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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 ENTERING INTO MARKETING SERVICES AGREEMENT

INTRODUCTION

The Board is pleased to announce that on 2 January 2018, Star Properties (H.K.) Limited (an indirect wholly owned subsidiary of the Company) entered into the Marketing Services Agreement with Metropolitan Production Limited, pursuant to which Metropolitan Production Limited has agreed to provide marketing services to Star Properties (H.K.) Limited.

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 Metropolitan Production Limited and currently indirectly holds 75% of the total number of issued shares of it. Therefore, Metropolitan Production Limited is an associate of Mr. Joe Chan and a connected person of the Company under the Listing Rules. The transactions contemplated under the Marketing Services Agreement constitute a continuing 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 set out in Rule 14.07 of the Listing Rules in respect of the aggregated amounts of the annual caps under the Director's Quarter Lease Agreement, Star Finance Office License Agreement, Motor Vehicle License Agreement, Sale Office License Agreement and Marketing Services Agreement exceed 5% but all are less than 25%, and the aggregated annual caps is less than HK\$10,000,000, the entering into the Marketing Services Agreement constitutes a continuing connected transaction 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 2 January 2018, Star Properties (H.K.) Limited, an indirect wholly owned subsidiary of the Company entered into the Marketing Services Agreement with Metropolitan Production Limited, pursuant to which Metropolitan Production Limited has agreed to provide marketing services to Star Properties (H.K.) Limited for brand building and promotion the project of The Rainbow.

MARKETING SERVICES AGREEMENT

Major terms of the Marketing Services Agreement are set out as below:

Date : 2 January 2018

Parties : (i) Star Properties (H.K.) Limited, as service user
(ii) Metropolitan Production Limited, as service provider

Services Period : 2 January 2018 to 31 December 2018 (both dates inclusive)

Scope of Services : Metropolitan Production Limited has agreed to provide marketing services to Star Properties (H.K.) Limited for brand building and promotion of the project of The Rainbow via various ways, which includes (i) Online Activities: design and construction of the social media platform Facebook; and (ii) Offline Activities: media buying, video shooting and editing, event organization and execution, etc.

Annual Cap : HK\$5,500,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE MARKETING SERVICES AGREEMENT

The Directors consider that the entering into the Marketing Services Agreement will be essential for the growth of reputation of the Group and thus enhancing the sales of The Rainbow and other property projects in the future. The Company's subsidiary, namely Star Properties (H.K.) Limited, has decided to appoint Metropolitan Productions Limited to provide marketing services to Star Properties (H.K.) Limited for promotion of the Group and the project of The Rainbow.

The terms of the Marketing Services Agreement have been determined after arm's length negotiations with reference to the prevailing market price of the comparable services.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Marketing Services Agreement is entered into 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.

AGGREGATION OF TRANSACTIONS

Before entering into the Marketing Services Agreement, the Group has previously entered into a number of lease and license agreements, details and the historical amounts of the transactions of which are set out in the announcement of the Company dated 13 November 2017.

ANNUAL CAPS

The following table sets out the annual caps of the continuing connected transactions under the Marketing Services Agreement and Previous Lease and License Agreements for the year ending 31 December 2018:

	<u>For the year ended</u> <u>31 December 2018</u>
Marketing Services Agreement	HK\$5,500,000.0
Sales Office License Agreement	HK\$596,400.0
Director's Quarter Lease Agreement	HK\$1,800,000.0
Star Finance Office License Agreement	HK\$105,600.0
Motor Vehicle License Agreement	HK\$60,000.0
Total Annual Caps	HK\$8,062,000.0

Details of above Previous Lease and License Agreements are set out in the announcement of the Company dated 13 November 2017.

The above annual caps for the Marketing Services Agreement is determined with reference to service fee under the Marketing Services Agreement and estimated disbursement and out-of-pocket expenses and the annual cap for the Previous Lease and License Agreements is determined based on the monthly rental rates and terms under which were arrived at after arm's length negotiation between the parties and determined with reference to reference to the prevailing market price for comparable 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 Marketing Services Agreement and Previous Lease and License Agreements are indirect wholly-owned subsidiaries of the Company and are principally engaged in property management and provision of financial services.

INFORMATION OF THE COUNTER PARTIES

Metropolitan Production Limited is a company incorporated in Hong Kong which is ultimately amount as to 75% by Mr. Joe Chan. The principal activity of Metropolitan Production Limited is media and creative production.

Details of the counter parties of the Previous Lease and License Agreements are set out in the announcement of the Company dated 13 November 2017.

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 majority controlling Shareholder of the Metropolitan Production Limited and currently indirectly holds 75% of the total number of issued shares of it. Therefore, Metropolitan Production Limited is an associate of Mr. Joe Chan and a connected person of the Company under the Listing Rules. The transactions contemplated under the Marketing Services Agreement constitute a continuing connected transaction of the Company under chapter 14A of the Listing Rule.

Given Metropolitan Production Limited is ultimately majority owned by Mr. Joe Chan and is connected person of the Company, the transactions contemplated under the Marketing Services Agreement is required to be aggregated with the transactions contemplated under the Director's Quarter Lease Agreement, Start Finance Office License agreement, Motor Vehicle License Agreement and Sale Office License Agreement pursuant to Rule 14A.81 of the Listing Rules.

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 aggregated amounts of the largest annual caps under the Director's Quarter Lease Agreement, Star Finance Office License Agreement, Motor Vehicle License Agreement, Sale Office License Agreement and Marketing Services 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 thereunder when aggregated 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 Metropolitan Workshop Limited, Mr. Joe Chan, an Executive Director, is considered as having a material interest in the Marketing Services Agreement and has abstained from voting on the board resolutions passed in connection with the Marketing Services Agreement and the transactions contemplated thereunder.

Saved as disclosed above, none of the Directors has any material interest in the Marketing Services Agreement and no Director (other than Mr. Joe Chan) was required to abstain from voting on the board resolutions passed in connection with the Marketing Services 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
“Director(s)”	the director(s) of the Company
“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
“Marketing Services Agreement”	the marketing services agreement dated 2 January 2018 entered into between Star Properties (H.K.) Limited and Metropolitan Production Limited in respect of provision of marketing services
“Metropolitan Production Limited”	Metropolitan Production Limited, a company incorporate in Hong Kong, which is ultimately owned as to 75% 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
“Previous Lease and License Agreements”	the lease and license agreements entered into between the Group and Sunny Generation Limited, Vogue Town Limited, Vogue City Limited, Metropolitan Lifestyle (H.K.) Limited and Metropolitan Workshop Limited before entering into the Marketing Services Agreement
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Star Properties (H.K.) Limited”	Star Properties (H.K.) Limited, a company incorporated in Hong

Kong, an indirect wholly owned subsidiary of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“The Rainbow”

the property development project of the Group located at 22 Wang Yip Street South, Yuen Long, New Territories

“%”

per cent.

For and on behalf of the Board

Star Properties Group (Cayman Islands) Limited

Chan Man Fai Joe

Chairman

Hong Kong, 2 January 2018

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 and Mr. Liu Hon Wai; two non-executive Directors, namely Mr. Pong Kam Keung and 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.