
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this Prospectus together with the accompanying Application Form and Excess Application Form to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed "Qualification and Consent of Expert" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong takes no responsibility as to the contents of any of these documents. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraphs headed "Warning of the risks of dealing in the Shares" in the "Letter from the Board" in this Prospectus.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.



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)

OPEN OFFER OF 179,200,000 OFFER SHARES AT HK\$0.75 PER OFFER SHARE ON THE BASIS OF TWO (2) OFFER SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE

Underwriter to the Open Offer



GREAT ROC
CAPITAL SECURITIES LIMITED
鴻騰資本證券有限公司
A wholly-owned subsidiary of GRP (Holdings) Limited (SEHK stock code 1468)
美國紐約證券交易所及香港交易所上市公司（香港交易所上市編號1468）

Great Roc Capital Securities Limited

The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. on Monday, 4 September 2017. The procedures for acceptance and payment for the Offer Shares are set out on pages 22 to 25 of this Prospectus.

The Underwriting Agreement in respect of the Open Offer contains provisions entitling the Underwriter by notice in writing to the Company to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These events are set out in the section headed "Termination or rescission of the Underwriting Agreement" on pages 10 to 11 of this Prospectus.

Shareholders should note that the existing Shares have been dealt in on ex-entitlement basis from Wednesday, 9 August 2017. If prior to the Latest Time for Termination, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Open Offer as set out in the paragraph headed "Conditions of the Open Offer" contained in this Prospectus are not fulfilled, the Open Offer will not proceed.

Any dealings in the Shares up to the date on which all the conditions of the Open Offer are fulfilled (which is expected to be at 4:00 p.m. on Tuesday, 5 September 2017), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

21 August 2017

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

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|------------------------------|---|
| “Announcement” | the announcement of the Company dated 26 July 2017 in relation to the Open Offer |
| “Application Form(s)” | the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “business day(s)” | a day (other than a Saturday or Sunday or days on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business more than five hours in Hong Kong |
| “BVI” | British Virgin Islands |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Committed Shares” | the aggregate of 134,400,000 Offer Shares which Star Properties BVI and Eagle Trend have respectively undertaken to accept under the Open Offer pursuant to the Underwriting Agreement and the Irrevocable Undertakings |
| “Companies (WUMP) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time) |
| “Company” | Star Properties Group (Cayman Islands) 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) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Controlling Shareholder” | has the meaning ascribed to it under the Listing Rules |

DEFINITIONS

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| “CWK Project” | a property development project which is currently under development by the Group and is intended to redevelop an existing industrial building into a 20-storey office tower with podium comprising a mixed use of offices and commercial services |
| “Deed of Indemnity” | the deed of indemnity dated 27 June 2016 and executed by the Controlling Shareholders of the Company in favour of the Company in relation to certain indemnities, particulars of which are set out in the IPO Prospectus |
| “Deed of Non-Competition” | the deed of non-competition dated 27 June 2016 and executed by the Controlling Shareholders of the Company in favour of the Company, particulars of which are set out in the IPO Prospectus |
| “Director(s)” | director(s) of the Company for the time being |
| “Eagle Trend” | Eagle Trend (BVI) Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Jack Lam |
| “Eagle Trend Existing Shares” | 27,328,000 Shares, representing approximately 6.1% of the issued share capital of the Company as at the Record Date |
| “Excess Application Form” | the application form for the Qualifying Shareholders to use for application of the Excess Shares |
| “Excess Shares” | Offer Shares over and above the assured entitlements of the Qualifying Shareholders under the Open Offer |
| “Excluded Shareholders” | (if any) Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong are in a place where the Directors, based on legal opinions provided by the legal advisers of the relevant jurisdictions, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |

DEFINITIONS

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| “Global Offering” | the public offering and placing of Shares to members of the public in Hong Kong as well as institutional and professional investors and other investors in Hong Kong, details of which are set out in the IPO Prospectus |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Hong Kong Underwriting Agreement” | the underwriting agreement dated 29 June 2016 relating to the Hong Kong Public Offering (as defined in the IPO Prospectus) entered into between, amongst others, the Company, its Controlling Shareholders, the Sole Global Coordinator (as defined in the IPO Prospectus) and the Hong Kong Underwriters (as defined in the IPO Prospectus) |
| “IPO Prospectus” | the prospectus issued by the Company and dated 30 June 2016 in relation to the Global Offering |
| “Irrevocable Undertakings” | collectively, the irrevocable undertakings dated 26 July 2017 and given by each of Star Properties BVI and Eagle Trend in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed “Undertakings Given By Star Properties BVI and Eagle Trend” in this Prospectus |
| “Last Trading Day” | 25 July 2017, being the last trading day for the Shares immediately prior to the date of the Announcement |
| “Latest Practicable Date” | 15 August 2017, being the latest practicable date for ascertaining certain information for inclusion in this Prospectus |

DEFINITIONS

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| “Latest Time for Acceptance” | 4:00 p.m. on 4 September 2017 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of and payment for, the Offer Shares and the application for and payment for the Excess Shares in the manner as set out in the Prospectus Documents (or such other time or date as the Underwriter and the Company may agree in writing) |
| “Latest Time for Termination” | 4:00 p.m. on the following business day immediately after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement (or such other time or date as the Underwriter and the Company may agree in writing) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Jack Lam” | Lam Kin Kok, an executive Director and the sole shareholder of Eagle Trend |
| “Mr. Joe Chan” | Chan Man Fai Joe, an executive Director, a Controlling Shareholder and the sole shareholder of Star Properties BVI |
| “Offer Share(s)” | 179,200,000 new Shares proposed to be allotted and issued to the Qualifying Shareholders for subscription pursuant to the Open Offer on the terms and subject to the conditions set out in the Underwriting Agreement and in the Prospectus Documents |
| “Open Offer” | the proposed offer for subscription by the Qualifying Shareholders for the Offer Shares at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents |
| “Option(s)” | option(s) granted or to be granted under the Share Option Scheme |
| “Overseas Shareholder(s)” | Shareholder(s) whose addresses as shown on the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong |

DEFINITIONS

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|-----------------------------|---|
| “Prospectus” | this prospectus, being the prospectus issued by the Company in relation to the Open Offer |
| “Prospectus Documents” | this Prospectus, the Application Form and the Excess Application Form |
| “Prospectus Posting Date” | 21 August 2017, or such other date as the Underwriter may agree in writing with the Company as the date of despatch of the Prospectus Documents to the Qualifying Shareholders and for information only, the Prospectus to the Excluded Shareholders |
| “Qualifying Shareholder(s)” | Shareholder(s) whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders |
| “Record Date” | 18 August 2017 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Open Offer are expected to be determined |
| “Registrar” | Tricor Investor Services Limited, being the branch share registrar and transfer office of the Company in Hong Kong |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share Option Scheme” | the share option scheme adopted by the Company on 27 June 2016 |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Specified Event” | an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement to be untrue or incorrect in any material respect |

