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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)

CANCELLATION OF SHARE OPTIONS PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT AND PROPOSED GRANT OF SHARE OPTIONS

CANCELLATION OF SHARE OPTIONS

Reference is made to the announcements of Star Properties Group (Cayman Islands) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 25 January 2017, 19 May 2017, 8 September 2017, 18 October 2018 and 23 November 2020.

On 25 January 2017, 12,432,000 share options (“**Share Options**”) were granted to eligible participants under the share option scheme adopted by the Company on 27 June 2016 (“**Share Option Scheme**”). On 19 May 2017, adjustments were made to the exercise price and the number of shares of the Company (“**Shares**”) entitled to be subscribed for under the outstanding Share Options due to bonus issue, resulting in 24,864,000 Shares to be issued upon exercise of the outstanding Share Options. On 8 September 2017, adjustments were made to the exercise price and the number of Shares entitled to be subscribed for under the outstanding Share Options due to open offer, resulting in 26,107,200 Shares to be issued upon exercise of the outstanding Share Options. On 18 October 2018, 21,193,088 Share Options were granted to eligible participants under the Share Option Scheme. On 23 November 2020, 32,950,000 Share Options were granted to eligible participants under the Share Option Scheme. The aggregate number of Share Options granted as at the date of this announcement is 80,250,288, among which 7,432,000 Share Options were lapsed as at the date of this announcement. As at the date of this announcement, 14,298,000 Shares have been issued as a result of the exercise of Share Options.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has been advised that the grant of Share Options, in aggregate, would result in the total number of Shares which

may be issued upon exercise of all Share Options granted under the Share Option Scheme, in aggregate, to exceed 22,400,000 Shares, being 10% of the Shares in issue as at the date of listing of the Shares (the “**Existing Scheme Mandate Limit**”), which was prohibited under Note 1 to Rule 17.03(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the rules of the Share Option Scheme.

In light of the Existing Scheme Mandate Limit, only 22,400,000 Share Options were available to be granted to eligible participants. Therefore, the grant of the remaining 57,850,288 Share Options (“**Proposed Grant**”) exceeded the Existing Scheme Mandate Limit, of which (i) 7,432,000 Share Options were lapsed as at the date of this announcement; and (ii) 50,418,288 Share Options were outstanding as at the date of this announcement (which exceeded the Existing Scheme Mandate Limit). The Board has on 11 December 2020 resolved to cancel 52,875,488 (“**Existing Share Options**”), subject to the respective consent of the grantees.

The 52,875,488 Existing Share Options, in aggregate, which will be cancelled, were granted to the following persons:

Name	Position(s) held with the Company	Number of Share Options granted
Mr. Chan Man Fai Joe	Chairman and Executive Director	11,476,000
Ms. Cheung Wai Shuen	Executive Director and Company Secretary	10,099,200
Mr. Liu Hon Wai	Executive Director	6,899,200
Prof. Pong Kam Keung	Executive Director	4,665,600
Mr. Yim Kwok Man	Non-executive Director	756,800
Dr. Wong Wai Kong	Independent non-executive Director	600,000
Mr. Lee Chung Ming Eric	Independent non-executive Director	756,800
Ms. Chan Wah Man Carman	Independent non-executive Director	600,800
Other eligible participants (including employees and Mr. Shiu Siu Tao (who was a past independent non-executive director of the		17,021,088

Company))

Upon cancellation of the Existing Share Options, only 5,644,800 Share Options granted within the Scheme Mandate Limit will remain outstanding. These 5,644,800 Share Options represent Share Options granted in 2017.

The Company will (i) arrange for a designated person in the Company to monitor the number of Share Options granted before granting Share Options; and (ii) seek legal advice before granting Share Options, to prevent granting Share Options which exceed the scheme mandate limit of the Share Option Scheme (“**Scheme Mandate Limit**”) in the future.

PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT

Apart from the Share Option Scheme, the Company has no other share option schemes as at the date of this announcement. The Scheme Mandate Limit has not been refreshed since the date of listing of the Shares.

Pursuant to Note 1 to Rule 17.03(3) of the Listing Rules and the rules of the Share Option Scheme, the Company may seek approval by its shareholders (“**Shareholders**”) in general meeting for refreshing the Scheme Mandate Limit. However, the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders’ approval. Share Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

As at the date of this announcement, there were 641,498,000 Shares in issue. Assuming that no new Shares will be issued prior to the EGM, the maximum number of Share Options that can be granted by the Company under the proposed refreshed Scheme Mandate Limit would be 64,149,800 Shares, being 10% of the total number of Shares in issue as at the date of passing the resolution approving the proposed refreshment of Scheme Mandate Limit at the EGM.

Pursuant to Note 2 to Rule 17.03(3) of the Listing Rules and the rules of the Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

Upon cancellation of the Existing Share Options, 5,644,800 Share Options granted within the Scheme Mandate Limit would remain outstanding. The total number of Shares which may be issued upon exercise of the aforementioned outstanding Share Options, the proposed refreshed Scheme Mandate Limit and the proposed grant of Share Options to Mr. Chan Man Fai Joe (“**Mr. Chan**”)(details of which are set out in the section headed “Proposed Grant of Share Options” below), will be 79,794,600 Shares, representing approximately 12.44% of the Shares in issue as at the date of this announcement and will not exceed the overall limit of 30% of the Shares in issue (assuming that no new Shares will be issued prior to the EGM).

