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LEGEND STRATEGY INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED

枋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 2025**

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 2025 (the “**Year**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
Revenue	5	51,305	40,684
Cost of sales		(17,567)	(765)
Depreciation on right-of-use assets		(7,382)	(16,480)
Depreciation on property, plant and equipment		(6,342)	(7,546)
Employee benefit expenses		(17,152)	(15,943)
Utilities		(1,729)	(2,499)
Other operating expenses	6	(34,012)	(11,845)
Fair value loss on financial asset at fair value through profit or loss (“FVTPL”)		–	(2,012)
(Allowance for)/reversal of expected credit loss model on financial assets at amortised cost		(1,494)	13,707
Gain on early termination of lease		1,915	–
Impairment on non-financial assets		(10,216)	(30,820)
Other income	7	2,198	2,324
Operating loss		(40,476)	(31,195)
Finance costs	8	(4,902)	(5,880)
Loss before tax		(45,378)	(37,075)
Income tax expense	9	–	(2,685)
Loss for the year	10	(45,378)	(39,760)
Other comprehensive (loss)/income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(3,623)	2,164
Total comprehensive loss for the year		(49,001)	(37,596)

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i> (restated)
Loss for the year attributable to:			
Owners of the Company		(43,532)	(21,120)
Non-controlling interests		<u>(1,846)</u>	<u>(18,640)</u>
		<u>(45,378)</u>	<u>(39,760)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(44,345)	(20,994)
Non-controlling interests		<u>(4,656)</u>	<u>(16,602)</u>
		<u>(49,001)</u>	<u>(37,596)</u>
			(restated)
Loss per share			
	<i>12</i>		
– Basic (Hong Kong cents)		(4.51)	(3.74)
– Diluted (Hong Kong cents)		<u>(4.51)</u>	<u>(3.74)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		15,887	7,631
Rental deposits	<i>13</i>	2,160	3,208
Right-of-use assets		25,000	46,416
Deposit paid for acquisition of a subsidiary	<i>13</i>	15,000	–
Prepayment for property, plant and equipment	<i>13</i>	2,428	–
Deferred tax assets		–	–
		<hr/> 60,475	<hr/> 57,255
Current assets			
Inventories		372	402
Trade receivables	<i>14</i>	5,462	965
Rental deposits	<i>13</i>	230	1,093
Prepayments, deposits and other receivables	<i>13</i>	11,461	1,482
Financial asset at FVTPL		–	–
Bank and cash balances		2,443	13,857
		<hr/> 19,968	<hr/> 17,799
Total assets		<hr/> 80,443	<hr/> 75,054
Current liabilities			
Trade and other payables	<i>15</i>	19,213	13,221
Tax payable		1,418	1,709
Lease liabilities		22,449	29,773
Borrowings		43,569	28,569
		<hr/> 86,649	<hr/> 73,272
Net current liabilities		<hr/> (66,681)	<hr/> (55,473)
Total assets less current liabilities		<hr/> (6,206)	<hr/> 1,782

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Provision for asset retirement		528	482
Lease liabilities		<u>96,167</u>	<u>106,650</u>
		<u>96,695</u>	<u>107,132</u>
Net liabilities		<u>(102,901)</u>	<u>(105,350)</u>
EQUITY			
Capital and reserves			
Share capital	16	11,930	5,381
Reserves		<u>(47,180)</u>	<u>(47,736)</u>
Equity attributable to owners of the Company		(35,250)	(42,355)
Non-controlling interests		<u>(67,651)</u>	<u>(62,995)</u>
Capital deficiency		<u>(102,901)</u>	<u>(105,350)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Legend Strategy International Holdings Group Company Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) 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 Level 28, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Hehui International Development Limited (“**Hehui**”), a company incorporated in the British Virgin Islands, was considered by the board (the “**Board**”) of directors (“**Directors**”) of the Company as the controlling shareholder (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). As disclosed in the Company’s announcement dated 9 October 2025, (a) Hehui has transferred 345,929,020 shares of the Company, which were previously charged to Osibao Cosmetics International Limited (“**Osibao Cosmetics HK**”) as disclosed in the Company’s announcement dated 19 August 2024, to Osibao Cosmetics HK; and (b) Hehui has transferred the title of the receivable due from the Company of approximately HK\$28,569,000 to Osibao Cosmetics HK, as partial settlement of obligation and indebtedness of Hehui to Osibao Cosmetics HK under a loan agreement (together referred as to the “**Transfer**”).