DEFINITIONS

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| “Star Properties BVI” | Star Properties Holdings (BVI) Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Joe Chan |
| “Star Properties BVI Existing Shares” | 308,672,000 Shares, representing approximately 68.9% of the issued share capital of the Company as at the Record Date |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the issue price of HK\$0.75 per Offer Share at which the Offer Shares are proposed to be offered for subscription |
| “Substantial Shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers and Share Buy-backs |
| “The Galaxy” | an industrial building developed by the Group and known as The Galaxy which is situated at Section E of Lot No. 693 in Demarcation District No. 445, No. 313 Castle Peak Road Kwai Chung, New Territories, Hong Kong |
| “The Star” | an industrial building developed by the Group and known as The Star which is situated at The Remaining Portion of Section B of Lot No. 693 in Demarcation District No. 445, Kwai Chung, New Territories, Hong Kong |
| “Underwriter” | Great Roc Capital Securities Limited, a corporation licensed to conduct type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the SFO |
| “Underwriting Agreement” | the underwriting agreement dated 26 July 2017 and entered into between the Company, Star Properties BVI, Eagle Trend and the Underwriter in relation to the Open Offer |
| “Underwritten Shares” | 44,800,000 Offer Shares, being the total number of Offer Shares to which holders of existing Shares are entitled pursuant to the Open Offer less the Committed Shares, underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement |

DEFINITIONS

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|--------------------------|---|
| “Yue Fung Project” | a property development project which is currently under development by the Group and involves the carrying out of alterations and additions works on the existing industrial building situated at Yuen Long Town Lot No. 374, No. 22 Wang Yip Street, Yuen Long, New Territories, Hong Kong |
| “Yuen Long Site Project” | a property development project which is currently under development by the Group and is intended to be developed into a residential complex with some shops |
| “%” | per cent. |

EXPECTED TIMETABLE

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

2017

(Hong Kong time)

| | |
|--|------------------------------------|
| Record Date | Friday, 18 August |
| Register of members re-opens | Monday, 21 August |
| Despatch of the Prospectus Documents | Monday, 21 August |
| Latest Time for Acceptance | 4:00 p.m. on Monday, 4 September |
| Latest Time for Termination | 4:00 p.m. on Tuesday, 5 September |
| Announcement of the results of the Open Offer | Friday, 8 September |
| Despatch of share certificates for fully-paid Offer Shares and refund cheques | Monday, 11 September |
| Expected first day of dealings in fully-paid Offer Shares on the Stock Exchange | 9:00 a.m. on Tuesday, 12 September |

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Open Offer set out above and all dates and deadlines specified in this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 4 September 2017. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 4 September 2017. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on 4 September 2017, the dates mentioned in the section headed “Expected timetable” above in this Prospectus may be affected. In such event, the Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

TERMINATION OR RESCISSION OF THE UNDERWRITING AGREEMENT

The Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination if, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the sole and reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not of the same kind as any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole.
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and reasonable opinion of the Underwriter are likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

TERMINATION OR RESCISSION OF THE UNDERWRITING AGREEMENT

- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the sole and reasonable opinion of the Underwriter are material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the relevant Offer Shares offered to it.

The Underwriter shall be entitled by notice in writing prior to the Latest Time for Termination to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Open Offer will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

LETTER FROM THE BOARD



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)

Executive Directors:

Chan Man Fai Joe (*Chairman*)

Lam Kin Kok

Cheung Wai Shuen

Liu Hon Wai

Registered Office:

Clifton House

75 Fort Street

PO Box 1350,

Grand Cayman KY1-1108

Cayman Islands

Non-executive Directors:

Pong Kam Keung

Yim Kwok Man

Head Office and Principal Place of

Business in Hong Kong:

Unit 1203A, 12/F

Tower 1

Admiralty Centre

18 Harcourt Road

Hong Kong

Independent Non-executive Directors:

Shiu Siu Tao

Lee Chung Ming Eric

Chan Wah Man Carman

21 August 2017

To the Qualifying Shareholders, and for information only, to the Excluded Shareholder(s)

Dear Sir or Madam,

**OPEN OFFER OF 179,200,000 OFFER SHARES
AT HK\$0.75 PER OFFER SHARE
ON THE BASIS OF TWO (2) OFFER SHARES FOR
EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE**

INTRODUCTION

The Board announced on 26 July 2017 that the Company proposes to raise approximately HK\$134.40 million before expenses by way of the Open Offer, pursuant to which 179,200,000 Offer Shares will be issued at the Subscription Price of HK\$0.75 per Offer Share. The Company will allot two (2) Offer Shares for every five (5) Shares held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The Open Offer will only be available to the Qualifying Shareholders. Any Offer Shares of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

LETTER FROM THE BOARD

This Prospectus sets out further information regarding the Open Offer, including information on dealings in, and application for the Offer Shares and financial and other information of the Group.

THE OPEN OFFER

Issue statistics

| | | |
|---|---|--|
| Basic of the Open Offer | : | Two (2) Offer Shares for every five (5) Shares held on the Record Date |
| Total number of issued Shares as at the Latest Practicable Date | : | 448,000,000 Shares |
| Number of Offer Shares | : | 179,200,000 Offer Shares |
| Nominal value of the Offer Shares | : | HK\$0.01 each |
| Aggregate nominal value of the Offer Shares | : | HK\$1,792,000 |
| Number of Offer Shares agreed to be taken up by Star Properties BVI | : | 123,468,800 Shares |
| Number of Offer Shares agreed to be taken up by Eagle Trend | : | 10,931,200 Shares |
| Subscription Price | : | HK\$0.75 per Offer Share |

LETTER FROM THE BOARD

Number of Open Offer Shares to be : 44,800,000 Offer Shares (being all the Offer
Underwritten by the Underwriter Shares (including the Offer Shares to which the
Excluded Shareholder(s) would otherwise have
been entitled) to be issued pursuant to the Open
Offer, less the Committed Shares). Accordingly,
taking into account the Irrevocable Undertakings
in respect of an aggregate of 134,400,000 Offer
Shares, the Open Offer is fully underwritten

Total number of Shares in issue : 627,200,000 Shares
upon closing of the Open Offer

Pursuant to the Underwriting Agreement, the Company has undertaken to the Underwriter that it shall not, without the prior consent of the Underwriter, issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares, save pursuant to the Open Offer, from the date of the Underwriting Agreement until the completion of the Open Offer.

The Offer Shares proposed to be issued represent:

- (a) 40.00% of the issued share capital of the Company as at the Latest Practicable Date assuming no further Shares will be issued or bought back by the Company prior to the close of the Open Offer; and
- (b) approximately 28.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares, assuming no further Shares will be issued or bought back by the Company prior to the close of the Open Offer.

As at the Latest Practicable Date, save as disclosed below, the Company has no outstanding convertible securities, options warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Shares.

On 25 January 2017, 12,432,000 Options to subscribe for up to a total of 12,432,000 Shares were granted under the Share Option Scheme. As disclosed in the announcement of the Company published on 19 May 2017, the number of Shares to be issued upon exercise of the Options has been adjusted to 24,864,000 Shares. Such Options are exercisable from 25 January 2018 to 12 July 2026. Accordingly, the holders of such Options cannot participate in the Open Offer by exercising such Options.

LETTER FROM THE BOARD

Qualifying Shareholders

The Company has sent the Prospectus containing details of the Open Offer to the Qualifying Shareholders and, for information only, to the Excluded Shareholders. The Application Form and the Excess Application Form have been sent to the Qualifying Shareholders only. The invitation to subscribe for the Offer Shares to the Qualifying Shareholders will not be transferable.

