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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

**If you have sold or transferred** all your shares in Legend Upstar Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and the  
Independent Shareholders**

**Nuada Limited**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular. A letter from the Board is set out on pages 4 to 13 of this circular, a letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 14 to 15 of this circular and a letter from Nuada Limited (as the Independent Financial Adviser) containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 27 of this circular.

A notice convening the EGM to be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 16 August 2024 at 11:00 a.m. is set out on pages 33 to 34 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon. The duly completed proxy form, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, must be delivered to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, or any adjourned meeting thereof.

23 July 2024

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“2023 Circular”	the circular of the Company dated 22 December 2023 in relation to the Cross Referral Services Framework Agreement (2023) entered into between the Company and Midland
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Legend Upstar Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued 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
“Cross Referral Services Framework Agreement (2023)”	the cross referral services framework agreement dated 6 December 2023 entered into between the Company and Midland for a period of three years from 1 January 2024 to 31 December 2026
“Cross Referral Transactions”	the cross referral services transactions between the Group and the Midland Group in relation to estate agency businesses
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Revised Annual Caps and the Cross Referral Transactions thereunder at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 16 August 2024 at 11:00 a.m.
“Existing Annual Caps”	the maximum annual referral fees from or to the Midland Group by the Group under the Cross Referral Services Framework Agreement (2023) for the three years ending 31 December 2026 as previously approved at an extraordinary general meeting of the Company held on 17 January 2024, the particulars of which are set out in the section headed “3. Revision of the Existing Annual Caps” in the Letter from the Board of this circular

## DEFINITIONS

“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
“Independent Board Committee”	the independent committee of the Board, comprising three independent non-executive Directors, namely, Mr. LI Wai Keung, Mr. SHA Pau, Eric and Mr. WONG Chung Kwong
“Independent Financial Adviser” or “Nuada Limited”	Nuada Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company for the purpose to advise the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder
“Independent Shareholders”	Shareholders other than Mr. Wong and any of his associates and any other Shareholders who have a material interest and are required to abstain from voting at the EGM in accordance with the Listing Rules
“Latest Practicable Date”	17 July 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Midland”	Midland Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1200)
“Midland Group”	Midland and its subsidiaries
“Mr. Wong”	Mr. WONG Kin Yip, Freddie, the Chairman and an executive Director of the Company
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

## DEFINITIONS

“Revised Annual Caps”	the proposed revised maximum annual referral fees from the Midland Group to the Group under the Cross Referral Services Framework Agreement (2023) for the three years ending 31 December 2026, the particulars of which are set out in the section headed “3. Revision of the Existing Annual Caps” in the Letter from the Board of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share Option(s)”	share option(s) granted pursuant to the share option scheme adopted by the Company on 18 June 2020
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

LETTER FROM THE BOARD



**Legend Upstar Holdings Limited**  
**駿聯控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 459)**

*Executive Directors:*

Mr. WONG Kin Yip, Freddie (*Chairman*)  
Ms. WONG Ching Yi, Angela  
Mr. LO Chin Ho, Tony  
Mr. WONG Alexander Yiu Ming

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Independent Non-Executive Directors:*

Mr. SHA Pau, Eric  
Mr. WONG Chung Kwong  
Mr. LI Wai Keung

*Head Office and Principal Place of*

*Business in Hong Kong:*  
Rooms 2505-8, 25th Floor  
World-Wide House  
19 Des Voeux Road Central  
Hong Kong

23 July 2024

*To the Shareholders*

Dear Sirs/Madams,

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

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 11 July 2024 in relation to the revision of the Existing Annual Caps in respect of the referral fees from the Midland Group to the Group under the Cross Referral Services Framework Agreement (2023).

The purposes of this circular are to provide you with (i) information relating to details of the Cross Referral Transactions and the Revised Annual Caps; (ii) the recommendation of the Independent Board Committee after having considered the advice of the Independent Financial Adviser in relation to the Revised Annual Caps and the Cross Referral Transactions thereunder; (iii) the letter of advice from the Independent Financial Adviser to

## LETTER FROM THE BOARD

the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM to consider and, if thought fit, approve the Revised Annual Caps and the Cross Referral Transactions thereunder; and (v) other information as required under the Listing Rules.

### 2. BACKGROUND

Reference is made to the 2023 Circular in relation to 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) are as follows:

#### **Date**

6 December 2023

#### **Parties**

- (a) the Company; and
- (b) Midland

#### **Term**

The Cross Referral Services Framework Agreement (2023) is valid for a term of three years from 1 January 2024 to 31 December 2026.

#### **Details of the transactions under the Cross Referral Services Framework Agreement (2023)**

The transactions 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):

- (a) 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
- (b) 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.

## LETTER FROM THE BOARD

Each referral is made on a case-by-case basis and is customer-driven (e.g. if an estate agent of the Group is approached by a customer seeking residential properties for instance that the Group does not have available listings, the referring agent may make a referral to an estate agent with the suitable property listings whom the referring agent has a working relationship with, e.g. an agent of the Midland Group, to address the customer's needs). 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).

### **Referral fee and pricing policy**

The party initiating the referral (hereinafter the “**refeferor**”) is entitled to a referral fee from the party accepting such referral (hereinafter the “**referee**”) by way of splitting the relevant commission income actually received, which will normally be received by the referee from the customer first. For instance, if the estate agent of the Group has referred a transaction to the Midland Group's agent, the Midland Group as the referee will initially receive the entire commission income from the customer, before proceeding to split such commission income with the Group as the referor.

