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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)

## **DISCLOSEABLE TRANSACTION DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

### **THE DISPOSAL**

The Board is pleased to announce that on 7 March 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Agent have entered into the Agreement, pursuant to which, the Vendor has agreed to sell and assign, and the Purchaser has agreed to acquire and take up the Sale Share and the Sale Debt at a consideration of HK\$33,500,000.

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% and is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **(A) INTRODUCTION**

The Board is pleased to announce that on 7 March 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Agent have entered into the Agreement, pursuant to which, the Vendor has agreed to sell and assign, and the Purchaser has agreed to acquire and take up the Sale Share and the Sale Debt at a consideration of HK\$33,500,000.

## **(B) THE DISPOSAL**

### **The Agreement**

#### **Date**

7 March 2023

#### **Parties**

- (i) The Vendor;
- (ii) the Purchaser; and
- (iii) the Agent

#### **Assets to be disposed of**

Pursuant to the Agreement, the Vendor has agreed to sell and assign, and the Purchaser has agreed to acquire and take up the Sale Share and the Sale Debt. The principal asset of the Target Company is the entire interest in the Property located at Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Kowloon, Hong Kong, with a gross floor area of approximately 1,300 sq. ft. The Property is currently leased to Midland Corporate Leasing (XV) Limited, (an indirect wholly-owned subsidiary of Midland Holdings Limited, being an associate of Mr. WONG Kin Yip, Freddie, the Chairman, an executive Director and a controlling shareholder of the Company), under a tenancy agreement with a term of two years commencing from 15 July 2022 and expiring on 14 July 2024 (both days inclusive) at a monthly rent of HK\$98,000 (exclusive of management fees, air-conditioning charges, Government rent and rates), details of which are disclosed in the announcement of the Company dated 11 July 2022.

#### **Consideration of the Disposal**

The consideration for the Disposal is HK\$33,500,000.

Pursuant to the Agreement, the Purchaser (i) has paid HK\$1,600,000 upon the signing of the Agreement; (ii) shall pay HK\$1,750,000 on or before 20 March 2023; and (iii) shall pay the balance of HK\$30,150,000 upon the completion of the Disposal, which shall take place on or before 3 May 2023 (or such later date as the Vendor and the Purchaser may agree in writing).

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser through the Agent and having considered, among others; (i) the prevailing property market conditions, in particular, the prevailing market price and recent transactions of similar properties located around the vicinity of the Property; (ii) the estimated market value of the Property, and (iii) the recent property and financial market situation.

## **Formal sale and purchase agreement**

The Vendor and the Purchaser shall negotiate in good faith and use all their respective reasonable endeavours to enter into a formal agreement for sale and purchase on or before 20 March 2023. In the event that the Vendor and the Purchaser shall fail to reach an agreement on the terms of the formal agreement for sale and purchase on or before 20 March 2023, the Agreement shall remain valid and of full force and effect and the Vendor and the Purchaser shall continue to fulfill their respective obligations under the Agreement.

## **Conditions Precedent**

Completion of the Disposal is conditional upon and subject to the satisfaction of the following conditions:

- (i) the Purchaser having completed his due diligence review on the business, financial, legal and other aspects of the Target Company and being satisfied with the results thereof;
- (ii) the Vendor having procured the Target Company to give and prove good title to the Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (iii) the Vendor is the legal and beneficial owner of the Sale Share (as at the date of the Agreement and up to completion of the Disposal) and the Sale Debt (up to completion of the Disposal);
- (iv) the Target Company is the sole registered legal and beneficial owner of the Property; and
- (v) all the representations and warranties given by the Vendor in the Agreement being true and correct and remaining so from the date of the Agreement up to completion of the Disposal.

## **Completion**

Subject to the fulfillment of the conditions precedent as set out in the Agreement (or them being waived by the Purchaser), the completion of the Disposal shall take place on or before 3 May 2023.

## **(C) INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability, and is principally engaged in property investment.

As disclosed above, the principal asset of the Target Company is the entire interest in the Property.

Set out below is the financial information extracted from the unaudited financial statements of the Target Company for the years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2022	2021
	<i>HK\$' 000</i>	<i>HK\$' 000</i>
Revenue	974	1,056
Net profit before tax	949	1,031
Net profit after tax	793	861

As at 31 December 2022, the unaudited net asset value of the Target Company (excluding the Sale Debt) was approximately HK\$26 million.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company, and its financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group.

#### **(D) REASONS FOR AND BENEFITS OF THE DISPOSAL**

The principal activities of the Group are provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

The Disposal is in line with the Group's strategy and is beneficial to the Group in view of the recent trend of rising interest rates and the current property market situation in Hong Kong. The Disposal is considered to be a good opportunity for the Group to realize its investment in the Property and secure more cash for future development and investment under the current economic situation.

Based on, inter alia, the consideration, the Sale Debt, the unaudited net asset value and the related expenses for the Disposal, the Company currently expects to record a gain arising from the Disposal of approximately HK\$6 million upon Completion subject to review by the auditors of the Company. The net proceeds from the Disposal are intended to be applied for development of the existing business and general working capital of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Agreement is in the interests of the Company and its shareholders as a whole.

#### **(E) INFORMATION OF THE PARTIES**

The Vendor, an indirect wholly-owned subsidiary of the Company, is a company incorporated in the British Virgin Islands with limited liability and its principal business activity is investment holding.

The Agent, a wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of property agency services in Hong Kong.

The Purchaser is an individual. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

## **(F) LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% and is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **(G) DEFINITIONS**

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

“Agent”	Midland Realty (Shops II) Limited, a wholly-owned subsidiary of the Company, a company incorporated in Hong Kong with limited liability
“Agreement”	the provisional agreement for sale and purchase entered into on 7 March 2023 among the Purchaser, the Vendor and the Agent
“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 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
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest in the Target Company and the assignment of the Sale Debt pursuant to the Agreement
“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 People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the premises located at Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Kowloon, Hong Kong
“Purchaser”	LEE Ka Ling, an Independent Third Party
“Sale Debt”	the right to all outstanding debts owing by the Target Company to the Vendor and its associates (if any) as at the date of completion of the Disposal on the terms and subject to the conditions in the Agreement
“Sale Share”	the entire issued share capital of the Target Company
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Bright Eastern Limited, a company incorporated in Hong Kong with limited liability and the sole registered legal and beneficial owner of the Property
“Vendor”	Platinum Spark International Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company and the sole legal and beneficial owner of the Sale Share
“%”	per cent.

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

Hong Kong, 7 March 2023

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