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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)

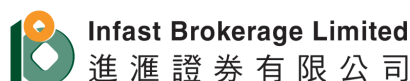
(Stock Code: 1355)

**PLACING OF CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE**

Financial Advisor to the Company



Placing Agent



THE PLACING AGREEMENT

On 19 September 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed amongst other things to procure not less than six Placees to subscribe for (i) the Tranche I Convertible Bonds on a fully underwritten basis; and (ii) the Tranche II Convertible Bonds on a best effort basis.

Assuming the Convertible Bonds are fully placed, upon full conversion of the Convertible Bonds at the Conversion Price, a total of 100,000,000 Conversion Shares will be issued, representing approximately 38.20% of the existing issued share capital of the Company and approximately 27.64% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

The gross proceeds from the Placing, if fully placed, will be HK\$80.0 million and the estimated net proceeds from the Placing will be not less than approximately HK\$45.58 million (assuming no subscription of the Tranche II Convertible Bonds) and not more than HK\$76.3 million (assuming full subscription of the Tranche II Convertible Bonds), which approximately 50% are intended to be used for general working capital of the Group and approximately 50% for financing future investment opportunities as may be identified, details of which are set out in section headed “Reasons for the Placing and Use of Proceeds” of this announcement.

The Conversion Shares will be issued under the Specific Mandate. The EGM will be convened for the purpose of considering and, if thought fit, approving, inter alia, the Placing Agreement and the transactions contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of Conversion Shares under the Specific Mandate.

The Placing is conditional upon, inter alia, the passing of the relevant resolutions at the EGM to approve, inter alia, the Placing Agreement and the transactions contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of Conversion Shares under the Specific Mandate.

A circular containing, among other things, (i) further details of the Placing Agreement; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Since completion of the Placing is subject to the fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 19 September 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, the principal terms of which are summarised below.

THE PLACING AGREEMENT

Date:

19 September 2014 (after trading hours)

Parties:

Issuer : The Company

Placing Agent : Infast Brokerage Limited

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Subject matter of the Placing Agreement:

The Placing Agent has conditionally agreed to procure not less than six Placees who are Independent Third Parties for the subscription of the Tranche I Convertible Bonds on a fully underwritten basis and the Tranche II Convertible Bonds on a best effort basis.

Placing Commission:

The Company shall pay to the Placing Agent a fee equal to 3.0% of the aggregate principal amount of the Convertible Bonds placed by the Placing Agent to the Placee(s) upon Completion. Such rate was arrived at after arm's length negotiations between the Company and the Placing Agent.

Principal terms of the Convertible Bonds:

The following summarises certain of the principal terms of the Convertible Bonds:

| | | |
|------------------------|---|--|
| Issuer | : | The Company |
| Total principal amount | : | Up to HK\$80,000,000, comprising HK\$48,000,000 under the Tranche I Convertible Bonds and up to HK\$32,000,000 under the Tranche II Convertible Bonds |
| Issue price | : | HK\$80,000,000, representing 100% of the principal amount of the Convertible Bonds |
| Interest | : | 8% per annum on the outstanding principal amount thereof. Interest shall be accrued daily on a 365 days basis and is payable on the Maturity Date |
| Maturity Date | : | One year from the relevant date of issue or if such date is not a Business Day, the next Business Day |
| Conversion rights | : | The Bondholders will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price at any time during the Conversion Period provided that (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion rights, represents more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at the time in compliance with the Listing Rules |

Conversion Shares : Assuming the conversion rights attached to the Convertible Bonds are exercised in full at the initial Conversion Price of HK\$0.80 per Conversion Share, a maximum of 100,000,000 Conversion Shares will be allotted and issued, representing approximately 38.20% of the entire issued share capital of the Company as at the date of this announcement and approximately 27.64% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Conversion Price : HK\$0.8 per Conversion Share, subject to adjustments for the anti-dilution provisions as summarized in the paragraph headed “Anti-dilution adjustments” below.

The Conversion Price represents:

- (i) a premium of approximately 3.90% over the closing price of HK\$0.770 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 6.38% over the average closing price of HK\$0.752 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Placing Agreement.