Shareholders whose shares are held by nominee companies should note that the Board will regard as a single shareholder according to the register of members of the Company. Shareholders are advised to consult professional advisers if they are in any doubt as to their status and actions to be taken.

To qualify for the Open Offer, Shareholders must at the close of business on the Record Date be registered as a member of the Company. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge the relevant transfer of Shares (with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Thursday, 10 August 2017. The last day of dealing in Shares on a cum-entitlement basis is therefore Tuesday, 8 August 2017. The Shares were dealt with on an ex-entitlement basis from Wednesday, 9 August 2017.

Entitlements of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Based on the register of members of the Company as at the Record Date, there were no Overseas Shareholders whose addresses on the register of members were outside Hong Kong. Therefore, there is no Excluded Shareholder for the purpose of the Open Offer.

Fractional entitlements

The Company shall not allot any fractions of Offer Shares to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Open Offer Shares. Such fractional entitlements shall be aggregated and made available for application by the Qualifying Shareholders who wish to apply for Excess Shares or underwritten by the Underwriter if the Open Offer is under-subscribed.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$0.75 per Offer Share is payable in full when a Qualifying Shareholder accepts the Open Offer.

The Subscription Price represents:

- (1) a discount of approximately 26.47% to the closing price of HK\$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 17.58% to the average closing price of approximately HK\$0.91 per Share for the five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (3) a discount of approximately 25.00% to the audited consolidated net assets per Share of approximately HK\$1.00 as at 31 December 2016, based on the Company's audited consolidated net assets attributable to owners of the Company of approximately HK\$450,128,000 as at 31 December 2016 and 448,000,000 Shares in issue;
- (4) a discount of approximately 20.21% to the theoretical ex-entitlement price of approximately HK\$0.94 per Share as adjusted for the effects of the Open Offer, based on the closing price of HK\$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (5) a discount of approximately 14.77% to the closing price of HK\$0.88 per Share as at the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the prevailing market price and trading liquidity of the Shares.

Apart from the aforesaid, in coming up with the current subscription ratio for the Open Offer and the Subscription Price, the Board has also considered the following factors:

- (i) the discount to the closing prices of the Share is necessary in order to encourage and attract the Shareholders to participate in the Open Offer;
- (ii) the funding requirements of the Company having regard to the need for setting a Subscription Price at a level acceptable to the Underwriter and all of the Qualifying Shareholders;

LETTER FROM THE BOARD

- (iii) the recent open offers conducted by other Hong Kong listed issuers as set out in “List of recent open offers in 2017” below;
- (iv) the (a) historical market discount to the theoretical ex-entitlement price in the context of the Share price; (b) historical market prices of the Share; and (c) trading volume history for the Shares for the two months between 26 May 2017 and 25 July 2017, being the Last Trading Day, as set out in the table below:

| | Historical theoretical ex-entitlement price per Share as adjusted for the effects of the Open Offer in the context of the Share price (HK\$) | Premium/(discount) of historical theoretical ex-entitlement price per Share as adjusted for the effects of the Open Offer in the context of the Share price (%) | Historical market prices of the Share (HK\$) | Trading volume for the Shares (per trading day) as a percentage of the total number of issued Shares as at the Last Trading Day (%) |
|----------------|---|--|--|--|
| Maximum | 1.04 | -27.59 | 1.15 | 2.60 |
| Minimum | 0.82 | -8.70 | 0.85 | 0.03 |
| Average | 0.92 | -18.59 | 0.99 | 0.25 |
| The Open Offer | 0.94 | -20.21 | 0.75 | N/A |
| | (based on the closing price of HK\$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day) | (based on the closing price of HK\$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day) | (Subscription Price) | |

Source: Stock Exchange

On 28 February 2017, the Company published an announcement in relation to the proposed bonus issue of Shares (the “**Bonus Issue**”). The Bonus Issue was completed on 19 May 2017 and the first day of dealings in the relevant bonus Shares commenced on 22 May 2017. Having considered the possible impact on the Share price and trading volume that the Bonus Issue might bring, the Board considered that it would be more representable to, for the purpose of determining the Subscription Price in respect of the Open Offer, consider the historical prices and trading volume of the Shares after the completion of the Bonus Issue, which was around two months prior to the Last Trading Day.

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As shown in the table above, we note that (i) the theoretical ex-entitlement price of HK\$0.94 per Share as adjusted for the effects of the Open Offer based on the closing price of HK\$1.02 as quoted on the Stock Exchange on the Last Trading Day is within the historical range; (ii) the discount of 20.21% to the theoretical ex-entitlement price of HK\$0.94 per Share as adjusted for the effects of the Open Offer based on the closing price of HK\$1.02 as quoted on the Stock Exchange on the Last Trading Day is within the historical range; and (iii) the Subscription Price is set at a discount to the historical prices of the Share:

- (v) under the Open Offer, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders participate in the Open Offer, they will be subscribing the Offer Shares at a lower price as compared to the historical and prevailing market price of the Shares;
- (vi) the inherent dilutive nature of open offer in general if the Qualifying Shareholders did not take up their entitlements under the Open Offer in full. However, the Qualifying Shareholders have the first right to decide whether to accept their entitlements of the Offer Shares; and
- (vii) the excess application pursuant the Open Offer allows Qualifying Shareholders who are confident in the prospects of the Group to apply for Shares in excess of their own assured allotments.

LETTER FROM THE BOARD

List of recent open offers in 2017

| Company name | Stock code | Announcement date | Principal activities | Market capitalisation as at the date of announcement (HK\$) | Basis of entitlement | Premium/(discount) of the offer price over/ to the closing price per share on the last trading days prior to/ on the date of announcements in relation to the respective open offers (%) | Premium/(discount) of the offer price over/ to the theoretical entitlements price per share on the last trading days prior to/ on the date of announcements in relation to the respective open offers (%) | Premium/(discount) of the offer price over/ to the net assets value per share prior to/ on the date of announcements in relation to the respective open offers (%) | Underwriting commission (%) | Excess application |
|---------------------------------------|------------|-------------------|---|---|----------------------|--|---|--|-----------------------------|--------------------|
| SDM Group Holdings Ltd. | 8363 | 4 January 2017 | Business of jazz and ballet and pop dance academy in Hong Kong and the PRC | 126,200,000 | 1 for 2 | -48.05 | -38.18 | 172.10 | 2.00 | No |
| New Times Energy Corporation Ltd. | 166 | 13 February 2017 | Trading of oil products; exploration, exploitation, production and sale of natural resources | 1,448,028,888 | 1 for 2 | 0.00 | 0.00 | -71.59 | 0.80 | No |
| Grand T G Gold Holdings Ltd | 8299 | 24 February 2017 | Gold exploration, mining and mineral processing with gold concentrate as its product | 739,666,855 | 1 for 2 | -72.22 | -63.44 | 133.00 | 3.50 | Yes |
| Sandmartin International Holdings Ltd | 482 | 20 March 2017 | Trading and manufacturing of media entertainment platform related products and other multimedia products, integration of signal system and traffic communication network, trading of satellite TV and antenna | 232,140,834 | 3 for 2 | -41.46 | -22.08 | -58.19 | 3.50 | No |
| Chinese Strategic Holdings Ltd | 8089 | 10 April 2017 | Investment holding, properties investments, securities trading and loan financing | 1,700,199,469 | 1 for 2 | -32.89 | -24.81 | -79.17 | 4.50 | Yes |
| i-CABLE Communications Ltd | 1097 | 20 April 2017 | Provision of Pay-TV program services, Internet services and interactive multimedia services | 764,374,712 | 5 for 3 | -65.57 | -41.67 | -16.00 | 2.00 | No |

