlling Shareholder has entered into a financial support agreement with 合正控股集團(深圳)有限公司 which is over 99% owned by Mr. Yuan for financial support to the Group to meet its liabilities as they fall due and agrees to undertake the credit facility of HK$200,000,000 granted by the Controlling Shareholder to the Company that will be expired on 19 January 2027, of which approximately HK$171,431,000 remains unused as at 31 December 2024.

In order to improve the Group's operating performance and alleviate its liquidity risk, management is implementing the following measures: (a) the Group will continue to take proactive measures to improve operating cash flow to control costs and limit capital expenditures. Further investments in accommodation business segment will be made only when the Group has sufficient financial resources after meeting its day-to-day working capital and other capital commitment requirements; (b) to finance the further development of the healthcare and beauty business segment of the Group and to enhance the financial position of the Group, the Company issued a circular on 28 January 2025 to the shareholders of the Company (the "**Shareholders**") proposing the rights issue (the "**Rights Issue**") on the basis of one rights share ("**Rights Share(s)**") for every one existing Share in issue that would strengthen the capital base of the Company without incurring debt financing cost. The Rights Issue was approved by the independent Shareholders pursuant to an ordinary resolution passed at the extraordinary general meeting held on 20 February 2025. The net proceeds from the Rights Issue (after deducting the estimated expenses) and assuming full subscription and acceptance, are estimated to be approximately HK$46,300,000, that would significantly improve the Group's liquidity and financial position upon completion.

The Directors are therefore of the opinion that it is appropriate to prepare these 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 these 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 have reviewed the Group's cash flow projections. The cash flow projections cover a period of not less than twelve months from the date of this annual results announcement. In the opinion of the Directors, 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 are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in these consolidated financial statements for the year ended 31 December 2024 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023 except as described below.

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the annual periods beginning on or after 1 January 2024 for the preparation of these consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has 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.

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:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after 1 January 2025.

[3] Effective for annual periods beginning on or after 1 January 2026.

[4] Effective for annual periods beginning on or after 1 January 2027.

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on consolidated financial statements in the foreseeable future.

4. OPERATING SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The CODM considers the healthcare and beauty business in the PRC, commenced during the Year, as a new operating and reportable segment.

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

1. Accommodation business

2. Healthcare and beauty business

Segment loss represents the loss from each segment without allocation of central administration costs, directors' emoluments, interest income, certain depreciation, fair value change on call option and certain finance costs.

There were no inter-segment sales for both years.

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segment other than deferred tax assets, financial assets at FVTPL, certain right-of-use assets, certain cash and bank balances and corporate assets.

- All liabilities are allocated to operating segment other than current tax liabilities, borrowings, certain lease liabilities and certain trade and other payables.

4. OPERATING SEGMENT INFORMATION (continued)

	Accommodation		Healthcare and beauty		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Revenue	**39,606**	67,661	**1,078**	–	**40,684**	67,661
Segment results	**(29,781)**	(51,104)	**(713)**	–	**(30,494)**	(51,104)
Unallocated interest income					**5**	4
Unallocated deprecation on right-of-use assets					**(15)**	(15)
Fair value loss on financial asset at FVTPL					**(2,012)**	(1,864)
Unallocated finance costs					**(2)**	(3)
Corporate and other unallocated expenses					**(4,557)**	(5,691)
Loss before tax					**(37,075)**	(58,673)
Segment assets	**59,981**	118,788	**–**	–	**59,981**	118,788
Corporate and other unallocated assets					**15,073**	8,531
Total assets					**75,054**	127,319
Segment liabilities	**143,134**	175,040	**35**	–	**143,169**	175,040
Corporate and other unallocated liabilities					**37,235**	35,020
Total liabilities					**180,404**	210,060