Upon completion of the Transfer on 9 October 2025, Osibao Cosmetics HK and Hehui held approximately 28.99% and approximately 16.20% of the total issued share capital of the Company respectively. Osibao Cosmetics HK became the substantial shareholder (as defined under the Listing Rules) and the single largest shareholder of the Company. Hehui ceased to be the controlling shareholder (as defined under the Listing Rules) of the Company but remained as the substantial shareholder (as defined under the Listing Rules) of the Company immediately after the Transfer. According to the FORM 2 – Corporate Substantial Shareholder Notice required under Part XV of the Securities and Futures Ordinance, and as filed by Hehui on 23 December 2025, the interests of Hehui in total issued share capital of the Company fell below 5%.

Mr. Cheung Ching Mo (“**Mr. Cheung**”) holds the entire issued share capital of China Regenerative Medicine Tissue Engineering Limited (the “**CRMT**”) a company incorporated in the British Virgin Islands and CRMT effectively held the entire issued share capital of Osibao Cosmetics HK.

The Company is an investment holding company. The Group 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 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. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by 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 at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going Concern Basis

The Group incurred a net loss of approximately HK\$45,378,000 for the year ended 31 December 2025 (the "Year") and, as of 31 December 2025, the Group had net current liabilities and net liabilities of approximately HK\$66,681,000 and approximately HK\$102,901,000 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 its liabilities in the normal course of business.

In view of the above circumstances, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to deal with these conditions and to mitigate the liquidity position and improve the financial position of the Group. These plans and measures include, but are not limited to, the followings:

- (i) Osibao Cosmetics HK has provided to the Company an unsecured loan facility in the principal amount of up to HK\$150,000,000 to the Group in order to enable the Group to continue as a going concern and to settle its liabilities when they fall due and carry on its business without significant curtailment of operations. As at 31 December 2025, the unutilised portion of this credit facility amounted to approximately HK\$106,431,000;

Besides, Osibao Cosmetics HK will not demand repayment of its loans granted to the Group, which amounted to approximately HK\$43,569,000 as at 31 December 2025, at least for the next twelve months from the date of approval of the consolidated financial statements;

- (ii) Maylion Management Limited which is 100% owned by Mr. Cheung has undertaken to provide financial support to Osibao Cosmetics HK to enable it to provide the financial support to the Group as mentioned in (i) above;
- (iii) the Group will take steps to obtain external sources of funding in order to improve the working capital and liquidity and cash flow position of the Group; and
- (iv) the Group is implementing stringent cost control measures to improve operating cash flow and speed up collection of trade and other receivables with an aim to attain positive cash flows from its operations.

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; (b) 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; and (c) the Group will further develop the healthcare and beauty business segment to enhance the results and financial position of the Group.

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. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The accounting policies adopted in these consolidated financial statements for the year ended 31 December 2025 are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024 except as described below.

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by HKICPA for the first time, which are mandatory effective for the annual periods beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the above 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.

New and amendments to HKFRS Accounting Standards in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards 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 ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
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 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

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 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Financial Instruments: Disclosures. The minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material effect on the financial position and performance of the Group, except for the presentation of the statement of profit or loss and disclosures in the financial statements.

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.

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, bank and cash 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	
	2025	2024	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue						
Revenue	29,315	39,606	21,990	1,078	51,305	40,684
Segment result	(16,624)	(29,781)	(20,898)	(713)	(37,522)	(30,494)
Unallocated interest income					4	5
Unallocated depreciation on right-of-use assets					(9)	(15)
Fair value loss on financial asset at FVTPL					–	(2,012)
Unallocated finance costs					(2)	(2)
Corporate and other unallocated expenses					(7,849)	(4,557)
Loss before tax					(45,378)	(37,075)
Segment assets	35,384	59,981	27,572	–	62,956	59,981
Corporate and other unallocated assets					17,487	15,073
Total assets					80,443	75,054
Segment liabilities	133,309	143,134	587	35	133,896	143,169
Corporate and other unallocated liabilities					49,448	37,235
Total liabilities					183,344	180,404