LETTER FROM THE BOARD

| Company name | Stock code | Announcement date | Principal activities | Market capitalisation as at the date of announcement (HK\$) | Basis of entitlement | Premium/(discount) of the offer price over/to the closing price per share on the last trading days prior to/on the date of announcements in relation to the respective open offers (%) | Premium/(discount) of the offer price over/to the theoretical ex-entitlements price per share on the last trading days prior to/on the date of announcements in relation to the respective open offers (%) | Premium/(discount) of the net assets value per share prior to/on the date of announcements in relation to the respective open offers (%) | Underwriting commission (%) | Excess application |
|--------------------------------------|------------|-------------------|--|---|----------------------|--|--|--|-----------------------------|--------------------|
| Greater China Financial Holdings Ltd | 431 | 5 May 2017 | Investment holding, industrial property development, general trading of consumable goods, securities brokerage, insurance brokerage, asset management & loan financing operation includes loan financing, loan referral & consultancy services | 896,875,280 | 1 for 2 | -58.70 | -48.70 | 8.70 | 2.30 | No |
| Royale Furniture Holdings Ltd | 1198 | 12 May 2017 | Manufacture and sale of furniture | 879,426,131 | 1 for 8 | -9.00 | -8.08 | -28.48 | 0.00 | No |
| Maximum premium | | | | | | 0.00 | 0.00 | 172.10 | 4.50 | |
| Maximum discount | | | | | | -72.22 | -63.44 | -79.17 | 0.00 | |
| Average premium/(discount) | | | | | | -40.99 | -30.87 | 7.55 | 2.33 | |
| The Company | 1560 | 26 July 2017 | Property development and property investment | 430,976,000 | 2 for 5 | -26.47 | -20.21 | -25.00 | 2.50 | Yes |

Notes:

- The above open offers represent all open offers announced in 2017 up to the Latest Practicable Date, save for the open offer announced by China Investment Fund International Holdings Ltd (Stock Code: 612) on 27 April 2017 since its premium of the offer price over the net assets value per share prior to/on the date of announcement in relation to its open offer was exceptionally high at 700.00% and the relevant underwriting commission was charged at a fixed fee of HK\$750,000.
- Source: Stock Exchange

Although the listed issuers set out in the above table are not identical to the Company in terms of industry, financial performance and market capitalisation, the above transactions could provide a general reference of market practices of conducting open offer.

LETTER FROM THE BOARD

Basis of the assured allotment of the Offer Shares

Two (2) Offer Shares will be issued for every five (5) existing Shares held by a Qualifying Shareholder on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

Potential dilution impact of the Open Offer

Qualifying Shareholders who do not elect to subscribe for their respective entitlements to the Offer Shares under the Open Offer in full will have their shareholding interests in the Company being diluted for a maximum of approximately 28.57% upon completion of the Open Offer.

Despite the potential dilution effect resulted from the proposed structure of the Open Offer, having taken into account that:

- (a) the Open Offer is conducted on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the continuing business of the Company;
- (b) the Qualifying Shareholders have their choice as to whether or not to accept the Open Offer;
- (c) the Subscription Price was set at a relatively low price as compared to the historical and prevailing market prices of the Shares, which will enhance the attractiveness of the Open Offer and therefore, is fair and reasonable;
- (d) those Qualifying Shareholders who choose to accept the Open Offer in full can maintain their respective existing shareholding interests in the Company after the Open Offer; and
- (e) the inherent dilutive nature of Open Offer in general if any existing Shareholder did not take up his/her/its entitlements under the Open Offer,

the Directors are of the view that the terms of the Open Offer are fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

Status of the Offer Shares

When issued and fully paid, the Offer Shares will rank *pari passu* in all respects with the Shares then in issue. Holders of the Offer Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

LETTER FROM THE BOARD

PROCEDURES FOR APPLICATION

Application for Offer Shares

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholder to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by 4:00 p.m. on Monday, 4 September 2017. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Forms respectively addressed to them. If a Qualifying Shareholder wishes to apply for all the Offer Shares offered to it as specified in the Application Form addressed to it or wish to apply for any number less than its entitlement under the Open Offer, it must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares it has applied for with the Registrar. All remittance(s) must be made in HK\$ and cheques must be drawn on an account with, or bankers' cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Star Properties Group (CI) Ltd – Open Offer A/C" and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 4 September 2017, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment. All cheques and cashier's orders accompanying completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a banker's cashier order will constitute a warranty by the applicant that the cheque and/or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application, and the entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received. If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before 4:00 p.m. on Tuesday, 5 September 2017, the monies received in respect of acceptance of the Offer Shares will be returned to the relevant Qualifying Shareholders, or in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

LETTER FROM THE BOARD

All Qualifying Shareholders are recommended to consult their independent professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

Application for Excess Shares

Any assured allotments of Offer Shares which have not been accepted by the Qualifying Shareholders, and the Offer Shares created by aggregation of fractional Offer Shares, will be available for excess application by the Qualifying Shareholders.

The Excess Application Form is enclosed with this Prospectus which allows the Qualifying Shareholders to apply for Excess Shares but applications so lodged are not assured of being allocated any Excess Shares. Applications for Excess Shares should be made in accordance with the instructions printed thereon, by completing the Excess Application Form, and attaching a separate remittance for the full amount payable in respect of the Excess Shares being applied and lodged with the Registrar by not later than 4:00 p.m. on Monday, 4 September 2017. All remittance(s) must be made in HK\$ by cheques drawn on an account with, or by a bank cashier order issued by, a licensed bank in Hong Kong and made payable to “Star Properties Group (CI) Ltd – Excess Application A/C” and crossed “Account Payee Only”.

The Directors will, upon consultation with the Underwriter, allocate the Excess Shares at their discretion on a fair and equitable basis as far as practicable, according to the principle that any Excess Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Shares applied for by all such Qualifying Shareholders.

No preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for Excess Shares.

Any remaining Underwritten Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

LETTER FROM THE BOARD

In the event that the Board notes unusual patterns of Excess Shares applications and has reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for Excess Shares may be rejected at the sole discretion of the Board.

Shareholders with their Shares held by a nominee (including HKSCC Nominees Limited) should note that the Directors will regard the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the name of a nominee (including HKSCC Nominees Limited) should note that the aforesaid arrangements in relation to the allocation of Excess Shares will not be extended to them individually. Shareholders should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names prior to the book closure period and apply for the Excess Shares themselves. Excess application from Qualifying Shareholders (including registered nominee company) will be accepted by the Company even if their assured entitlement of the Offer Shares is not subscribed for in full.

It should be noted that unless the duly completed and signed Excess Application Form(s), together with the appropriate remittance(s), have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 4 September 2017, the Excess Application Form(s) is/are liable to be rejected.

All cheques or cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Application Form or Excess Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholders will be deemed to have been declined and will be cancelled.

The Excess Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and any other applicable fees and charges in Hong Kong. The Offer Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares.

LETTER FROM THE BOARD

No part of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought. Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Share certificates and refund cheques

Subject to the fulfilment of the conditions of the Open Offer, share certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 11 September 2017. If the Open Offer is terminated and in respect of wholly or partially unsuccessful applications for the Excess Shares, refund cheques will be despatched on or before Monday, 11 September 2017 by ordinary post at the respective Shareholders' own risk.

