



STAR PROPERTIES GROUP  
(CAYMAN ISLANDS) LIMITED

星星地產集團(開曼群島)有限公司

STOCK CODE: 1560

INTERIM REPORT  
2016



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# CORPORATE INFORMATION

## REGISTERED OFFICE

Clifton House  
75 Fort Street  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 602B, 6/F  
Tower 1  
Admiralty Centre  
18 Harcourt Road  
Hong Kong

## COMPANY WEBSITE

[www.starproperties.com.hk](http://www.starproperties.com.hk)

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Chan Man Fai Joe  
Mr. Lam Kin Kok  
Ms. Cheung Wai Shuen  
Mr. Liu Hon Wai

### NON-EXECUTIVE DIRECTORS

Mr. Pong Kam Keung  
Mr. Yim Kwok Man

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shiu Siu Tao  
Mr. Lee Chung Ming Eric  
Ms. Chan Wah Man Carman

## COMPANY SECRETARY

Ms. Cheung Wai Shuen (HKICS)

## AUDIT COMMITTEE

Ms. Chan Wah Man Carman (*Chairman*)  
Mr. Lee Chung Ming Eric  
Mr. Shiu Siu Tao

## NOMINATION COMMITTEE

Mr. Yim Kwok Man (*Chairman*)  
Mr. Chan Man Fai Joe  
Mr. Shiu Siu Tao  
Mr. Lee Chung Ming Eric

## REMUNERATION COMMITTEE

Mr. Shiu Siu Tao (*Chairman*)  
Ms. Chan Wah Man Carman  
Mr. Chan Man Fai Joe

## RISK CONTROL COMMITTEE

Mr. Yim Kwok Man (*Chairman*)  
Mr. Chan Man Fai Joe  
Mr. Lam Kin Kok  
Ms. Cheung Wai Shuen  
Mr. Pong Kam Keung  
Mr. Lee Chung Ming Eric

## AUTHORISED REPRESENTATIVES

Mr. Lam Kin Kok  
Ms. Cheung Wai Shuen

## COMPLIANCE ADVISER

Guotai Junan Capital Limited  
27/F., Low Block, Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

## PRINCIPAL BANKERS

Shanghai Commercial Bank Limited  
North Point Branch  
G/F, 486 King's Road, North Point  
Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
Basement, 29 Queen's Road Central, Central  
Hong Kong

## AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited  
Clifton House, 75 Fort Street, PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF 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)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Star Properties Group (Cayman Islands) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 6 to 25, which comprises the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### OTHER MATTER

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2015 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

29 August 2016

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The board of directors of Star Properties Group (Cayman Islands) Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 together with the comparative figures as follows:

	Notes	Six months ended	
		30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
Revenue	3	17,414	61,781
Cost of sales and services		(6,684)	(33,178)
Gross profit		10,730	28,603
Other income	4	2,171	3,048
Gain arising on change in fair value of investment properties	11	911	—
Selling expenses		(960)	(926)
Administrative and other expenses		(10,274)	(4,687)
Listing expenses		(16,438)	—
Finance costs	5	(3,473)	(822)
(Loss) profit before tax	6	(17,333)	25,216
Income tax expense	7	(1,215)	(4,303)
(Loss) profit and total comprehensive (expense) income for the period		(18,548)	20,913
(Loss) earnings per share			
— Basic (HK cents)	8	(11.04)	12.45

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	146	637
Investment properties	11	526,320	523,450
Deferred tax asset		523	523
		<b>526,989</b>	524,610
<b>CURRENT ASSETS</b>			
Properties held for sale	12	631,249	528,269
Trade and other receivables	13	20,179	23,277
Amounts due from related companies		1,819	1,819
Stakeholder's account	14	57,479	61,875
Bank balances and cash	14	7,255	5,718
		<b>717,981</b>	620,958
<b>CURRENT LIABILITIES</b>			
Accruals and other payables	15	221,956	118,192
Amounts due to related companies		—	7,414
Amounts due to directors	16	384,436	365,997
Tax liabilities		856	1,119
Borrowings	17	486,681	484,861
		<b>1,093,929</b>	977,583
<b>NET CURRENT LIABILITIES</b>		<b>(375,948)</b>	(356,625)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>151,041</b>	167,985
<b>NON-CURRENT LIABILITY</b>			
Borrowings	17	23,136	21,530
<b>NET ASSETS</b>		<b>127,905</b>	146,455
<b>CAPITAL AND RESERVES</b>			
Share capital	18	—	2
Retained earnings		127,905	146,453
<b>TOTAL EQUITY</b>		<b>127,905</b>	146,455



