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Lung Fung Group Holdings Limited

龍豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2290)

**CONNECTED TRANSACTION IN RELATION TO
THE NEW LEASE AGREEMENT AND RENEWAL AGREEMENTS**

The Board announces that on 16 October 2026, LFP, an indirect wholly-owned subsidiary of the Company, as lessee, entered into a renewal lease agreement with Max Profit as lessor.

Pursuant to Rule 14A.81 of the Listing Rules, the transaction contemplated under the Second Renewal Lease Agreement is required to be aggregated with the transactions contemplated under the following lease agreements previously entered into by LFP as lessee: (i) a new lease agreement dated 20 July 2026 entered into with Huge Max (HK) as lessor ; and (ii) a renewal lease agreement dated 30 September 2026 entered into with Full Group as lessor.

Each of Full Group, Huge Max (HK) and Max Profit is a company wholly-owned by Mr. Tse, an executive Director, the chairman and chief executive officer and a controlling shareholder of the Company. Accordingly, each of Full Group, Huge Max (HK) and Max Profit is an associate of Mr. Tse and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Pursuant to HKFRS 16 “Leases”, the Group will recognise right-of-use assets in connection with the leases under the Lease Agreements. Accordingly, the transactions contemplated under the Lease Agreements constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the aggregated transactions are more than 0.1% but less than 5%, the transactions contemplated under the Lease Agreements are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders’ approval requirements, under Chapter 14A of the Listing Rules.

INTRODUCTION

The New Lease Agreement relates to a new lease entered into between LFP and Huge Max (HK). The First Renewal Lease Agreement relates to the renewal of an existing lease entered into between LFP and Full Group. The Second Renewal Lease Agreement relates to the renewal of an existing lease entered into between LFP and Max Profit.

Set out below is a summary of the principal terms of the Lease Agreements:

1. NEW LEASE AGREEMENT

Date	:	20 July 2026
Lessor	:	Huge Max (HK)
Lessee	:	LFP
Premises	:	Room 202, Lung Fung Group Centre, No. 23 Yip Cheong Street, Fanling, New Territories
Lease term	:	One (1) year commencing from 20 July 2026 and expiring on 19 July 2027 (both days inclusive), with an option to renew up to 31 March 2028 (subject to a separate written agreement)
Rental	:	HK\$162,000 per month (exclusive of management fee, air-conditioning charges, government rent and rates and other outgoings), payable in advance on the first day of each calendar month. The rent was determined after taking into account (i) prevailing market conditions and the prevailing market rent for similar properties in the vicinity of the Premises; and (ii) conditions of the Premises, including the location of the Premises as well as the facilities and management services associated with the Premises. The rent payable will be financed by the internal resources of the Group.
Options to renew	:	The lessee shall have the option to renew the lease upon expiry of the current lease term on 19 July 2027. If the option is exercised, the monthly rental shall remain unchanged at HK\$162,000, and the lease may be extended up to 31 March 2028. The renewal shall become effective upon the parties entering into a separate written agreement.
Deposit	:	HK\$578,364, equivalent to three (3) months' rent and three (3) months' management fee

2. FIRST RENEWAL LEASE AGREEMENT

Date : 30 September 2026

Lessor : Full Group

Lessee : LFP

Premises : No.68 San Uk Tsuen, Lung Yeuk Tau, Fanling, New Territories

Lease term : Two (2) years commencing from 1 October 2026 and expiring on 30 September 2028 (both days inclusive)

Rental : HK\$40,000 per month (exclusive of management fee, air-conditioning charges, government rent and rates and other outgoings), payable in advance on the first day of each calendar month.

The rent was determined after taking into account (i) prevailing market conditions and the prevailing market rent for similar properties in the vicinity of the Premises; and (ii) conditions of the Premises, including the location of the Premises as well as the facilities and management services associated with the Premises. The rent payable will be financed by the internal resources of the Group.

Deposit : HK\$120,000, equivalent to three (3) months' rent

3. SECOND RENEWAL LEASE AGREEMENT

Date : 16 October 2026

Lessor : Max Profit

Lessee : LFP

Premises : Portion of 1/F, No.66 San Hong Street, Sheung Shui, New Territories

The premises to be leased under the Second Renewal Lease Agreement comprise a portion of the first floor, whereas the existing tenancy agreement covers the entire floor.

Lease term : Two (2) years commencing from 16 October 2026 and expiring on 15 October 2028 (both days inclusive)

Rental : HK\$18,000 per month (exclusive of management fee, air-conditioning charges, government rent and rates and other outgoings), payable in advance on the first day of each calendar month.

The rent was determined after taking into account (i) prevailing market conditions and the prevailing market rent for similar properties in the vicinity of the Premises; and (ii) conditions of the Premises, including the location of the Premises as well as the facilities and management services associated with the Premises. The rent payable will be financed by the internal resources of the Group.

Deposit : HK\$54,000, equivalent to three (3) months' rent

RIGHT-OF-USE ASSETS

The aggregate unaudited value of the right-of-use assets to be recognised by the Group under the Lease Agreements is expected to be approximately HK\$3.2 million. Such amount is calculated with reference to the present value of the aggregate lease payments payable during the respective lease terms under the Lease Agreements, in accordance with HKFRS 16 "Leases". The final actual value of the right-of-use assets to be recognised by the Group will be subject to review and final audit by the auditor of the Company.

The option to renew under the New Lease Agreement has not been included in the calculation of the right-of-use asset to be recognised thereunder, as the exercise of such option is subject to the parties entering into a separate written agreement.