4. OPERATING SEGMENT INFORMATION (Continued)

	Accommodation		Healthcare and beauty		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information								
Depreciation on property,								
plant and equipment	4,677	7,546	1,665	-	-	-	6,342	7,546
Depreciation on right-of-use assets	7,373	16,465	-	-	9	15	7,382	16,480
Allowance for/(reversal of)								
expected credit loss model on								
financial assets at amortised cost	1,375	(13,707)	119	-	-	-	1,494	(13,707)
Loss on disposal of property,								
plant and equipment	108	-	-	-	-	-	108	-
Impairment of property,								
plant and equipment	197	4,504	-	-	-	-	197	4,504
Impairment of right-of-use assets	10,019	26,316	-	-	-	-	10,019	26,316
Gain on early termination of lease	(1,915)	-	-	-	-	-	(1,915)	-
Finance costs	4,900	5,878	-	-	2	2	4,902	5,880
Capital expenditure	1	255	14,486	-	-	-	14,487	255
Research and development costs	-	-	13,372	-	-	-	13,372	-
	<u>-</u>	<u>-</u>	<u>13,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,372</u>	<u>-</u>

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.

4. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A (<i>Note</i>)	<u>7,223</u>	<u>3,946</u>

Note: Revenue from accommodation business. The corresponding revenue for 2024 did not contribute over 10% of the total revenue of the Group.

5. REVENUE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Accommodation operations and provision of property facilities management services	26,730	35,821
Provision of accommodation consultations services	2,585	3,785
Sales of bioregenerative, collagen and anti-aging skincare products	<u>21,990</u>	<u>1,078</u>
Revenue from contracts with customers	<u>51,305</u>	<u>40,684</u>
Timing of revenue recognition:		
At a point in time	24,575	4,863
Over time	<u>26,730</u>	<u>35,821</u>
	<u>51,305</u>	<u>40,684</u>

6. OTHER OPERATING EXPENSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i> (restated)
Legal and professional fee	2,161	1,545
Expenses relating to short term leases	2,646	129
Building management fee	647	986
Auditors' remuneration	935	935
Sales and marketing expenses	9,943	4,010
Accommodation operating costs	2,609	2,707
Repair and maintenance	423	575
Research and development costs	13,372	–
Others	1,276	958
	<u>34,012</u>	<u>11,845</u>

7. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	4	5
Food and beverage and other hotel income	1,634	2,013
Government grants (<i>Note</i>)	–	6
Others	560	300
	<u>2,198</u>	<u>2,324</u>

Note: For the year ended 31 December 2024, government grants of approximately HK\$6,000 related to exemption of value-added-tax in the PRC of the accommodation operations business.

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

8. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance cost on provision for asset retirement	24	23
Interest on lease liabilities	<u>4,878</u>	<u>5,857</u>
	<u><u>4,902</u></u>	<u><u>5,880</u></u>

9. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – PRC Enterprise Income Tax provision for the year		
Overprovision in prior year:	9	118
PRC Enterprise Income Tax	(9)	(290)
Deferred tax	<u>-</u>	<u>2,857</u>
	<u><u>-</u></u>	<u><u>2,685</u></u>

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

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 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 and Implementation Regulation of the Enterprise Income Tax 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):

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration for		
– audit services	935	935
– non-audit services	<u>–</u>	<u>–</u>
	<u>935</u>	<u>935</u>
Net foreign exchange gain	(13)	(3)
Gain on early termination of leases	(1,915)	–
Cost of sales	17,567	765
Impairment loss on non-financial assets		
– Property, plant and equipment	197	4,504
– Right-of-use assets	<u>10,019</u>	<u>26,316</u>

11. DIVIDEND

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

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss	2025 HK\$'000	2024 <i>HK\$'000</i>
Loss attributable to the owners of the Company for the purpose of basic and diluted loss per share	<u>43,532</u>	<u>21,120</u>
Number of shares	2025	2024 (restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>964,929,156</u>	<u>564,091,152</u>

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2025 and 2024 have been adjusted for the effect of placing of shares, rights issue of shares, placing of shares completed on 20 September 2024, 27 March 2025 and 25 September 2025 respectively.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Prepayments and deposit paid		
Prepayments	1,020	569
Deposit paid for acquisition of a subsidiary	15,000	–
Prepayment for property, plant and equipment	2,428	–
	<u>18,448</u>	<u>569</u>
Deposits		
Rental deposits	2,390	4,301
Other deposits	10,048	–
	<u>12,438</u>	<u>4,301</u>
Other receivables	<u>393</u>	<u>913</u>
Total prepayments, deposits and other receivables	<u><u>31,279</u></u>	<u><u>5,783</u></u>