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	30.6.2016	30.6.2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
(Loss) profit before tax	(17,333)	25,216
Adjustments for:		
Depreciation of plant and equipment	77	74
Finance costs	3,473	822
Interest income	(30)	(637)
Gain arising on change in fair value of investment properties	(911)	—
Loss on disposal of plant and equipment	212	—
Loss of the Properties Management Business retained by Galaxy Real Estate Investment Management Limited ("GREIM")	—	571
Operating cash flows before movements in working capital	(14,512)	26,046
Decrease (increase) in trade and other receivables	3,098	(67,792)
Increase in properties held for sale	(97,464)	(2,039)
Decrease in stakeholder's account	4,396	3,961
Increase (decrease) in accruals and other payables	103,764	(11,063)
Cash used in operations	(718)	(50,887)
Income tax paid	(1,478)	—
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(2,196)</b>	<b>(50,887)</b>
<b>INVESTING ACTIVITIES</b>		
Additions to investment properties	(1,959)	(36,645)
Advances to related companies	(120)	(491)
Purchase of plant and equipment	(28)	—
Proceeds from disposal of plant and equipment	230	—
Repayments from related companies	120	7,650
Interest received	30	637
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,727)</b>	<b>(28,849)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(7,383)	(3,612)
Bank borrowings raised	71,020	24,325
Repayment of a bank borrowing	(69,200)	—
Advances from directors	18,437	44,583
Repayments to related companies	(7,414)	(763)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>5,460</b>	<b>64,533</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,537</b>	<b>(15,203)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>5,718</b>	<b>21,168</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD,</b> represented by bank balances and cash	<b>7,255</b>	<b>5,965</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2015 (audited)	2	108,618	108,620
Profit and total comprehensive income for the period	—	20,913	20,913
Net loss retained by GREIM ( <i>note a</i> )	—	571	571
At 30 June 2015 (unaudited)	2	130,102	130,104
At 1 January 2016 (audited)	<b>2</b>	<b>146,453</b>	<b>146,455</b>
Loss and total comprehensive expense for the period	—	<b>(18,548)</b>	<b>(18,548)</b>
Effect from group restructuring ( <i>note b</i> )	<b>(2)</b>	—	<b>(2)</b>
At 30 June 2016 (unaudited)	—	<b>127,905</b>	<b>127,905</b>

*Note:*

- (a) *The loss in respect of operations of the project management services for the Group's property projects (the "Project Management Business") carried out by GREIM prior to 1 April 2015 was legally belonged to GREIM. The net loss retained by GREIM represents the funding provided by GREIM to the Project Management Business prior to the completion of business transferred.*
- (b) *The effect from group restructuring represents the net result of crediting the Company's HK\$10 share capital as fully paid upon group reorganisation (see details in note 18) and the elimination of HK\$1,572 share capital of the companies comprising the Group which were under common control of Mr. Chan Man Fai Joe and Mr. Lam Kin Kok before 22 March 2016.*

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands with limited liability and its shares have been listed on the Stock Exchange with effect from 13 July 2016.

Pursuant to a reorganisation of the Company and its subsidiaries now comprising the Group completed on 18 March 2016 to rationalise the Group’s structure in preparation for the listing on the Main Board of the Stock Exchange (the “Reorganisation”), the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 June 2016 (the “Prospectus”). The Company and its subsidiaries have been under the common control of Mr. Chan Man Fai Joe and Mr. Lam Kim Kok since 1 January 2015 or since their respective dates of incorporation or establishment, where there is a shorter period and that control is not transitory.

The Group resulting from the group restructuring is regarded as a continuing entity. Accordingly, the condensed consolidated statements of profit or loss and other comprehensive income and cash flows for the six months ended 30 June 2015 and 30 June 2016 included the results and cash flows of the companies now comprising the Group which have been prepared by applying the principles of merger accounting, which is consistent with the principle as stated in the Accounting Guideline 5 “Merger accounting for common control combinations” issued by the HKICPA, as if the group structure upon the completion of the group restructuring had been in existence since 1 January 2015 or since their respective dates of incorporation or establishment where this is a shorter period. The condensed consolidated statement of financial position as at 31 December 2015 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at that date.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair value as explained in the Prospectus. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s financial information for the three years ended 31 December 2015 incorporated in the Prospectus. In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretation issued by the HKICPA that are mandatorily effective for the current interim period. The adoption of the amendments to HKFRSs and interpretation has had no material effect on the reported results and financial position of the Group for the current and prior accounting periods.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000), unless otherwise stated.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these unaudited condensed consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the amount received and receivable for revenue arising on property development and property investment.