	Accommodation		Healthcare and beauty		Unallocated		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information								
Deprecation on property, plant and equipment	**7,546**	8,847	**–**	–	**–**	–	**7,546**	8,847
Deprecation on right-of-use assets	**16,465**	20,301	**–**	–	**15**	15	**16,480**	20,316
(Reversal)/allowance for expected credit loss model on financial assets at amortised cost	**(13,707)**	14,573	**–**	–	**–**	–	**(13,707)**	14,573
Impairment of goodwill	**–**	1,858	**–**	–	**–**	–	**–**	1,858
Impairment of property, plant and equipment	**4,504**	6,796	**–**	–	**–**	–	**4,504**	6,796
Impairment of right-of-use assets	**26,316**	33,106	**–**	–	**–**	–	**26,316**	33,106
Finance costs	**5,878**	5,788	**–**	–	**2**	3	**5,880**	5,791
Capital expenditure	**255**	648	**–**	–	**–**	–	**255**	648

4. **OPERATING SEGMENT INFORMATION (continued)**

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. All revenue were derived in the PRC for both years. The Group's non-current assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations were presented.

Information about major customers

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

	2024	2023
	HK$'000	*HK$'000*
Customer A	**N/A[1]**	9,396

[1] Revenue from accommodation business. The corresponding revenue for the Year did not contribute over 10% of the total revenue of the Group.

5. **REVENUE**

	2024	2023
	HK$'000	*HK$'000*
Accommodation operations and provision of property facilities management services	**35,821**	58,247
Provision of accommodation consultations services	**3,785**	9,414
Sale of bioregenerative, collagen and anti-aging skincare products	**1,078**	–
Revenue from contracts with customers	**40,684**	67,661

6. **OTHER OPERATING EXPENSES**

	2024	2023
	HK$'000	*HK$'000*
Legal and professional fee	**1,545**	1,340
Building management fee	**986**	1,205
Auditors' remuneration	**935**	1,100
Selling and advertising expenses	**4,010**	3,037
Accommodation operating costs	**2,707**	3,808
Cost of goods sold	**765**	–
Repair and maintenance	**575**	936
Others	**1,087**	1,465
	12,610	12,891

7. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Bank interest income	**5**	4
Food and beverage and other hotel income	**2,013**	804
Government grants *(note)*	**6**	190
Others	**300**	81
	2,324	1,079

Note: For the year ended 31 December 2024, government grants of approximately HK$6,000 (2023: approximately HK$190,000) related to exemption of value-added-tax in the PRC in relation to the accommodation operation business.

There were no unfulfilled conditions or contingencies relating to these government grants.

8. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Finance cost on provision for asset retirement	**23**	21
Interest on lease liabilities	**5,857**	5,770
	5,880	5,791

9. INCOME TAX EXPENSE

	2024	2023
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax provision for the year	**118**	2,672
Overprovision in prior year: PRC Enterprise Income Tax	**(290)**	–
Deferred tax	**2,857**	423
	2,685	3,095

9. INCOME TAX EXPENSE (continued)

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

Under the two-tiered profits tax rates regime in Hong Kong, 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 considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to these consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% on 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.

10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2024	2023
	HK$'000	*HK$'000*
Auditors' remuneration for		
– audit services	**935**	900
– non-audit services	**–**	200
	935	1,100
Net foreign exchange (gain)/loss	**(3)**	18
Impairment loss on non-financial assets		
– Goodwill	**–**	1,858
– Property, plant and equipment	**4,504**	6,796
– Right-of-use assets	**26,316**	33,106

11. DIVIDEND

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

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$21,120,000 (2023: approximately HK$38,178,000) and the weighted average number of ordinary shares of 473,108,708 (2023: 448,363,708) in issue during the relevant years.

(b) Diluted earnings per share

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

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Deposits		
Rental deposits	**4,301**	4,423
Prepayments and deposit paid		
Prepayments	**569**	327
Other receivables *(Note)*	**913**	1,976
Total prepayments, deposits and other receivables	**5,783**	6,726

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Analysed for reporting purpose as:

	2024	2023
	HK$'000	*HK$'000*
Non-current	**3,208**	3,226
Current	**2,575**	3,500
	5,783	6,726

Note: As at 31 December 2023, the amount included refundable earnest money, net of impairment, of approximately HK$795,000 paid to 深圳市招華會展實業有限公司 (Shenzhen Zhaohua Exhibition Industrial Limited*) ("**Shenzhen Zhaohua**") for a possible lease of premises under development in Shenzhen, the PRC. During the Year, the Directors successfully negotiated with Shenzhen Zhaohua for full refund of the earnest money.