Analysed for reporting purpose as:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current	19,588	3,208
Current	11,691	2,575
	<u><u>31,279</u></u>	<u><u>5,783</u></u>

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 with credit period generally ranging from 30 to 90 days. No credit are allowed for trade receivables from accommodation consultation services. For revenue transactions from the healthcare and beauty operations, the trading term with customers are mainly on credit. The credit period generally range from 30 to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	7,667	1,755
Less: Allowance for expected credit losses	(2,205)	(790)
	<u>5,462</u>	<u>965</u>

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	4,635	846
31-60 days	66	51
61-90 days	33	52
91-120 days	728	16
	<u>5,462</u>	<u>965</u>

14. TRADE RECEIVABLES (Continued)

Movements in allowance for expected credit losses are as follow:

	Lifetime ECL (not credit impaired) HK\$'000	Lifetime ECL (credit impaired) HK\$'000	Total HK\$'000
At 1 January 2024	–	13,804	13,804
Movements during the year	–	(13,014)	(13,014)
At 31 December 2024 and at 1 January 2025	–	790	790
Movements during the year	2,205	(790)	1,415
At 31 December 2025	<u>2,205</u>	<u>–</u>	<u>2,205</u>

15. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	3,058	2,168
Accruals and other payables	16,155	11,053
	<u>19,213</u>	<u>13,221</u>

15. TRADE AND OTHER PAYABLES (Continued)

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	277	596
31-60 days	295	299
61-90 days	232	252
Over 90 days	<u>2,254</u>	<u>1,021</u>
	<u>3,058</u>	<u>2,168</u>

Accruals and other payables are analysed as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accruals		
Accrued staff costs	5,089	3,630
Accrued audit and professional fee	<u>4,456</u>	<u>4,137</u>
	<u>9,545</u>	<u>7,767</u>
Other payables		
Other tax payables	803	505
Contract liabilities (<i>Note (i)</i>)	–	73
Amounts due to non-controlling interests (<i>Note (ii)</i>)	2,448	216
Others	<u>3,359</u>	<u>2,492</u>
	<u>6,610</u>	<u>3,286</u>
Total accruals and other payables	<u>16,155</u>	<u>11,053</u>

15. TRADE AND OTHER PAYABLES (Continued)

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 2025, the balance represents amounts due to Wuhan Legend Strategy Hotel Management Company Limited (武漢枋浚酒店管理有限公司) of HK\$2,448,000 (2024: HK\$216,000). The amounts are unsecured, interest free and repayable on demand.

16. SHARE CAPITAL

Ordinary shares of HK\$0.01

	Number of shares	Amount HK\$'000
Authorised:		
At 1 January 2024, 31 December 2024 and 1 January 2025	780,000,000	7,800
Increase in authorised share capital (<i>Note a</i>)	<u>1,220,000,000</u>	<u>12,200</u>
At 31 December 2025	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 January 2024	448,363,708	4,484
Placing of shares (<i>Note b</i>)	<u>89,670,000</u>	<u>897</u>
At 31 December 2024 and 1 January 2025	538,033,708	5,381
Issue of new shares upon rights issue, net (<i>Note c</i>)	456,191,452	4,561
Placing of shares (<i>Note d</i>)	<u>198,840,000</u>	<u>1,988</u>
At 31 December 2025	<u>1,193,065,160</u>	<u>11,930</u>

16. SHARE CAPITAL (Continued)

Notes:

- (a) Pursuant to an ordinary resolution passed by the shareholders of the Company at an extraordinary general meeting held on 20 February 2025, the Company's authorised share capital was increased from HK\$7,800,000 divided into 780,000,000 shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each by the creation of an additional 1,220,000,000 unissued shares of HK\$0.01 each with effect from 20 February 2025.
- (b) 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 "**2024 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 2024 Placing, after deducting all the related costs, fees, expenses and commission were approximately HK\$14,987,000.
- (c) On 21 November 2024, the Company announced the proposed rights issue on the basis of one (1) rights share for every one (1) existing share then in issue at the subscription price of HK\$0.088 per rights share. On 27 March 2025, the Company allotted and issued 456,191,452 shares at subscription price of HK\$0.088 each by way of rights issue. The net proceeds from the rights issue were approximately HK\$39,064,000.
- (d) As disclosed in the Company's announcement dated 25 September 2025, the Company through a placing agent completed on 25 September 2025, the placing (the "**2025 Placing**") of 198,840,000 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 29 May 2025, to no less than six placees, all being independent third parties to the Company, at issue price of HK\$0.0622 per share. The net proceeds from the 2025 Placing, after deducting all the related costs, fees, expenses and commission were approximately HK\$12,386,000.

17. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed below and elsewhere in the annual results announcement, there were no other significant event took place subsequent to the end of the reporting period.

The Company announced on 23 December 2025, the proposed acquisition (the “**Acquisition**”) of 100% interest in AURO Hong Kong Limited (“**AURO**”) from Ms. Zheng Tong, an independent third party to the Group under the Listing Rules, at a total consideration of HK\$22,000,000. The principal underlying assets of the Acquisition is the indirect 37.5% equity interest of Beisheng Biotechnology (Shenzhen) Co., Ltd^Δ (倍生生物科技(深圳)有限公司) and its subsidiaries, specializing in strain design and fermentation process development. As at 31 December 2025, a deposit of HK\$15,000,000 was paid for the Acquisition. The Acquisition was completed, subsequent to the end of the reporting period, on 6 March 2026.

The Acquisition has been accounted for as acquisition of business using the acquisition method. Details of the Acquisition are set out in the Group’s announcements dated 23 December 2025, 3 March 2026 and 6 March 2026.

Details of the primary reasons for the Acquisition are set out in the Company’s announcement dated 23 December 2025, under the heading “REASONS FOR AND BENEFITS OF THE ACQUISITION”.

The initial accounting information for the business combination is incomplete at the time the consolidated financial statements are authorised for issue. The Group is awaiting to obtain the finalised financial information of AURO and the completion of the valuation on the completion date.

The Company announced on 23 December 2025, the proposal to change the English name of the Company from “Legend Strategy International Holdings Group Company Limited” to “Biosysen Limited” and to adopt “生物系統工程有限公司” as the dual foreign name in Chinese of the Company, to better align the direction of its future business development.

The Company announced on 23 December 2025, the proposal to adopt the second amended and restated memorandum and articles of association of the Company to replace the existing amended and restated memorandum and articles of association of the Company.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to conform with current year’s presentation. The changes mainly included separate disclosure of “cost of sales” from “other operating expenses”.

^Δ *English name for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Legend Strategy International Holdings Group Company Limited (the “**Company**”, collectively with its subsidiaries, the “**Group**”) was incorporated in the Cayman Islands with limited liability. 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 ended 31 December 2025 (the “**Year**”), the Group has operated five leased-and-operated accommodation projects.

ACCOMMODATION BUSINESS

The hotel business for the Year was affected by the global economic instability and geopolitical conflicts. In particular, the economy of the People’s Republic of China (the “**PRC**”) has been significantly impacted by the ongoing economic conflict between the PRC and United States of America and the 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 operations and property facilities management

With respect to the accommodation operations and property facilities management, for the Year, the revenue was approximately HK\$26,730,000, representing a decrease of approximately 25.4% 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 the termination of operations of the Nanshan Branch during the Year.

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 operations 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 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, with an increasing momentum of local economic recovery and a rapid rebound in tourism consumption confidence. In contrast, sentiment of domestic consumption continued to decline 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 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 decrease. The Wuhan Branch, in response, has strengthened its management in operational upgrades, marketing, and cost optimization since the early days of its operations.

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 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 was situated near the Hong Kong-Shenzhen Western Corridor and the Shekou Port. The branch had 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.

The Group had renovated the Nanshan Branch in early 2025, in order to maintain competitiveness of the branch. However, the Nanshan property was reclaimed by the owner for re-development during the Year. As a result, the Group and the owner of the Nanshan property reached an agreement to terminate the operations of the Nanshan Branch and handover the property to the owner during the Year. Gain on early termination of lease of approximately HK\$1.9 million was recognised for the Year as a result.

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

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. The revenue for the Year was approximately HK\$2,585,000 (2024: approximately HK\$3,785,000).