The initial Conversion Price was determined after arm’s length negotiations between the Company and the Placing Agent with reference to the market price of the Shares under the prevailing market conditions.

Maturity Redemption : At 106% of outstanding principal amount of the Convertible Bonds on the Maturity Date.

Early Redemption : The Company shall be entitled at any time while the Convertible Bonds are outstanding and have not been converted to redeem the Convertible Bonds from the Bondholder(s) at the Accreted Value by serving 14-day prior notice of redemption to the relevant Bondholder(s).

No interest shall be payable in respect of the Convertible Bonds which are redeemed prior to the Maturity Date.

Anti-dilution adjustments : The Conversion Price will be subject to adjustments upon the occurrence of the following events:

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or sub-division;

- (ii) an issue (other than in lieu of a declared cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, or a grant by the Company to Shareholders of rights to acquire for cash assets of the Company or any of its subsidiaries, to the Shareholders in their capacity as such;
- (iv) an offer or grant being made by the Company to the Shareholders by way of rights or options or warrants to subscribe for new Shares at a price which is less than 80% of the market price of the Shares;
- (v) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if the total effective consideration per new Share initially receivable for such securities is less than 80% of the market price of the Shares or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration is less than 80% of the market price of the Shares;
- (vi) an issue of Shares being made wholly for cash at a price less than 80% of the market price of the Shares; and
- (vii) an issue of Shares for the acquisition of asset at a total effective consideration per new Share is less than 80% of the market price of the Shares.

Save for the adjustment as set out above, the Conversion Price will not be subject to any other adjustments.

Transferability

- : The Convertible Bonds may be freely transferred by the Placees in whole amounts or multiples of units of principal amount of the Convertible Bonds of HK\$800,000 to transferee who is not a restricted holder (as defined under the terms and conditions of the Convertible Bonds) and any transfer of the Convertible Bonds to any connected person shall be subject to prior written consent of the Company.

- Voting : The Bondholders shall not be entitled to attend or vote at any meetings of the Company by reason only of its being a Bondholder.
- Listing : No application will be made for the listing of the Convertible Bonds on the Hong Kong Stock Exchange or any other stock exchange.
- An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bonds.
- Ranking of Conversion Shares : The Conversion Shares will rank pari passu in all respects among themselves and with other Shares in issue on the conversion date of the Convertible Bonds.

Conditions of the Placing:

The Placing is conditional upon the fulfillment of the following conditions:

- (i) The Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all the Conversion Shares falling to be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bonds;
- (ii) the passing by the Shareholders of the relevant resolutions at the EGM in compliance with the requirements of the Listing Rules approving the Placing Agreement and the transactions contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate; and
- (iii) the Placing Agent being satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Group as it may reasonably consider appropriate.

If the conditions specified above are not fulfilled at or before 4:00 p.m. (Hong Kong time) on 14 November 2014 or such other time or date as may be agreed between the Company and the Placing Agent in writing, the Placing Agent may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against any of the others, save for any antecedent breach thereof.

Completion of the issue of the Convertible Bonds:

Completion of the issue of the Tranche I Convertible Bonds is scheduled to take place within five (5) Business Days after the date on which all the conditions precedent as described above have been fulfilled or waived (or such later date as the Placing Agent and the Company may agree in writing).

On the Tranche I Convertible Bonds Completion Date, the Company shall issue to the Placees the Tranche I Convertible Bonds and the Placing Agent shall make payment for the principal amounts of the Tranche I Convertible Bonds being placed or subscribed (subject to deduction for the commissions, fees and expenses in relation to the Tranche I Convertible Bonds payable by the Company).

Completion of the issue of the Tranche II Convertible Bonds is scheduled to take place within twenty (20) Business Days after the date on which all the conditions precedent as described above have been fulfilled or waived (or such later date as the Placing Agent and the Company may agree in writing).