	Six months ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
Property development — sales of properties	12,444	61,508
Property investment — rental income from leasing of investment properties	4,970	273
	17,414	61,781

Information reported to the Company's executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Information relating to assets and liabilities in each segment is not included in the internal report regularly reviewed by the executive directors of the Company.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

Specifically, the Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

1. Property development — sales of properties
2. Property investment — rental income from leasing of investment properties

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Segment revenue		Segment result	
	Six months ended		Six months ended	
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	12,444	61,508	3,716	26,014
Property investment	4,970	273	711	261
Segment total	17,414	61,781	4,427	26,275
Unallocated income	—	—	587	381
Unallocated expenses	—	—	(5,909)	(1,440)
Listing expenses	—	—	(16,438)	—
(Loss) profit before tax	—	—	(17,333)	25,216

Segment profit represents the profit or loss earned by each segment without allocation of listing expenses, some other income and some administration expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. OTHER INCOME

	Six months ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
Interest income	30	637
Temporary rental income from properties held for sale	1,401	1,952
Properties management fees	467	211
Others	273	248
	<b>2,171</b>	<b>3,048</b>

### 5. FINANCE COSTS

	Six months ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	7,383	3,612
Loans from related parties	1,606	1,392
Total borrowing costs	<b>8,989</b>	5,004
Less: amount capitalised in cost of qualifying assets	<b>(5,516)</b>	(4,182)
	<b>3,473</b>	822

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. (LOSS) PROFIT BEFORE TAX

	Six months ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
(Loss) profit before tax has been arrived at after charging (crediting):		
Total staff costs (including directors' emoluments)	2,643	2,356
Less: capitalised in properties held for sale and investment properties	(1,059)	(1,075)
	1,584	1,281
Cost of inventories recognised as an expense	5,460	32,996
Depreciation of property, plant and equipment	77	74
Property agency commission (included in selling expenses)	117	926
Legal and professional fees	4,310	590
Gross rental income from investment properties	(4,970)	(273)
Less: direct operating expenses incurred for investment properties that generated rental income (included in cost of sales and services)	1,224	182
	(3,746)	(91)

### 7. INCOME TAX EXPENSE

	Six months ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
— Current tax	1,215	4,303

The Group is subject to 16.5% of the estimated assessable profit under Hong Kong Profits Tax.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the (loss) profit for the period attributable to owners of the Company and 168,000,000 ordinary shares of the Company, assuming the capitalisation issue of 167,999,000 ordinary shares had been completed on 1 January 2015, as further detailed in note 23 (2).

No diluted (loss) earnings per share is presented as there are no dilutive potential ordinary shares during the periods.

### 9. DIVIDEND

No dividends were paid, declared or proposed by the Company during the current and prior interim periods.

### 10. PLANT AND EQUIPMENT

During the current interim period, the Group spent HK\$28,000 (six months ended 30 June 2015: Nil) on plant and equipment and received HK\$230,000 (six months ended 30 June 2015: Nil) from disposal of plant and equipment.

### 11. INVESTMENT PROPERTIES

	Investment properties under construction HK\$'000	Completed investment properties HK\$'000	Investment properties pending revitalisation HK\$'000	Total HK\$'000
<b>FAIR VALUE</b>				
At 31 December 2015	21,770	28,680	473,000	523,450
Additions	1,959	—	—	1,959
Increase in fair value	911	—	—	911
At 30 June 2016	<b>24,640</b>	<b>28,680</b>	<b>473,000</b>	<b>526,320</b>

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties using the fair value model.

The fair value, classified as Level 3 of the fair value hierarchy as at 30 June 2016, was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions.

In estimating the fair value of the properties, the highest and best use of the property is their current use.

There were no transfers into or out of Level 3 during the period ended 30 June 2016.

These investment properties are commercial property units located in Hong Kong under medium-term leases.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVESTMENT PROPERTIES (Continued)

For the purpose of measuring deferred tax liability arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment properties and determined that the presumption to recover the carrying amount of investment properties through sale is not rebutted. As a result, the Group does not recognise deferred tax on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

As at 30 June 2016, completed investment properties with fair value of approximately HK\$28,680,000 have been pledged to a bank to secure a mortgage loan for a related company which is controlled by a director. The pledge has been released on 13 July 2016.

The Group's investment properties under construction and pending revitalisation have been pledged to secure banking borrowings granted to the Group. Details are set out in note 17.

### 12. PROPERTIES HELD FOR SALE

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
The Group's carrying amounts of properties held for sale, stated at cost, comprise:		
– Properties under development	616,862	508,422
– Completed properties	14,387	19,847
	<b>631,249</b>	528,269

In the opinion of the Directors, all properties under development held for sale are expected to be realised in the business cycle of two to three years.

