



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)

Executive Director:

Ms. Lee Tsz Yan

Non-executive Directors:

Mr. Yuan Fuer (*Chairman*)

Mr. Hu Xinglong

Independent non-executive Directors:

Mr. Wu Jilin

Mr. Lam Cheung Shing Richard

Mr. So Yin Wai

Registered office:

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P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Suite 1702, 17/F

World-Wide House

19 Des Voeux Road Central

Central

Hong Kong

5 March 2025

To the Qualifying Shareholders and, for information only, the Excluded Shareholders (if any)

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

References are made to the Announcement and the Circular in relation to, among other things, the Rights Issue and the Change in Board Lot Size.

At the EGM, the resolutions approving, among other matters, the Rights Issue and the transactions contemplated thereunder were duly passed by the Independent Shareholders by way of poll. Hehui International (being a Controlling Shareholder) and Mr. Yuan (being the sole shareholder of Hehui International, the chairman of the Board and a non-executive Director) were required to abstain and had so abstained from voting in favour of the proposed resolution approving the Rights Issue and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A of the Listing Rules. Save for Hehui International and Mr. Yuan, no other Shareholder was required to abstain from voting for the proposed resolutions at the EGM.

The purpose of this Prospectus is to provide you with, among other things, further details on the Rights Issue, certain financial information and other general information of the Group.

RIGHTS ISSUE

The Board proposed to raise gross proceeds of up to approximately HK\$47.3 million (assuming full subscription under the Rights Issue) by way of issuing up to 538,033,708 Rights Shares at the Subscription Price of HK\$0.088 per Rights Share on the basis of one (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any).

Rights Issue statistics

| | | |
|---|---|---|
| Basis of the Rights Issue | : | One (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date |
| Subscription Price | : | HK\$0.088 per Rights Share |
| Number of Shares in issue as at the Latest Practicable Date | : | 538,033,708 Shares |
| Maximum number of Rights Shares to be issued | : | 538,033,708 Rights Shares |

| | | |
|---|---|---|
| Approximate aggregate nominal value of the Rights Shares | : | HK\$5,380,337.08 |
| Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed) | : | 1,076,067,416 Shares |
| Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses) | : | Approximately HK\$0.086 per Rights Share |
| Maximum gross proceeds to be raised from the Rights Issue before expenses | : | Approximately HK\$47.3 million |
| Maximum net proceeds to be raised from the Rights Issue after expenses | : | Approximately HK\$46.3 million |
| Rights of excess application | : | Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotments |

Assuming that no new Shares will be allotted and issued on or before completion of the Rights Issue, the 538,033,708 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 100% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) 50% of the total issued share capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed).

As at the Latest Practicable Date, the Company had no outstanding derivatives, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

The Subscription Price

The Subscription Price is HK\$0.088 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Share(s) applies for the Rights Share(s).

The Subscription Price represents:

- (i) a discount of approximately 41.33% to the closing price of HK\$0.150 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 49.71% to the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 49.60% to the average closing price of approximately HK\$0.1746 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 50.87% to the average closing price of approximately HK\$0.1791 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 33.08% to the theoretical ex-rights price of approximately HK\$0.1315 per Share based on the benchmarked price of HK\$0.175 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK\$0.175 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1746 per Share);
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 24.86% of the theoretical diluted price of approximately HK\$0.1315 per Share to the benchmarked price of approximately HK\$0.175 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK\$0.175 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1746 per Share);

- (vii) a premium of approximately HK\$0.2418 over the audited consolidated net liability value per Share as at 31 December 2023 of approximately HK\$0.1538 per Share based on the audited consolidated net liabilities of the Company of approximately HK\$82,741,000 as at 31 December 2023 and the total number of 538,033,708 Shares in issue as at the Latest Practicable Date; and
- (viii) a premium of approximately HK\$0.2372 over the unaudited consolidated net liability value per Share as at 30 June 2024 of approximately HK\$0.1492 per Share based on the unaudited consolidated net liabilities of the Company of approximately HK\$80,299,000 as at 30 June 2024 and the total number of 538,033,708 Shares in issue as at the Latest Practicable Date.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of the Rights Shares will be approximately HK\$0.086.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined with reference to the followings:

