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Star Properties Group (Cayman Islands) Limited
星星地產集團(開曼群島)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1560)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
CONSULTANCY AGREEMENT**

INTRODUCTION

On 24 April 2020, Star Properties (H.K.) (an indirect wholly owned subsidiary of the Company) entered into a Consultancy Agreement with Rabbit & Turtle, pursuant to which, Rabbit & Turtle agreed that it will provide design related consultancy services to two development projects managed by Star Properties (H.K.) for a term with effect from 24 April 2020 and ending on 31 December 2020 (both days inclusive).

LISTING RULES IMPLICATIONS

Rabbit & Turtle is a company incorporated in South Korea and wholly owned by Ms. Yoo, a director of Star Properties Korea (an indirect wholly owned subsidiary of the Company). The principal activity of Rabbit & Turtle is provision of consultancy services. Therefore, Rabbit & Turtle is an associate of Ms. Yoo and a connected person of the Company under the Listing Rules. The transactions contemplated under the Consultancy Agreement constitute a connected transaction of the Company under chapter 14A of the Listing Rule.

As at the date of announcement, one or more of the applicable percentage ratios in respect of the aggregated amounts of the largest annual caps under the Korea Tenancy Agreements, Korea Consultancy Agreement and Consultancy Agreement exceed 5% but all are less than 25%, and the largest annual caps is less than HK\$10,000,000, the entering into of the Consultancy Agreement constitutes the continuing connected transactions when aggregated and are subject to the reporting, announcement and annual review requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under chapter 14A of the Listing Rules.

BACKGROUND

On 24 April 2020, Star Properties (H.K.) (an indirect wholly owned subsidiary of the Company) entered into a Consultancy Agreement with Rabbit & Turtle, pursuant to which, Rabbit & Turtle agreed that it will provide design related consultancy services to two development projects managed by Star Properties (H.K.) for a term with effect from 24 April 2020 and ending on 31 December 2020 (both days inclusive).

CONSULTANCY AGREEMENT

Major terms of the Consultancy Agreement are set out as below:

Date	:	24 April 2020
Parties	:	(i) Star Properties (H.K.) (ii) Rabbit & Turtle
Terms	:	24 April 2020 to 31 December 2020 (both dates inclusive)
Scope of Services	:	Provision of consultancy services in respect of concept design and planning; spaced design; brand design; graphic design; interior design and creative works for below projects: (i) Tack Lee Project (ii) Yuen Long Project
Consideration	:	US\$ 570,000.00 (equivalent to approximately HK\$4,446,000.00)

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSULTANCY AGREEMENT

The Directors expect that the Consultancy Agreement would enable the overall design, concept and quality of the upcoming Yuen Long project and Tack Lee Project to be unique, elegant and stylish, which would increase the total sales value of the properties which in turn bring benefit to the Group and its shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the Consultancy Agreement is conducted on arm's length basis and on normal commercial terms in the ordinary and usual course of business of the Company and that the terms of the Consultancy Agreement, including the cap therein, are fair and reasonable and the Consultancy Agreement is in the interest of the Company and its shareholders as a whole.

AGGREGATION OF TRANSACTIONS

Before entering into the Consultancy Agreement, the Group has previously entered into a number of tenancy and consultancy agreements as further discussed below with Rabbit and Turtle.

Star Properties Korea, Star Properties Korea PFV and Star Properties Korea PFV2 entered into three tenancy agreements separately with Rabbit & Turtle on 1 April 2019, pursuant to which the Group agreed to rent an office at South Korea for a term of 3 years with monthly rental rate and monthly add-on services charge allocated to the contractual entities as following:

Contractual Entities	Monthly rental rate	Monthly add-on services charge	Monthly Total
Star Properties Korea	KRW2,970,000	KRW1,524,000	KRW4,494,000
Star Properties Korea PFV	KRW990,000	KRW508,000	KRW1,498,000
Star Properties Korea PFV2	KRW990,000	KRW508,000	KRW1,498,000

The annual caps of the transaction contemplated under the Korea Tenancy Agreements for the years ended 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 are KRW67,409,000 (equivalent to approximately HK\$443,217), KRW89,878,000 (equivalent to approximately HK\$590,956), KRW89,878,000 (equivalent to approximately HK\$590,956) and KRW22,470,000 (equivalent to approximately HK\$147,739) respectively.

The historical amount of the above transactions for the years ended 31 December 2019 was disclosed in the annual report of the Company for the year ended 31 December 2019 published on 26 March 2020.

Star Properties Korea entered into consultancy agreement with Rabbit & Turtle on 1 February 2020, pursuant to which Rabbit & Turtle agreed to provide an one-off space design consultancy advice to its projects at a consideration of US\$80,000.00. The annual caps for the transactions contemplated under the Korea Consultancy Agreement for the year ended 31 December 2020 is HK\$624,000.00.