As at 30 June 2016, completed properties held for sale with aggregated amount of approximately HK\$2,060,000 have been pledged to a bank to secure a mortgage loan for a related company which is controlled by a director. The pledges have been released on 13 July 2016.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. TRADE AND OTHER RECEIVABLES

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Trade receivables for rental income	51	532
Deposits and other receivables	3,524	1,906
Prepayments		
— Prepaid property agent commission	15,547	15,511
— Prepaid listing fees	—	4,305
— Other prepayments	1,057	1,023
	<b>20,179</b>	<b>23,277</b>

No credit term is allowed for trade receivables.

The Group's trade receivables based on invoice dates as at 30 June 2016 and 31 December 2015 all fell within the aging of 1–30 days.

All of the Group's trade receivables are past due as at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

### 14. STAKEHOLDER'S ACCOUNT/BANK BALANCES AND CASH

The amounts comprise a stakeholder's account which is held by an independent intermediary for collecting sales receipts on the Group's behalf. The amounts are interest bearing at prevailing market interest rate of 0.001% per annum.

The bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. ACCRUALS AND OTHER PAYABLES

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Retention payables ( <i>note</i> )	16,252	10,618
Other payables, deposits received and accruals		
– Receipts in advance from properties pre-sold	142,630	71,360
– Deposits received	3,228	4,073
– Accrued construction costs	51,730	30,191
– Accrued listing fees	6,042	—
– Others	2,074	1,950
	<b>221,956</b>	118,192

*Note: Approximately HK\$5,305,000 as at 30 June 2016 and 31 December 2015 were aged more than twelve months from the end of the reporting periods. All retention payables as at 30 June 2016 and 31 December 2015 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.*

### 16. AMOUNTS DUE TO DIRECTORS

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Mr. Chan Man Fai Joe	364,436	345,970
Mr. Lam Kin Kok	20,000	20,027
	<b>384,436</b>	365,997

The amounts due to directors are unsecured and interest-free. Mr. Chan Man Fai Joe and Mr. Lam Kin Kok waived the balances due to them of HK\$174,420,000 and HK\$15,580,000, respectively on 13 July 2016. The remaining balance of HK\$194,436,000 has been settled on 13 July 2016.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. BORROWINGS

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Bank borrowings	486,681	484,861
Loans from related companies	23,136	21,530
	<b>509,817</b>	506,391

All bank borrowings are pledged by the following properties of the Group:

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Properties held for sale — under development, at cost	616,862	508,422
Investment properties — under construction, at fair value	24,640	21,770
— pending revitalisation, at fair value	473,000	473,000
	<b>497,640</b>	494,770

All bank borrowings are secured by the personal guarantee and corporate guarantee. The details are as follows:

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Mr. Chan Man Fai Joe	1,108,880	671,880
Mr. Lam Kin Kok	—	7,000
Galaxy Asset Management (HK) Limited ("GAMHK")	1,108,880	293,800

The above guaranteed amounts are jointly provided by all parties up to the maximum aggregate sum of loan facility or a specific amount as stated in the banking facility letters, whichever is lower.

The guarantees provided by directors and GAMHK are released on 13 July 2016.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. SHARE CAPITAL

The share capital of the Group at 31 December 2015 represents the aggregate issued and paid up share capital of the companies comprising the Group which were under common control of Mr. Chan Man Fai Joe and Mr. Lam Kin Kok.

The movements in share capital of the Company are as follows:

	Notes	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each			
<b>Authorised:</b>			
At 4 March 2016 (date of incorporation)	(a)	38,000,000	380,000
Increased in authorised share capital, ordinary shares of HK\$0.01 each	(d)	962,000,000	9,620,000
<hr/>			
At 30 June 2016		1,000,000,000	10,000,000
<hr/>			
<b>Issued and fully paid:</b>			
At 4 March 2016 (date of incorporation)	(b)	100	1
Issue of ordinary shares pursuant to the Reorganisation	(c)	900	9
<hr/>			
At 30 June 2016		1,000	10

Notes:

- (a) On 4 March 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.
- (b) On 4 March 2016, 100 shares were allotted and issued as fully paid, of which 1 share was issued to initial subscriber, 89 shares to Star Properties Holdings (BVI) Limited, a company wholly-owned by Mr. Chan Man Fai Joe and 10 shares to Eagle Trend (BVI) Limited, a company wholly owned by Mr. Lam Kin Kok, respectively. On the same day, the 1 share held by the initial subscriber was subsequently transferred to Star Properties Holdings (BVI) Limited;
- (c) On 22 March 2016, 900 shares were allotted and issued as fully paid, of which 828 shares were issued to Star Properties Holdings (BVI) Limited and 72 shares were issued to Eagle Trend (BVI) Limited; and
- (d) Pursuant to the extraordinary general meeting of our Shareholders held on 27 June 2016, the authorised share capital of our Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of a further 962,000,000 shares of HK\$0.01 each.

