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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)

PROPOSED BONUS ISSUE OF SHARES

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The Board is pleased to announce that it has resolved to recommend the Bonus Issue, being a bonus issue of Shares on the basis of one (1) Bonus Share for every one (1) existing Share held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date, subject to the approval by the Shareholders at the AGM. The Bonus Shares will be credited as fully paid at par by way of capitalisation of an amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company. Upon issuance, the Bonus Shares will rank pari passu with the then existing Shares in all respects.

The register of members of the Company will be closed from Monday, 8 May 2017 to Tuesday, 9 May 2017 (both days inclusive) in order to determine the entitlement of the Shareholders under the Bonus Issue.

GENERAL

A circular containing, among other things, further details of the Bonus Issue, the trading arrangements in respect of the Bonus Shares, together with the notice of the AGM, will be despatched to the Shareholders as soon as practicable on or before Thursday, 23 March 2017.

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Basis of the Bonus Issue

Subject to the conditions as set out under the heading “Conditions of the Bonus Issue” below, the Bonus Shares will be issued and credited as fully paid at par on the basis of one (1) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date. Assuming that there is no change to the number of issued Shares on or before the Record Date, on the basis of 224,000,000 existing Shares in issue as at the date of this announcement, 224,000,000 Bonus Shares will be issued representing 100% of the existing issued share capital as at the date hereof. After the completion of the Bonus Issue, there will be a total of 448,000,000 Shares in issue as enlarged by the Bonus Issue. The Bonus Shares will be credited as fully paid at par value by way of capitalisation of an amount of HK\$2,240,000 in the share premium account of the Company pursuant to the Bonus Issue. The Bonus Shares, upon issue, will rank pari passu with the then existing Shares in all respects.

The exact total number of the Bonus Share to be issued under the Bonus Issue will not be capable of determination until the Record Date.

Conditions of the Bonus Issue

The completion of the Bonus Issue is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the AGM approving the Bonus Issue;
- (ii) the Listing Committee granting the listing of, and permission to deal in the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the articles of association of the Company to effect the Bonus Issue.

Application for Listing

Application will be made to the Listing Committee in respect of such approval for the listing of, and permission to deal in the Bonus Shares. No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

Overseas Shareholders

For those Overseas Shareholders, the Board will make enquiry pursuant to Rule 13.36(2) (a) of the Listing Rules and, if necessary, seek legal advice from overseas counsel(s) on the applicable procedural requirements for extending the Bonus Issue to the Overseas Shareholders. Upon such enquiry, if the Board is of the view that there is no legal restriction(s) under the laws of the relevant place or any requirement of a regulatory body or stock exchange in that place, such Overseas Shareholders will be permitted to participate in the Bonus Issue. If, however, after making such enquiry the exclusion of the Overseas Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirement of a regulatory body or stock exchange in that place, the Bonus Shares will not be granted to those excluded Overseas Shareholders.

In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Overseas Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Overseas Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

As at the date of this announcement, the Company does not have any Overseas Shareholders.

Status of the Bonus Shares and fractional entitlements

The Bonus Shares, upon issue, will rank pari passu with the then existing Shares in all respects, including the entitlement of receiving dividends and other distributions the record date for which falls on or after the date of allotment and issue of those Bonus Shares. There will not be any fractional entitlements to the Bonus Shares.

The Bonus Issue is not expected to result in any odd lots for Shareholders who hold Shares in whole board lot size.

Certificates for the Bonus Shares

It is expected that share certificates for the Bonus Shares will be posted by ordinary post on or before Friday, 19 May 2017 upon fulfillment of all the conditions of the Bonus Issue at the risk of the Qualifying Shareholders to their respective addresses shown on the register of members of the Company on the Record Date. In the case of a joint holding, the share certificates for the Bonus Shares will be posted to the address of the person whose name stands first on the register of members of the Company on the Record Date.

Subject to the fulfillment of the conditions of the Bonus Issue, dealings in the Bonus Shares are expected to commence on Monday, 22 May 2017.

Reasons and benefits for the proposed Bonus Issue

The Board believes that the Bonus Issue will, on the one hand, enable the Group to maintain its cash position for future development, and on the other hand, allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them.

The Board also believes that even if the price per Share on an ex-entitlement (or a post Bonus Issue) basis is expected to reduce proportionately, the Bonus Issue will not change any right or the proportionate equity interest of the Shareholders in the Company. By way of illustration only, based on the closing price of HK\$2.17 per Share as at the date of this announcement, the theoretical price per Share is expected to decrease to HK\$1.085 after the Bonus Issue has taken place.

Nevertheless, the Bonus Issue will increase the number of Shares to be held by the Shareholders and will capitalise part of the share premium account of the Company. Whilst it is arguable that the Bonus Issue may reduce the value of each Shareholder's holding in the Company due to the transaction costs involved in the Bonus Issue, it is expected that the transaction costs will be minimal. With such additional number of Shares in issue as a result of the Bonus Issue, the trading volume and the liquidity of the Shares on the market are expected to be improved.

The Board has also considered alternative methods such as a sub-division of Shares to achieve the above purposes. Having considered the simple administrative procedures to be involved and comparatively low expenses to be incurred for the Bonus Issue, and to preserve cash for the Group's future development, the Directors consider that the Bonus Issue is a more appropriate way of achieving the abovementioned purposes taking into account the interests of the Company and the Shareholders as a whole.