Given the shrinking demand for such services, the Group will reduce marketing efforts and other inputs to save operating costs and to commit its resources to the more promising healthcare and beauty business segment.

HEALTHCARE AND BEAUTY BUSINESS

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 CAGR of approximately 11.75% during the forecast period. In light of the robust growth in the PRC skincare market, the board (the “**Board**”) of directors (the “**Directors**”) considers that it is in the interests of the Company and shareholders of the Company (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.

During the Year, the Company through Shenzhen Ailansi Bio-technology Co. Ltd.[△] (深圳雅蘭斯生物科技有限公司), a wholly-owned subsidiary of the Company in the PRC, conduct healthcare and beauty business. 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\$21,990,000 for the Year (2024: approximately HK\$1,078,000).

The Company has raised net proceeds of approximately HK\$39.1 million from the 1 for 1 rights issue in March 2025. Approximately HK\$18.8 million has been fully utilized for general working capital of the Group as planned and the balance of approximately HK\$20.3 million has been utilized for developing the healthcare and beauty business during the Year.

The Group believes that the research and development (“**R&D**”) of proprietary rights and technology related to the healthcare and beauty business is key to attaining its competitive advantage.

The Group is currently focusing its R&D in the areas of: (a) Type III Collagen-Hyaluronic Acid “Dual-Protein” Aqua Shots, mainly aimed at using hyaluronic acid permeation enhancement technology, compounded with recombinant Type III collagen + acetylated hyaluronic acid (AcHA), to increase the transdermal efficiency and thus achieving instant filling + long-term regeneration; (b) Hydroxyapatite/Collagen Composite Filler, targeting the sizeable market of temple filling; (c) Photoelectric Activation-Type Collagen Repair Serum, mainly aimed at developing serum containing thermo/photo-sensitive liposomes that release collagen peptides under specific wavelength irradiation, achieving “device-activated” precise repair; and (d) Stem Cell Exosome Targeted Anti-ageing Therapy, mainly aimed at developing lyophilized exosome microspheres and achieving targeted release + long-lasting repair.

[△] *English name for identification purpose only*

The Company completed on 25 September 2025 the placing of an aggregate of 198,840,000 placing shares, (the “**2025 Placing**”) to not less than six places, at the placing price of HK\$0.063 per placing share pursuant to the terms of the placing agreement signed on 8 September 2025.

The net proceeds from the 2025 Placing, after deduction of relevant related expenses (including but not limited to placing commission, legal expenses and disbursements), amounted to approximately HK\$12.4 million. The Company has applied the entire net proceeds for further development of the healthcare and beauty business segment of the Group.

OUTLOOK

The Group’s healthcare and beauty products being well received by the market, the Group is prompted to further develop and strengthen its market share in the healthcare and beauty industry in the PRC.

In the course of the development of its healthcare and beauty segment business, the Group noted the opportunity to acquire an effective interest of 37.5% (the “**Acquisition**”) in Beisheng Biotechnology (Shenzhen) Co., Ltd^Δ (倍生生物科技(深圳)有限公司)(“**Beisheng Biotechnology**”) specializing in strain design and fermentation process development. Beisheng Biotechnology has established a comprehensive, closed-loop synthetic biology infrastructure, encompassing design software, vector and strain standard architectures, DNA and strain manufacturing platforms, data generation, and the R&D and production of process-related reagents and equipment. Beisheng Biotechnology also has comprehensive de novo DNA synthesis capabilities, core enzyme R&D and production capabilities, and fermentation-based R&D and production capabilities for proteins, small molecules, and complex products, from pilot to pilot-scale.

^Δ *English name for identification purpose only*

The Group believes that by acquiring an interest in Beisheng Biotechnology, it can secure the services of Beisheng Biotechnology, improve the efficiency of its own R&D projects, reduce R&D costs, and accelerate the commercialization of its R&D results. All the existing shareholders and management of Beisheng Biotechnology, to the best knowledge, information and belief of the Board and after making all reasonable enquiries, are independent third parties (within the meaning of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Upon successful completion of the Acquisition, the Group will be able to nominate and replace up to 2 directors to the current board of directors of Beisheng Biotechnology, made up of 5 members. The Acquisition was completed on 6 March 2026. For details of the Acquisition, please refer to the announcements of the Company dated 23 December 2025, 3 March 2026 and 6 March 2026.