The allocation of such commission income to be split between the Group and the Midland Group will be negotiated beforehand on a case-by-case and on arm's length basis following the terms of the Cross Referral Services Framework Agreement (2023) and pricing principles below:

- (a) the allocation of commission income shall be on normal commercial terms or better, that is, terms which a party could obtain if the transaction were negotiated on an arm's length basis or on terms as considered by each of the Group and the Midland Group to be no less favourable to it than terms available to or from (as appropriate) its respective independent third parties, and neither the Group nor the Midland Group is required to consider the favourableness of such terms with respect to one another;
- (b) the starting point in determining the initial allocation of commission income received in each individual property transaction will be the following reference ratios in line with market practice for the different type of property transaction involved:



<b>LETTER FROM THE BOARD</b>
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<i>Property transaction involved</i>	<i>Reference ratio (%)</i>	
	<i>Referrer to receive</i>	<i>Referee to receive</i>
Primary property transaction	Between 70% to 90%	Between 30% to 10%
Secondary property transaction	50%	50%

(c) such reference ratios may be adjusted based on the negotiation between the parties on arm's length and case-by-case basis, after taking into account relevant factors specific to the transaction including:

- (1) the characteristics, nature and value of any properties involved, such as the geographical locations, types, usages, areas or other objective features of the properties, as well as the subjective requirements of the specific customers (e.g. a party acting for the vendor of a unique and high value property is likely to be able to bargain for higher commission income);
- (2) the expected workload of the respective agents relative to each other;
- (3) the exclusive nature of the estate agency and consultancy services involved under the engagements with the individual customers (e.g. a party acting for the vendor may bargain for higher commission income if he acts as a sole and exclusive agent for the vendor) and the significance of the respective agents in finalising the transaction; and
- (4) other factors (e.g. in some cases, the developer may set a sales target which, if met, will enable the estate agent for the developer to get a higher commission rate for all the transactions – in such case, when it is close to the said sales target, the estate agent for the developer may be willing to give a higher proportion of the commission income to the estate agent referring the purchaser so that the said sales target can be achieved);

(d) the commission income allocations proposed by individual estate agents will be submitted to the respective branch managers of such agents, who will review and, if appropriate, approve the same with reference to the above criteria based on the following:

- (1) *where there are comparable factors in past referral transactions with independent-third-party estate agents:*

The branch managers would compare the commission income allocations and the terms of the transactions under the Cross Referral Services Framework Agreement (2023) with past transactions of the

## LETTER FROM THE BOARD

Group with independent-third-party estate agents, particularly those made under the then prevailing circumstances insofar as they are available.

- (2) *where a factor has no comparable reference in past referral transactions with independent-third-party estate agents:*

If factors mentioned under paragraphs (c)(1) to (4) above have no immediately applicable comparable reference, it will be carefully reviewed in view of the arm's length negotiations between the parties, bearing in mind that the allocation of commission income shall be on normal commercial terms or better as set out in paragraph (a) above.

- (e) the commission income allocation ratio for each transaction, when finalised after considering the above factors, will be recorded; and
- (f) the commission income allocations for the transactions made under the Cross Referral Services Framework Agreement (2023) will be checked and reviewed by the respective management of the Group and the Midland Group from time to time. Annually, the said transactions conducted during the year will also be reviewed by the Group and the Midland Group respectively in compliance with the relevant requirements in the Listing Rules.

For reference, for primary market transactions, approximately 80.4%, 76.9% and 82.8% of allocation ratio of commission income fell in the range of 70% to 90% for the referor and 30% to 10% for the referee during the years ended 31 December 2021, 2022 and 2023, respectively. For secondary market transactions, approximately 74.2%, 76.6% and 81.1% of allocation ratio of commission income between the referor and referee was 50:50 during the years ended 31 December 2021, 2022 and 2023 respectively.

As income of estate agents in Hong Kong is in a large part derived from commission income, the agents from each of the referor and referee group, which are supervised by different sales management teams of the respective group, are expected to be self-motivated to secure an allocation ratio to the best of such agent's respective interests at the time when negotiating for the commission income such that any referral transaction concluded following such negotiations will be on an arm's length basis for each group.

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.

## LETTER FROM THE BOARD

### 3. 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:

Referral fees from the Midland Group to the Group	1 Jan 2024 to 31 Dec 2024 <i>(HK\$ million)</i>	1 Jan 2025 to 31 Dec 2025 <i>(HK\$ million)</i>	1 Jan 2026 to 31 Dec 2026 <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 Latest Practicable Date.

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.

## LETTER FROM THE BOARD

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.

#### **4. 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.

As disclosed in the positive profit alert announcement of Midland dated 26 June 2024, following the removal of substantial tightening measures, the initial market response has been strong. 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 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.

#### **5. 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 following internal control procedures to monitor the transactions contemplated under the Cross Referral Services Framework Agreement (2023):

- (a) the aggregate amount of referral fees to and from the Midland Group will be updated on a monthly basis for appraising the latest unutilised amounts available under the Revised Annual Caps and the Existing Annual Caps in respect of the referral fees from the Group to the Midland Group for the relevant period;

## LETTER FROM THE BOARD

- (b) the terms and commission income allocations for the transactions under the Cross Referral Services Framework Agreement (2023) will be reviewed by the Group from time to time to ensure they are on normal commercial terms or better (i.e. terms obtainable on an arm's length basis or terms no less favourable to the Group than those available to or from independent third parties); and
- (c) annually, the transactions made under the Cross Referral Services Framework Agreement (2023) conducted during the year will also be reviewed by the independent non-executive Directors and reported by the auditors of the Company in compliance with the relevant requirements in Chapter 14A of the Listing Rules.

