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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 THE TENANCY AGREEMENT

INTRODUCTION

The Board is pleased to announce that on 11 December 2018, Spring Moon Investments Limited (an indirect wholly owned subsidiary of the Company) entered into a Tenancy Agreement with Metro Yoga & Dance Limited, pursuant to which Spring Moon Investments Limited, as landlord, would lease a shop to Metro Yoga & Dance Limited, as tenant for the period from 11 December 2018 to 10 December 2021.

LISTING RULES IMPLICATIONS

Mr. Joe Chan, the ultimate controlling Shareholder of the Company, currently holds approximately 68.9% of the total number of issued shares of the Company. Mr. Joe Chan is also the ultimate controlling Shareholder of the Metro Yoga & Dance Limited and currently indirectly holds 65% of the total number of issued shares of it. Therefore, Metro Yoga & Dance Limited is an associate of Mr. Joe Chan and a connected person of the Company under the Listing Rules. The entering into the Tenancy Agreement constitutes continuing connected transactions of the Company under chapter 14A of the Listing Rule.

As at the date of announcement, one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the largest annual cap during the term of the Tenancy Agreement exceed 5% but all applicable percentage ratios are less than 25%, and the annual caps is less than HK\$10,000,000, the continuing connected transactions contemplated under the Tenancy Agreement 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 11 December 2018, Spring Moon Investments Limited (an indirect wholly owned subsidiary of the Company) entered into a Tenancy Agreement with Metro Yoga & Dance Limited, pursuant to which Spring Moon Investments Limited, as landlord, would lease a shop to Metro Yoga & Dance Limited, as tenant for the period from 11 December 2018 to 10 December 2021.

TENANCY AGREEMENT

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

- Date : 11 December 2018
- Parties : (i) Spring Moon Investments Limited, as landlord
(ii) Metro Yoga & Dance Limited, as tenant
- Period : 11 December 2018 to 10 December 2021 (both dates inclusive)
- Premises : Shop 3, G/F., The Rainbow, 22 Wang Yip Street South, Yuen Long
- Rent : The tenant shall pay turnover rent which is equivalent to 25% of Gross Receipts of previous month of the Metro Yoga & Dance Limited within 10th day of each month. Starting from 1 January 2020, the tenant shall pay the base rent HK\$215,175 or turnover rent per month, whichever is higher. The rent was determined by reference to the market rates after arm's length negotiation between the parties.
- Annual Cap : HK\$ 379,726.03 for the year ended 31 December 2018
HK\$ 6,600,000.00 for the year ended 31 December 2019
HK\$ 6,600,000.00 for the year ended 31 December 2020
HK\$ 6,220,273.97 for the year ended 31 December 2021

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Directors consider that the entering into the Tenancy Agreement with a view to deriving rental revenue from leasing the Premises which could immediately bring an additional source of revenue to the Group under current market situation.

The terms of the Tenancy Agreement have been determined after arm's length negotiations with reference to the comparable rental transactions available in the market.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Tenancy Agreement and the transactions contemplated thereunder is in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable and in the interests of

the Company and Shareholders as a whole.

HISTORICAL FIGURES

The Company did not conduct any similar transactions to those under Tenancy Agreement in the past.

ANNUAL CAPS

The annual caps, as calculated based on the aggregate maximum amount of the base rent or turnover rent receivable by the Group under the Tenancy Agreement, for each of the four financial years ending 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 will not exceed HK\$379,726.03, HK\$6,600,000, HK\$6,600,000 and HK\$6,220,273.97 respectively.

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.

Spring Moon Investments Limited which entered into the Tenancy Agreement is an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment and property development.

INFORMATION OF THE COUNTER PARTIES

Metro Yoga & Dance Limited is a company incorporated in Hong Kong which is ultimately owned as to 65% by Mr. Joe Chan. The principal activity of Metro Yoga & Dance Limited is providing yoga and dance classes.

LISTING RULES IMPLICATIONS

Mr. Joe Chan, the ultimate controlling Shareholder of the Company, currently holds approximately 68.9% of the total number of issued shares of the Company. Mr. Joe Chan is also the ultimately controlling Shareholder of the Metro Yoga & Dance Limited and currently indirectly holds 65% of the total number of issued shares of it. Therefore, Metro Yoga & Dance Limited is an associate of Mr. Joe Chan and a connected person of the Company under the Listing Rules. The entering into the Tenancy Agreement constitute a continuing connected transaction of the Company under chapter 14A of the Listing Rule.

As at the date of this announcement, one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the largest annual cap during the term of the Tenancy Agreement exceed 5% but all are less than 25% and the largest annual caps is less than HK\$10,000,000, the continuing connected transactions contemplated under the Tenancy Agreement 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.

In view of his interest in Metro Yoga & Dance Limited, Mr. Joe Chan, an Executive Director, is considered as having a material interest in the Tenancy Agreement and has abstained from voting on the board resolutions passed in connection with the Tenancy Agreement and the transactions contemplated thereunder.

Saved as disclosed above, none of the Directors has any material interest in the Tenancy Agreement and no Director (other than Mr. Joe Chan) was required to abstain from voting on the board resolutions passed in connection with the Tenancy 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:

“associate”	has the same meaning ascribed thereto under the Listing Rules
“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
“Director(s)”	the director(s) of the Company
“Gross Receipts”	all amounts received or receivable in respect of sales made and services performed
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Metro Yoga & Dance Limited”	Metro Yoga & Dance Limited, a company incorporated in Hong Kong, which is ultimately owned as to 65% by Mr. Joe Chan
“Mr. Joe Chan”	Mr. Chan Man Fai Joe, the controlling Shareholder and executive Director of the Company
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“Shareholder(s)”	the holder(s) of share(s) of the Company

“Spring Moon Investments Limited”	Spring Moon Investments Limited, a company incorporated in Hong Kong, an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	Tenancy agreement dated 11 th December 2018 entered into between the Group (as landlord) and Metropolitan Yoga & Dance Limited (as Tenant) in respect of the leasing of the Premises
“The Premises”	Shop 3, G/F., The Rainbow, 22 Wang Yip Street South, Yuen Long
“%”	per cent.

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

Hong Kong, 11 December 2018

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 Mr. 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.