14. TRADE RECEIVABLES

The majority of the Group's revenue transactions from accommodation operations and provision of property facilities management services are made via credit cards, cash or other payment platforms such as Alipay and WeChat Pay. Accommodation rooms are rented to corporate customers with an appropriate credit history on credit terms ranged from 30 to 90 days. No credit terms are allowed for trade receivables from accommodation consultation services. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**1,755**	14,875
Less: Allowance for credit losses	**(790)**	(13,804)
	965	1,071

* *English name for identification purposes only*

14. TRADE RECEIVABLES (continued)

The ageing analysis of the trade receivables, net of allowance for expected credit loss, based on invoice date as of the end of reporting period, is as follows:

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**846**	1,070
31–60 days	**51**	–
61–90 days	**52**	1
91–120 days	**16**	–
	965	1,071

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

	2024	2023
	HK$'000	*HK$'000*
Neither past due nor impaired	**846**	1,071
1–30 days past due	**51**	–
31–60 days past due	**52**	–
61–90 days past due	**16**	–
Over 90 days past due	**–**	–
	965	1,071

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$119,000 (2023: HK$Nil) which are past due as at the reporting date. Out of the past due balances, approximately HK$16,000 (2023: HK$Nil) has been past due for 60 days or more.

14. TRADE RECEIVABLES (continued)

Movement in allowance for credit losses is as follow:

	Lifetime ECL (not credit impaired) *HK$'000*	Lifetime ECL (credit impaired) *HK$'000*	Total *HK$'000*
At 1 January 2023	202	–	202
Movement during the year	(202)	13,804	13,602
At 31 December 2023 and at 1 January 2024	**–**	**13,804**	**13,804**
Movement during the year	**–**	**(13,014)**	**(13,014)**
At 31 December 2024	**–**	**790**	**790**

15. TRADE AND OTHER PAYABLES

	2024 ***HK$'000***	2023 *HK$'000*
Trade payables	**2,168**	1,529
Accruals and other payables	**11,053**	24,249
	13,221	25,778

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

	2024 ***HK$'000***	2023 *HK$'000*
0–30 days	**596**	470
31–60 days	**299**	333
61–90 days	**252**	244
Over 90 days	**1,021**	482
	2,168	1,529

15. TRADE AND OTHER PAYABLES (continued)

Accruals and other payables are analysed as follows:

	2024	2023
	HK$'000	*HK$'000*
Accruals		
Accrued staff costs	**3,630**	3,385
Accrued audit and professional fee	**4,137**	3,791
	7,767	7,176
Other payables		
Other tax payables	**505**	1,143
Contract liabilities *(Note (i))*	**73**	225
Amounts due to non-controlling interests *(Note (ii))*	**216**	10,582
Others	**2,492**	5,123
	3,286	17,073
Total accruals and other payables	**11,053**	24,249

Notes:

(i) The Group would collect deposits for corporate customers. Whenever the progress towards complete satisfaction or the relevant performance obligation is passed, such contract liabilities would be derecognised and the respective amount would be recognised as revenue. The balance of contract liabilities is expected to be recognised as revenue in next financial year.

(ii) As at 31 December 2024, the balance represents amounts due to 成都力之浚酒店管理有限公司 and 武漢枋浚酒店管理有限公司 of HK$Nil and approximately HK$216,000 (2023: approximately HK$10,347,000 and approximately HK$235,000) respectively. The amounts are unsecured, interest-free and repayable on demand.

16. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 (2023: HK$0.01) each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	780,000,000	7,800
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 1 January 2024	448,363,708	4,484
Placing of shares *(Note)*	89,670,000	897
At 31 December 2024	538,033,708	5,381

Note: As disclosed in the Company's announcement dated 20 September 2024, the Company through a placing agent completed on 20 September 2024, the placing (the "**Placing**") of 89,670,000 new shares, which rank pari passu in all respects among themselves and with the existing shares in issue on the date of allotment under the general mandate granted by the Shareholders at the annual general meeting held on 27 May 2024, to no less than six placees, all being independent third parties to the Company, at issue price of HK$0.169 per share. The net proceeds from the Placing, after deducting all the related costs, fees, expenses and commission were approximately HK$14,987,000. The Company intended to use the net proceeds for renovation of accommodation facilities and general working capital.

17. EVENTS AFTER THE REPORTING PERIOD

As disclosed in the Company's circular dated 28 January 2025, the Company proposed the Rights Issue to raise up to approximately HK$47,300,000, before expenses, by issuing 538,033,708 Rights Shares to the qualifying shareholders by way of rights on the basis of one Rights Share for every one existing share. The Rights Issue was approved pursuant to an ordinary resolution passed by the independent Shareholders at the extraordinary general meeting held on 20 February 2025. Details of the Rights Issue are disclosed in the Company's announcements dated 22 January 2025 and 20 February 2025, the Company's circular dated 28 January 2025 and the Company's prospectus dated 5 March 2025. The Rights Issue is expected to be completed by the end of March 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW FOR 2024

The Group is principally engaged in: (i) accommodation business, namely, the provision of accommodation operations, the provision of property facilities management services, and the provision of accommodation consultations services and other related business; and (ii) the healthcare and beauty business. For the year of 2024 (the "**Year**"), the Group has five leased-and-operated accommodation projects under operation.

Accommodation Business

With the gradual reduction of the impact of the COVID-19 pandemic in 2023 and the reopening of the People's Republic of China (the "**PRC**") borders with other international regions, the hotel business in 2023 rebounded rapidly due to the instant release of consumers' pent-up demand for outbound travelling. However, the hotel business in the Year was affected by the global economic instability and geopolitical conflicts. In particular, the PRC's economy has been significantly impacted by slow-down in sectors such as property development, being one of the key growth drivers in the PRC, and added uncertainties to economic development. Consumers have become more cautious, resulting in a substantial reduction in spending. Faced with such complex and challenging situation, the Group has maintained a cautious and proactive attitude around its main business, with the strategic objectives of enhancing its core competitiveness, grasping macro-environmental trends and market developments, managing the challenges of the slow-down in the tourism industry and the weakened consumer sentiment, adjusting business strategies, expanding and developing personalized accommodation products and management services, upgrading brands and products, optimizing member benefits, enhancing experience and efficiency, forming a well-structured, distinctive and clear hotel brand matrix, and achieving steady performance. On this basis, the Group also takes advantage of the situation, overcomes difficulties, promotes integration, strengthens management, controls costs, reduces expenses, and promotes the sustainable and high-quality development of the enterprise.

Accommodation operation and property facilities management

With respect to the accommodation operation and property facilities management, for the Year, the revenue was approximately HK$35,821,000, representing a decrease of approximately 38.50% as compared with last financial year. The decrease in revenue was mainly attributable to the reduction in occupancy rate, caused by an overall drop in market sentiment of the hotel industry in the PRC and expiry of contracts on certain long stay customers in Huizhou.

For facilities management services, the Group provides property facilities outsourcing management services such as professional cleaning, sterilisation, inventory supply management and quality management to third party customers.

Despite the growing marketing difficulties due to the downward pressure on the Chinese economy and increasingly cautious consumer sentiment, the Group strives to overcome the challenges and dedicates itself to improving the performance of its existing accommodation projects and stimulating its property facilities management and accommodation consultations services by implementing flexible sales and marketing plans, including entering into cooperation agreements with new tourism intermediaries, reviewing and updating existing sales strategies, discount pricing models with existing online sales platforms, and actively liaising with various corporate customers to deepen the Group's understanding of customer needs, and focus on such needs to provide tailor-made services and enhance the loyalties of 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, in order to boost up revenue and improve performance in all aspects.