### 6. 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 61.37% 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 EGM.

Mr. Wong and Ms. WONG Ching Yi, Angela are executive directors of both the Company and Midland; and Mr. WONG Alexander Yiu Ming, an executive director of the Company, is an associate of Mr. Wong and Ms. WONG Ching Yi, Angela. Accordingly, given the common directorships of Mr. Wong and Ms. WONG Ching Yi, Angela in both the Company and Midland, and given Mr. WONG Alexander Yiu Ming is an associate of Mr. Wong and Ms. WONG Ching Yi, Angela, each of Mr. Wong, Ms. WONG Ching Yi, Angela and Mr. WONG Alexander Yiu Ming were required to abstain and had abstained from voting on the resolutions of the Board in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder.

## LETTER FROM THE BOARD

### 7. EGM AND BOOK CLOSURE

A notice convening the EGM to be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 16 August 2024 at 11:00 a.m. is set out on pages 33 to 34 of this circular. At the EGM, the resolution in the terms set out in the notice of EGM will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Revised Annual Caps and the Cross Referral Transactions thereunder. Votes on the resolution will be taken by poll at the EGM as required by Rule 13.39(4) of the Listing Rules.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Revised Annual Caps and the Cross Referral Transactions thereunder shall abstain from voting on the resolution to be proposed at the EGM. As at the Latest Practicable Date, Mr. Wong was indirectly interested in approximately 61.37% of all issued Shares in the Company. Accordingly, Mr. Wong and his respective associates will abstain from voting in relation to the ordinary resolution approving the Revised Annual Caps and the Cross Referral Transactions thereunder at the EGM.

A proxy form for use at the EGM is also enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon. The duly completed proxy form, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or other authority, must be returned to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the EGM, or any adjourned meeting thereof.

The register of members of the Company will be closed from Tuesday, 13 August 2024 to Friday, 16 August 2024, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 August 2024.

### 8. 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.

## LETTER FROM THE BOARD

### 9. RECOMMENDATION

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. LI Wai Keung, Mr. SHA Pau, Eric and Mr. WONG Chung Kwong, has been established to advise the Independent Shareholders on the fairness and reasonableness of the Revised Annual Caps and the Cross Referral Transactions thereunder, and to advise the Independent Shareholders on how to vote at the EGM after taking into account the recommendation of the Independent Financial Adviser. Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders concerning the Revised Annual Caps and the Cross Referral Transactions thereunder; and (ii) the letter of advice from the Independent Financial Adviser set out on pages 16 to 27 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps and the Cross Referral Transactions thereunder and the principal factors and reasons considered by it in formulating its advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Revised Annual Caps and the Cross Referral Transactions thereunder to be fair and reasonable, conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution relating to the Revised Annual Caps and the Cross Referral Transactions thereunder which will be proposed at the EGM.

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

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

*The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of incorporation in this circular.*



**Legend Upstar Holdings Limited**  
**駿 聯 控 股 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 459)**

23 July 2024

*To the Independent Shareholders*

Dear Sirs/Madams,

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

We refer to the circular of the Company dated 23 July 2024 (the “**Circular**”) of which this letter forms part. Terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider the Revised Annual Caps and to advise the Independent Shareholders in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder.

Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder.

We wish to draw your attention to the letter from the Board set out on pages 4 to 13 of the Circular which contains, among others, information on the Revised Annual Caps and the Cross Referral Transactions, as well as the letter from the Independent Financial Adviser set out on pages 16 to 27 of the Circular which contains its advice in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder.



## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Cross Referral Transactions contemplated under the Cross Referral Services Framework Agreement (2023) and the related Revised Annual Caps, as well as the advice of Nuada Limited, we consider that the Revised Annual Caps and the Cross Referral Transactions thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Cross Referral Transactions and the Revised Annual Caps are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Revised Annual Caps and the Cross Referral Transactions thereunder.

Yours faithfully,

For and on behalf of

Independent Board Committee of

**Legend Upstar Holdings Limited**

**SHA Pau, Eric**

**WONG Chung Kwong**

**LI Wai Keung**

*Independent Non-Executive Directors*

## LETTER FROM NUADA LIMITED

*The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 23 July 2024 prepared for the purpose of inclusion in this circular.*

Nuada Limited

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23 July 2024

*To the Independent Board Committee  
and the Independent Shareholders of  
Legend Upstar Holdings Limited*

Dear Sirs,

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

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder, details of which are set out in the section headed “Letter from the Board” (the “**Board Letter**”) in the Company’s circular (the “**Circular**”) dated 23 July 2024 to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

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 would 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.

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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 61.37% 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.

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders in relation to the Revised Annual Caps and the Cross Referral Transactions thereunder. We, Nuada Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, there were no other engagements between the Group and Nuada Limited. Apart from normal professional fees for our services to the Company in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we have received/will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, pursuant to Rule 13.84 of the Listing Rules, we are independent from, and are not associated with the Company or their respective substantial shareholder(s) or connected person(s) as defined under the Listing Rules, and accordingly are considered eligible to give independent advice on the Revised Annual Caps and the Cross Referral Transactions thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (“**Management**”). We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of the Circular, the Shareholders would be notified as soon as possible.

