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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)

VOLUNTARY ANNOUNCEMENT DISPOSAL OF A PROPERTY HOLDING COMPANY

This is a voluntary announcement made by the board (the “**Board**”) of directors (the “**Directors**”) of Star Properties Group (Cayman Islands) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

THE DISPOSAL

The Board announces that on 31 December 2019, 1 Plus 13 Investment Company Limited (the “**Purchaser**”), Inventive Rainbow Limited (the “**Vendor**”) (an indirect wholly-owned subsidiary of the Company) and the Company, acts as guarantor, entered into an agreement for sale and purchase of the entire issued share capital of Rainbow Red Holdings Limited (the “**Target Company**”) (the “**Agreement**”). Pursuant to the Agreement, (i) the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Shares, representing 100% of the issued share capital of the Target Company and the Shareholder’s Loan at the Consideration of HK\$980,000,000; and (ii) the Company agreed to guarantee and procure the performance of all obligations of the Vendor under the Agreement. (the “**Disposal**”).

The Target Company, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability and is principally engaged in property development in Hong Kong. It is the registered and beneficial owner of ALL THAT piece or parcel of ground registered in the Land Registry as SECTION A OF LOT NO.303 in DEMARCATION DISTRICT NO.355 together with messuages, erections and buildings (if any) thereon known as Nos. 11-15 Chai Wan Kok Street, Tsuen Wan, New Territories, Hong Kong (the “**Property**”).

The total consideration under the Agreement is HK\$980,000,000 (an initial deposit of HK\$98,000,000 had been received by the Vendor’s solicitor as stakeholder as of the date of the announcement) and the Vendor expects the remaining amount can be received by the first half of 2020 (the “**Completion Date**”).

Pursuant to the Agreement, the completion of the Disposal is conditional upon the Vendor, shall at the Vendor's own cost, procure the Target Company to prove and give a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong). If it is not fulfilled on or before the Completion Date, the Purchaser shall be entitled to cancel the transaction under the Agreement whereupon the Vendor shall return all the deposit paid to the Purchaser forthwith and neither party shall have any claim against the others for any relief under the Agreement.

The Group expects to have a gain of approximately HK\$380,000,000 before tax if and upon successful completion of the Disposal. The actual amount of gain is subject to audit and will take into account any costs and expenses incurred relating to the Disposal, and accordingly it may be different from the amount above.

The consideration under the Agreement was determined after arm's length negotiations between the Vendor and the Purchaser having taking into account the prevailing market value of comparable land parcels in the vicinity of the Property. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Upon completion of the Disposal, the Target Company will cease to be subsidiaries of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statement of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors believe that the disposal will realise the value of the Property and will enable the Group to free up capital for its business operations. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement and the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The cash proceeds from the disposal will be used as general working capital of the Group.

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

Hong Kong, 31 December 2019

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