In addition to the frontline operation of various accommodation projects and services, the Group also took important actions to control back office and other expenses, including reviewing human resource efficiency and making corresponding improvements, maintaining cost-saving measures to lower corporate expenses and reviewing performance from time to time by comparing with financial budgets, so as to maximize the Group's benefits.

The following is an update on the Group's existing branches of the accommodation operations and property facilities management:

Chengdu Branch

The Chengdu Branch is situated near Tianfu Square. It has two floors and a total gross floor area ("**GFA**") of approximately 7,600 sq.m.. As located at the heart of Chengdu, Tianfu Square is a representative landmark, which is not only the economic, cultural, and commercial center of Chengdu, but also a strategically important transportation hub. Adjacent to famous tourist sites, including People's Park, Wuhou Shrine, Kuanzhai Alley, Chunxi Road Pedestrian Street, and the millennium ancient temple Daci Temple, the Chengdu Branch gains full access to the golden business district of Tianfu Square, while overlooking Sichuan Provincial Library, Chengdu Museum, Tianfu Square, and other new landmarks in the city. Due to easily accessible transport services, accommodation guests can reach tourist attractions by express shuttle buses or multiple bus routes nearby the branch. It is a one-minute walk to Metro Lines 1 and 2 (Tianfu Square Station), and an approximately five-minute walk to the airport bus stop. In addition, drives from Chengdu Shuangliu International Airport, Chengdu East Railway Station and Chengdu South Railway Station take within 30 minutes. Furthermore, the branch is in close proximity to various gourmet restaurants.

Chengdu as a famous domestic tourist city, following the resumption of normal cross-border traffic between mainland China and Hong Kong in 2023, local economic and livelihood activities were quickly restored in 2023, with an increasing momentum of local economic recovery and a rapid rebound in tourism consumption confidence. In contrast, sentiment of domestic consumption declined significantly during the Year. There was limited room for growth in various industries, and competition in a shrinking market has led to tougher challenges for hotel operators. The Group, on the other hand, adopted a flexible and rapid approach in adjusting its operational strategies and the Chengdu Branch is expected to generate sustainable and stable income for the Group in the future.

Wuhan Branch

Located at the intersection of Lingyun Road and Lingkonggang Avenue in Municipal East-West Lake Lingkonggang Economic Development Zone, the Wuhan Branch has five floors and a total GFA of approximately 9,000 sq.m.. It is adjacent to East-West Lake Five-Ring Sports Center and the new district government building. The branch is also close to the East-West Lake Eco-tourism Zone, Matoutan Cultural Heritage Park, Xiehe East- West Lake Hospital and Huangshihai Park. The branch is a within nine-minute drive to Sandian Metro Station and Matoutan Metro Station. The branch is 200 meters away from the bus station of Lingyun Road East, 21 kilometers away from Wuhan Tianhe Airport and 15 kilometers away from Hankou Railway Station, which makes it very convenient to travel around.

As a major transportation hub in China, Wuhan is closely linked to domestic economic activities, such as commercial activities, exhibitions and banquets. Affected by difficulties in domestic economic development, demands in Wuhan city and cross-provincial and cross-city events, such as commercial activities, exhibitions and banquet, have shown a slight decrease. The Wuhan Branch, in response, has strengthened its management in operational upgrades, marketing, and cost optimization since the early days of its operation. It has steadily operated and achieved expected results in the face of adversity.

Huizhou Branch

The 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 China. 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 Huizhou Branch focuses on the holiday tourism market. The branch was adversely affected by the expiry of certain long stay contracts by the end of 2023. The Group has made various marketing adjustment plans and in anticipation of continuing development of the Greater Bay Area, including international projects such as the opening of Legoland theme park in Shenzhen East in the future, the Group looks forward to the increasing number of guests visiting the region as a result of these adjacent projects of international scales, which are expected to boost the performance of the Huizhou Branch in the long run.