- (i) *Prevailing market price of the Shares:* The daily closing price of the Shares demonstrated an overall downward trend during the six months prior to and including the Last Trading Day, decreasing from HK\$0.270 per Share on 22 May 2024 to HK\$0.175 per Share on the Last Trading Day;
- (ii) *Financial position of the Group:* According to the Company's interim report for the six months ended 30 June 2024 (the "**2024 Interim Report**"), the Group recorded net liabilities of approximately HK\$80.3 million and the Group's total revenue decreased by approximately 37.4% from approximately HK\$30.5 million for the six months ended 30 June 2023 to approximately HK\$19.1 million for the six months ended 30 June 2024. Further, based on the Company's annual report for the year ended 31 December 2023 which sets forth the latest published audited consolidated financial statements of the Company, the Company recorded total comprehensive loss of approximately HK\$61.9 million for the year ended 31 December 2023, resulting in loss per Share of approximately HK\$8.51 for the corresponding year;

- (iii) *Trading volume of the Shares:* During the six months prior to and including the Last Trading Day, the Company's average daily trading volume (calculated based on the total trading volume divided by the total number of trading days during the six months prior to and including the Last Trading Day) represented merely approximately 0.86% of the total issued share capital of the Company;
- (iv) *Reasons for and benefits of the proposed Rights Issue:* As mentioned in the paragraph headed "Reasons for and benefits of the Rights Issue and the use of proceeds" in this section, the Company intends to develop healthcare and beauty business specialised in the sale of bioregenerative, collagen and anti-aging skincare products. Taking into consideration the Group's cash and cash equivalent of approximately HK\$1.4 million as at 30 June 2024, the Directors consider that the Company has imminent needs to raise funding to capture any business opportunities in the healthcare and beauty industry; and
- (v) *Amount of funds intended to be raised under the Rights Issue:* The maximum gross proceeds of approximately HK\$47.3 million to be raised under the Rights Issue (assuming the Rights Issue is fully subscribed) is relatively large as compared to the market capitalisation of the Company of approximately HK\$94.2 million as at the Last Trading Day.

Under the prevailing market conditions and economic sentiment and with reference to (i) the overall downward trend of the market price of the Shares during the six months prior to and including the Last Trading Day; (ii) the recent market performance of the Shares particularly the Company's average daily trading volume during the six months prior to and including the Last Trading Day as illustrated above indicated a lack of liquidity and demand for the Shares; and (iii) the latest business performance and financial position of the Group, particularly the Group experienced a decrease in revenue during the six months ended 30 June 2024 and recorded net liabilities as at 30 June 2024; the Directors consider that it is fair and reasonable and more practical and commercially sensible to set a subscription price which is lower than the prevailing market price in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate in the Rights Issue.

The Directors consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Non-underwritten Basis

Subject to the fulfilment of conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares will be made available for excess application under the EAFs. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue and there is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who apply to take up all or part of his/her/its entitlement under the PAL and/or Excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue or Excess Rights Shares under the EAF will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Shares subject to scale down will be available for application as Excess Rights Shares to other Qualifying Shareholders, any subscription monies not utilised due to the scaled-down application of entitled Rights Shares or Excess Rights Shares will be refunded to the affected applicants.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Irrevocable Undertakings

As at the Latest Practicable Date, the Board has not received any information or irrevocable undertaking from any Shareholders of their intention to take up or not to take up the securities of the Company to be provisionally allotted to them under the Rights Issue.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the increase in the Company's authorised share capital from HK\$7,800,000 divided into 780,000,000 Shares to HK\$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,220,000,000 unissued Shares having become effective. For more details, please refer to the Announcement and the Circular;
- (ii) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (iii) the Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iv) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date; and

- (v) the Prospectus Documents having been made available to the Qualifying Shareholders and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date.

None of the above conditions can be waived. As at the Latest Practicable Date, conditions (i) and (ii) have been fulfilled and conditions (iii) to (v) remained unfulfilled. If any of the conditions referred to above is not fulfilled by Friday, 30 May 2025, the Rights Issue will not proceed.

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance.

The PAL relating to the Rights Shares in printed copies will be sent to the Qualifying Shareholders entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made with the Registrar on or before the Latest Time for Acceptance by lodging a duly completed PAL and a remittance for the Rights Shares being applied for.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents will be made available and/or despatched (as the case may be) to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send the Prospectus to Qualifying Shareholders in electronic form, while the PAL and the EAF will be sent in printed copies. Copies of the Prospectus Documents will also be made available on the websites of the Company (www.legend-strategy.com) and the Stock Exchange (www.hkexnews.hk). The Prospectus only (excluding the PAL and EAF) will be made available to the Excluded Shareholders (if any) in electronic form for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company may be diluted.