### 19. SHARE-BASED PAYMENT TRANSACTIONS

The Group adopted a share option scheme on 27 June 2016 (“Share Option Scheme”). The purpose of Share Option Scheme is to provide any directors and full-time employees of any member of the Group have contributed or will contribute to the Group (“Participants”) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

Pursuant to the Share Option Scheme, the directors of the Company may invite Participants to take up options at a price determined by the board of directors provided that it shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date on which an offer is made by the Company to the grantee (which date must be a business day, “Offer Date”); (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of a share of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at 13 July 2016 unless the Company obtains a fresh approval from the shareholders to refresh the limit.

The maximum entitlement for any one Participant is that the total number of the shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue unless otherwise approved by the shareholders at a general meeting of the Company.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which would be determined and notified by the board of directors to the grantee at the time of making an offer.

No share options have been granted by the Group up to the date of issuance of these condensed consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 20. OPERATING LEASE COMMITMENTS

#### THE GROUP AS LESSEE

At the end of the reporting period, the Group had commitments for future minimum lease payments to related companies under non-cancellable operating leases which fall due as follows:

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Within one year	729	2,200

The leases are generally negotiated for a lease term of one year of fixed rentals.

#### THE GROUP AS LESSOR

Property rental income earned from investment properties and properties held for sale were aggregated to HK\$6,371,000 (six months ended 30 June 2015: HK\$2,225,000). The properties are expected to generate rental yields of 1% on an on going basis. Properties held have committed tenants for the next one to three years.

At the end of the reporting period, the Group had contracted tenant for the following future minimum lease payments:

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Within one year	6,400	11,472
In the second to fifth year inclusive	2,368	15,118
	<b>8,768</b>	26,590

### 21. CAPITAL COMMITMENTS

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Capital expenditure in respect of the properties development project contracted for but not provided in the condensed consolidated financial statements	67,235	158,299

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 22. RELATED PARTY DISCLOSURES

#### (I) TRANSACTIONS

The Group had the following transactions with related parties during the period:

Name of related parties	Nature of transaction	Six months ended	
		30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
Crystal Harbour Development Limited	Finance cost (note a)	803	696
GAMHK	Service fee (note c)	—	135
	Rental expenses (note b)	550	—
South Project Investment Limited	Finance cost (note a)	803	696
Sunny Generation Limited ("Sunny Generation")	Rental expenses (note b)	332	150
Vogue Town Limited ("Vogue Town")	Rental of director's quarters (note d)	—	480
	Rental of motor vehicle (note e)	60	—
Metropolitan Wine Cellar Limited ("Metropolitan Wine")	Entertainment expenses (note f)	41	—

Notes:

- (a) The loans from related companies carried interest at 15% per annum.
- (b) The rental expenses charged by GAMHK and Sunny Generation was based on office area occupied by the Group and at a rent agreed by both parties.
- (c) The service fee represented administrative expenses recharged by GAMHK at cost.
- (d) The rental expenses represented the leasing of a director's quarters for Mr. Chan Man Fai Joe from Vogue Town at a price agreed by both parties.
- (e) The rental expenses represent the leasing of motor vehicle from Vogue Town at a price agreed by both parties.
- (f) The entertainment expenses represent purchase of wines from Metropolitan Wine at a price agreed by both parties.

A director of the Company has significant influence over the above related companies.



## 22. RELATED PARTY DISCLOSURES (Continued)

### (II) BALANCES

The following balances were outstanding at the end of the reporting period:

Balances	Nature of transaction	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Unaudited)
Amounts due from related companies (note)	Related companies	1,819	1,819
Amounts due to related companies (note)	Related companies	—	7,414
Amounts due to directors	Directors	384,436	365,997

Note: A director of the Company has significant influence over the above related companies.

### (III) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The directors are identified as key management members of the Group.

### (IV) PERSONAL AND CORPORATE GUARANTEE

Details of bank borrowings secured by personal guarantee provided by Mr. Chan Man Fai Joe and Mr. Lam Kin Kok and corporate guarantee from GAMHK are disclosed in note 17. The personal and corporate guarantees have been released on 13 July 2016.

### (V) PROPERTIES HELD FOR SALES AND INVESTMENT PROPERTIES PLEDGED BY A RELATED COMPANY

As at 30 June 2016, completed investment properties with fair value of HK\$28,680,000 (note 11) and completed properties held for sales amounting to HK\$2,060,000 (note 12) have been pledged to a bank to secure a mortgage loan for a related company. The pledges have been released on 13 July 2016.

