

**LEGEND STRATEGY INTERNATIONAL HOLDINGS GROUP COMPANY LTD:  
O WHAT A TANGLED WEB WE WEAVE ...**

Within 21 days of its flotation on The **G**rowth **E**nterprise **M**arket (**The GEM**) of The Stock Exchange of Hongkong Ltd, Legend Strategy International Holdings Group Company Ltd () (Code: 8160) reported a Net Loss Attributable to Shareholders of \$HK3,369,254 for the first half of its Financial Year, ended June 30, 2011.

This result contrasted markedly with a Net Profit Attributable to Shareholders for the like period in 2010 of \$HK1,676,526.

There was no suggestion in the Placing Prospectus of this Company, published and disseminated on June 30, 2011, that the first half of the Current Financial Year would result in a Loss Attributable to Shareholders – even though, without question, senior management must have known that this would be the case.

In last Friday's **TARGET** Intelligence Report, Volume XIII, Number 146, this medium asked the question: **'WHAT DO THE MINORITY SHAREHOLDERS KNOW THAT THIS MEDIUM DOES NOT?'**

The reason for this question was that the share price of this Company rose from its Placing Price Per Share of \$HK1.20 to a high of \$HK1.70 on July 25 and then, last Friday, it had settled down to \$HK1.55.

The share price, today, is about \$HK1.26 and that was following the chaos that ensued on the world's equity markets after the Standards and Poor's, a US credit-rating agency, had cut its rating for the US from AAA to AA+.

At the Placement Price of \$HK1.20, the historic Price-Earnings Multiple of Legend Strategy came in at 23.50 times and, as far as this medium was concerned, this was a very high Price-Earnings Multiple, especially for a company with a Market Capitalisation of only about \$HK216 million.

The business of this Company is in the operations of budget hotels in the People's Republic of China (PRC) where it has leased 4 properties, which are, now, its hotels.

All of the hotels appear to be doing very nicely, according to the 2011 Interim Report, yet the Company, today, claims that it has suffered a Loss Attributable to Shareholders in respect of the first half of this Year.

The following information is given in the Interim Report with regard to hotel operations:

***'Hotel operation***

*'The Group currently operates four leased-and-operated hotels, namely Welcome Inn Nanshan, Welcome Inn Baoan, Welcome Inn Luohu and Welcome Inn Caitian, all strategically located in Shenzhen City, the PRC ("the Hotels"). Revenue from hotel operation reached HK\$13,535,370 during the six months ended 30 June 2011, up 13.32% as compared to revenue of HK\$11,944,509 for the same period of last financial year. Revenue increased was driven by improvements of average room rate and occupancy of Welcome Inn Luohu, which in turn benefited from the increase of average room rate and enhancing the awareness of the brand name "Welcome Inn" in Luohu District.*

'The ... [CLICK TO ORDER FULL ARTICLE](#)

*While **TARGET** makes every attempt to ensure accuracy of all data published, **TARGET** cannot be held responsible for any errors and/or omissions.*

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*