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**Legend Upstar Holdings Limited**

**銓 聯 控 股 有 限 公 司**

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

**(Stock Code: 459)**

## **CONTINUING CONNECTED TRANSACTIONS CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT**

### **CROSS REFERRAL TRANSACTIONS**

Based on the information currently available, the Board anticipates that the existing annual caps in respect of the referral fees payable under the Cross Referral Services Framework Agreement (2023) will be insufficient given the stronger-than-expected performance of the estate agency business of the Group. Accordingly, on 19 May 2025, the Company and Midland agreed to terminate the Cross Referral Services Framework Agreement (2023) and entered into the Cross Referral Services Framework Agreement (2025), pursuant to which members of the Group and the Midland Group may carry on the Cross Referral Transactions with each other for a period of three years from 1 January 2025 to 31 December 2027 in compliance with the Listing Rules.

### **LISTING RULES IMPLICATIONS**

Mr. Wong (the Chairman and an executive Director), who is indirectly interested in approximately 37.04% of all issued shares in Midland, is indirectly interested in approximately 62.52% 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. Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2025) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the highest of the Proposed Annual Caps exceeds 5%, the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2025) 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.

The Company will convene the EGM to seek approval from the Independent Shareholders in respect of the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2025) and the Proposed Annual Caps. Mr. Wong and any of his associates will abstain from voting in relation to the resolution approving the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2025) and the Proposed Annual Caps at the EGM.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the Cross Referral Services Framework Agreement (2025), the transactions contemplated thereunder and the Proposed Annual Caps. Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) information on the Cross Referral Transactions and the Proposed Annual Caps, (ii) the letter from the Independent Board Committee, (iii) the letter from the Independent Financial Adviser, (iv) a notice convening the EGM and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 3 June 2025.

## **BACKGROUND**

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 and the 2024 Circular in relation to the revision of annual caps for the Cross Referral Services Framework Agreement (2023).

Based on the information currently available, the Board anticipates that the existing annual caps in respect of the referral fees payable under the Cross Referral Services Framework Agreement (2023) will be insufficient given the stronger-than-expected performance of the estate agency business of the Group. Accordingly, on 19 May 2025, the Company and Midland agreed to terminate the Cross Referral Services Framework Agreement (2023) and entered into the Cross Referral Services Framework Agreement (2025), pursuant to which members of the Group and the Midland Group may carry on the Cross Referral Transactions with each other for a period of three years from 1 January 2025 to 31 December 2027 in compliance with the Listing Rules.

## **CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT (2025)**

### **Date**

19 May 2025

### **Parties**

(a) the Company; and

(b) Midland

### **Term**

The Cross Referral Services Framework Agreement (2025) will, subject to compliance with the respective independent shareholders' approval requirements by each of the Company and Midland, be valid for a term of three years from 1 January 2025 to 31 December 2027.

### **Details of the transactions under the Cross Referral Services Framework Agreement (2025)**

The transactions under the Cross Referral Services Framework Agreement (2025) are of the same nature as those covered by the Cross Referral Services Framework Agreement (2023). They 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 (2025):

- (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. There is no legally binding 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 (2025). 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 (2025), and the individual agreements in respect of such referral transactions shall take effect only upon compliance with all relevant requirements under the Listing Rules by the Company and Midland.

## Referral fee and pricing policy

The party initiating the referral (hereinafter the “**referor**”) 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.

The allocation of the commission income received with respect to each individual property transaction will be negotiated on a case-by-case basis and on an arm’s length basis following the terms of the Cross Referral Services Framework Agreement (2025) and pricing policy 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 types of property transaction involved:

Property transaction involved	Reference ratio (%)	
	<i>Referor</i>	<i>Referee</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 (2025) with past transactions of the 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 any of the 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 (2025) 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 financial year will also be reviewed by the Group and the Midland Group respectively in compliance with the relevant requirements of the Listing Rules.

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.

## Settlement

For actual commission income received in each month, payments of referral fees will generally be made by the end of the calendar month following the month in which the commission income is actually received from or attributable to the relevant transaction.

The referral fees payable by the Group to the Midland Group under the Cross Referral Services Framework Agreement (2025) will be settled through the working capital of the Group.

## HISTORICAL AMOUNTS

The amounts of the existing annual caps of the referral fees to or from the Midland Group for the following years are as follows:

<b>Existing annual caps</b>	<b>1 Jan 2024 to 31 Dec 2024 (HK\$ million)</b>	<b>1 Jan 2025 to 31 Dec 2025 (HK\$ million)</b>	<b>1 Jan 2026 to 31 Dec 2026 (HK\$ million)</b>
Referral fees to the Midland Group	82.0	82.0	82.0
Referral fees from the Midland Group	52.0	52.0	52.0

Set out below are the historical amounts of the referral fees to or from the Midland Group for the following years/periods:

<b>Historical amounts</b>	<b>1 Jan 2023 to 31 Dec 2023 (HK\$ million)</b>	<b>1 Jan 2024 to 31 Dec 2024 (HK\$ million)</b>	<b>1 Jan 2025 to 31 Mar 2025 (Note 1) (HK\$ million)</b>
Referral fees to the Midland Group	38.5	31.8	60.2 (Note 2)
Referral fees from the Midland Group	13.5	30.6	2.9

Notes:

- (1) The historical amounts for 2025 are preliminary and subject to audit.
- (2) Such actual amounts for the first three months already represented approximately 73.4% of the year's whole annual cap for 2025.

Given the faster-than-expected exhaustion of part of the annual caps under the Cross Referral Services Framework Agreement (2023) in the first quarter of 2025, the Company has reassessed the Proposed Annual Caps under the Cross Referral Services Framework Agreement (2025) to better accommodate for similar volatility in the future as follows.