### (VI) CORPORATE GUARANTEE TO A RELATED COMPANY

As at 30 June 2016, a subsidiary has provided corporate guarantee of HK\$100,000,000 to secure a banking facility granted to a related company. The guarantee has been released on 13 July 2016.

### 23. EVENTS AFTER REPORTING PERIOD

1. On 13 July 2016, Mr. Chan Man Fai Joe and Mr. Lam Kin Kok waived the balances due to them of HK\$174,420,000 and HK\$15,580,000, respectively. The aggregate amount of HK\$190,000,000 has been capitalised as shareholders contribution.
2. Pursuant to a written resolution passed by the shareholders of the Company on 27 June 2016 conditional upon the crediting of the Company's share premium account as a result of the issue of 167,999,000 ordinary shares in connection with the initial listing of the shares of the Company by way of global offering, the directors of the Company are authorised to capitalise an amount of HK\$1,679,990 standing to the credit of the share premium account of the Company. The shares to be allotted and issued pursuant to the resolution shall rank *pari passu* in all respects with the existing issued shares. The capitalisation has been done on 13 July 2016.
3. On 13 July 2016, the Company issued 56,000,000 new ordinary shares by way of global offering.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a property developer principally engaging in property development of industrial buildings for sale or rental in Hong Kong. The businesses are operated under two main business segments:

- property development: development of industrial development sites, redevelopment or enhancement (via alterations and additions works) of existing industrial buildings for the purposes of increasing their capital value and realising such increased capital value from sale of properties; and
- property investment: investment in properties with good capital appreciation potential and rental value, and leasing of such properties retained for the generation of attractive recurring rental income.

After acquisition of industrial properties such as industrial development sites and aging industrial buildings, we either (i) develop industrial development sites or redevelop industrial buildings into industrial buildings or commercial buildings; or (ii) carry out alterations and additions works on existing industrial buildings in order to enhance their capital and rental value.

The revenue of the Group for the six months ended 30 June 2016 was approximately HK\$17.4 million including property development and property investment of HK\$12.4 million and HK\$5 million respectively, (for the six months ended 30 June 2015: approximately HK\$61.8 million including property development and property investment of HK\$61.5 million and HK\$0.3 million respectively), a decrease of approximately HK\$44.4 million. The loss attributable to owners of the Group for the six months ended 30 June 2016 was approximately HK\$18.5 million (for the six months ended 30 June 2015: profit of approximately HK\$20.9 million). The decrease in revenue and the loss for the six months ended 30 June 2016 was mainly due to (i) the non-recurring listing expenses of approximately HK\$16.4 million incurred by the Group in relation to the Listing; and (ii) the decrease in revenue as a result of fewer number of properties sold during the same period. The loss per share for the period was approximately HK11.04 cents as compared to earnings per share of approximately HK12.45 cents for the corresponding period last year.

The Group was listed on the Main Board of the Stock Exchange since 13 July 2016 and most of the business activities were covered in the Prospectus dated 30 June 2016. The review of the individual business segments of the Group is set out below.

## PROPERTY DEVELOPMENT

As at 30 June 2016, the Group had one completed project, namely, (i) The Galaxy, one project under construction, namely, (ii) The Star, and two projects under development, namely, (iii) the Yue Fung Project and (iv) the CWK Project. Below are the general updates on the current property development projects of the Group reporting their status as at 30 June 2016:

- The Galaxy: completion of the sale and purchase agreements in respect of three workshop units amounted to HK\$12.4 million for the six months ended 30 June 2016 was recognized as reported in segment information (for the six months ended 30 June 2015: approximately HK\$61.5 million representing approximately 9.1% of the sold units from the first sale year in 2014 to the end of 30 June 2015).
- The Star: construction of The Star up to 20/F of the building. It is expected that the project will be completed in the fourth quarter of 2016.
- Yue Fung Project: obtained notice of acceptance of the Yue Fung Special Waiver Application and submitted general building plans in respect of the Yue Fung Project to the Buildings Department in February 2016.

- CWK Project: submitted general building plans in respect of the CWK Project to the Buildings Department in January 2016, and commenced the first stage of the demolition works which involved the removal of unauthorised building works in the CWK Property; obtained and accepted the provisional basic terms offer in respect of the CWK Lease Modification application from the Lands Department in April and May 2016, respectively.

### PROPERTY INVESTMENT

In the first half of 2016, the Group received gross rental income of approximately HK\$5.0 million, representing an increase of approximately HK\$4.7 million over last year.

### PROSPECT

Under current global economic downturn and depreciation of Renminbi, it is expected that the major economies will maintain their current loose monetary policies and hence the continuation of low interest rate, which may lead to lower interest costs of our development projects.

