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CONTINUING CONNECTED TRANSACTIONS LEASES WITH CONNECTED PERSONS

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreements, some of which with connected persons of the Company, such as those disclosed below, which constitute continuing connected transactions of the Company.

LISTING RULES IMPLICATIONS

Each of the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease, is individually fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. If the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease are aggregated, the highest of the estimated annual caps thereunder within a 12-month period will exceed HK\$3,000,000 and one or more of the applicable percentage ratios in respect thereof will exceed 0.1% but are less than 5%. Accordingly, the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease, if aggregated, are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreements, some of which with connected persons of the Company, such as those disclosed below, which constitute continuing connected transactions of the Company. Principal terms of the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease are provided for information as follows.

PRINCIPAL TERMS OF THE FIRST FORD GLORY LEASE

1. Date

27 March 2023

2. Parties

(i) Teamway Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, as landlord. Its principal business activity is property investment.

(ii) Union Honor Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Midland Holdings, as tenant. Its principal business activity is leasing management.

3. Premises

The Whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong

4. Term

One year from 19 March 2023 to 18 March 2024 (both days inclusive)

5. Rental

HK\$200,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

An annual transaction amount of HK\$2,200,000 and HK\$600,000 for each of the years ending 31 December 2023 and 2024 was estimated based on the estimated total rentals receivable by the Group and a reasonable buffer to cater for any minor rentals adjustment for such respective period under the First Ford Glory Lease.

PRINCIPAL TERMS OF THE SECOND FORD GLORY LEASE

1. Date

18 March 2022

2. Parties

(i) Teamway Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, as landlord. Its principal business activity is property investment.

(ii) Union Honor Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Midland Holdings, as tenant. Its principal business activity is leasing management.

3. Premises

The Whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong

4. Term

One year from 19 March 2022 to 18 March 2023 (both days inclusive)

5. Rental

HK\$205,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

An annual transaction amount of HK\$2,000,000 and HK\$700,000 for the year ended 31 December 2022 and for the year ending 31 December 2023 was estimated based on the estimated total rentals receivable by the Group and a reasonable buffer to cater for any minor rentals adjustment for such respective period under the Second Ford Glory Lease.

PRINCIPAL TERMS OF THE THIRD FORD GLORY LEASE

1. Date

19 March 2021

2. Parties

- (i) Teamway Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, as landlord. Its principal business activity is property investment.
- (ii) City First Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Midland Holdings, as tenant. Its principal business activity is leasing management.

3. Premises

The Whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong

4. Term

One year from 19 March 2021 to 18 March 2022 (both days inclusive)

5. Rental

HK\$204,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

Nil

An annual transaction amount of HK\$600,000 for the year ended 31 December 2022 was estimated based on the total rentals receivable by the Group and a reasonable buffer to cater for any minor rentals adjustment for such respective period under the Third Ford Glory Lease.

PRINCIPAL TERMS OF THE CAMBRIDGE COURT LEASE

1. Date

11 July 2022

2. Parties

- (i) Bright Eastern Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, as landlord. Its principal business activity is property investment.
- (ii) Midland Corporate Leasing (XV) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Midland Holdings, as tenant. Its principal business activity is leasing management.

3. Premises

Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Kowloon, Hong Kong

4. Term

Two years from 15 July 2022 to 14 July 2024 (both days inclusive)

5. Rental

HK\$98,000 per month (exclusive of management fee, air-conditioning charges, Government rent and rates), payable in advance on the first day of each calendar month

6. Rent-free period

One month

An annual transaction amount of HK\$600,000 for the year ended 31 December 2022, HK\$1,200,000 and HK\$700,000 for each of the years ending 31 December 2023 and 2024 was estimated based on the estimated total rentals receivable by the Group and a reasonable buffer to cater for any minor rentals adjustment for such respective period under the Cambridge Court Lease.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAP

Reference is made to the announcement of the Company dated 11 July 2022. The aggregated annual cap for the rental received/receivable by the Group for the year ended 31 December 2022 for the leasing transactions disclosed therein historically amounted to HK\$3,200,000 of which HK\$2,979,000 were utilised.