## LETTER FROM NUADA LIMITED

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed in the Circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading.

Our review and analysis were based upon, among other things, (i) Cross Referral Services Framework Agreement (2023); (ii) the financial information of the Group for the three years ended 31 December 2021 (“**FY2021**”), 31 December 2022 (“**FY2022**”) and 31 December 2023 (“**FY2023**”) respectively as shown in the annual reports of the Company for FY2022 (the “**Annual Report 2022**”) and FY2023 (the “**Annual Report 2023**”); (iii) the internal control policy and pricing policy for Cross Referral Transactions; (iv) full list of Cross Referral Transactions for FY2021, FY2022, FY2023 and for the five-month period ended 31 May 2024 (“**FP2024**”); (v) the 2023 Circular; and (vi) the Circular.

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company and the Directors and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our opinions and recommendations. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our recommendation in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder, we have taken into account the following principal factors and reasons:

#### **1. Background information**

##### *(i) Information of the Company and the Midland Group*

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.

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### (ii) *Financial information of the Group*

The table below summarises the financial results of the Group for FY2022 and FY2023 as extracted from the Annual Report 2023 and the financial results for the Group for FY2021 as extracted from the Annual Report 2022.

*Table 1: Consolidated statement of profit or loss and other comprehensive income of the Group*

	<b>For FY2023</b> <b>(audited)</b> <i>HK\$'000</i>	<b>For FY2022</b> <b>(audited)</b> <i>HK\$'000</i>	<b>For FY2021</b> <b>(audited)</b> <i>HK\$'000</i>
<b>Revenue</b>	<b>397,073</b>	<b>450,083</b>	<b>541,319</b>
– Agency fee	338,524	389,058	498,568
– Rental income	27,498	25,591	21,157
– Interest income from credit business	31,051	35,375	19,706
– Interest income from securities investment	–	59	1,888
<b>Staff costs</b>	<b>(200,633)</b>	<b>(221,099)</b>	<b>(307,853)</b>
<b>Rebate incentives</b>	<b>(74,476)</b>	<b>(114,816)</b>	<b>(73,692)</b>
<b>Other operating costs</b>	<b>(33,787)</b>	<b>(50,519)</b>	<b>(46,349)</b>
<b>Profit/(loss) before taxation</b>	<b>5,946</b>	<b>(2,244)</b>	<b>62,607</b>
<b>(Loss)/profit for the year</b>	<b>(1,695)</b>	<b>(3,652)</b>	<b>49,884</b>
– (Loss)/profit for the year attributable to equity holders	(733)	(3,689)	49,839
– (Loss)/profit for the year attributable to non-controlling interests	(962)	37	45

*For FY2023 and FY2022*

The Group recorded a revenue of approximately HK\$397.07 million for FY2023, representing a decrease of approximately 11.78% as compared with that of approximately HK\$450.08 million for FY2022. As stated in the Annual Report 2023, the decrease of revenue was mainly attributable to the decrease in agency fee, which consists of approximately 85.25% of the total revenue of the Group for FY2023, from approximately HK\$389.06 million for FY2022 to approximately HK\$338.52 million for FY2023, which represents a decrease of approximately 12.99%. With reference to the section headed “Letter from Chairman” under the Annual Report 2023 and according to the Management, the Group’s financial results in FY2023 were adversely affected by the poor market conditions which was caused by the weaker-than-expected economic recovery, lingering interest rate hikes concerns and poor investment sentiment, which led to a significant drop in

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the transaction value and volume of the non-residential properties in Hong Kong. Furthermore, the decline in property prices led to impairment of investment properties after revaluation, which also had an adverse impact on financial results.

The Group has recorded a loss attributable to equity holders of approximately HK\$0.73 million for FY2023, which represents a decrease of approximately 80.22% as compared to that of approximately HK\$3.69 million for FY2022. According to the Management, such improvement was attributable to stringent cost control of the Group, including (i) the staff costs of the Group decreased from approximately HK\$221.10 million for FY2022 to approximately HK\$200.63 million for FY2023; (ii) the rebate incentives decreased from approximately HK\$114.82 million for FY2022 to approximately HK\$74.48 million for FY2023; and (iii) other operating costs decreased from approximately HK\$50.52 million for FY2022 to approximately HK\$33.79 million for FY2023.

*For FY2022 and FY2021*

The Group recorded a revenue of approximately HK\$450.08 million for FY2022, representing a decrease of approximately 16.85% as compared with that of approximately HK\$541.32 million for FY2021. As stated in the Annual Report 2022, the decrease of revenue was mainly attributable to the decrease in agency fee, which consists of approximately 86.44% of the total revenue of the Group for FY2022, from approximately HK\$498.57 million for FY2021 to approximately HK\$389.06 million for FY2022, which represents a decrease of approximately 21.96%. With reference to the section headed “Letter from Chairman” under the Annual Report 2022 and according to the Management, the decline in the Group’s financial results for FY2022 was mainly attributable to the adverse market conditions caused by the COVID-related restrictions and measures in Hong Kong, prolonged closure of the border between Hong Kong and PRC, interest rate hikes and poor investment sentiment, which led to a significant drop in the transaction value and volume of the non-residential properties in Hong Kong. According to the Management, the Group recorded turnaround from profits attributable to equity holders of approximately HK\$49.84 million for FY2021 to loss attributable to equity holders of approximately HK\$3.69 million for FY2022 mainly due to the decline of revenue of the Group as mentioned above.