Overseas Shareholder(s)

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue.

As at the Latest Practicable Date, based on the register of members of the Company, there was one Overseas Shareholder, namely Hehui International (being a Controlling Shareholder), with registered address located in the PRC. Hehui International is interested in 269,564,510 Shares, representing approximately 50.10% of the total issued share capital of the Company.

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made necessary enquiries regarding the feasibility of extending the offer of the Rights Issue to the Overseas Shareholders. Taking into account the advice provided by legal adviser in the PRC, the Directors are of the view that the relevant PRC legal restrictions and requirements of the regulatory body or stock exchange in the PRC do not make it necessary or expedient to exclude Hehui International, the Overseas Shareholder with registered addresses located in the PRC, from the Rights Issue. Therefore, Hehui International is not an Excluded Shareholder and the Rights Issue will be extended to Hehui International. Save for Hehui International, there were no other Overseas Shareholders based on the register of members of the Company as at the Latest Practicable Date.

As the register of members of the Company had already been closed as at the Latest Practicable Date and would remain closed up to the Record Date, there would be no additional Overseas Shareholder and hence no Excluded Shareholder on the Record Date.

It is the responsibility of each Overseas Shareholder who wishes to take part in the Rights Issue to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territories and jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements.

Excluded Shareholder(s) (if any)

The Company will not extend the Rights Issue to the Excluded Shareholders. Accordingly, no provisional allotment of the Rights Shares will be made to the Excluded Shareholders and the Excluded Shareholders will not be entitled to apply for the Rights Shares.

Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, above HK\$100 will be distributed by the Company to the relevant Excluded Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold nil-paid Rights Shares of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

The Prospectus Documents, together with the PAL and EAF, will be made available and/or despatched (as the case may be) to the Qualifying Shareholders only and to the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Prospectus (excluding the PAL and EAF) will be made available to the Excluded Shareholders for their information only. The Company will despatch the PAL and EAF in printed form to the Qualifying Shareholders but will not despatch the PAL and EAF to the Excluded Shareholders.

No Fractional Entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) existing Share held on the Record Date, no fractional entitlements to the Rights Shares shall be issued to the Shareholders.

Procedures for acceptance and payment and/or transfer

General

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to the full observance of the applicable laws of any relevant territory or jurisdictions including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes and duties due in such territories or jurisdictions. The attention of Shareholders with registered addresses in any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons, and investors who are located or resided in, with such addresses is drawn to the paragraph headed "Overseas Shareholder(s)" in this letter.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply or subscribe for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof.

Completion and return of the PAL(s) and/or EAF(s) by anyone outside Hong Kong will constitute a warranty and representation by such person to the Company that all registration, legal and regulatory requirements of such relevant jurisdictions in connection with the PAL(s) and/or the EAF(s) and any acceptance of the PAL(s), have been, or will be, duly complied with. The Company reserves the right to refuse to accept any application or subscription for or transfer of Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the jurisdictions outside Hong Kong and which may involve a breach of the laws of the relevant jurisdictions; or otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement.

PAL – Acceptance, payment and/or transfer

A PAL in printed copies will be sent to the Qualifying Shareholders entitling the Qualifying Shareholders to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Wednesday, 19 March 2025 (or, under bad weather conditions, such later date as mentioned in the paragraph headed "Effect of bad weather and/or Extreme Conditions on the Latest Time for Acceptance of and payment for the Rights Shares" in the section headed "Expected Timetable" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders issued by, a licensed bank in Hong Kong and made payable to "**Legend Strategy International Holdings Group Company Limited**" and crossed "**ACCOUNT PAYEE ONLY**".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 19 March 2025, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicant at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Tuesday, 11 March 2025 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” above are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 27 March 2025.

No receipt will be issued in respect of any application monies received.

EAF – Application and payment for the Excess Rights Shares

All Qualifying Shareholder are entitled to apply, by way of excess application under the EAFs, for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders; and
- (iii) any Rights Shares which would otherwise be allotted but subject to scale down (as described below).

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the Excess Rights Shares being applied for with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong by no later than 4:00 p.m. on Wednesday, 19 March 2025 (or, under bad weather conditions, such later date as mentioned in the paragraph headed “Effect of bad weather and/or Extreme Conditions on the Latest Time for Acceptance of and payment for the Rights Shares” in the section headed “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**Legend Strategy International Holdings Group Company Limited**” and crossed “**ACCOUNT PAYEE ONLY**”. The Registrar will notify the relevant Qualifying Shareholders of any allotment of the Excess Rights Shares made to them.