The Group will continue to identify development opportunities for newly built industrial buildings and/or commercial building, and we believe that there is a stable supply of old industrial buildings with good development potential available for redevelopment into newly built industrial buildings and/or commercial building. The supply of development sites comes from existing industrial buildings, in particular those which are old and under-utilised.

The Group has continued to seek extra funding channels from financial institutions and at lower funding cost to support the future development projects.

Special Waiver application for Yue Fung Project and Lease modification for CWK Project are in progress according to relevant project schedules.

### SELLING EXPENSES

The Group's selling expenses was approximately HK\$1 million for the six months ended 30 June 2016, and was comparable to the corresponding period last year. It represented about 5.5% of the revenue for the six months ended 30 June 2016, and was increased as compared to that of 1.5% for the corresponding period last year. This was mainly due to legal fee of approximately HK\$0.8 million incurred by the Group paid in connection of the property development.

### ADMINISTRATIVE AND OTHER EXPENSES

The Group's administrative and other expenses was approximately HK\$10.3 million for the six months ended 30 June 2016 as compared to approximately HK\$4.7 million for the six months ended 30 June 2015. It represented about 59.0% of the revenue for the six months ended 30 June 2016, and was increased as compared to that of 7.6% for the corresponding period last year. This was mainly due to (i) bank charges of approximately HK\$1.8 million for arranging banking facilities; (ii) consultancy fee of approximately HK\$1.5 million paid in relation to the Group reorganization; and (iii) professional fee of approximately HK\$1.1 million paid in connection of the Yue Fung Property.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCE COSTS

The Group's total borrowing costs (including the amounts capitalised) increased by approximately 179.6% from approximately HK\$5.0 million for the six months ended 30 June 2015 to approximately HK\$9.0 million for the six months ended 30 June 2016. The increase was mainly due to the increase in average amount of outstanding bank borrowings during the period.

### INVESTMENT PROPERTIES

The Group had investment properties of approximately HK\$526.3 million as at 30 June 2016 (31 December 2015: approximately HK\$523.5 million). The increase was mainly due to increase in fair value of approximately HK\$2.9 million on the investment properties of The Star parking spaces under construction (for the six months ended 30 June 2015: Nil). The Group's investment properties were revalued as at 30 June 2016 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of professional qualified valuer, on market basis, in accordance with valuation standards on properties issued by Hong Kong Institute of Surveyors.

### PROPERTIES HELD FOR SALES

The Group had properties held for sale of approximately HK\$631.3 million as at 30 June 2016 (31 December 2015: approximately HK\$528.3 million). The increase was mainly due to addition in costs for the property under development of The Star.

### LIQUIDITY AND FINANCIAL RESOURCES

The total shareholders' fund of the Group as at 30 June 2016 was approximately HK\$127.9 million (31 December 2015: approximately HK\$146.5 million). As at 30 June 2016, the Group maintained bank balances and cash of approximately HK\$7.3 million (31 December 2015: approximately HK\$5.7 million). The Group's net current liabilities of approximately HK\$376.0 million as at 30 June 2016 (31 December 2015: approximately HK\$356.6 million). The Group had current assets of approximately HK\$718.0 million (31 December 2015: approximately HK\$621.0 million). The increase of current assets was mainly due to increase in property under construction. The Group had current liabilities of approximately HK\$1,093.9 million (31 December 2015: approximately HK\$977.6 million). The increase of current liabilities was mainly due to increase in the receipts in advance from the units pre-sold of The Star.

The Group generally finances its operations with internally generated cashflow, bank borrowings in Hong Kong, advances from related companies and the directors. As at 30 June 2016, the Group's outstanding bank borrowings of approximately HK\$486.7 million was comparable to the position as at 31 December 2015. These bank loans were secured by corporate guarantees provided by a related company and personal guarantees provided by a director of the Group. The guarantees provided by the director and the related company are released on 13 July 2016.

The Group's gearing ratio (the total interest-bearing borrowings divided by total equity and multiplied by 100%) and net debt-to-equity ratio (total borrowings net of cash and cash equivalents over total equity) increased from 345.8% as at 31 December 2015 to 398.6% as at 30 June 2016 and increased from 341.9% as at 31 December 2015 to 392.9% as at 30 June 2016 respectively due to the loss for the six months ended 30 June 2016 as reported.

The Group's debt-to-assets ratio (total net debt divided by total assets) decreased from 43.7% as at 31 December 2015 to 40.4% as at 30 June 2016 due to addition in costs for the property under development of The Star.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements. The Group had no significant contingent liabilities as at the end of the reporting period.

The Group's transactions and the monetary assets are principally denominated in Hong Kong dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2016.

### PLEDGE OF ASSETS

As at 30 June 2016, the Group's investment properties (including under construction and pending revitalization) and properties held for sale, with carrying value of approximately HK\$497.6 million and HK\$616.9 million (31 December 2015: approximately HK\$494.8 million and HK\$508.4 million) were pledged to secure the Group's general banking facilities.