The Company announced on 23 December 2025 that it proposed to change the English name of the Company from “Legend Strategy International Holdings Group Company Limited” to “Biosysen Limited” and to adopt “生物系統工程有限公司” as the dual foreign name in Chinese of the Company (the “**Proposed Change of Company Name**”).

The Group believes the R&D of proprietary rights and technology related to the healthcare and beauty business is key to attaining its competitive advantage, with the announcement on 23 December 2025 of the Acquisition, the Group is well-positioned to further develop its business. The Board considers that the Proposed Change of Company Name will better align the Company direction of future business development. The Board believes that the proposed new name of the Company will provide the Company with a new corporate image which will enable the Group to better identify itself and capture potential business opportunities for its future development. Therefore, the Board considers that the Proposed Change of Company Name is in the best interests of the Company and the Shareholders as a whole.

The Company announced on 23 December 2025 that it proposed the adoption of the second amended and restated memorandum and articles of association (the “**Amended M&A**”) of the Company to replace the existing amended and restated memorandum and articles of association of the Company.

The main reasons for the adoption of the Amended M&A are to: (i) reflect changes to the Company's name and share capital; (ii) reflect changes to the requirement of the applicable laws of the Cayman Islands and the Listing Rules; and (iii) make other consequential and housekeeping changes.

The Proposed Change of Company Name and proposed adoption of the Amended M&A are subject to the approval of the Shareholders by way of special resolutions at an extraordinary general meeting to be held on 1 April 2026.

FINANCIAL REVIEW

For the Year, the Group recorded revenue of approximately HK\$29,315,000 under the accommodation business segment, compared with approximately HK\$39,606,000 for the last financial year, representing a decrease of approximately 26.0%.

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 termination of operations of the Nanshan Branch during the Year.

The healthcare and beauty business contributed a revenue of approximately HK\$21,990,000 for the Year (2024: HK\$1,078,000).

The Group recorded a total comprehensive loss of approximately HK\$49,001,000 for the Year compared with approximately HK\$37,596,000 for the last financial year, representing an increase of approximately 30.3%.

The following table shows the key information of all the Group's leased-and-operated accommodation rooms for the years ended 31 December 2025 and 2024 respectively.

	2025	2024
Total available room nights	187,307	230,391
Occupancy rate	48.57%	50.82%
ARR (RMB)*	233.8	253.5
RevPAR (RMB)#	<u>113.5</u>	<u>128.9</u>

* 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 43,084 nights or approximately 18.7% as compared with last financial year mainly due to termination of operations of the Nanshan Branch during the Year. The occupancy rate of the Group decreased by 2.25%, and the RevPAR of the Group decreased by RMB15.4 or approximately 11.9% respectively as compared with last financial year, mainly due to termination of operations of the Nanshan Branch during the Year.

Operating costs

The total operating costs increased by approximately HK\$12,304,000, or approximately 22.7%, from approximately HK\$54,313,000 (restated) for last financial year to approximately HK\$66,617,000 for the Year. The increase is mainly attributable to the following reasons:

Depreciation on right-of-use assets decreased by approximately HK\$9,098,000 or approximately 55.2% 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\$1,204,000 or approximately 16.0%, primarily because certain property, plant and equipment were fully depreciated in prior year.

Employee benefit expenses increased by approximately HK\$1,209,000 or approximately 7.6% mainly attributable to the addition of manpower in the healthcare and beauty business segment during the Year. Meanwhile, utilities decreased by approximately HK\$770,000 or approximately 30.8% due to the cost saving measure adopted by the Group during the Year.

Other operating expenses increased by approximately HK\$22,167,000 or approximately 187.1% mainly due to increase in research and development costs and sales and marketing expenses of the healthcare and beauty business segment.

The following table shows the total operating costs for the financial years ended 31 December 2025 and 2024:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(restated)
Depreciation on right-of-use assets	7,382	16,480
Depreciation on property, plant and equipment	6,342	7,546
Employee benefit expenses	17,152	15,943
Utilities	1,729	2,499
Other operating expenses	34,012	11,845
	<u>66,617</u>	<u>54,313</u>

Finance costs

The finance costs for the Year slightly decreased by approximately HK\$978,000 to approximately HK\$4,902,000 as compared with last financial year. It mainly represented the interests accrued from outstanding lease liabilities.