For the purpose of calculating the applicable percentage ratios under Chapter 14A of the Listing Rules, the aggregate unaudited value of the right-of-use assets to be recognised by the Group under the Lease Agreements is regarded as the consideration for the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

The principal business activity of the Company is investment holding.

LFP is an indirect wholly-owned subsidiary of the Company and principally engaged in sales of beauty products, health products, pharmaceutical products and other consumer products.

The principal business activity of Full Group, Huge Max (HK) and Max Profit is property investment.

REASONS AND BENEFIT OF THE TRANSACTION

Having considered the business requirements of the Group and the need for stable warehouse spaces to support the continued growth of its operations, the Board considers that the entering into of the New Lease Agreement is in the interests of the Company and the Shareholders as a whole. The New Lease Agreement enables the Group to secure the use of the warehouse premises for a longer term, thereby avoiding unnecessary relocation and administrative costs and providing greater operational flexibility and continuity for the Group. The First Renewal Lease Agreement and Second Renewal Lease Agreement allow the Group to continue to use premises which are required for its existing business operations without disruption.

The terms of the Lease Agreements, including the monthly rents, were determined after arm's length negotiations between the relevant parties with reference to the prevailing market rates for premises of similar type and location in the vicinity. The Directors, including the independent non-executive Directors, consider that the terms of the Lease Agreements are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 "Leases", the Group will recognise the right-of-use asset on its consolidated statement of financial position in connection with the lease of the relevant premises under the Lease Agreements. Accordingly, the transaction under the Lease Agreements will be regarded as an acquisition of asset by the Group for the purpose of the Listing Rules.

Each of Full Group, Huge Max (HK), Max Profit is a company wholly-owned by Mr. Tse, an executive Director, the chairman and the chief executive officer and a controlling shareholder of the Company. Accordingly, each of the Lessors is an associate of Mr. Tse and thus a connected person of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related. The counterparties to the transactions are all wholly-owned by Mr. Tse and such transactions are similar in nature. Accordingly, such transactions shall be aggregated.

At the time of entering into the New Lease Agreement on 20 July 2026, the highest applicable percentage ratio in respect of the transaction contemplated thereunder was more than 0.1% but less than 5%, and the consideration thereunder was less than HK\$3 million. Upon entering into the First Renewal Lease Agreement on 30 September 2026, the highest applicable percentage ratio in respect of the transactions contemplated under the New Lease Agreement and the First Renewal Lease Agreement was more than 0.1% but less than 5%, and the aggregate consideration thereunder remained less than HK\$3 million. Accordingly, the transactions contemplated under the New Lease Agreement and the First Renewal Lease Agreement were fully exempt continuing connected transactions under Rule 14A.76(1)(c) of the Listing Rules and were exempt from the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Upon entering into the Second Renewal Lease Agreement on 16 October 2026, the highest applicable percentage ratio in respect of the aggregated transactions exceeded 0.1% but was less than 5%, and the aggregate consideration under the New Lease Agreement, the First Renewal Lease Agreement and the Second Renewal Lease Agreement exceeded HK\$3 million. Accordingly, the transactions contemplated under the Lease Agreements are subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS

As Mr. Tse is the ultimate beneficial owner of each of Full Group, Huge Max (HK) and Max Profit, Mr. Tse is regarded as having a material interest in the transactions contemplated under the Lease Agreements. Accordingly, Mr. Tse has abstained from voting on the Board resolutions approving the Lease Agreements and the transactions contemplated thereunder.

Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under the Lease Agreements or is required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

In this announcement, unless the context otherwise requires the following expressions shall have the following meanings when used herein:

“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Lung Fung Group Holdings Limited, an exempted company with limited liability incorporated on 3 October 2025 in the Cayman Islands and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2290)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Renewal Lease Agreement”	The lease agreement dated 30 September 2026 entered into between LFP (as lessee) and Full Group (as lessor)
“Full Group”	Full Group Corporation Limited, a company incorporated in Hong Kong with limited liability on 6 April 2004, which is wholly owned by Mr. Tse
“Group”	The Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “Leases”
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huge Max (HK)”	Huge Max (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on 18 August 2005, which is wholly owned by Mr. Tse
“Lease Agreements”	the New Lease Agreement, the First Renewal Lease Agreement, and the Second Renewal Lease Agreement

“Lessors”	Full Group, Huge Max (HK) and Max Profit
“LFP”	Lung Fung Pharmaceutical (Group) Limited, a company incorporated under the laws of Hong Kong with limited liability on 8 June 2007 and wholly-owned by LF Retail Holding Limited, and is therefore an indirect wholly-owned subsidiary of our Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Max Profit”	Max Profit Investment (Holdings) Limited, a company incorporated in Hong Kong with limited liability on 19 July 2007, which is wholly-owned by Mr. Tse
“Mr. Tse”	Mr. Tse Siu Hoi, the Chairman, the Chief Executive Officer, an Executive Director, a Controlling Shareholder or the Company
“New Lease Agreement”	The lease agreement dated 20 July 2026 entered into between LFP (as lessee) and Huge Max (HK) (as lessor)
“Percentage Ratio(s)”	the percentage ratio(s) as defined under Rule 14.07 of the Listing Rules applied for determining the classification of notifiable transactions under the Listing Rules
“Second Renewal Lease Agreement”	The lease agreement dated 16 October 2026 entered into between LFP (as lessee) and Max Profit (as lessor) in respect of the Premises
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Lung Fung Group Holdings Limited
Tse Siu Hoi

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 16 October 2026

As at the date of this announcement, the Board comprises Mr. Tse Siu Hoi and Ms. Tse Chui Ying as executive Directors; and Mr. Chu Woon Ming, Mr. Yau Sheung Yu and Ms. Woo Pui Yan Joyce as independent non-executive Directors.