On the Tranche II Convertible Bonds Completion Date, the Company shall issue to the Placees the Tranche II Convertible Bonds and the Placing Agent shall make payment for the principal amounts of the Tranche II Convertible Bonds being placed or subscribed (subject to deduction for the commissions, fees and expenses in relation to the Tranche II Convertible Bonds payable by the Company).

Termination:

The Placing Agent may, by notice to the Company given at any time prior to 8:00 a.m. on the relevant Completion Date, terminate the Placing Agreement in the absolute opinion of the Placing Agent, the success of the Placing contemplated thereunder would be materially and adversely affected by:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Placing Agent is likely to materially and adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (e) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 15 consecutive Business Days, excluding any suspension in connection with the clearance of the announcement relating to, among other matters, the proposed issue of the Convertible Bonds and the Placing Agreement, announcement, the circular or other documents in connection with the subscription contemplated thereunder; or
- (f) any material breach of any of the representations, warranties and undertakings set out in the Placing Agreement comes to the knowledge of the Placing Agent.

If the Placing Agent terminates the Placing Agreement, all obligations of the Placing Agent and the Company under the Placing Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be issued under the Specific Mandate to be sought at the EGM. The EGM will be convened for the purpose of considering and, if thought fit, approving, inter alia, the Placing Agreement and the transaction contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of Conversion Shares under the Specific Mandate.

A circular containing, among other things, (i) further details of the Placing Agreement; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming (a) there is no change in the issued share capital of the Company from the date of this announcement and up to the date of full conversion of the Convertible Bonds at the initial Conversion Price (other than as a result of the allotment and issue of the Conversion Shares); and (b) all of the HK\$80 million Convertible Bonds are placed in full, the

following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price:

| Shareholders | As at the date of this announcement | | Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price | |
|-------------------------------|-------------------------------------|---------------|---|---------------|
| | No. of Shares | Approximate % | No. of Shares | Approximate % |
| Mr. Fong Man Kelvin (Note) | 102,576,466 | 39.19 | 102,576,466 | 28.35 |
| Public Shareholders | | | | |
| Places | — | — | 100,000,000 | 27.64 |
| Other public Shareholders | <u>159,193,535</u> | <u>60.81</u> | <u>159,193,535</u> | <u>44.01</u> |
| | <u>261,770,001</u> | <u>100.00</u> | <u>361,770,001</u> | <u>100.00</u> |

Note: Mr. Fong Man Kelvin is an executive Director and the Chairman of the Board.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in operating budget hip hotels, providing hotel consultancy services and hotel management services in the PRC. As disclosed in the interim results announcement of the Group for the six months ended 30 June 2014 (the “Interim Results Announcement”), the Group has four new hotels under constructions during the first six months of 2014. As stated in the Interim Results Announcement, the aforesaid four hotels will soon commence operation in second half of 2014 to first quarter of 2015.

The Directors have considered various ways of raising funds in the capital market and consider that the Placing is an appropriate means of raising additional capital for the Company since (i) they will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (ii) if the conversion rights attaching to the Convertible Bonds are exercised, the shareholder base of the Company will be enlarged and the financial position of the Group will be improved for establishing and strengthening the existing and future business of the Group.

The gross proceeds to be raised from the Placing are estimated to be not less than HK\$48 million (assuming no subscription of the Tranche II Convertible Bonds) and not more than HK\$80 million (assuming full subscription of the Tranche II Convertible Bonds). The net proceeds from the Placing will be estimated to be not less than HK\$45.58 million (assuming no subscription of the Tranche II Convertible Bonds) and not more than HK\$76.30 million (assuming full subscription of the Tranche II Convertible Bonds). On such basis, the net price to the Company of each Conversion Share is approximately HK\$0.760 and HK\$0.763 respectively. The net proceeds from the Placing are intended to be used for approximately 50% for general working capital of the Group and approximately 50% for financing future investment opportunities as may be identified.