ANNUAL CAPS

The following table sets out the annual caps of the continuing connected transactions under the Consultancy Agreement, Korea Tenancy Agreement and Korea Consultancy Agreement for the years ending 31 December 2020, 2021 and 2022, respectively:

	<u>For the year ended</u> <u>31 December 2020</u>	<u>For the year ended</u> <u>31 December 2021</u>	<u>For the year ended</u> <u>31 December 2022</u>
Korea Tenancy Agreements	HK\$590,956	HK\$590,956	HK\$147,739
Korea Consultancy Agreement	HK\$624,000	-	-
Consultancy Agreement	HK\$5,000,000	-	-
Total	HK\$6,214,956	HK\$590,956	HK\$147,739

The above annual caps of Korea Tenancy Agreements is determined in accordance with the monthly rental rates and terms under the Korea Tenancy Agreements were arrived at after arm's length negotiation between the parties and determined with reference to the prevailing market rental rate of similar premises and the recent rental transactions in the nearby areas. The annual caps of Korea Consultancy Agreement and Consultancy Agreement are conducted on arm's length basis and the offers from Rabbit & Turtle will not be less favorable than the offers provided by Rabbit & Turtle to independent third parties for similar services.

INFORMATION OF THE GROUP

The Group is principally engaged in property development and property investment for sale, rental or capital appreciation, provision of property management services and provision of finance.

All the relevant members of the Group which entered into the Consultancy Agreement, Korea Tenancy Agreements and Korea Consultancy Agreement, are indirect owned subsidiaries of the Company and are principally engaged in property holding and development.

INFORMATION OF THE COUNTER PARTIES

Rabbit & Turtle is a company incorporated in South Korea and wholly owned by Ms. Yoo. The principal activity of Rabbit & Turtle is provision of consultancy services.

LISTING RULES IMPLICATIONS

Rabbit & Turtle is a company incorporated in South Korea and wholly owned by Ms. Yoo, a director of Star Properties Korea (an indirect wholly owned subsidiary of the Company). The principal activity of Rabbit & Turtle is provision of consultancy services. Therefore, Rabbit & Turtle is an associate of Ms. Yoo and a connected person of the Company under the Listing Rules. The transactions contemplated under the Consultancy Agreement constitute a connected transaction of the Company under chapter 14A of the Listing Rule.

Given Rabbit & Turtle is ultimately wholly owned by Ms. Yoo who is the connected person of the Company, the transactions contemplated under the Korea Tenancy Agreements and Korea Consultancy Agreement are required to be aggregated with the transactions contemplated under the Consultancy Agreement pursuant to Rule 14A.81 of the Listing Rules.

As at the date of announcement, one or more of the applicable percentage ratios in respect of the aggregated amounts of the largest annual caps under the Korea Tenancy Agreements, Korea Consultancy Agreement and Consultancy Agreement exceed 5% but all are less than 25%, and the largest annual caps is less than HK\$10,000,000, the entering into of the Consultancy Agreement constitutes the continuing connected transactions when aggregated and are subject to the reporting, announcement and annual review requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under chapter 14A of the Listing Rules.

Saved as disclosed above, none of the Directors has any material interest in the Consultancy Agreement and no Director was required to abstain from voting on the board resolutions passed in connection with the Consultancy Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Star Properties Group (Cayman Islands) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1560)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Consultancy Agreement”	the consultancy agreement dated 21 April 2020 entered into between Star Properties (H.K.) (as company) and Rabbit & Turtle (as consultant)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Korea Consultancy Agreement”	the consultancy agreement dated 1 February 2020 entered into between Star Properties Korea (as company) and Rabbit & Turtle (as consultant)

“Korea Tenancy Agreements”	Star Properties Korea, Star Properties Korea PFV and Star Properties Korea PFV2 entered into three tenancy agreements separately with Rabbit & Turtle on 1 April 2019, pursuant to which the Group agreed to rent an office for a term of 3 years, collectively known as Korea Tenancy Agreements
“KRW”	Korean won, the lawful currency of South Korea
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ms. Yoo”	Ms. Yoo, Young-Ji, the director of the Star Properties Korea
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“Rabbit & Turtle”	Rabbit & Turtle Company Limited, a company incorporated in South Korea, and is ultimately wholly owned by Ms. Yoo
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Star Properties (H.K.)”	Star Properties (H.K.) Limited, a company incorporated in Hong Kong, an indirect wholly owned subsidiary of the Company
“Star Properties Korea”	Star Properties Korea Limited, a company incorporated in South Korea, an indirect wholly owned subsidiary of the Company
Star Properties Korea PFV	Star Properties Korea PFV Company Limited, a company incorporated in South Korea with 95% of issued shares indirectly owned by the Company
Star Properties Korea PFV2	Star Properties Korea PFV Company Limited, a company incorporated in South Korea with 95% of issued shares indirectly owned by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tack Lee Project”	the property development project of the Group located at Nos. 107–111 Tung Chau Street, Tai Kok Tsui, Kowloon, Hong Kong
“USD”	United States dollars, the lawful currency of United States of America

“Yuen Long Project”

the property development project of the Group located at No. 21, Wang Yip Street West, Yuen Long, New Territories, Hong Kong

“%”

per cent.

For and on behalf of the Board
Star Properties Group (Cayman Islands) Limited
Chan Man Fai Joe
Chairman

Hong Kong, 24 April 2020

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. Chan Man Fai Joe (Chairman), Ms. Cheung Wai Shuen, Prof. Pong Kam Keung and Mr. Liu Hon Wai; one non-executive Director, namely Mr. Yim Kwok Man, and three independent non-executive Directors, namely Dr. Wong Wai Kong, Mr. Lee Chung Ming Eric and Ms. Chan Wah Man Carman.