Based on the fact that (i) over 85% of the Group’s revenue is generated from agency fee for the past three financial years; (ii) the actual transaction amount under the referral fees from the Midland Group to the Group for the FP2024 reached approximately 64% of the Existing Annual Caps for the year ending 31 December 2024; and (iii) the Group has recorded consecutive decline of revenue from FY2021 to FY2023 and the Group is in need to maintain the revenue source of the Group, we are of the view and concur with the Management’s view that the Revised Annual Caps and the Cross Referral Transactions thereunder are in the interests of the Group and the Shareholders as a whole.

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### 2. Principal terms of the Cross Referral Services Framework Agreement (2023)

The principal terms of the Cross Referral Services Framework Agreement (2023) are summarised below.

Date:	6 December 2023
Parties:	(a) the Company; and (b) Midland
Term:	The Cross Referral Services Framework Agreement (2023) is valid for a term of three years from 1 January 2024 to 31 December 2026.

#### *Details of the transactions under the Cross Referral Services Framework Agreement (2023)*

The transactions 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):

- (a) 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
- (b) 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 (e.g. if an estate agent of the Group is approached by a customer seeking residential properties for instance that the Group does not have available listings, the referring agent may make a referral to an estate agent with the suitable property listings whom the referring agent has a working relationship with, e.g. an agent of the Midland Group, to address the customer's needs). 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).

For details of the Cross Referral Services Framework Agreement (2023) and the relevant pricing policy, please refer to the paragraph headed "2. Background" under the Board Letter.

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### 3. Reasons for and benefits of revision of the Existing Annual Caps

As stated in the Board Letter, 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. As disclosed in the positive profit alert announcement of Midland dated 26 June 2024, following the removal of substantial tightening measures, the initial market response has been strong. 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 is 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.

On 28 February 2024, Hong Kong Government announced that the Special Stamp Duty, the Buyer's Stamp Duty and the New Residential Stamp Duty will no longer be charged on all residential property transactions from 28 February 2024, onwards ("**Removal of Property Cooling Measures**") (source: <https://www.info.gov.hk/gia/general/202402/28/P2024022800551.htm?fontSize=1>). With reference to the transaction data provided by the Management, the total transaction amount of referral fees to the Group from the Midland Group for FP2024 under the Cross Referral Services Framework Agreement (2023) was approximately HK\$19.7 million. Based on the average monthly transaction amount of referral fees to the Group from the Midland Group of approximately HK\$3.9 million for FP2024, the estimated transaction amount of referral fees to the Group from the Midland Group for the year ending 31 December 2024 will be approximately HK\$46.8 million, which is approximately 51.0% higher than the Existing Annual Caps (i.e. HK\$31.0 million for the year ending 31 December 2024). Based on the above, we are of the view and concur with the Management that the Revised Annual Caps and the Cross Referral Transactions thereunder are fair and reasonable.

### 4. The Revised 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:



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*Table 2: The Existing Annual Caps, the Revised Annual Caps and the actual transaction amount for FP2024*

<b>Referral fees from the Midland Group to the Group</b>	<b>For the year ending 31 December</b>		
	<b>2024</b> <i>(HK\$ million)</i>	<b>2025</b> <i>(HK\$ million)</i>	<b>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

With reference to the Board Letter, 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. 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.

In determining the Revised Annual Caps for the Group in relation to the transactions contemplated under the Cross Referral Services Framework Agreement (2023), the Group made reference to factors including:

- (a) the latest transaction amount: 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.

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We have obtained the monthly transaction amounts of referral fees to the Group from the Midland Group from the Management in order to analyse the reasonableness and fairness of the Revised Annual Caps. As mentioned above under the paragraph headed “3. Reasons for and benefits of revision of the Existing Annual Caps” above in this letter, based on the average monthly transaction amount of referral fees to the Group from the Midland Group of approximately HK\$3.9 million for FP2024, the estimated transaction amount of referral fees to the Group from the Midland Group for the year ending 31 December 2024 will be approximately HK\$46.8 million, which is approximately 51.0% higher than the Existing Annual Caps (i.e. HK\$31.0 million for the year ending 31 December 2024). Accordingly, we are of the view and concur with the Management’s view that it is anticipated that the Existing Annual Caps would be insufficient.

For our due diligence purpose, we also studied the public data regarding the number of agreements for sale and purchase of building units available from the official website of the Land Registry of Hong Kong Government (the “**Land Registry**”) for reference. With reference to the public data available from Land Registry, upon the Hong Kong government announced the Removal of Property Cooling Measures in February 2024, (i) the number of agreements for sale and purchase of residential building units recorded a total of 21,924 agreements from March 2024 to June 2024, which represents an increase of approximately 16.07% as compared to the total of 18,889 agreements from March 2023 to June 2023; and (ii) the total consideration of agreements for sale and purchase of residential building recorded a total of approximately HK\$195.4 billion from March 2024 to June 2024, which represents an increase of approximately 8.14% as compared to that of approximately HK\$180.7 billion from March 2023 to June 2023. Based on the above, we are of the view and concur with the Management’s view that there is an upturn in the number of agreements for sale and purchase of residential building units in Hong Kong after the Removal of Property Cooling Measures.