UNDERTAKING GIVEN BY STAR PROPERTIES BVI AND EAGLE TREND

Pursuant to the Irrevocable Undertakings, each of Star Properties BVI and Eagle Trend has given an irrevocable and unconditional undertaking in favour of the Company and the Underwriter that, among other things: (i) they shall procure that all the Star Properties BVI Existing Shares and Eagle Trend Existing Shares, respectively, will remain beneficially and directly owned by them between the date of the Irrevocable Undertakings and up to the close of business on the Record Date as they are as at the date of the Irrevocable Undertakings free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever; (ii) they shall subscribe, and will procure that their respective nominees (as the case may be) shall subscribe, for all the Offer Shares that they are respectively entitled to under the Open Offer in accordance with the terms of the Open Offer and the Prospectus Documents; and (iii) they shall procure that the acceptances in respect of all the Offer Shares that they are respectively entitled to under the Open Offer shall be lodged with the Registrar, with payment in full therefor in cash in accordance with the terms of the Prospectus Documents, by no later than the Latest Time for Acceptance.

LETTER FROM THE BOARD

Other than the Irrevocable Undertakings, the Company has not received any other information or undertakings from any Shareholders of their intention in relation to the Offer Shares to be provisionally allotted to them under the Open Offer as at the Latest Practicable Date.

THE UNDERWRITING ARRANGEMENT

On 26 July 2017, the Company, Star Properties BVI, Eagle Trend and the Underwriter entered into the Underwriting Agreement. Taking into account the Irrevocable Undertakings and subject to the terms and conditions of the Underwriting Agreement, the Underwriter has agreed to fully underwrite the remaining 44,800,000 Offer Shares (being the Underwritten Shares) at the Subscription Price. The Underwriting Agreement provides that the Underwriter will be obliged to subscribe or procure subscription for any Offer Shares not taken up by the Qualifying Shareholders. The Company shall by not later than five business days of despatch of the share certificates in respect of the Offer Shares pay to the Underwriter; (i) a commission, in HK\$, of 2.5% of the aggregate Subscription Price in respect of the Underwritten Shares (being 44,800,000 Offer Shares) for which the Underwriter agreed to subscribe or procure subscription pursuant to the Underwriting Agreement; and (ii) all reasonable costs, fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer. The Underwriter shall be responsible for paying any commissions, costs, fees and expenses in respect of any sub-underwriting of the Underwritten Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the SFO and the Underwriter, its ultimate beneficial owner(s) and its associates are third parties independent of and not connected with the Company or any of its connected persons. As at the Latest Practicable Date, the Underwriter is not interested in any Shares.

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate Subscription Price in respect of the Underwritten Shares. The commission rate was determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Company, the size of the Open Offer, and the current market condition.

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The Underwriter was one of the joint lead managers of the Global Offering, during which the Company became aware of the network and potential distribution channels of the Underwriter. Save for the Underwriter, the Company did not approach any other underwriters for the Open Offer. The Company decided to choose the Underwriter to underwrite the Open Offer and not to approach other underwriters after considering:

- (i) the Open Offer is price sensitive and for confidentiality concerns and to prevent information leakage or any possible hints that may lead to unnecessary market speculation;
- (ii) the underwriting commission charged by the Underwriter is relatively competitive and favourable to the Company. It is also in line with practices prevailing in the relevant market and falls within the range of 0.00% to 4.50% and close to the average of 2.33%. See “List of recent open offers in 2017” above for the details of underwriting commission charged by underwriter(s) in open offers announced in 2017; and
- (iii) in the interests of time in light of the tight timeframe to conduct the Open Offer.

Therefore, despite that fact that the Company did not approach other underwriters other than the Underwriter, in view of the reasons as stated above, the Directors consider that not to find other underwriters other than the Underwriter is fair and reasonable and in the interests of the Company and its Shareholders as a whole and that the Underwriter is well-suited for the Open Offer and the Company has made sufficient effort to obtain best available terms for the Open Offer.

The Directors consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong, respectively, the Prospectus Documents not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;

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- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only and a letter to the Excluded Shareholders, if any, explaining the circumstances in which they are not permitted to participate in the Open Offer on the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (d) compliance with and performance of all undertakings and obligations of the Company pursuant to the terms and conditions of the Underwriting Agreement;
- (e) compliance with and performance of all undertakings and obligations of the Underwriter pursuant to the terms and conditions of the Underwriting Agreement; and
- (f) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof.

Save for condition (e) which may be waived by the Company and conditions (d) and (f) which may be waived by the Underwriter, all other conditions set out above are not capable of being waived. If the conditions precedent are not satisfied and/or waived in whole or in part by the Latest Time for Termination, the Underwriting Agreement shall terminate. Upon termination of the Underwriting Agreement, the Open Offer will not proceed.

Sub-underwriting

Under the Underwriting Agreement, the Underwriter may, at its absolute discretion, appoint any other person to be sub-underwriter(s) for the purposes of sub-underwriting the Underwritten Shares. Any commission, costs, fees and expenses incurred by the Underwriter in connection with any sub-underwriting arrangement shall be borne by Underwriter only.

As at the Latest Practicable Date, the Underwriter has not entered into any binding sub-underwriting agreements/placing agreements with any sub-underwriters and/or placees.

Termination or rescission of the Underwriting Agreement

The Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination if, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

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- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the sole and reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not of the same kind as any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer;
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (2) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and reasonable opinion of the Underwriter are likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the sole and reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

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- (5) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the sole and reasonable opinion of the Underwriter are material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the relevant Offer Shares offered to it.

The Underwriter shall be entitled by notice in writing prior to the Latest Time for Termination to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Open Offer will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

ADJUSTMENTS IN RELATION TO THE OPTIONS

Pursuant to the terms of the Share Option Scheme, the Open Offer may lead to adjustment to the number of Shares subject to the Options so far as unexercised and/or the exercise price payable by each Option holder and/or the method of exercise of the Options and/or the maximum number of Shares available for subscription under the Share Option Scheme. Such adjustment shall be certified by the auditors of the Company. The Company will notify holders of the Options such adjustments upon the Open Offer having become unconditional. Further announcement will be made by the Company in relation to details of such adjustments as and when appropriate.

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SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the close of the Open Offer assuming no Shares will be issued or bought back by the Company after the Latest Practicable Date:

| | As at the Latest Practicable Date | | Immediately after the close of the Open Offer (assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer) | | Immediately after the close of the Open Offer (assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer and excess application except for the Committed Shares) | |
|------------------------------|-----------------------------------|----------------|--|----------------|---|----------------|
| | Shares | Approx.% | Shares | Approx.% | Shares | Approx.% |
| Star Properties BVI (Note 1) | 308,672,000 | 68.90% | 432,140,800 | 68.90% | 432,140,800 | 68.90% |
| Eagle Trend (Note 2) | 27,328,000 | 6.10% | 38,259,200 | 6.10% | 38,259,200 | 6.10% |
| Public Shareholders | 112,000,000 | 25.00% | 156,800,000 | 25.00% | 112,000,000 | 17.86% |
| The Underwriter | — | — | — | — | 44,800,000 | 7.14% |
| Total | <u>448,000,000</u> | <u>100.00%</u> | <u>627,200,000</u> | <u>100.00%</u> | <u>627,200,000</u> | <u>100.00%</u> |

Note 1: Star Properties BVI is a Controlling Shareholder, which is 100% owned by Mr. Joe Chan and has given an irrevocable undertaking in favour of the Company and the Underwriter to take up all the Offer Shares that it is entitled to under the Open offer. Save for the portion of the Committed Shares which it has undertaken to accept under the Open Offer pursuant to the Underwriting Agreement and the Irrevocable Undertakings, Star Properties BVI will not apply for the Offer Shares under excess application.