All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier's order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

A Shareholder who applies to take up all or part of his/her/its entitlement under the PAL and/or Excess Rights Shares under the EAF may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue or Excess Rights Shares under the EAF will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%. Shares subject to scale down will be available for application as Excess Rights Shares to other Qualifying Shareholders, any subscription monies not utilised due to scaled-down application of entitled Rights Shares or Excess Rights Shares will be refunded to the affected applicants.

Subject to any scaling down of subscriptions, the Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders; and
- (ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

For the avoidance of doubt, in applying the principles above, reference will only be made to the number of the Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders; and no preference will be given to applications for topping up odd lots.

The allocation of the Excess Rights Shares (if any) made to the Qualifying Shareholders will be announced on Wednesday, 26 March 2025. If no Excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be returned by refund cheque in full without interest by ordinary post at his/her/its own risk by the Registrar on or before Thursday, 27 March 2025. If the number of the Excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his/her/its own risk by the Registrar on or before Thursday, 27 March 2025.

If the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” above are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 27 March 2025.

No receipt will be issued in respect of any application monies received.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of the Excess Rights Shares by the Company may not be extended to the beneficial owners individually. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Actions to be taken by beneficial owners holding interests in Shares through CCASS

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, or apply for the Excess Rights Shares, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the applications.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited and the application for the Excess Rights Shares shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

Beneficial owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such beneficial owners’ interests in nil-paid Rights Shares should be dealt with and any applications for Excess Rights Shares.

Trading of nil-paid Rights Shares on the Stock Exchange

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and/or sell the remaining part on the Stock Exchange.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Thursday, 27 March 2025 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Thursday, 27 March 2025 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid and fully-paid Rights Shares will be traded in board lot size of 20,000 Shares.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to payments of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in rental of accommodation and conference facilities, provision of property facilities management and accommodation consultation services. As disclosed in the Company's interim report for the six months ended 30 June 2024, leveraging the Group's expertise, network and experience in conducting business in the PRC, the Company is actively assessing the viability of business diversification. The Group has been actively studying business opportunities in areas including the healthcare and beauty industry in the PRC.

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

As at the Latest Practicable Date, the Company has established Shenzhen Ailansi Bio-technology Co. Ltd.* (深圳雅蘭斯生物科技有限公司) (“**Shenzhen Ailansi**”), a wholly-owned subsidiary of the Company in the PRC, to conduct healthcare and beauty business. The Company has allocated up to HK\$5 million for the initial setup and operation of Shenzhen Ailansi. The Company has recruited (i) an independent consultant, who is a licensed pharmacist and has accumulated over 20 years of experience in the healthcare, beauty and pharmaceutical industry, primarily responsible for the development, management and formulation of business strategies of the Group’s healthcare and beauty business; and (ii) another independent research and development staff, who has accumulated over 30 years of research and development experience in the healthcare and beauty industry. Since the fourth quarter of 2024, the Group has embarked on the sales and promotion of healthcare and beauty products supplied by third party suppliers under its own branding through direct sales channel in the PRC and generated revenue of approximately RMB1.0 million up to the end of January 2025. Taking into consideration the Group’s healthcare and beauty products have been well received by the market, the Group has been prompted to further develop and strengthen its market share in the healthcare and beauty industry in the PRC.

As at the Latest Practicable Date, the Company has not identified any potential targets for the formation of business collaboration or joint venture in relation to its planned development of healthcare and beauty business. Apart from the anticipated business collaboration with key players in the healthcare and beauty industry, the Group also plans to (i) recruit management and technical staff with established knowledge and experience in the healthcare and beauty industry; (ii) conduct research activities for the development of proprietary rights and technology related to bioregenerative, collagen and anti-aging skincare products; and (iii) set up a sales and marketing team designated for the promotion of skincare products and the development of its healthcare and beauty business.

As at 30 June 2024, the Group recorded total liabilities of approximately HK\$191.6 million mainly comprising borrowings and lease liabilities of approximately HK\$28.6 million and HK\$143.9 million, respectively. Besides, the Group recorded net liabilities of approximately HK\$80.3 million as at 30 June 2024. Taking into consideration the Group's indebtedness and gearing ratio, the Directors consider that it is financially prudent for the Group to conduct equity financing in the form of the Rights Issue to strengthen its general working capital reserve and to finance the development of its healthcare and beauty business.