Nanshan Branch

The Nanshan Branch is situated near the Hong Kong-Shenzhen Western Corridor and the Shekou Port. The branch has five floors and a total GFA of approximately 7,000 sq.m., comprising 189 rooms. The Branch is located just beside the subway exit of Nanshan Station of Shenzhen Metro Line No. 11 and it takes approximately 30 minutes to travel from the Nanshan Branch to the airport. Also, the Nanshan Branch 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 convenient location and stable demand for temporary accommodation from both business and tourism guests.

The Nanshan Branch continues to transform through innovation and continues to introduce various types of accommodations to attract consumers, such as e-sports rooms and other special arrangements, thus increasing customer base and the satisfaction level of accommodation guests. However, the domestic tourism market during the Year was full of challenges and customer spending remained cautious, the popularity of commercial activities such as exhibitions and trainings did not live up to expectations. 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 its revenue in the long run.

Baoan Branch

The 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 branch 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 Baoan Sports Center, the largest gymnasium in Shenzhen where the 2011 Summer Universiade was held. The branch is a 20-minute drive from the Baoan International Airport, and takes within 10 minutes walk from the Coach Terminal, the Xixiang Pier, and Lingzhi Station of Shenzhen Metro Line 5 (near Lingzhi Park). It has convenient access to efficient road, sea and air transportation.

Benefiting from the synergy of effective cost control and sales strategies, the Baoan Branch managed to maintain a stable performance in the face of adversity.

Accommodation consultations services

The revenue for the Year was approximately HK$3,785,000, representing a decrease of approximately 59.79% as compared with last financial year. The Group continues 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 accommodation consultations services which are considered to be more resistant to the impact of by the pandemic. For accommodation consultations services, the Group provides consultations services for setting up accommodations, guesthouses, inns, resorts, apartments, elderly apartments, hostels, 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 planning, opening and construction management services to customers.

Healthcare and Beauty Business

To leverage the Group's expertise, network and experience in conducting business in the PRC, the Company has been actively assessing the viability of business diversification. The Group has studied studying business opportunities in areas including the healthcare and beauty industry in the PRC.

According to a market research report publicly available, the PRC skincare market was valued at approximately US$54.47 billion in 2023 and is anticipated to grow from approximately US$59.08 billion in 2024 to approximately US$128.61 billion by 2032, representing a compound annual growth rate of approximately 11.75% during the forecast period. In light of the robust growth in the PRC skincare market, the Board considers that it is in the interests of the Company and the Shareholders as a whole for the Group to develop its healthcare and beauty business specialised in the sale of bioregenerative, collagen and anti-aging skincare products. The Group plans to develop its healthcare and beauty business through collaboration with key players in the healthcare and beauty industry as well as self-development of proprietary rights and technology.

During the Year, the Company has established Shenzhen Ailansi Bio-techonology Co. Ltd.Δ (深圳雅蘭斯生物科技有限公司) (“**Shenzhen Ailansi**”), a wholly-owned subsidiary of the Company in the PRC, to conduct healthcare and beauty business. The Company has allocated up to HK$5 million for the initial setup and operation of Shenzhen Ailansi. The Company has recruited (i) an independent consultant, who is a licensed pharmacist and has accumulated over 20 years of experience in the healthcare, beauty and pharmaceutical industry, primarily responsible for the development, management and formulation of business strategies of the Group’s healthcare and beauty business; and (ii) another independent research and development staff, who has accumulated over 30 years of research and development experience in the healthcare and beauty industry. Since the fourth quarter of 2024, the Group has embarked on the sales and promotion of healthcare and beauty products supplied by third party suppliers under its own branding through direct sales channel in the PRC and generated revenue of approximately HK$1,078,000 for the Year.

OUTLOOK

Taking into consideration the Group’s healthcare and beauty products have been well received by the market, the Group has been prompted to further develop and strengthen its market share in the healthcare and beauty industry in the PRC.