Having considered (i) the Group has recorded consecutive decline of revenue from FY2021 to FY2023 and the Group is in need to maintain the revenue source of the Group as mentioned under the paragraph headed “1. Background information” above in this letter; (ii) the projection of utilisation of the Existing Annual Caps for the upcoming financial years based on the actual amount of referral fees to the Group from the Midland Group for FP2024 to be higher than the Existing Annual Caps; and (iii) the upturn in the number of agreements and total consideration for sale and purchase of residential building units in Hong Kong based on the public data available from Land Registry as mentioned above, we are of the view and concur with the Management’s view that the Revised Annual Caps and the Cross Referral Transactions thereunder are fair and reasonable and in the interests of the Group and Shareholders as a whole.

### 5. Internal control measures

With reference to the Board Letter, the Group will continue to adopt the following internal control procedures to monitor the transactions contemplated under the Cross Referral Services Framework Agreement (2023):

<b>LETTER FROM NUADA LIMITED</b>
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- (a) the aggregate amount of referral fees to and from the Midland Group will be updated on a monthly basis for appraising the latest unutilised amounts available under the Revised Annual Caps and the Existing Annual Caps in respect of the referral fees from the Group to the Midland Group for the relevant period;
- (b) the terms and commission income allocations for the transactions under the Cross Referral Services Framework Agreement (2023) will be reviewed by the Group from time to time to ensure they are on normal commercial terms or better (i.e. terms obtainable on an arm’s length basis or terms no less favourable to the Group than those available to or from independent third parties); and
- (c) annually, the transactions made under the Cross Referral Services Framework Agreement (2023) conducted during the year will also be reviewed by the independent non-executive Directors and reported by the auditors of the Company in compliance with the relevant requirements in Chapter 14A of the Listing Rules.

With reference to the Board Letter, the starting point in determining the initial allocation of commission income received in each individual property transaction will be the following reference ratios (“**Reference Ratios**”) in line with market practice for the different type of property transaction involved:

<b>Property transaction involved</b>	<b>Reference ratio (%)</b>	
	<i>Referor to receive</i>	<i>Referee to receive</i>
Primary property transaction	Between 70% to 90%	Between 30% to 10%
Secondary property transaction	50%	50%

For our due diligence purpose, we have obtained the full list of Cross Referral Transactions entered into between the Group and the Midland Group during FY2021, FY2022, FY2023 and FP2024 and selected the top five samples of Cross Referral Transactions for each year or period where the Group acted as referor and referee respectively and we did not notice any abnormality. With reference to the transaction lists of Cross Referral Transactions provided by the Management, (i) for primary market transactions, approximately 80.4%, 76.9%, 82.8% and 87.5% of allocation ratio of commission income from the referee to the referor fell within the range of 70% to 90% for the referor for FY2021, FY2022, FY2023 and FP2024 respectively; (ii) for secondary market transactions, approximately 74.2%, 76.6%, 81.1% and 76.6% of allocation ratio of commission income between the referor and referee was 50:50 for FY2021, FY2022, FY2023 and FP2024 respectively.

As discussed with the Management, for those Cross Referral Transactions that the commission allocations fell outside the range of the Reference Ratios, we understand from the Management that they were adjusted based on a case-by-case and on arm’s length basis based on various factors including (i) the characteristics, nature and value of any properties involved, such as the geographical locations, types, usages, areas or other objective features of the properties; (ii) the expected workload of the respective agents relative to each other; (iii) the exclusive nature of the estate agency and consultancy services involved under the

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engagements with the individual customers and the significance of the respective agents in finalising the transaction; and (iv) other factors (details of which please refer to the paragraph headed “2. Background” under the Board Letter) (“**Adjustment Factors**”). In this regard, we have selected five samples of Cross Referral Transactions that (i) the commission allocations fell outside the range of the Reference Ratios; and (ii) the Group acted as referor and Midland Group acted as referee during FY2021, FY2022, FY2023 and FP2024, we noted that the adjustments of the allocation ratios in each sample had been made with reference to the Adjustment Factors.

As the number of referral transactions that the Group act as referor and independent third parties act as referee during each of FY2021, FY2022 and FY2023 were insignificant according to the Management. Alternatively, we obtained the full list of referral transactions that independent third parties as referor and the Group as referee for reference. We noted that (i) for primary market transactions, approximately 50.0%, 100.0%, 66.7% and 100.0% of allocation ratio of commission income from the referee to the referor fell within the range of 70% to 90% for the referor for FY2021, FY2022, FY2023 and FP2024 respectively; (ii) for secondary market transactions, approximately 61.6%, 52.4%, 51.2% and 73.3% of allocation ratio of commission income between the referor and referee was 50:50 for FY2021, FY2022, FY2023 and FP2024 respectively. We have selected five samples of referral transactions that (i) the commission allocations fell outside the range of the Reference Ratios; and (ii) independent third parties acted as referor and the Group acted as referee during FY2021, FY2022, FY2023 and FP2024, we noted that the adjustments of the allocation ratios in each sample had been made with reference to the Adjustment Factors.