Terms of the Placing Agreement were determined after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement and the terms of the Convertible Bonds (together with the Conversion Price) are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising exercise in the past twelve months immediately preceding the date of this announcement.

| Date of announcement | Event | Net proceeds raised (approximately) | Intended use of proceeds | Actual use of proceeds |
|-----------------------------|---|--|---|---|
| 23 July 2014 | Placing of new shares under general mandate | HK\$33.3 million | Repayment of liabilities and general working capital of the Group | Approximately HK\$29.9 million was used to settle liabilities of the Group and the remaining balance of approximately HK\$3.4 million is maintained at bank |

GENERAL

The Placing is conditional upon, inter alia, the passing of the relevant resolutions at the EGM to approve, inter alia, the Placing Agreement and the transaction contemplated thereunder, the issue of the Convertible Bonds and the allotment and issue of Conversion Shares under the Specific Mandate.

A circular containing, among other things, (i) further details of the Placing Agreement; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Since completion of the Placing is subject to the fulfilment of the condition(s) as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

| | |
|-----------------------|--|
| “Accreted Value” | in relation to a Convertible Bond to be redeemed prior to the Maturity Date, an amount of principal that would result in an annualised yield on the Convertible Bond subscribed on the date of the original issuance of the Convertible Bond, at its principal amount, of 14% per annum through to the redemption date (which is identical to the gross yield in the case of redemption on maturity), calculated on an annual bond equivalent basis of the actual number of days elapsed in the relevant interest period divided by 365 days |
| “Board” | the board of Directors |
| “Bondholder(s)” | holder(s) of the Convertible Bonds |
| “Business Day(s)” | any day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “Company” | Legend Strategy International Holdings Group Company Limited (stock code: 1355), an exempted company incorporated in the Cayman Islands with limited liability, with its Shares listed on the main board of the Stock Exchange |
| “Completion Date” | collectively, the Tranche I Convertible Bonds Completion Date and the Tranche II Convertible Bonds Completion Date |
| “connected person(s)” | the meaning ascribed to it under the Listing Rules |
| “Convertible Bonds” | collectively, the Tranche I Convertible Bonds and the Tranche II Convertible Bonds |
| “Conversion Period” | the period commencing on the date of issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date |
| “Conversion Price” | HK\$0.8 per Conversion Share, subject to adjustments, pursuant to the terms and conditions of the Convertible Bonds |

| | |
|-----------------------------|--|
| “Conversion Shares” | shares of the Company to be issued upon conversion of the Convertible Bonds |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if think fit, approve the grant of the Specific Mandate |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Independent Third Parties” | any person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Maturity Date” | the date falling one (1) year from the date of issue of the Convertible Bonds or if such date is not a Business Day, the next Business Day |
| “Placee(s)” | any professional, institutional or other investor(s) or person or entity procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agent’s obligations under the Placing Agreement |
| “Placing” | the placing of the Convertible Bonds pursuant to the Placing Agreement |
| “Placing Agent” | Infast Brokerage Limited, a licensed corporation to carry on businesses in type 1 (dealing in securities), regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Placing Agreement” | the placing agreement dated 19 September 2014 entered into between the Company and the Placing Agent in respect of the Placing |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |

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| “Share(s)” | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Specific Mandate” | the specific mandate to be sought at the EGM for the issue and allotment of the Conversion Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Hong Kong Code on Takeovers and Mergers |
| “Tranche I Convertible Bonds” | the convertible bonds in the aggregate principal amount of HK\$48,000,000 to be placed under the Placing |
| “Tranche I Convertible Bonds Completion Date” | the date of Completion of the Placing of Tranche I Convertible Bonds |
| “Tranche II Convertible Bonds” | the convertible bonds in the aggregate principal amount of HK\$32,000,000 to be placed under the Placing |
| “Tranche II Convertible Bonds Completion Date” | the date of Completion of the Placing of Tranche II Convertible Bonds |
| “%” | per cent |

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

Hong Kong, 19 September 2014

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

Executive Directors

Mr. Fong Man Kelvin (*Chairman*)
Ms. Fong Nga Peggy
Mr. Yue Kwai Wa Ken
Mr. Yip Chung Wai David

Independent Non-executive Directors

Dr. Wong Hak Kun Jerry
Mr. Wong Sui Chi Frankie
Mr. Liu Cheng Zhong
Mr. Frostick Stephen William