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## **Star Group Asia Limited**

**星星集團亞洲有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1560)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO PREVIOUS SUBSCRIPTION OF KEY MAN INSURANCE POLICY**

#### **PREVIOUS SUBSCRIPTION**

On 20 January 2025, the Policyholder (an indirect subsidiary of the Company) took out the Policy and placed an initial single premium (including an initial single levy of USD12.76) of US\$2,800,012.76 (equivalent to approximately HK\$21,840,100) thereunder with FWD Insurance.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Previous Subscription exceeds 5% but all of applicable percentage ratios are less than 25%, the Previous Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and was therefore subject to notification and announcement requirements thereunder.

#### **PREVIOUS SUBSCRIPTION**

On 20 January 2025, MWC, a subsidiary of the Company took out the Policy and placed an initial single premium (including an initial single levy of USD12.76) of US\$2,800,012.76 (equivalent to approximately HK\$21,840,100) thereunder with FWD Insurance.

Mr. Chan is the life insured under the Policy, he has no beneficial interest in the policy and MWC is both the Policyholder and Beneficiary, it is the sole owner and premium payer.

The Major terms of the Policy are as follows:

- Policy effective Date : 20 January 2025
- Policyholder / Beneficiary : Metropolitan Wine Cellar Limited
- Insured person : Mr. Chan Man Fai Joe
- Policy term : Whole of life
- Premium payment : An initial single premium (including an initial single levy of US\$12.76) of US\$2,800,012.76 (equivalent to approximately HK\$21,840,100) was paid by the Policyholder upon taking out the Policy in the following manner:
- (i) US\$796,936 (equivalent to approximately HK\$6,216,100) by way of cash from the Policyholder; and
  - (ii) the remaining balance of US\$2,003,077 (equivalent to approximately HK\$15,624,000) financed by way of loan by China CITIC to the Policyholder at the interest rate of 1.25%p.a. below prime rate or 1.3% p.a. over HIBOR, whichever is lower. The interest shall be payable at the end of each interest period and the principal shall be payable in one lump sum on the final maturity day.
- The amount of premium was agreed between the Policyholder and FWD Insurance after arm's length negotiation with reference to, amongst other things, the insured person's age, sex and the sum at risk and amount of death benefit payable to MWC in the event of death of Mr. Joe Chan.
- Death benefit : US\$2,940,000 (equivalent to approximately HK\$22,932,000)

In the event that the Policyholder surrenders the Policy during its policy term, the maximum amount receivable by the Policyholder under the Policy on a guaranteed basis (after deduction of any surrender and/ or other applicable charges by FWD Insurance) is US\$2,240,000 (equivalent to approximately HK\$17,472,000) in the first financial year. The Policyholder will achieve breakeven upon surrendering the Policy, the Maximum amount to be received by the Policyholder in 2031 will be US\$2,805,600 (equivalent to approximately HK\$21,883,680) in the sixth financial year, i.e. Year 2031.

In the event that Mr. Joe Chan resigns from his position as an executive director of the Board and/or is otherwise no longer employed or engaged with the Group in the future, the Policyholder may apply for a change of the insured person under the Policy to, including without limitation, such person of comparable importance to the management of the Group, subject to FWD Insurance discretion.

## **INFORMATION ABOUT THE GROUP, THE COMPANY AND MWC**

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.

MWC is a company incorporated in Hong Kong and is principally engaged in the business of wine storage. It is an indirect subsidiary of the Company, the Company holding 80.75% of MWC, and Mr. Lam Kin Kok and Ms. Li Miu Kam is holding 14.25% and 5% respectively. Mr. Lam Kin Kok was the Executive Director, non executive Director and employee of the Company 7 years ago, currently he holds around 6.18% of the Company. Ms. Li Miu Kam is the current business director of MWC. Both Mr. Lam Kin Kok and Ms. Li Miu Kam are independent of the Company and its connected persons as defined by listing rule.

## **INFORMATION ABOUT FWD INSURANCE AND CITIC INSURANCE**

FWD Insurance, a company incorporate in Bermuda with limited liability and its principally engaged in the business of provision of life and medical insurance, employee benefits, and financial planning. To the best of the Directors' knowledge, information the FWD Insurance and its ultimate beneficial owner and director are a third party independent of the Company and its connected persons.

CITIC Insurance, is a wholly owned subsidiary of China CITIC Bank International Limited and It is an insurance intermediary licensed by the Insurance Authority and engaged in the business of provision of insurance consultancy services for the customers. To the best of the Directors' knowledge, information the China CITIC Bank International Limited and its ultimate beneficial owner and director are a third party independent of the Company and its connected persons.