For the leasing transactions disclosed herein, an annual cap of HK\$4,100,000 and HK\$1,300,000 for each of the years ending 31 December 2023 and 2024 was determined on an aggregated basis based on historical utilisation as a starting point and the estimated total rentals receivable by the Group under the mentioned leases plus a reasonable buffer to cater for any minor rentals adjustment for such respective period.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FIRST FORD GLORY LEASE, THE SECOND FORD GLORY LEASE, THE THIRD FORD GLORY LEASE AND THE CAMBRIDGE COURT LEASE

The Company is an investment holding company and the principal business activities of the Group are 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 Holdings is an investment holding company and the principal business activities of the Midland Group are provision of property agency services in Hong Kong, Macau and the Mainland China, property leasing, immigration consultancy services and money lending services.

The entering into of the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease would generate rental income to the Group. The terms and rental under the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease were separately determined after separate arm's length negotiations between the respective parties with reference to the then prevailing rental and market conditions.

The Directors (including the independent non-executive Directors) are of the view that the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease were entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease and the aggregated annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. WONG, Ms. WONG Ching Yi, Angela, Mr. HO Kwan Tat, Ted, each being a director of the Company and Midland Holdings, and Mr. WONG Alexander Yiu Ming, being an associate of Mr. WONG and a director of the Company, were taken as materially interested and have abstained from voting on the relevant resolutions at the Board meeting.

LISTING RULES IMPLICATIONS

Mr. WONG, the Chairman, an executive Director and a controlling shareholder of the Company, is also the Chairman, an executive Director and a controlling shareholder of Midland Holdings. By virtue of Midland Holdings being an associate of Mr. WONG, Midland Holdings is a connected person of the Company under the Listing Rules. Since Midland Corporate Leasing (XV) Limited, Union Honor Limited and City First Limited are indirectly wholly-owned by Midland Holdings, they are associates of Midland Holdings and connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Each of the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease is individually fully exempt from shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules. If the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease are aggregated, the highest of the estimated annual caps thereunder within a 12-month period will exceed HK\$3,000,000 and one or more of the applicable percentage ratios in respect thereof will exceed 0.1% but are less than 5%. Accordingly, the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease, if aggregated, are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Leases such as the First Ford Glory Lease, the Second Ford Glory Lease, the Third Ford Glory Lease and the Cambridge Court Lease were not made under a single agreement, were negotiated and concluded at different times without regard to other leases, involved different assets, in the nature of either income or expense and were in line with the principal business activities of the Group. Such leases were aggregated for consideration and announcement to keep the market informed.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cambridge Court Lease”	the tenancy agreement dated 11 July 2022 entered into between Bright Eastern Limited and Midland Corporate Leasing (XV) Limited, details of which are set out under the section headed “Principal Terms of the Cambridge Court Lease” in this announcement
“Company”	Legend Upstar Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 459)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Ford Glory Lease”	the tenancy agreement dated 27 March 2023 entered into between Teamway Group Limited and Union Honor Limited, details of which are set out under the section headed “Principal Terms of the First Ford Glory Lease” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Midland Group”	Midland Holdings and its subsidiaries

“Midland Holdings”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1200)
“Mr. WONG”	Mr. WONG Kin Yip, Freddie, the Chairman, an executive Director and a controlling shareholder of the Company
“percentage ratio(s)”	has the meaning as ascribed to it under the Listing Rules
“Second Ford Glory Lease”	the tenancy agreement dated 18 March 2022 entered into between Teamway Group Limited and Union Honor Limited, details of which are set out under the section headed “Principal Terms of the Second Ford Glory Lease” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Ford Glory Lease”	the tenancy agreement dated 19 March 2021 entered into between Teamway Group Limited and City First Limited, details of which are set out under the section headed “Principal Terms of the Third Ford Glory Lease” in this announcement
“%”	per cent.

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

Hong Kong, 27 March 2023

As at the date of this announcement, the Board comprises eight 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 four are Independent Non-Executive Directors, namely Mr. SHA Pau, Eric, Mr. HO Kwan Tat, Ted, Mr. WONG Chung Kwong and Mr. LI Wai Keung.