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**Legend Upstar Holdings Limited**

**駿 聯 控 股 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 459)**

**REVISION OF EXISTING ANNUAL CAPS FOR  
CONTINUING CONNECTED TRANSACTIONS UNDER THE  
CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT (2023)**

Reference is made to the 2023 Circular in relation to the continuing connected transactions as contemplated under the Cross Referral Services Framework Agreement (2023) entered into between the Company and Midland, pursuant to which members of the Group and the Midland Group may carry on the Cross Referral Transactions for a period of three years from 1 January 2024 to 31 December 2026 in compliance with the Listing Rules.

Since the approval of the Existing Annual Caps, the demand for residential properties especially the primary market increased and the number of referrals from the Group to the members of the Midland Group for estate agency services in 2024 was higher than anticipated. In view of the above and based on the information currently available, on 11 July 2024, the Board resolved to revise the Existing Annual Caps in respect of the referral fees from the Midland Group to the Group for each of the three years ending 31 December 2024, 2025 and 2026.

**LISTING RULES IMPLICATIONS**

Mr. Wong (the Chairman and an executive Director), who is indirectly interested in approximately 37.03% of all issued shares in Midland, is indirectly interested in approximately 61.35% of all issued Shares in the Company. By virtue of Midland being an associate of Mr. Wong, Midland is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2023) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise the Existing Annual Caps, it will be required to re-comply with the relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the highest of the Revised Annual Caps exceeds 5%, the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2023) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Wong and any of his associates will abstain from voting in relation to the resolution approving the Revised Annual Caps and the Cross Referral Transactions thereunder at the extraordinary general meeting.

An independent board committee (comprising all the independent non-executive Directors) has been established to advise the independent Shareholders in relation to the matter. Nuada Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent Shareholders in the same regard.

The Company will convene an extraordinary general meeting to seek approval from the independent Shareholders in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder.

A circular containing, among other things, (i) information on the Revised Annual Caps and the Cross Referral Transactions; (ii) the letter from the independent board committee; (iii) the letter from the independent financial adviser; (iv) the notice convening an extraordinary general meeting; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 23 July 2024.

## **BACKGROUND**

Reference is made to the circular of the Company dated 22 December 2023 (the “**2023 Circular**”) in relation to the continuing connected transactions as contemplated under the Cross Referral Services Framework Agreement (2023) entered into between the Company and Midland, pursuant to which members of the Group and the Midland Group may carry on the Cross Referral Transactions for a period of three years from 1 January 2024 to 31 December 2026 in compliance with the Listing Rules. The principal terms of the Cross Referral Services Framework Agreement (2023) and the original annual caps thereunder (the “**Existing Annual Caps**”) were as disclosed in the 2023 Circular.

Unless otherwise defined herein, capitalised terms used in this announcement have the same meanings as those defined in the 2023 Circular.

The continuing connected transactions as contemplated under the Cross Referral Services Framework Agreement (2023) are essentially referrals of business opportunities in property transactions between members of the Group and the Midland Group for estate agency services. Pursuant to the Cross Referral Services Framework Agreement (2023), the Midland Group has the right (but not obligation) to introduce, refer and communicate to the relevant member(s) of the Group any business opportunity relating to or falling within the Group’s estate agency business; and similarly, the Group also has the right (but not obligation) to introduce, refer and communicate to the relevant member(s) of the Midland Group any business opportunity relating to or falling within the Midland Group’s estate agency business. Each referral is made on a case-by-case basis and is customer-driven, and there is no commitment on any member of the Group or the Midland Group to refer to the other any number or value of transactions under the Cross Referral Services Framework Agreement (2023). The terms and conditions of each referral transaction will be evidenced by individual written agreements subject to the terms of the Cross Referral Services Framework Agreement (2023).

Since the approval of the Existing Annual Caps, the demand for residential properties especially the primary market increased and the number of referrals from the Group to the members of the Midland Group for estate agency services in 2024 was higher than anticipated (as further described in the paragraph headed “HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE REVISED ANNUAL CAPS” below). In view of the above and based on the information currently available, on 11 July 2024, the Board resolved to revise the Existing Annual Caps in respect of the referral fees from the Midland Group to the Group for each of the three years ending 31 December 2024, 2025 and 2026 (the “**Revised Annual Caps**”).

## **REVISION OF THE EXISTING ANNUAL CAPS**

The table below sets forth the Existing Annual Caps, the Revised Annual Caps in respect of the referral fees from the Midland Group to the Group for each of the three years ending 31 December 2024, 2025 and 2026, and the actual transaction amount for the period from 1 January 2024 to 31 May 2024:

<b>Referral fees from the Midland Group to the Group</b>	<b>1 Jan 2024 to 31 Dec 2024</b> <i>(HK\$ million)</i>	<b>1 Jan 2025 to 31 Dec 2025</b> <i>(HK\$ million)</i>	<b>1 Jan 2026 to 31 Dec 2026</b> <i>(HK\$ million)</i>
Existing Annual Caps	31.0	31.0	31.0
Actual transaction amount up to 31 May 2024	19.7	–	–
Revised Annual Caps	52.0	52.0	52.0

The Existing Annual Caps for the year ending 31 December 2024 under the Cross Referral Services Framework Agreement (2023) have not yet been exceeded as at the date of this announcement.