Use of proceeds

Assuming full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the related expenses) is expected to be approximately HK\$46.3 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately 51.8% of the net proceeds or approximately HK\$24.0 million for developing the healthcare and beauty business of the Group. The Company currently intends to apply the net proceeds allocated for the development of the healthcare and beauty business of the Group as follows during the 12 months following the completion of the Rights Issue: (a) approximately HK\$10.0 million for the acquisition of research and development equipment for the development of proprietary rights and technology related to bioregenerative, collagen and anti-aging skincare products; (b) approximately HK\$4.0 million for costs associated with the continuous testing and development of skincare products; (c) approximately HK\$3.0 million for the recruitment of management and technical staff with established knowledge and over three years of experience in the Hong Kong and/or PRC healthcare and beauty industry; and (d) approximately HK\$7.0

million for setting up a sales and marketing team and engaging key opinion leaders (KOL) to promote the skincare products developed by the Group. The table below sets forth a summary of the intended timeline for the application of the net proceeds from the Rights Issue for the development of the healthcare and beauty business of the Group:

| | Within the first to sixth month period following the completion of the Rights Issue <i>HK\$'million</i> | Within the seventh to twelfth month period following the completion of the Rights Issue <i>HK\$'million</i> | Total <i>HK\$'million</i> |
|---|--|---|------------------------------|
| Acquisition of research and development equipment | 10.0 | - | 10.0 |
| Continuous testing and development of skincare products | 2.0 | 2.0 | 4.0 |
| Recruitment of management and technical staff | 1.2 | 1.8 | 3.0 |
| Setting up a sales and marketing team and engaging KOL | 3.0 | 4.0 | 7.0 |
| | <u>16.2</u> | <u>7.8</u> | <u>24.0</u> |

;and

- (ii) approximately 48.2% of the net proceeds or approximately HK\$22.3 million for enhancing the general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Other fund-raising alternatives

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer.

In respect of debt financing, the Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Debt financing will also result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company.

As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

As at the Latest Practicable Date, the Company has no plan to conduct any further fundraising activity in the next twelve months even in the event the Rights Shares are not fully subscribed. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules, as and when appropriate.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The Board considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis taking into consideration (i) there are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue and there is no minimum amount to be raised under the Rights Issue; (ii) in light of (a) the recent market performance of the Shares particularly the Company's average daily trading volume during the six months prior to and including the Last Trading Day indicated a lack of liquidity and demand for the Shares; and (b) the latest business performance and financial position of the Group, particularly the Group experienced a decrease in revenue during the six months ended 30 June 2024 and recorded net liabilities as at 30 June 2024, the Directors consider that there would be a lack of interest for underwriters to underwrite the Rights Shares; and (iii) the Subscription Price, being set at a discount to the prevailing market prices of the Shares, shall encourage the Qualifying Shareholders and investors to participate in the Rights Issue, thereby raising the necessary funding for the Company.

Based on the above illustration, the Board considers that the terms of the Rights Issue are in the interest of the Company and its Shareholders as a whole.

However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s), if any, should note that their shareholdings may be diluted.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has conducted the following fund-raising activities involving issue of its securities in the past 12 months immediately preceding the Latest Practicable Date:

| Date of announcement | Completion date | Fund raising | Net proceeds raised (approximately) | Intended use of proceeds | Actual use of proceeds as at the Latest Practicable Date |
|----------------------|-------------------|--|-------------------------------------|--|--|
| 2 September 2024 | 20 September 2024 | Placing of 89,670,000 new Shares at the placing price of HK\$0.169 per Placing Share under general mandate granted to the Directors at the annual general meeting of the Company held on 27 May 2024 | HK\$15 million | Renovation of accommodation facilities and general working capital use | Approximately HK\$9.2 million has been applied as intended |

Save as disclosed above, the Company did not conduct any equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue:

| Name of Shareholders | As at the Latest Practicable Date | | Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue | |
|----------------------|-----------------------------------|---------------|--|---------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Hehui International | 269,564,510 (Note 1) | 50.10 | 539,129,020 | 50.10 |
| Public Shareholders | <u>268,469,198</u> | <u>49.90</u> | <u>536,938,396</u> | <u>49.90</u> |
| | <u>538,033,708</u> | <u>100.00</u> | <u>1,076,067,416</u> | <u>100.00</u> |

Notes:

- These 269,564,510 Shares were registered in the name of Hehui International. Mr. Yuan held the entire issued share capital of Hehui International and was deemed to be interested in the 269,564,510 Shares in which Hehui International was interested pursuant to the SFO. As disclosed in the Company's announcement dated 19 August 2024, these 269,564,510 Shares were charged in favour of Osibao Cosmetics International Limited which is a company incorporated in Hong Kong ("**Osibao Cosmetics HK**"). Mr. Cheung Ching Mo held the entire issued share capital of Osibao Cosmetics International Limited which is a company incorporated in the British Virgin Islands ("**Osibao Cosmetics BVI**") and Osibao Cosmetics BVI held the entire issued share capital of Osibao Cosmetics HK.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the existing Shares are traded on the Stock Exchange in the board lot size of 2,000 Shares. The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Wednesday, 5 March 2025.

