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Star Group Company Limited
星星集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1560)

DISCLOSEABLE TRANSACTION IN RELATION TO
DISPOSAL OF PROPERTY

DISPOSAL OF PROPERTY

The Board is hereby announce that on 25 June 2021 (after trading hours), the Vendor, an indirect wholly owned subsidiary of the Company, entered into the Provisional S&P Agreement with the Purchaser, an Independent Third Party, for the disposal of the Property at a consideration of HK\$19,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the entering into of the Provisional S&P Agreement and the Disposal contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but are exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Completion is subject to the fulfilment of certain conditions set out in the Provisional S&P Agreement and the Formal Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Board is hereby announce that on 25 June 2021 (after trading hours), the Vendor, an indirect wholly owned subsidiary of the Company, entered into the Provisional S&P Agreement with the Purchaser, an Independent Third Party, for the disposal of the Property at a consideration of HK\$19,000,000.

THE PROVISIONAL S&P AGREEMENT

The principal terms of the Provisional S&P Agreement are set out below:

Date

25 June 2021 (after trading hours)

Parties

- (1) Well Sure Corporation Limited, as Vendor, is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.
- (2) Wayland Property Investments Limited, as Purchaser, is a company incorporated in Hong Kong and is principally engaged in property investment. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is owned as to 69%, 13%, 6%, 6% and 6% by Ko Yat Fung, Ko Wan Ping, Ko Wan Har, Ko Tsz Yeung Nelson and Ting Ho Hang, respectively, who are Independent Third Parties.

Property

The property is located at Shop No. 94 on 1/F of the Podium, Admiralty Centre, No.18 Harcourt Road, Hong Kong. The saleable area of the property as measured from the registered floor plan is approximately 209 square feet (or 19.42 sq.m.). The Property is leased for a period from 11 August 2019 to 10 August 2021 at a monthly rent of HK\$45,000 and for a period from 11 August 2021 to 10 August 2023 at a monthly rent of HK\$40,000, respectively, exclusive of management fees and Government rates.

The Property is to be sold to the Purchaser on an "as is" basis.

Consideration and payment terms:

Pursuant to the Provisional S&P Agreement, the Consideration of HK\$19,000,000 will be payable by the Purchaser to the Vendor in the manner as follows: -

- (a) an Initial Deposit in the sum of HK\$840,000 shall be paid upon signing of the Provisional S&P Agreement;
- (b) a Further Deposit in the sum of HK\$840,000 shall be paid on or before 5 July 2021; and
- (c) the remaining balance of the Consideration in the sum of HK\$17,320,000 shall be paid upon Completion.

The Consideration of HK\$19,000,000 was determined after arm's length negotiations among the parties to the Provisional S&P Agreement taking into account (a) the valuation of the Property of HK\$19,000,000 made by an independent valuer as at 31 December 2020; and (b) the prevailing market price of the Property of similar nature available in the localities.

Having considered the above factors, the Directors (including the independent non-executive Directors) consider that the Purchase Price, which was arrived at after arm's length negotiations and is in the interests of the Company and the Shareholders as a whole.

Stamp Duty

All ad valorem stamp duty shall be borne by the Purchaser solely.

Agency Fee

The Agency Fee of HK\$161,500 shall be paid to the agent upon Completion.

Formal Agreement

Pursuant to the Provisional S&P Agreement, the Vendor shall sell the Property to the Purchaser free from encumbrances. The Vendor and the Purchaser shall enter into the Formal Agreement on or before 5 July 2021. The Formal Agreement, which will set out the detailed terms of the Disposal, if executed, is expected to supersede the Provisional S&P Agreement.

Completion

Completion shall take place on or before 23 August 2021, upon which the Property will cease to be held by the Group. The rental deposit under the existing tenancy agreement for the Property will be transferred to the Purchaser upon the Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND FINANCIAL EFFECT AND INTENDED USE OF THE PROCEEDS

The Property is an investment property of the Group. Rental incomes attributable to the Property for the financial years ended 31 December 2019 and 31 December 2020 were HK\$350,500 and HK\$456,750, respectively.

The carrying value of the Property as shown in the audited consolidated accounts of the Company as at 31 December 2020 was HK\$19,000,000. Subject to review and confirmation by the auditors, the financial effect of the group will be flat, which is calculated based on the Consideration received by the Group for the Disposal less the carrying value of the Property as at 31 December 2020 before any related expenses.

The Board considers that the Disposal represents a good opportunity for realization of the investment and improving liquidity of the Group. The proceeds from the Disposal can further strengthen the cash flow of the Group and the Disposal will enable the Group to reallocate its resources for future development should opportunities arise. The Directors consider that the Disposal will not have a significant impact on the operating business of the Group as the Property is currently being leased out.

Having considered the above, the Directors, including the independent non-executive Directors, are of the view that the Disposal is conducted on normal commercial terms, the terms of the Provisional S&P Agreement are fair and reasonable, and the entering into the Provisional S&P Agreement is in the interests of the Company and the Shareholders as a whole.

It is estimated that the net proceeds from the Disposal (after deduction of agency fees, legal fees and ancillary expenses) will be approximately HK\$18,700,000. The Company intends to use the net proceeds from the Disposal for the repayment of bank loan and general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the entering into of the Provisional Agreement and the Disposal contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but are exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfilment of certain conditions set out in the Provisional S&P Agreement and the Formal Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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 Group Company 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)
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Provisional S&P Agreement and the Formal Agreement
“Consideration”	HK\$19,000,000, being the total consideration payable by the Purchaser to the Vendor for the Property
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor on or before 5 July 2021 in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, modified and supplemented from time to time
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“Property”	the property is located at Shop No. 94 on 1/F of the Podium, Admiralty Centre, No.18 Harcourt Road, Hong Kong
“Provisional S&P Agreement”	the provisional sale and purchase agreement dated 25 June 2021 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	Wayland Property Investments Limited, a company incorporated in Hong Kong with limited liability and an independent third party
“Share(s)”	ordinary share(s) of HK\$1 each in the share capital of the Target Company
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Well Sure Corporation Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 25 June 2021

As at the date of this announcement, the Board consists of eight Directors comprising 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 Directors, namely Mr. Yim Kwok Man; and three independent non-executive Directors, namely Mr. Lee Chung Ming Eric, Ms. Chan Wah Man Carman and Dr. Wong Wai Kong.