Note 2: Eagle Trend is a company 100% owned by Mr. Jack Lam and has given an irrevocable undertaking in favour of the Company and the Underwriter to take up all the Offer Shares that it is entitled to under the Open offer. Save for the portion of the Committed Shares which it has undertaken to accept under the Open Offer pursuant to the Underwriting Agreement and the Irrevocable Undertakings, Eagle Trend will not apply for the Offer Shares under excess application.

Pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that if the subscription for the Offer Shares by the Underwriter pursuant to the Underwriting Agreement will result in insufficient public float of the Company within the meaning of the Listing Rules, the Underwriter shall, subject to compliance with the Takeovers Code, take all appropriate steps including but not limited to the engagement of a placing agent to procure subscribers (who are independent third parties not connected with the Directors, chief executive and substantial shareholders of the Company or its subsidiaries or any of their respective associates (all of which within the meaning of the Listing Rules)) to subscribe for the Shares which would otherwise be required to be taken up by the Underwriter under the Underwriting Agreement in order to restore the minimum public float requirement of the Company in compliance with Rule 8.08 (1)(a) of the Listing Rules.

LETTER FROM THE BOARD

The Underwriter has further undertaken with the Company that (i) it shall use all reasonable endeavours to provide and ensure that each of the subscribers or sub-underwriters of the Underwritten Shares procured by it shall, save for corporation(s) controlled by it, be third parties independent of, not acting in concert with it, Star Properties BVI, Eagle Trend, the Company, their respective directors and shareholders and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates and is not a connected person of the Company (all of which within the meaning of the Listing Rules); and (ii) it will ensure that each of the subscribers (save and except for Star Properties BVI and Eagle Trend) or sub-underwriters (including any direct and indirect sub-underwriters) of the Offer Shares will not, together with any party acting in concert with it or its associates (within the meaning of the Takeovers Code), hold 30% or more of the voting rights of the Company or become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Open Offer.

EQUITY FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company had not conducted any fund raising exercise in the past 12 months immediately preceding the Latest Practicable Date.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Company is principally engaged in property development and property investment in Hong Kong. Currently, the Group has two completed projects and three projects under development. The Group has, in respect of one of its projects under development, namely the CWK Project, sought approval from the Hong Kong government to modify the existing government lease to allow commercial uses. The Hong Kong government has given the Group the land premium offer on 19 June 2017 which has been accepted by the Group. The Group expects to commence foundation works in the third/fourth quarters of 2017.

LETTER FROM THE BOARD

As disclosed in the 2016 Annual Report of the Company, net proceeds from the Global Offering were approximately HK\$75.00 million (the “**IPO Net Proceeds**”). The following table shows the intended use and actual use of the IPO Net Proceeds as at the Latest Practicable Date:

| | Intended use of IPO Net Proceeds | Actual use of the IPO Net Proceeds |
|---|--|--|
| (i) Acquisition of suitable development site(s) in Hong Kong to replenish the Group’s land bank for property development business | Approximately HK\$52.50 million or approximately 70% of the IPO Net Proceeds | Approximately HK\$52.50 million had been used as intended for the acquisition of the sites for the Yuen Long Site Project and a new development project in Kwun Tong |
| (ii) Repayment of debt | Approximately HK\$15.00 million or approximately 20% of the IPO Net Proceeds | Approximately HK\$15.00 million had been used as intended |
| (iii) General working capital | Approximately HK\$7.50 million or approximately 10% of the IPO Net Proceeds | Approximately HK\$7.50 million had been used as intended |

In light of the above, the IPO Net Proceeds had been fully utilised as at the Latest Practicable Date and therefore further funds are required for, among others, the payment of the land premium for the CWK Project.

The Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing and rights issue.

Debt financing or bank loans would result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In May 2017, the Hong Kong Monetary Authority issued guidelines on risk management for lending to property developers and strengthened the credit risk management of authorised institutions with respect to lending to property developers. From 1 June 2017, authorised institutions should lower, among others, the overall cap to 50% of the expected value of the completed properties. Moreover, it will typically take time for banks to conduct diligence on the Group before granting the relevant bank borrowings as well as commercial negotiations between the Group and the banks. In light of the above, it would be difficult for the Company to obtain the required amount from bank financing at favourable terms in a timely manner.

LETTER FROM THE BOARD

Although rights issue, as compared to an open offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nil-paid rights, the Directors are of the view that if the Company were to carry out a rights issue instead of the Open Offer, the Company will incur (i) splitting costs for Shareholders who only take up their rights issue entitlement partially; (ii) the fee payable for nil-paid rights trading arrangement; (iii) additional printing costs of share certificates for new Shareholders who will purchase the nil-paid rights on the market; and (iv) additional professional fees for preparing and reviewing the provisional allotment letters and liaising with the Registrar. It is estimated that additional costs and expenses would be incurred for such administrative work and the arrangement for trading the nil-paid rights.

While the adoption of a rights issue instead of the Open Offer may not necessarily delay the current expected timetable (as set out in the section headed “Expected Timetable” in this Prospectus), if a rights issue were to be adopted, additional time would have to be allocated by the Company within the already tight transaction timetable for arrangements that would not have been required under the Open Offer, including arranging the nil-paid rights trading and free splitting service for provisional allotment letters, and reviewing related documents such as provisional allotment letters, and liaison with the parties involved such as the Registrar, the Underwriter and other professional advisers in this regard, and it was expected that the estimated additional cost would be approximately HK\$100,000.

In view of the extra administrative work and additional cost which will be involved for the trading arrangement of nil-paid rights and the net current liabilities position of the Group for the year ended 31 December 2016, the Board considers fund raising by way of the Open Offer is more cost-effective and efficient as compared to a rights issue.

Monthly average closing prices of the Shares declined from approximately HK\$1.06 per Share in June 2017 to HK\$0.91 per Share in July 2017 (up to the Last Trading Day), representing a decrease of approximately 16.48%. While the average daily trading volume of the Shares demonstrated a slight upward trend from June 2017 to July 2017 (up to the Last Trading Day), it remained relatively thin at approximately 0.22% and 0.32% in June 2017 and July 2017, respectively, of the total issued Shares as at the Last Trading Day. Therefore, there is uncertainty of the existence of a market to trade the nil-paid rights.

Since equity financing by way of the Open Offer will give the Shareholders an equal opportunity to maintain their proportionate interests in the Company at the same Subscription Price should they wish to do so, ensure stability in the Shareholders’ base, and without the need to incur additional interest expenses to the Company as compared to debt financing, the Board considers that on balance, the Open Offer is a preferred means of fund raising and will be more beneficial to the Company and the Shareholders as a whole than other fund raising alternatives such as debt financing and rights issue in the current circumstances.