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 Hehui International Development Limited (“**Hehui**”), a company incorporated in the British Virgin Islands, and is beneficially owned as to 100% by Mr. Yuan Fuer (“**Mr. Yuan**”), who was also a non-executive Director, and was considered by the Directors as the controlling shareholder (as defined under the Listing Rules).

The Board was informed on 9 October 2025 that pursuant to a settlement agreement between Hehui and Osibao Cosmetics International Limited (“**Osibao Cosmetics HK**”), a company incorporated in Hong Kong and beneficially owned as to 100% by Mr. Cheung Ching Mo (“**Mr. Cheung**”):- (i) the title of the receivable due from the Company to Hehui of approximately HK\$28,569,000, was transferred to Osibao Cosmetics HK; and (ii) 345,929,020 shares of the Company was transferred by Hehui to Osibao Cosmetics HK. The Board considers Osibao Cosmetics HK the corporate substantial shareholder (as defined under the Listing Rules) and the single largest shareholder of the Company. Hehui ceased to be the controlling shareholder (as defined under the Listing Rules) of the Company but remained as the substantial shareholder (as defined under the Listing Rules) of the Company immediately after the aforesaid transfers. According to the FORM 2 – Corporate Substantial Shareholder Notice required under Part XV of the Securities and Futures Ordinance, and as filed by Hehui on 23 December 2025, the interests of Hehui in total issued share capital of the Company fell below 5%.

As at 31 December 2025, Osibao Cosmetics HK (2024: Hehui) had made available credit facilities up to the amount of HK\$150,000,000 (2024: HK\$200,000,000) to the Group on normal commercial terms or better to the Group. The borrowings drawn under the credit facility by Osibao Cosmetics HK (2024:Hehui) shall be repayable on the date as set out in the individual borrowing agreements and are interest-free and unsecured. The Group may request for drawdown on the HK\$150,000,000 credit facilities at any time prior to 31 December 2027. As at 31 December 2025, credit facility of approximately HK\$106,431,000 (2024: approximately HK\$171,431,000 from Hehui) was available for use.

As at 31 December 2025, the Group had bank and cash balances of approximately HK\$2,443,000 (31 December 2024: approximately HK\$13,857,000). Gearing ratio is calculated as the amount of interest-bearing borrowings divided by total equity. The gearing ratio as at 31 December 2025 was N/A (31 December 2024: N/A).

The Group was in net current liabilities and net liabilities position of approximately HK\$66,681,000 and approximately HK\$102,901,000 as at 31 December 2025. Osibao Cosmetics HK 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 1,193,065,160 ordinary shares of HK\$0.01 each as at 31 December 2025 (31 December 2024: 538,033,708 ordinary shares of HK\$0.01 each).

Dividends

The Directors do not recommend the payment of dividend in respect of the Year (2024: 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 27 March 2026, being the date of this annual results announcement.

EMPLOYEE AND REMUNERATION POLICIES

The Group had 94 employees (31 December 2024: 100 employees) as at 31 December 2025. For the Year, the total staff costs (including Directors' emoluments) were approximately HK\$17,152,000 (2024: approximately HK\$15,943,000). 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 2025, the Group did not have any charges on its assets (31 December 2024: None).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2025, capital commitments of the Group was approximately HK\$1,549,000 in respect of property, plant and equipment (31 December 2024: None).

As at 31 December 2025 and 2024, 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 operations, 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 2025, but represents an extract from those consolidated financial statements. The annual results of the Group for the year ended 31 December 2025 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 2025.

We draw attention to note 2 to the annual results announcement which indicates that the Group incurred a net loss of approximately HK\$45,378,000 for the year ended 31 December 2025 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK\$66,681,000 and approximately HK\$102,901,000 respectively. As stated in note 2 to the annual results announcement, these events or conditions, along with other matters as set in note 2 to the annual results announcement, 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 "2025 AGM") of the Company for the year ended 31 December 2025 will be held on a date to be fixed by the Board, and a notice convening the 2025 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 2025 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

Lee Tsz Yan

Executive Director

Hong Kong, 27 March 2026

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

Executive Director:

Ms. Lee Tsz Yan

Non-executive Directors:

Mr. Cheung Ching Mo

Mr. Hu Xinglong

Independent non-executive Directors:

Mr. Wu Jilin

Mr. Lam Cheung Shing Richard

Mr. So Yin Wai