Based on the theoretical ex-rights price of HK\$0.1315 per Share (calculated based on the benchmarked price of HK\$0.175 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK\$0.175 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1746 per Share), the market value of each existing board lot of 2,000 Shares is HK\$263 and the estimated market value of each proposed new board lot of 20,000 Shares would be HK\$2,630.

The Change in Board Lot Size will not result in change in the relative right of the Shareholders. Shareholders should take note that Shareholders' approval is not required for the Change in Board Lot Size.

Arrangement on odd lot trading and matching services

In order to alleviate the difficulties of the trading of odd lots (if any) of the Shares arising from the Change in Board Lot Size, the Company has appointed Bonus Eventus Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO, as the designated broker to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares. Shareholders who wish to take advantage of this facility may directly or through their brokers, contact Mr. Chan at Room 1601B, 16/F, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong (telephone number: (852) 2327 3052) during office hours (i.e. 9:00 a.m. to 6:00 p.m.) from 9:00 a.m. on Wednesday, 5 March 2025 to 4:00 p.m. on Tuesday, 25 March 2025 (both dates inclusive).

Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement. All existing share certificates in board lot of 2,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in Board Lot Size, and therefore no arrangement for free exchange of the existing share certificates in board lot of 2,000 Shares to new share certificate in board lot of 20,000 Shares is necessary.

Reasons for the Change in Board Lot Size

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by The Hong Kong Exchange and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the closing price of the Shares as quoted on the Stock Exchange as at the Last Trading Day was HK\$0.175 per Share, the value of each existing board lot of 2,000 Shares was HK\$350, which was less than HK\$2,000.

Based on the above and with the view to complying with the trading requirements under the Listing Rules, the Board resolved to propose the Change in Board Lot Size, resulting in (i) HK\$3,500 per board lot of 20,000 Shares based on the closing price of HK\$0.175 per Share as quoted on the Stock Exchange as at the Last Trading Day; and (ii) HK\$2,630 per board lot of 20,000 Shares based on the theoretical ex-rights price of HK\$0.1315 per Share (calculated based on the bench marked price of HK\$0.175 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK\$0.175 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.1746 per Share).

Further, the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

In addition, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level which will increase the attractiveness of investing the Shares from a broader range of institutional and professional investors and thus would help to further broaden the shareholder base of the Company and improve the value of the Shares in the long run.

Accordingly, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level in order to attract potential investors and to extend the shareholder base of the Company. The Board believes that the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the Latest Practicable Date, the Rights Issue is subject to the approval by the Independent Shareholders at the EGM at which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As disclosed in the announcement of the Company dated 20 February 2025, at the EGM which was held on Thursday, 20 February 2025, the resolutions approving, among other matters, the Rights Issue and the transactions contemplated thereunder were duly passed by the Independent Shareholders by way of poll. Hehui International (being a Controlling Shareholder) and Mr. Yuan (being the sole shareholder of Hehui International, the chairman of the Board and a non-executive Director) were required to abstain and had so abstained from voting in favour of the proposed resolution approving the Rights Issue and the transactions contemplated thereunder at the EGM in accordance with Rule 7.27A of the Listing Rules. Save for Hehui International and Mr. Yuan, no other Shareholder was required to abstain from voting for the proposed resolutions at the EGM.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

As at Latest Practicable Date, save for the Rights Issue, the Company did not have any plan and had not entered into any negotiation, agreement, arrangement or undertaking to conduct any other corporate action or arrangement that may affect the trading of the Company's shares in the next 12 months.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares have been dealt in on an ex-rights basis from Monday, 24 February 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 7 March 2025 to Friday, 14 March 2025 (both dates inclusive). The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed “Conditions of the Rights Issue” in this Prospectus above.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
By order of the Board

Legend Strategy International Holdings Group Company Limited



Yuan Fuer
Chairman