According to the Management, for the referral transactions that independent third parties acted as referor or referee, the Group would also use Reference Ratios as the starting point in determining the initial allocation of commission income and adjusted based on a case-by-case and on arm’s length basis based on the Adjustment Factors. Taking into account that the Group applies the same Reference Ratios and Adjustment Factors in terms of allocation of commission income for its transactions with both the Midland Group and independent third parties, we are of the view that the Group’s internal control had been adhered to and the Group has complied with the aforementioned pricing policy for the Cross Referral Transactions to be no less favourable to it than terms available to or from (as appropriate) its respective independent third parties, and neither the Group nor the Midland Group is required to consider the favourableness of such terms with respect to one another. We are of the opinion that there are established procedures in place to ensure that future transactions under the Cross Referral Services Framework Agreement (2023) will continue to be conducted on normal commercial terms and in accordance with the aforementioned pricing policy.

In addition, the transactions made under the Cross Referral Services Framework Agreement (2023) conducted during the year will also be reviewed by the independent non-executive Directors and reported by the auditors of the Company in compliance with the relevant requirements in Chapter 14A of the Listing Rules. Based on the above, we are of the view and concur with the Management’s view that adequate measures in monitoring the transactions under the Cross Referral Services Framework Agreement (2023) have been put in place for the purpose of protecting the interests of the Company and the Independent Shareholders.

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**RECOMMENDATION**

Having considered the above principal factors and reasons, we are of the opinion that (i) the Revised Annual Caps and the Cross Referral Transactions thereunder are in the ordinary and usual course of business of the Group; and (ii) the Revised Annual Caps and the Cross Referral Transactions thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Revised Annual Caps and the Cross Referral Transactions thereunder.

Yours faithfully,  
For and on behalf of  
**Nuada Limited**

**Kim Chan**  
*Director*

**Herman Luk**  
*Assistant Manager*

*Mr. Kim Chan is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 20 years of experience in corporate finance industry.*

*Mr. Herman Luk is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 8 years of experience in corporate finance industry.*

## GENERAL INFORMATION

### 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long positions in the Shares and underlying Shares

Name of Directors	Number of Shares	Number of underlying Shares	Total	Approximate percentage of the issued voting Shares
	Corporate interest/ Interest of controlled corporations	Personal interest/ Beneficial owner <i>(Note 1)</i>		
Mr. Wong	1,107,973,428 <i>(Note 2)</i>	18,000,000	1,125,973,428	62.37%
Ms. WONG Ching Yi, Angela	–	18,000,000	18,000,000	1%
Mr. WONG Alexander Yiu Ming	–	18,000,000	18,000,000	1%

*Notes:*

- These underlying Shares (being physically settled unlisted derivatives) were held by the Director(s) by virtue of the interests in the Share Options granted to him/her. Particulars of such underlying Shares are disclosed in the sub-section headed “(iii) Underlying Shares – Share Options” below.
- These Shares were held by Wealth Builder Holdings Limited (“**Wealth Builder**”) which was indirectly wholly-owned by Mr. Wong through his wholly-owned company, namely Luck Gain Holdings Limited (“**Luck Gain**”).

<b>GENERAL INFORMATION</b>
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**(ii) Long positions in the shares and underlying shares of the associated corporation of the Company**

Name of associated corporations	Name of Directors	Capacity/Nature	Number of ordinary shares	Approximate percentage of the issued voting shares of associated corporation
Wealth Builder	Mr. Wong	Interest of controlled corporation/ Corporate interest <sup>(Note)</sup>	1	100%
Powerful Surge Group Limited	Ms. WONG Ching Yi, Angela	Beneficial owner/ Personal interest	5	4.67%

*Note:* Such share was held by Luck Gain which was directly wholly-owned by Mr. Wong.

**(iii) Underlying Shares – Share Options**

Share Options, which were unlisted and physically settled, to subscribe for Shares were beneficially held by certain Directors.

Name of Directors	Number of Share Options	Date of grant <sup>(Note)</sup>	Exercise price per Share (HK\$)	Exercisable period
Mr. Wong	18,000,000	3 January 2022	0.128	3 January 2023 – 2 January 2030
Ms. WONG Ching Yi, Angela	18,000,000	3 January 2022	0.128	3 January 2023 – 2 January 2030
Mr. WONG Alexander Yiu Ming	18,000,000	3 January 2022	0.128	3 January 2023 – 2 January 2030

*Note:* All the Share Options granted were subject to a vesting period from the date of grant until the commencement of the exercisable period.

## GENERAL INFORMATION

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Mr. Wong and Ms. WONG Ching Yi, Angela were directors of Wealth Builder and Luck Gain, all being companies which had an interest in the Shares as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO. Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had an existing or proposed service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, Mr. Wong (the Chairman and a controlling shareholder of Midland) and Ms. WONG Ching Yi, Angela held executive directorships in the Midland Group. Mr. WONG Alexander Yiu Ming held directorships in the Midland Group. The Midland Group is principally engaged in the provision of property agency services in Hong Kong, Macau and the PRC, property leasing, immigration consultancy services and money lending services.

As the Board is independent of the board of directors of Midland and none of the above Directors can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the business of the Midland Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.