In addition, the Bonus Issue will almost double the number of Shares to be held by the Shareholders, which will afford them with more flexibility in managing their own investment portfolios such as giving them more convenience in disposing of a portion of their Shares and realising a cash return to meet the individual Shareholders' financial needs under good market conditions. As such, the Board considers the Bonus Issue could potentially improve the trading liquidity of the Shares which will be beneficial to the Company and the Shareholders as a whole.

Adjustments to the share options granted under the Share Option Scheme

As at the date of this announcement, there were 12,432,000 share options granted by the Company pursuant to the Share Option Scheme entitling the holders thereof to subscribe for the Shares remain outstanding.

Implementation of the Bonus Issue will lead to adjustments to the subscription price and/or the number of Shares to be issued upon exercise of the share options granted under the Share Option Scheme. As the exact number of the Bonus Shares will not be determined until the Record Date, the Company will make a further announcement for the adjustments to the share options granted under the Share Option Scheme and notify the respective holders of the share options regarding the adjustments to be made pursuant to the respective terms and conditions applicable to such share options as and when appropriate.

Closure of books

The register of members of the Company will be closed during the following periods:

- (a) for the purpose of determining Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 24 April 2017 to Thursday, 27 April 2017 (both days inclusive), during which no transfer of Shares can be registered. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 April 2017; and

(b) for the purpose of determining Shareholders who are qualified for the entitlement to the Bonus Shares, the register of members of the Company will be closed from Monday, 8 May 2017 to Tuesday, 9 May 2017 (both days inclusive), during which no transfer of Shares can be registered. In order to qualify for the entitlement to the Bonus Shares, all transfer documents should be lodged for registration with Company's Hong Kong share registrar at the above address not later than 4:30 p.m. on Friday, 5 May 2017.

Expected timetable for proposed Bonus Issue

The following is a summary of the events in relation to the proposed Bonus Issue and the dates upon which these events are currently expected to take place:

		2017 (Hong Kong time)
Despatch of the circular regarding, among other things, the proposed Bonus Issue	.....	On or before Thursday, 23 March
Latest time for lodging transfer of Shares for registration in order to qualify for attending the AGM	.....	4:30 pm on Friday, 21 April
Closure of register of members for attending and voting at the AGM	.....	Monday, 24 April to Thursday, 27 April (both days inclusive)
Latest time for lodging form of proxy for the AGM (not less than 48 hours before time of the AGM or any adjournment thereof)	.....	11:00am on Tuesday, 25 April
Record date for attending the AGM	.....	Thursday, 27 April
Date and time of AGM	.....	11:00am on Thursday, 27 April
Announcement of poll results of the AGM	.....	Thursday, 27 April

The following events are subject to the satisfaction of the conditions of the Bonus Issue as set out in this announcement

		2017 (Hong Kong time)
Last day of dealings in the Shares on a cum-entitlement basis	.....	Tuesday, 2 May
First day of dealings in the Shares on an ex-entitlement basis	.....	Thursday, 4 May
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue	.....	4:30 pm on Friday, 5 May
Closure of register of members for determining entitlement to the Bonus Shares	.....	Monday, 8 May to Tuesday, 9 May (both days inclusive)
Record Date for determining entitlement to the Bonus Shares	.....	Tuesday, 9 May
Re-open of register of members	.....	Wednesday, 10 May
Despatch of share certificates for the Bonus Shares	.....	On or before Friday, 19 May
First day of dealings in the Bonus Shares on the Stock Exchange	.....	9:00am on Monday, 22 May

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published by way of announcement as and when appropriate.

General

A circular containing, among other things, further details of the Bonus Issue, the trading arrangements in respect of the Bonus Shares, together with the notice of the AGM, will be despatched to the Shareholders as soon as practicable on or before Thursday, 23 March 2017. No Shareholder is required to abstain from voting on the ordinary resolutions to approve the Bonus Issue at the AGM.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should note that the total asset value of the Company will not be affected as a result of the Bonus Issue.

Definitions

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Bonus Issue
“Board”	the board of Directors
“Bonus Issue”	the proposed bonus issue of Shares on the basis of one (1) Bonus Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
“Bonus Share(s)”	new Share(s) to be issued by way of the Bonus Issue by the Company as described herein
“Company”	Star Properties Group (Cayman Islands) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose addresses as shown on the register of members of the Company on the Record Date is/are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholder(s) whose names appear on the register of members of the Company on the Record Date and who are entitled to the Bonus Issue
“Record Date”	Tuesday, 9 May 2017, being the date by reference to which entitlements to the Bonus Issue will be determined
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the shareholder(s) of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 27 June 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 28 February 2017

As at the date of this announcement, the Board comprises Mr. Chan Man Fai Joe (Chairman and chief executive officer), Mr. Lam Kin Kok, Ms. Cheung Wai Shuen and Mr. Liu Hon Wai, as executive Directors; Mr. Pong Kam Keung and Mr. Yim Kwok Man, as non-executive Directors; Mr. Shiu Siu Tao, Mr. Lee Chung Ming Eric and Ms. Chan Wah Man Carman, as independent non-executive Directors.