## PROPOSED ANNUAL CAPS

The Proposed Annual Caps for the respective years are as follows:

<b>Proposed Annual Caps</b>	<b>1 Jan 2025 to 31 Dec 2025 (HK\$ million)</b>	<b>1 Jan 2026 to 31 Dec 2026 (HK\$ million)</b>	<b>1 Jan 2027 to 31 Dec 2027 (HK\$ million)</b>
Referral fees to the Midland Group	241.0	241.0	241.0
Referral fees from the Midland Group	61.0	61.0	61.0

### Basis of determining the Proposed Annual Caps

The Proposed Annual Caps for the Group in relation to the transactions contemplated under the Cross Referral Services Framework Agreement (2025) were determined by the Group with reference to factors including:

- (a) the actual transaction amounts between the Group and the Midland Group in respect of the Cross Referral Transactions for the year 2024 and for the period from 1 January 2025 to 31 March 2025, in particular increase in transaction volume in 2025; and
- (b) adjustment for potential business growth in the property market and economic factors which, if materialise and/or persist, are reasonably expected to impact property transactions, including:
  - (1) the volatility of the property market in Hong Kong contributing to swings in transaction volume and/or value, which contributed to increased referral activities such as those in the early part of 2025 (for details, please refer to the section headed “HISTORICAL AMOUNTS” above);
  - (2) the influx of mainland Chinese investors and overseas talents which help drive property demand; and
  - (3) the outlook of the local economic conditions affected by policy changes and other market stimulants, such as the revision of the ad valorem stamp duty structure for property transactions by the government, interest rate cuts, the increase in the number of new projects launched and favourable pricing strategies by developers which may drive buyer interest and transaction levels.



## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CROSS REFERRAL SERVICES FRAMEWORK AGREEMENT (2025)**

Referral transactions are an integral part of estate agency business, which constitute the principal activities of both the Group and the Midland Group, and broaden the agents' access to additional clientele. As it is anticipated that the existing annual caps in respect of the referral fees payable under the Cross Referral Services Framework Agreement (2023) will be insufficient given the stronger-than-expected performance of the estate agency business of the Group and the revision of such annual caps for the remaining term thereunder will nonetheless require Independent Shareholders' approval, the Company will take the opportunity to update the annual caps for each of the three years ending 31 December 2025, 2026 and 2027 with the Cross Referral Services Framework Agreement (2025) such that the parties could continue their referral activities in the ordinary course of business notwithstanding any potential jump in transaction amount or volume in compliance with the relevant requirements of the Listing Rules.

The Directors (other than the independent non-executive Directors whose views will be included in the circular to be despatched to the Shareholders after taking into account the views of the Independent Financial Adviser) consider that the Cross Referral Services Framework Agreement (2025) and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Cross Referral Services Framework Agreement (2025) and the transactions contemplated thereunder and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

To ensure that the transactions contemplated under the Cross Referral Services Framework Agreement (2025) will be conducted in accordance with its terms and the pricing policy and within the Proposed Annual Caps, the Group has in place the following internal control procedures to monitor the transactions contemplated under the Cross Referral Services Framework Agreement (2025):

- (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 Proposed Annual Caps for the relevant period;
- (b) the terms and commission income allocations for the transactions under the Cross Referral Services Framework Agreement (2025) 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 (2025) conducted during the financial 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.



## **LISTING RULES IMPLICATIONS**

Mr. Wong (the Chairman and an executive Director), who is indirectly interested in approximately 37.04% of all issued shares in Midland, is indirectly interested in approximately 62.52% 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. Accordingly, the transactions contemplated under the Cross Referral Services Framework Agreement (2025) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) calculated based on the highest of the Proposed Annual Caps exceeds 5%, the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2025) 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.

The Company will convene the EGM to seek approval from the Independent Shareholders in respect of the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2025) and the Proposed Annual Caps. Mr. Wong and any of his associates will abstain from voting in relation to the resolution approving the Cross Referral Transactions as contemplated under the Cross Referral Services Framework Agreement (2025) and the Proposed Annual Caps at the EGM.

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the terms of the Cross Referral Services Framework Agreement (2025), the transactions contemplated thereunder and the Proposed Annual Caps. Octal Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) information on the Cross Referral Transactions and the Proposed Annual Caps, (ii) the letter from the Independent Board Committee, (iii) the letter from the Independent Financial Adviser, (iv) a notice convening the EGM and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 3 June 2025.

## **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.

## DEFINITIONS

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

“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
“2024 Circular”	the circular of the Company dated 23 July 2024 in relation to the revision of annual caps for the Cross Referral Services Framework Agreement (2023)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 Services Framework Agreement (2025)”	the cross referral services framework agreement dated 19 May 2025 entered into between the Company and Midland for a period of three years from 1 January 2025 to 31 December 2027
“Cross Referral Transactions”	the cross referral services transactions between the Group and the Midland Group in relation to estate agency businesses
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Cross Referral Services Framework Agreement (2025), the transactions contemplated thereunder and the Proposed Annual Caps
“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”	Octal Capital Limited, a corporation licensed to carry out Type 1 (Dealing in securities) and Type 6 (Advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders on the Cross Referral Services Framework Agreement (2025), the transactions contemplated thereunder and the Proposed Annual Caps
“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
“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
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Proposed Annual Caps”	the proposed maximum annual referral fees to or from the Midland Group by the Group under the Cross Referral Services Framework Agreement (2025) for the three years ending 31 December 2025, 2026 and 2027

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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.

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

Hong Kong, 19 May 2025

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