LETTER FROM THE BOARD

In addition, the Subscription Price has been set as a discount to the recent closing prices of the Shares and excess applications will be available to encourage existing Shareholders to take up their entitlements and to participate in the future development of the Company. Therefore, taking into accounts of (i) development projects of the Group; (ii) financial position of the Group; and (iii) prevailing market conditions, the Directors consider that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

The net proceeds of the Open Offer after the deduction of all relevant expenses are estimated to be approximately HK\$133.00 million. The Company intends to apply the net proceeds from the Open offer as to:

- (i) approximately HK\$56.00 million for land premium of CWK Project. The land premium is HK\$280.00 million, which is expected to be partly financed by bank loan in the sum of HK\$224.00 million to be obtained by us and the remaining portion to be financed by the net proceeds from the Open Offer;
- (ii) approximately HK\$62.00 million is expected to be used in the second half of year 2017 and the first to third quarters of 2018 for repayment of interest expenses. As at 30 June 2017, these interest expenses relate to bank facilities with an aggregate outstanding principal amount of HK\$996.51 million, interest rates ranging from 1.75% per annum to 3.25% per annum, and maturity dates ranging from August 2019 to February 2021 or which are subject to yearly review (as the case may be); and
- (iii) approximately HK\$15.00 million for general working capital of the Group for the 12 months after the date of this Prospectus, of which approximately HK\$9.33 million is for the payment of salaries and directors' fees, HK\$1.20 million is for the payment of auditors' fee, HK\$1.05 million is for the payment of fees to professional advisers and other parties engaged for compliance related matters; HK\$1.22 million is for the payment of rental and HK\$2.20 million is for the payment of legal fees relating to the property development business.

GENERAL

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the Announcement, the Open Offer is not subject to the approval by the Shareholders pursuant to Rule 7.24(5) of the Listing Rules.

LETTER FROM THE BOARD

Since the Company has made arrangement for application of the Offer Shares by the Qualifying Shareholders in excess of their assured entitlements under the Open Offer as referred to in Rule 7.26A(1) of the Listing Rules, the allotment and issue of the Offer Shares to Star Properties BVI and Eagle Trend pursuant to the Underwriting Agreement is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.92 of the Listing Rules.

Your attention is drawn to the additional information on the Group set out in the appendices to this Prospectus.

WARNING OF THE RISKS OF DEALING IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the fulfillment of the conditions of the Open Offer as set out in the Underwriting Agreement and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders or potential investors contemplating selling or purchasing Shares are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions.

By Order of the Board
Star Properties Group (Cayman Islands) Limited
Chan Man Fai Joe
Executive Director, Chairman and CEO

1. FINANCIAL SUMMARY OF THE GROUP

The audited financial information of the Group for the years ended 31 December 2014 and 2015 are disclosed Appendix I to the IPO Prospectus and that for the year ended 31 December 2016 is disclosed in the annual report of the Company published on 22 March 2017 (page 35-98).

The above were published on both the Stock Exchange's website (www.hkexnews.hk) and the website of the Company (<http://www.starproperties.com.hk>).

2. INDEBTEDNESS STATEMENT

At the close of business on 30 June 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the total indebtedness of the Group amounted to approximately HK\$996.5 million, and comprised of (i) bank borrowings amounting to HK\$965.5 million which were secured by the issued share capital of the subsidiaries of the Company and the pledge of the Group's completed properties and properties under development and were guaranteed by the subsidiaries of the Company and the Company; (ii) a bank borrowing amounting to HK\$30 million which was secured by the pledged bank deposits of a subsidiary of the Company and unguaranteed; and (iii) a bank borrowing amounting to HK\$1 million which was unsecured and guaranteed by the Company. All the bank borrowings, contain a repayment on demand clause, are repayable within one year to not more than five years at floating rates ranging from 2.0% to 4.0%.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payable and accruals and other payables in the ordinary course of business, at the close of business on 30 June 2017, the Group did not have any debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade and bills payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or material contingent liabilities.

3. WORKING CAPITAL

The Directors confirm that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated net proceeds from the Open Offer, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is principally engaged in property development and property investment in Hong Kong.

The Group's revenue for the year ended 31 December 2016 amounted to approximately HK\$40.7 million (2015: approximately HK\$78.7 million), which represented a notable decrease of approximately HK\$38.0 million compared with the last year. Profit attributable to owners of the Company for the year ended 31 December 2016 was approximately HK\$21.7 million (2015: approximately HK\$37.1 million), which represented a decrease from last year. The decrease in revenue and the profit for the year ended 31 December 2016 was mainly due to (i) the non-recurring listing expenses of approximately HK\$16.9 million incurred by the Group in relation to the listing of the Company's shares on the main board of the Stock Exchange (the "**Listing**"); and (ii) the decrease in revenue as a result of fewer completion of sale of property development projects during the same period. The basic earnings per share for the period was approximately HK11.2 cents as compared to basic earnings per share of approximately HK22.1 cents for the corresponding period last year.

The unaudited revenue of the Group for the six months ended 30 June 2017 was approximately HK\$596.40 million, including revenue from property development and property investment of HK\$594.0 million and HK\$1.7 million, respectively, (for the six months ended 30 June 2016 (unaudited): approximately HK\$17.4 million, including revenue mainly from property development and property investment of approximately HK\$12.4 million and HK\$5.0 million, respectively), which represented an increase of approximately HK\$579.0 million as compared with the last period. The unaudited profit attributable to owners of the Group for the six months ended 30 June 2017 was approximately HK\$92.2 million (for the six months ended 30 June 2016 (unaudited): loss of approximately HK\$18.5 million). The increase in revenue and the profit for the six months ended 30 June 2017 was mainly due to (i) the completion and delivery of sold units from property development project during the reporting period; and (ii) the result of non-recurring listing expenses of approximately HK\$16.4 million incurred by the Group in relation to the listing of the Company's shares on the Main Board of the Stock Exchange on 13 July 2016 in the year of 2016. The profit per share for the period was approximately HK\$33.42 cents as compared to loss per share of approximately HK\$11.04 cents for the corresponding period last year.

Currently, the Group has two completed projects, namely (a) The Galaxy; and (b) The Star; as well as three projects under development, namely (c) the Yue Fung Project; (d) the CWK Project and (e) the Yuen Long Site Project. The Board is pleased to provide the following updates in respect of the Group's business up to the Latest Practicable Date:

(a) The Galaxy

Completion of the sale and purchase agreements in respect of six car parking spaces amounted to HK\$10.6 million (unaudited) for the six months ended 30 June 2017 and was recognised as reported in segment information (for the six months ended 30 June 2016 (unaudited): approximately HK\$12.4 million, representing approximately 1.8% of the sold units from the first sale year in 2014 to the end of 30 June 2016).

(b) The Star

The Group received the occupation permit from the building department of the Hong Kong government on 16 May 2017. Revenue recognised for the completion and delivery of the sold units was approximately HK\$594.0 million for the six months ended 30 June 2017 (unaudited).

(c) The Yue Fung Project

The Group has been granted approval from the Hong Kong government on general building plans submission and a special waiver allowing the existing industrial building to be converted into commercial uses. The Board has passed a resolution to change the investment intention of the project from investment property to inventories and classified it as property held for sale on 27 April 2017. The alternations and additions works are in progress and expected to be completed within 2018.