As at the date of this annual results announcement, the Company has not identified any potential targets for the formation of business collaboration or joint venture in relation to its planned development of healthcare and beauty business. Apart from the anticipated business collaboration with key players in the healthcare and beauty industry, the Group also plans to (i) recruit management and technical staff with established knowledge and experience in the healthcare and beauty industry; (ii) conduct research activities for the development of proprietary rights and technology related to bioregenerative, collagen and anti-aging skincare products; and (iii) set up a sales and marketing team designated for the promotion of skincare products and the development of its healthcare and beauty business. The Group expects to raise up to approximately HK$46,300,000, net of expenses, from the Rights Issue. The Group intends to use approximately HK$24,000,000 of the net proceeds from the Rights Issue in developing the healthcare and beauty business and the balance of approximately HK$22,300,000 in enhancing the general working capital of the Group. In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses. The Rights Issue is expected to be completed by the end of March 2025.

FINANCIAL REVIEW

For the Year, the Group recorded revenue of approximately HK$39,606,000 under the accommodation business segment, compared with approximately HK$67,661,000 for the last financial year, representing a decrease of approximately 41.46%. The Group recorded a total comprehensive loss of approximately HK$37,596,000 for the Year compared with approximately HK$61,867,000 for the last financial year, representing a decrease of approximately 39.23%.

The decrease in revenue under the accommodation business segment was due to reduction in occupancy rate, caused by an overall drop in market sentiment of the hotel industry in the PRC and the expiry of contracts on certain long stay customers in Huizhou.

The healthcare and beauty business contributed a revenue of approximately HK$1,078,000 for the Year (2023: HK$Nil).

The following table shows the key information of all the Group's leased-and-operated accommodation rooms for the years ended 31 December 2024 and 2023 respectively.

	2024	2023
Total available room nights	**230,391**	235,045
Occupancy rate	**50.82%**	74.38%
ARR (RMB)*	**253.5**	312.2
RevPAR (RMB)#	**128.9**	232.2

* 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

The total available room nights of the Group for the Year decreased by 4,654 nights or approximately 1.98% as compared with last financial year due to internal renovation work on certain rooms during the Year. The occupancy rate of the Group decreased by 23.56%, and the RevPAR of the Group decreased by RMB103.3 or approximately 44.49% respectively as compared with last financial year, mainly due to internal renovation work of certain rooms for the Nanshan Branch during the Year.

Operating costs

The total operating costs decreased by approximately HK$8,347,000, or approximately 13.16%, from approximately HK$63,425,000 for last financial year to approximately HK$55,078,000 for the Year. The decrease is mainly attributable to the following reasons:

Depreciation on right-of-use assets decreased by approximately HK$3,836,000 or approximately 18.88% due to decrease in depreciation of corresponding right-of-use assets after the impairment of right-of-use assets of the Wuhan Branch and the Huizhou Branch in the prior year. Depreciation on property, plant and equipment decreased by approximately HK$1,301,000 or approximately 14.71%, primarily due to certain property, plant and equipment fully depreciated in prior year.

Employee benefit expenses decreased by approximately HK$1,779,000 or approximately 10.04% mainly attributable to the effective employee management adopted during the Year. Meanwhile, utilities decreased by approximately HK$1,150,000 or approximately 31.52% due to the cost saving measure adopted by the Group during the Year.

Other operating expenses decreased by approximately HK$281,000 or approximately 2.18% mainly due to decrease in provision for hotel maintenance.

The following table shows the total operating costs for the financial years ended 31 December 2024 and 2023:

	2024	2023
	HK$'000	*HK$'000*
Depreciation on right-of-use assets	**16,480**	20,316
Depreciation on property, plant and equipment	**7,546**	8,847
Employee benefit expenses	**15,943**	17,722
Utilities	**2,499**	3,649
Other operating expenses	**12,610**	12,891
	55,078	63,425

Finance costs

The finance costs for the Year slightly increased by approximately HK$89,000 to approximately HK$5,880,000 as compared with last financial year. It mainly represented the interests accrued from lease liabilities arising from the conclusion of the renew tenancy agreement of the Nanshan Branch.