Conditions of the proposed refreshment of Scheme Mandate Limit

The proposed refreshment of Scheme Mandate Limit is conditional upon:

- (i) the Shareholders passing an ordinary resolution to approve the proposed refreshment of Scheme Mandate Limit at the EGM; and
- (ii) the Stock Exchange granting the approval for the listing of and permission to deal in the Shares that may be issued pursuant to the exercise of the Share Options that may be granted under the proposed refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Shares that may be issued upon the exercise of the Share Options that may be granted under the proposed refreshed Scheme Mandate Limit.

Reasons for the proposed refreshment of the Scheme Mandate Limit

Unless the Scheme Mandate Limit is refreshed, no further Share Options may be granted under the Share Option Scheme. The Board is of the view that the proposed refreshment of the Scheme Mandate Limit will allow the Company more flexibility to motivate the eligible participants, attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group. Therefore, the Board considers that the proposed refreshment of the Scheme Mandate Limit is in the interests of the Group and the Shareholders as a whole.

PROPOSED GRANT OF SHARE OPTIONS

The Board announces that on 11 December 2020 (“**Date of Grant**”), 10,000,000 Share Options to subscribe for up to a total of 10,000,000 Shares are granted to the Mr. Chan (the “**Grantee**”), being an eligible participant, under the Share Option Scheme, subject to the acceptance of the Grantee and the payment of HK\$1.00 by the Grantee upon acceptance of the Share Options. Details of the Share Options granted are set out as follows:

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|---|---|---|
| Date of Grant | : | 11 December 2020 |
| Number of Share Options granted | : | 10,000,000 (each Share Option shall entitle the holder of the Share Option to subscribe for one Share), which is subject to the approval of the Shareholders at the EGM |
| Exercise price of Share Options granted | : | HK\$0.41 per Share, which is not less than the highest of: <ol style="list-style-type: none">(i) the closing price of HK\$0.40 per Share as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant;(ii) the average closing price of HK\$0.41 per Share as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Date of Grant; and |

(iii) the nominal value of HK\$0.01 per Share on the Date of Grant.

Closing price of the Shares : HK\$0.40 per Share
on the Date of Grant

Validity period of the Share : From the date upon obtaining the Shareholders'
Options approval at the EGM (with Mr. Chan and his associates abstaining from voting at the EGM) to 10 December 2030 (both dates inclusive).

All 10,000,000 Shares Options were granted to an executive Director, Mr. Chan.

The Company proposes to grant Share Options to employees to increase their motivation as the Company grows. Granting Share Options also provides incentive for employee retention as well as alignment with the medium and long-term goals of the Company. In addition, the exercise of the Share Options is a means to enhance the capital base of the Company and provide the Company with the financial flexibility necessary for its development and expansion. Mr. Chan has extensive experience in strategic management and high market and economic sense. He led the team in various projects and there was consolidated net profit for the six months ended 30 June 2020 as compared to consolidated net loss for the six months ended 30 June 2019. To recognize the employee's contribution, the Company granted 6,000,000 Share Options to Mr. Chan in 2020 (but all of them will be cancelled). The total number of Share Options of Mr. Chan that are subject to cancellation is 11,476,000. 10,000,000 Share Options are granted to Mr. Chan, subject to the approval by the Shareholders at the EGM.

The grant of Share Options to the above Director has been approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules. The grant of 10,000,000 Share Options would entitle the Grantee to subscribe for 10,000,000 Shares, representing 1.56% of the total number of Shares in issue as at the date of this announcement. Given that (i) the total number of Shares to be issued upon exercise of the Share Options granted and to be granted (including Share Options exercised, cancelled and outstanding) to Mr. Chan (being a substantial shareholder of the Company) in a 12-month period represents in aggregate over 0.1% of the Shares in issue and having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares of HK\$0.40 on the Date of Grant; and (ii) the total number of Shares to be issued upon exercise of the Share Options granted and to be granted to Mr. Chan (including exercised, cancelled and outstanding Share Options) would in a 12-month period exceed 1% of the Shares in issue, pursuant to the Listing Rules, the grant of the Share Options to Mr. Chan is subject to the approval by the Shareholders at the EGM. Mr. Chan, his associates and all core connected persons of the Company shall abstain from voting in relation to the granting of the Share Options to Mr. Chan at the EGM.

GENERAL

An EGM will be convened and held to consider and, if thought fit, approve (i) the proposed refreshment of the Scheme Mandate Limit; and (ii) the proposed grant of Share Options to Mr. Chan.

A circular containing, among other things, further details in respect of the proposed refreshment of the Scheme Mandate Limit and the proposed grant of Share Options to Mr. Chan, together with a notice of the EGM, will be despatched to the Shareholders as soon as possible in compliance with the Listing Rules.

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

Hong Kong, 11 December 2020

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 Director, 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.