Save for the revision of the aforesaid Existing Annual Caps in respect of the referral fees from the Midland Group to the Group, all other terms and conditions of the Cross Referral Services Framework Agreement (2023) as disclosed in the 2023 Circular remain unchanged.

### **HISTORICAL AMOUNTS AND BASIS FOR DETERMINING THE REVISED ANNUAL CAPS**

The Revised Annual Caps for the Group in relation to the transactions contemplated under the Cross Referral Services Framework Agreement (2023) were determined by the Group with reference to factors including:

- (a) the latest transaction amounts: from 1 January 2024 to 31 May 2024, the actual amount of referral fees to the Group from the Midland Group under the Cross Referral Services Framework Agreement (2023) was approximately HK\$19.7 million, representing approximately 64% of the Existing Annual Caps for the year ending 31 December 2024; and
- (b) adjustment for potential business growth and property market and economic factors which, if materialises, are reasonably expected to impact property transactions, including:
  - (i) the volatility of the property market in Hong Kong contributing to increases in transaction volume and/or value; and
  - (ii) the outlook of the local economic conditions and other market sentiments, such as possible interest rate cuts.

The Group considers that the Existing Annual Caps in respect of the referral fees from the Midland Group to the Group should be increased to provide greater flexibility for the management of the Group to act fast and efficiently and, by working closely with the Midland Group, to capture new business opportunities in the market if and should they arise.

The Board has reviewed the Existing Annual Caps in respect of the referral fees from the Group to the Midland Group, being HK\$82.0 million for each of the three years ending 31 December 2024, 2025 and 2026, and considered for the time being that they will remain sufficient for each relevant period, and no revision will presently be made to such caps.

## **REASONS FOR AND BENEFITS OF REVISION OF THE EXISTING ANNUAL CAPS**

The Existing Annual Caps were set in December 2023 and determined by the Company with reference to the historical transaction amounts between the Group and the Midland Group for the period from 2013 to 2022. During this period, the Hong Kong property market was under tighter control measures.

Following the removal of substantial tightening measures, the demand for residential properties (especially the primary market) has increased and the number of referrals from the Group to the members of the Midland Group for estate agency services in the first half of 2024 has been higher than anticipated. Therefore, the Board considers it prudent to adjust the Existing Annual Caps in respect of the referral fees from the Midland Group to the Group for each of the three years ending 31 December 2024, 2025 and 2026 in case the Existing Annual Caps are insufficient.

The Directors (other than the independent non-executive Directors whose views will be included in the circular to be despatched to the Shareholders after taking into account the views of the independent financial adviser) consider that the Cross Referral Transactions are, and will continue to be, on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Cross Referral Transactions and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

To ensure that the transactions contemplated under the Cross Referral Services Framework Agreement (2023) will be conducted in accordance with its terms and the pricing policy and within the Revised Annual Caps and the Existing Annual Caps in respect of the referral fees from the Group to the Midland Group, the Group will continue to adopt the internal control procedures to monitor the transactions contemplated under the Cross Referral Services Framework Agreement (2023) as described in the 2023 Circular.

## **LISTING RULES IMPLICATIONS**

Mr. Wong (the Chairman and an executive Director), who is indirectly interested in approximately 37.03% of all issued shares in Midland, is indirectly interested in approximately 61.35% of all issued Shares in the Company. By virtue of Midland being an associate of Mr. Wong, Midland is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2023) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise the Existing Annual Caps, it will be required to re-comply with the relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the highest of the Revised Annual Caps exceeds 5%, the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2023) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Wong and any of his associates will abstain from voting in relation to the resolution approving the Revised Annual Caps and the Cross Referral Transactions thereunder at the extraordinary general meeting.

An independent board committee (comprising all the independent non-executive Directors) has been established to advise the independent Shareholders in relation to the matter. Nuada Limited has been appointed as the independent financial adviser to advise the independent board committee and the independent Shareholders in the same regard.

The Company will convene an extraordinary general meeting to seek approval from the independent Shareholders in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder.

A circular containing, among other things, (i) information on the Revised Annual Caps and the Cross Referral Transactions; (ii) the letter from the independent board committee; (iii) the letter from the independent financial adviser; (iv) the notice convening an extraordinary general meeting; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 23 July 2024.

## **GENERAL INFORMATION**

The Company is an investment holding company. The Group is principally engaged in the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

Midland is an investment holding company, the issued shares of which are listed on the Main Board of the Stock Exchange. The Midland Group is principally engaged in the provision of property agency services, property leasing, immigration consultancy services and money lending services.

By Order of the Board  
**Legend Upstar Holdings Limited**  
**MUI Ngar May, Joel**  
*Company Secretary*

Hong Kong, 11 July 2024

*As at the date of this announcement, the Board comprises seven Directors, of which four are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. LO Chin Ho, Tony and Mr. WONG Alexander Yiu Ming; and three are Independent Non-Executive Directors, namely Mr. SHA Pau, Eric, Mr. WONG Chung Kwong and Mr. LI Wai Keung.*