## GENERAL INFORMATION

### 5. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

Save as disclosed below, as at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2023, being the balance sheet date of the latest published audited consolidated financial statements of the Group, acquired or disposed of by or leased to any member(s) of the Group, or were proposed to be acquired or disposed of by or leased to, any member(s) of the Group and (ii) none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group:

- (i) A tenancy agreement was made on 18 April 2023 between Midland Alliance Limited, an indirect wholly-owned subsidiary of the Company, as tenant and Shun Yik International Limited, a company wholly-owned by Mr. Wong, as landlord, which is an associate of Mr. Wong, whereby the landlord agreed to let the premises located at Office Nos. 11-17, 7th Floor, Tower B, New Mandarin Plaza, No. 14 Science Museum Road, Kowloon, Hong Kong as office for the real estate agency business of the Group for a term of two years commencing from 1 May 2023 to 30 April 2025 at a monthly rental of HK\$210,000 without rent-free period (details of which were disclosed in the announcement of the Company dated 18 April 2023).
- (ii) A tenancy agreement was made on 27 March 2023 between Teamway Group Limited, an indirect wholly-owned subsidiary of the Company, as landlord and Union Honor Limited, an indirect wholly-owned subsidiary of Midland, of which Mr. Wong is the chairman, an executive Director and a controlling shareholder and hence an associate of Mr. Wong, as tenant, whereby the landlord agreed to let the premises located at the Whole of 21st Floor, Ford Flory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong as office for a term of one year commencing from 19 March 2023 to 18 March 2024 at a monthly rental of HK\$200,000 without rent-free period (details of which were disclosed in the announcement of the Company dated 27 March 2023).

### 6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

### 7. EXPERT AND CONSENT

- (i) Nuada Limited is a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps and the Cross Referral Transactions thereunder.

## GENERAL INFORMATION

- (ii) Nuada Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its names in the form and context in which they respectively appear.
- (iii) As at the Latest Practicable Date, Nuada Limited did not have (a) any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

### 8. MISCELLANEOUS

- (a) The English text of this circular shall prevail over the Chinese text in case of inconsistency.
- (b) The secretary of the Company is Ms. MUI Ngar May, Joel. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute and has over 15 years of experience in the company secretarial field.
- (c) The head office and principal place of business in Hong Kong of the Company is at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (d) The principal share registrar and transfer office of the Company in the Cayman Islands is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

### 9. DOCUMENTS ON DISPLAY

A copy of the (a) Cross Referral Services Framework Agreement (2023), (b) letter from the Independent Board Committee as set out in pages 14 to 15 in this circular, (c) letter from Nuada Limited, the Independent Financial Adviser, as set out in pages 16 to 27 in this circular and (d) written consent referred to in the paragraph headed “Expert and Consent” above, will be on display on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.legendupstarholdings.com](http://www.legendupstarholdings.com)) for a period of 14 days from the date of this circular.

NOTICE OF EGM



**Legend Upstar Holdings Limited**  
**駿聯控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 459)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**Meeting**”) of Legend Upstar Holdings Limited (the “**Company**”) will be held at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong on Friday, 16 August 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendment, the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

**“THAT:**

- (a) the revised maximum annual referral fees from Midland Holdings Limited and/or its subsidiaries to the Company and/or its subsidiaries for the transactions contemplated under the cross referral services framework agreement (2023) in the amount of HK\$52.0 million for each of the three years ending 31 December 2026 (the “**Revised Annual Caps**”), and the transactions thereunder be and are hereby approved, ratified and confirmed; and
- (b) any director(s) of the Company be and is/are hereby authorized for and on behalf of the Company to do all acts and things and execute any agreements, deeds, instruments and any other documents, under hand or under seal, or make such arrangement as he/she/they may determine to be appropriate, necessary or desirable to give effect to or in connection with the Revised Annual Caps and the transactions thereunder and, subject to and in accordance with the applicable laws and regulations, to approve and make such immaterial variation, amendment, supplement or waiver of immaterial matters relating thereto in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 23 July 2024

## NOTICE OF EGM

*Head Office and Principal Place of  
Business in Hong Kong:*  
Rooms 2505-8, 25th Floor  
World-Wide House  
19 Des Voeux Road Central  
Hong Kong

*Registered Office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Notes:*

1. The Meeting will be held in the form of a physical meeting. The resolution at the Meeting will be taken by poll pursuant to the requirement of the articles of association of the Company and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company in accordance with the Rules Governing the Listing of Securities on the Stock Exchange.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or (if he is a holder of two or more shares) more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. Whether or not you intend to attend the Meeting in person, you are requested to complete and return the proxy form in accordance with the instructions stated thereon.
4. To be valid, the completed proxy form together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Meeting and at any adjournment thereof if you so wish. In such event, the proxy form shall be deemed to be revoked.
5. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased member of the Company in whose name any share stands shall be deemed joint holders thereof in accordance with the articles of association of the Company.
6. The register of members of the Company will be closed from Tuesday, 13 August 2024 to Friday, 16 August 2024, both days inclusive, during which period no transfer of shares will be registered. To be eligible to attend and vote at the Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 August 2024.
7. In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions caused by a super typhoon” announced by the Government of Hong Kong is/are in force in Hong Kong at or at any time after 9:00 a.m. on the date of the Meeting, the Meeting will be adjourned. The Company will post an announcement on the Company’s website ([www.legendupstarholdings.com](http://www.legendupstarholdings.com)) and the designated website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify members of the Company of the date, time and place of the adjourned Meeting.

The Meeting will be held as scheduled while an Amber or a Red Rainstorm Warning Signal is in force. Members of the Company should decide on their own whether they would attend the Meeting under bad weather conditions bearing in mind their own situation.