## **REASONS FOR THE BENEFITS OF THE PREVIOUS SUBSCRIPTION**

As part of the bank facilities arrangement with China CITIC Bank in the Group's ordinary course of business, the Group was required to take out a key man insurance policy in favour of the Policyholder to insure the Group against any potential loss in the unfortunate event of the loss of Mr. Joe Chan, being a key person of the Group. As assignment of life insurance in respect of the Policy by way of security was also granted by the Policyholder in favour of China CITIC Bank to secure the Group's obligations under the Bank Facility. The Board is of the view that the Policy may offer timely financial benefit and security to the Group as well as confidence to the Group's stakeholders and business partners to the Group's benefit in the unfortunate event of the loss of Ms. Chan. In addition, the value of death benefit receivable by the Policyholder in the event of the insured person's death under the Policy is substantially higher than the premium paid by it (having taken into account that the interest rate chargeable under the loan facilities provided by China CITIC Bank are comparable to the interest rates chargeable by the other banks).

In light of the foregoing, the Directors (including all independent non-executive Directors) are of the view that the terms of the Policy and the transaction contemplated thereunder are fair and reasonable and the entering into of the Policy is in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirements thereunder.

The Directors noted that the Previous Subscription had not been announced by the Company in a timely manner in accordance with the Listing Rules. Based on the review of the internal records of the Company, the Group's management treated the Policy as part of bank facilities arrangement with China CITIC Bank in the Group's ordinary course of the business at the material time and had not appreciated that the Previous Subscription constituted a subscription of financial assets by the Group for the purpose of Chapter 14 of the Listing Rules and therefore, the Company had not complied with the announcement requirements in respect of the Previous Subscription at the relevant time.

## **REMEDIAL ACTIONS**

Due to an inadvertent oversight, the Company failed to comply with the announcement requirements under Chapter 14 of the Listing Rules in a timely manner. This occurred because of the Finance Manager and the Company Secretary misinterpreted the Previous Subscription, which constitutes an acquisition of assets under Listing Rule 14.04(1)(a), was mistakenly treated as part of the Group's ordinary course of business banking facility arrangements.

The Directors wish to emphasize that this compliance delay was an isolated incident, entirely inadvertent and unintentional. The Company has taken prompt action to rectify the breach, including by way of this announcement.

To prevent recurrence, the Company will implement the following measures to strengthen its internal controls:

(i) **Enhance Training and Awareness**

With the assistance of professional advisers, the Company has clarified the nature of the Policy and its specific performance covenants. A finance meeting was held on 29 September 2025 to reinforce the understanding of the finance manager, Finance Director, Company Secretary, and Executive Directors regarding the identification of transactions with implications under the Listing Rules. Internal reporting procedures for similar transactions have been enhanced. Also, we have sent out the email to the Directors to clarify the mistake and draft this announcement for the Directors to review and approve on the same day.

Furthermore, the Company will provide enhanced training to all Directors, Company Secretary, and senior management once a year. The training will be provided by Legal consultant, financial adviser or in house materials and it aims to strengthen their knowledge of notifiable and connected transactions and their ability to identify potential issues at an early stage. In December 2025, the relevant personnel will be required to attend webinars provided by a law firm, covering:

- (1) Directors' Duties & Liabilities and Listed Companies' Disclosure Obligations;
- (2) Notifiable Transactions; and
- (3) Connected Transactions.

(ii) Implementation of a Formalized Approval Procedure

The Company will implement a new approval procedure in November 2025. For all transactions exceeding HK\$2 million, the responsible staff must report the transaction, perform a size test calculation, and submit it for review by senior management and the Finance Director. It will then require final review and sign-off by the Company Secretary and Executive Directors, who have received relevant training. The Company's corporate governance policy will be updated accordingly and distributed to all senior management, the Company Secretary, and Directors by the end of 2025.

(iii) Proactive Engagement with Professional Adviser

The Company will maintain closer cooperation with its legal or financial adviser (who hold a Type 6 license issued by the SFC). For any transaction where a ratio under the size test reaches 5% or above, the Company will seek a formal opinion from legal or financial adviser. If necessary, the Company will also consult the Stock Exchange on the proper treatment of proposed transactions and their implications under the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“China CITIC Bank”	China CITIC Bank International Limited, the Lender of the Bank Facility
“CITIC Insurance”	CITIC Insurance Brokers Limited, the Insurance Brokers of the Policy
“Company”	Star Group Asia Limited, a company incorporate in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code:01560)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s), including independent non-executive director(s), of the Company
“FWD Insurance”	FWD Life Insurance Company (Bermuda) Limited,
“Group”	the Company together with its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange
“Mr. Joe Chan”	Mr. Chan Man Fai Joe, who is the controlling shareholder, the chairman, the chief executive officer and an executive director of the Company.
“Policy”	a life insurance policy taken out with FWD Insurance on 20 January 2025

“MWC”	Metropolitan Wine Cellar Limited, the policyholder of the life insurance policy
“Previous Subscription”	Subscription of the Policy by the Policyholder on 20 January 2025
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of United States of America
“%”	per cent

*For and on behalf of the Board*  
**Star Group Asia Limited**  
**Chan Man Fai Joe**  
*Chairman*

Hong Kong, 21 November 2025

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chan Man Fai Joe (Chairman and chief executive officer) and Ms. Cheung Wai Shuen; two non-executive Directors, namely Mr. Tsui Wing Tak and 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.*