### EMPLOYEES AND REMUNERATION POLICY

For the six months ended 30 June 2016, the Group employed 7 employees (six months ended 30 June 2015: 7) and appointed 9 directors. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to individual performance, working experience, qualification and the current relevant industry practices. Apart from base salary and statutory provident fund scheme, employees will also be offered discretionary bonus based on the results of the Group and their individual performance. The Group also provides both on-the-job and external training to staffs. The Group has not experienced any material dispute with its employees or disruption to its operations due to employee dispute and has not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel. The Group maintains a good relationship with its employees.

### MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2016.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As the Global Offering was not completed as at 30 June 2016, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and section 352 of the SFO were not applicable to the Directors or the chief executive of the Company as at 30 June 2016.

Upon completion of the Global Offering and as at the date of this report, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "Model Code"), are set out below:

#### INTERESTS OF OUR DIRECTORS AND CHIEF EXECUTIVE IN OUR SHARES

Name of our Director/chief executive	Capacity/nature of interest	Number of Shares	Approximate percentage of total number of issued Shares (%)
Chan Man Fai Joe	Interest of a controlled corporation	154,336,000	68.9 (Note 1)
Lam Kin Kok	Interest of a controlled corporation	13,664,000	6.1 (Note 2)

Notes:

1. *Star Properties Holdings (BVI) Limited is the registered and beneficial owner of these Shares. Star Properties Holdings (BVI) Limited is wholly-owned by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the same parcel of Shares in which Star Properties Holdings (BVI) Limited is interested.*
2. *Eagle Trend (BVI) Limited is the registered and beneficial owner of these Shares. Eagle Trend (BVI) Limited is wholly-owned by Mr. Lam Kin Kok. By virtue of the SFO, Mr. Lam Kin Kok is deemed to be interested in the same parcel of Shares in which Eagle Trend (BVI) Limited is interested.*

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executives of the Company were, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations that were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO, or that were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as at the date of this interim report, the following persons will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of shareholding interests in our Company (%)
Chan Man Fai Joe	Interest of a controlled corporation	154,336,000 (L)	68.9
Star Properties Holdings (BVI) Limited	Beneficial owner	154,336,000 (L)	68.9
Lam Kin Kok	Interest of a controlled corporation	13,664,000 (L)	6.1
Eagle Trend (BVI) Limited	Beneficial owner	13,664,000 (L)	6.1

Notes:

- The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.
- Star Properties Holdings (BVI) Limited is an investment holding company incorporated on 3 March 2016 in the BVI with limited liability and is wholly-owned by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in all Shares in which Star Properties Holdings (BVI) Limited is interested.
- Eagle Trend (BVI) Limited is an investment holding company incorporated on 29 February 2016 in the BVI with limited liability and is wholly-owned by Mr. Lam Kin Kok. By virtue of the SFO, Mr. Lam Kin Kok is deemed to be interested in all Shares in which Eagle Trend (BVI) Limited is interested.

### SHARE OPTION SCHEME

The Company's share option scheme was conditionally adopted on 27 June 2016.

The purposes of the share option scheme are to (1) recognise and acknowledge the contributions that Eligible Participants had made or may make to our Group; (2) provide the Eligible Participants (as defined in the Prospectus dated 30 June 2016) with an opportunity to acquire proprietary interests in our Company with the view to motivate the Eligible Participants to optimise their performance and efficiency for the benefit of our Group and attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to our Group.

Details of the share option scheme are set out in section headed Share Option Scheme in the Prospectus dated 30 June 2016. No share option has been granted up to the date of this report.



## OTHER INFORMATION

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions. All the directors have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code since the listing date to the date of the interim report. The Model Code also applies to other specified senior management of the Group.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

### CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was listed on the Main Board of the Stock Exchange on 13 July 2016, which is after the six months ended 30 June 2016.

Under code provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Man Fai Joe currently holds both positions. Throughout our business history, Mr. Chan Man Fai Joe has been the key leadership figure of our Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of our Group. He has also been chiefly responsible for our Group's operations as he directly supervises our senior management. Taking into account the continuation of the implementation of our business plans, our directors (including our independent non-executive directors) consider Mr. Chan Man Fai Joe the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and our shareholders as a whole.

To the best knowledge of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules with the exception for code provision A.2.1 as disclosed above since the listing date to the date of the interim report.

### AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Chan Wah Man Carman, Mr. Lee Chung Ming Eric and Mr. Shiu Siu Tao with Ms. Chan Wah Man Carman being the chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 June 2016.

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

Hong Kong, 29 August 2016