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 Controlling Shareholder (with principal amount of approximately HK$28,569,000 as at 31 December 2024 and approximately HK$27,469,000 as at 31 December 2023, which are unsecured, interest-free and repayable on demand).

As at 31 December 2024, the Group had bank and cash balances of approximately HK$13,857,000 (31 December 2023: approximately HK$2,214,000). Gearing ratio is calculated as the amount of interest-bearing borrowings divided by total equity. The gearing ratio as at 31 December 2024 was N/A (31 December 2023: N/A).

The Group was in net current liabilities and net liabilities position of approximately HK$55,473,000 and approximately HK$105,350,000 as at 31 December 2024. The 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.

Foreign exchange risk

For the Year, the majority of the Group's 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

The capital of the Company comprises only ordinary shares. The issued share capital of the Company was 538,033,708 ordinary shares of HK$0.01 each as at 31 December 2024 (31 December 2023: 448,363,708 ordinary shares of HK$0.01 each).

Dividends

The Directors do not recommend the payment of dividend in respect of the Year (2023: HK$Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at 21 March 2025, being the date of this annual results announcement.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 100 employees (31 December 2023: 94 employees) as at 31 December 2024. For the Year, the total staff costs (including Directors' emoluments) were approximately HK$15,943,000 (2023: approximately HK$17,722,000). 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.

CHARGES ON ASSETS

As at 31 December 2024, the Group did not have any charges on its assets (31 December 2023: None).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group had no outstanding capital commitments.

As at 31 December 2024 and 2023, the Group had no material contingent liabilities.

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.

COMPLIANCE CONFIRMATION

The Directors confirm that throughout the Year, the Group has conformed in all material respects with all the requirements under relevant statutes, rules, standards, codes, licences in respect of its operation, financial reporting, or disclosures in Hong Kong or other applicable jurisdictions.

ENVIRONMENTAL PROTECTION AND STAKEHOLDERS' RIGHTS

The Group recognises and respects: (i) the importance of environmental protection; (ii) the lawful rights of stakeholders, broadly to be categorised as employees, customers, suppliers, members of communities; and (iii) corporate social responsibilities of the Group as a member of the society. A specific report on these issues will be published separately in compliance with the requirements of the Listing Rules.

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 C1 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.

COMPLIANCE WITH THE 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 C3 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.

AUDIT COMMITTEE REVIEW

The Group has an audit committee (the "**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 all of the three independent non-executive Directors, namely Mr. Wu Jilin (Chairman), Mr. Lam Cheung Shing Richard and Mr. So Yin Wai. 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 annual results of the Group for the Year, with the management of the Company and has no disagreement with the accounting treatments adopted.

FINANCIAL INFORMATION

The financial information in this annual results announcement does not constitute the Group's consolidated financial statements for the year ended 31 December 2024, but represents an extract from those consolidated financial statements. The final results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Company.

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 comprehensive income, and the related notes thereto for the Year as set out in the annual results announcement have been agreed by the Group's auditors, 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 and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the annual results announcement.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

The following is an extract of HLB Hodgson Impey Cheng Limited's report on the Group's consolidated financial statements for the year ended 31 December 2024.

We draw attention to Note 2 of the annual results announcement, which indicates that the Group incurred a loss of approximately HK$39,760,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group had net current liabilities and net liabilities of approximately HK$55,473,000 and approximately HK$105,350,000 respectively. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the "**2024 AGM**") of the Company for the year ended 31 December 2024 will be held on a date to be fixed by the Board, and a notice convening the 2024 AGM will be published and despatched to the Shareholders in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.legend-strategy.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2024 will be made available on the above mentioned websites in accordance with the requirements of the Listing Rules in due course.

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

Hong Kong, 21 March 2025

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

Executive director:
Ms. Lee Tsz Yan

Non-executive directors:
Mr. Yuan Fuer *(Chairman)*
Mr. Hu Xinglong

Independent non-executive directors:
Mr. Wu Jilin
Mr. So Yin Wai
Mr. Lam Cheung Ching Richard

Δ *For identification purpose only*