(d) The CWK Project

The Group has sought approval from the Hong Kong government to modify the existing government lease to allow commercial uses. The Hong Kong government has given the Group the land premium offer on 19 June 2017 for this lease modification which has been accepted by the Group. The land premium is HK\$280.00 million, which is expected to be partly financed by bank loan in the sum of HK\$224.00 million to be obtained by us and the remaining portion to be financed by the net proceeds from Open Offer. The demolition of the existing building is completed in April 2017. The Group expects to commence foundation works in the third/fourth quarters of 2017.

(e) The Yuen Long Site Project

On 24 February 2017, the Group has successfully acquired a site located at Wang Yip Street West, Yuen Long, New Territories, through acquisition of subsidiary. The Group intends to redevelop it into a residential complex with some shops. See the paragraph headed “Acquisitions and proposed acquisition/disposal after 31 December 2016, being the date on which the latest published audited consolidated accounts of the Group were made up” in this Appendix for further details.

(f) New Development Project

In April 2017, the Group entered into a sale and purchase agreement in relation to the acquisition of an industrial building in Kwun Tong, which is intended to be redeveloped into a high grade commercial building. See the paragraph headed “Acquisitions and proposed acquisition/disposal after 31 December 2016, being the date on which the latest published audited consolidated accounts of the Group were made up” in this Appendix for further details.

6. ACQUISITIONS AND PROPOSED ACQUISITION/DISPOSAL AFTER 31 DECEMBER 2016 BEING THE DATE ON WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED ACCOUNTS OF THE GROUP WERE MADE UP**The Yuen Long site**

Ocean Bay International Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Group as the purchaser entered into a provisional sale and purchase agreement dated 26 September 2016 in relation to the acquisition of 1,000 shares in, representing the entire issued share capital of, Canton Glory Limited (“**Canton Glory**”), at a cash consideration of HK\$339,980,000. Canton Glory is a company incorporated in the BVI on 7 August 2014 with limited liability and is principally engaged in investment holding. Canton Glory is solely holding the entire issued share capital in Sincere Gold Properties Limited, a company incorporated in Hong Kong, which holds the properties located at all that Yuen Long Town Lot No 461 together with the messuages erections and buildings thereon, No 21 Wang Yip Street West, Yuen Long, New Territories. Completion of the above acquisition took place on 24 February 2017.

No audited statutory financial statements of Canton Glory has been prepared since its date of incorporation as there is no statutory audit requirement in the place of its incorporation. For information only, details of the financial information of Canton Glory for the years ended 31 March 2015 and 2016 and the period ended 24 February 2017 (date of completion) based on its management accounts is set out in Appendix IV to this Prospectus.

The aggregate of the remuneration payable to and benefits in kind receivable by the directors of Canton Glory will not be varied in consequence of the above acquisition.

Ngau Tau Kok site

Moon Colour Holdings Limited (“**Moon Colour**”), a company incorporated in the BVI and a wholly-owned subsidiary of the Group as the purchaser entered into a provisional sale and purchase agreement dated 14 January 2017 in relation to the acquisition of 1 share in, representing the entire issued share capital of, Goldfame Asset Management Ltd (“**Goldfame**”), at a cash consideration of HK\$350,000,000. Goldfame is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. To the best knowledge, information and belief of the Directors, Goldfame is the ultimate beneficial owner of the properties located at all that piece or parcel of group registered in the Land Registry as Kwun Tong Inland Lot No. 682 together with the messuages erections and building thereon now known as No. 4 Tai Yip Street, Kowloon (the “**NTK Site**”).

Completion of the above acquisition is subject to and conditional on, among others, the Group having completed its due diligence review on the business, financial, legal and other aspects of Goldfame and satisfied with the results thereof. Completion was originally scheduled to take place on or before 31 July 2017, which was later mutually agreed to be extended to on or before 31 August 2017.

Subsequently, the Group was approached by a purchaser (the “**Purchaser**”) who is interested in acquiring the NTK Site. On 10 August 2017, the Group entered into a sale and purchase agreement with the Purchaser in relation to the sale of the entire issued share capital of Moon Colour at an initial cash consideration of HK\$36,000,000 (subject to adjustment) (the “**Disposal**”). The completion of the Disposal is expected to take place on 31 August 2017 or any other date which may be agreed by the Purchaser and the Group.

On the basis that (i) the consideration offered by the Purchaser was higher than our initial acquisition consideration for the NTK Site; and (ii) after balanced consideration and based on the due diligence review of the NTK site to date, the Disposal represents an opportunity for the Group to focus on the Yuen Long Site Project and the redevelopment of the Kwun Tong site which the Directors believe have more attractive development potentials, the Directors are of the view that the terms of the Disposal are fair and reasonable and in the best interest of the Company and its Shareholders as a whole, and will allow the Group to better allocate resources for the development of the business of the Group and improve the financial flexibility of the Group.

Kwun Tong site

Diamond Ocean Investments Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Group as the purchaser entered into a sale and purchase agreement dated 28 April 2017 in relation to the acquisition of the properties located at all those pieces or parcels of ground registered in the Land Registry as Kwun Tong Inland Lot No. 570, Kwun Tong Inland Lot No. 571, Kwun Tong Inland Lot No. 572 and Kwun Tong Inland Lot No. 573 and of and in the messuages erections and buildings thereon now known as Nos.107-109 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, at a cash consideration of HK\$760,000,000. Completion of the above acquisition took place on 14 August 2017.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after the completion of the Open Offer.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 30 June 2017.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2017, as extracted from the interim results announcement of the Company for the six months ended 30 June 2017 published on 18 August 2017, and is adjusted for the effect of the Open Offer as if the Open Offer had taken place on 30 June 2017.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, may not reflect a true picture of the consolidated net tangible assets of the Group as at 30 June 2017 or at any future dates immediately after the completion of the Open Offer.

| | | | Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2017 immediately after the completion of the Open Offer | Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2017 before the completion of the Open Offer per Share | Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2017 immediately after the completion of the Open Offer per Share |
|---|--|---|--|---|---|
| | Unaudited consolidated net tangible assets of the Group as at 30 June 2017 HK\$'000 (Note1) | Estimated net proceeds from the Open Offer HK\$'000 (Note2) | HK\$'000 (Note3) | HK\$ (Note4) | HK\$ (Note5) |
| Based on 179,200,000 Offer Shares to be issued at the Subscription Price of HK\$0.75 per Offer Share | 498,848 | 133,000 | 631,848 | 1.11 | 1.01 |

Notes:

- (1) The amount is determined based on the unaudited consolidated net tangible assets of the Group of approximately HK\$498,848,000 as at 30 June 2017, which is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2017, included in the interim result announcement of the Company dated on 18 August 2017.
- (2) The estimated net proceeds from the Open Offer of approximately HK\$133,000,000 are calculated based on 179,200,000 Offer Shares on the basis of two Offer Shares for every five Shares in issue held on the Record Date at the Subscription Price of HK\$0.75 per Offer Share and after deduction of the estimated related expenses, including among others, underwriting commission, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$1,400,000.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after the completion of the Open Offer represented the unaudited consolidated net tangible assets of the Group as at 30 June 2017 plus the estimated net proceeds from the Open Offer as set out in Note 2 above.
- (4) The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2017 before the completion of the Open Offer per Share is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2017 as discussed in Note 1 above divided by the 448,000,000 Shares in issue as at 30 June 2017.
- (5) Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2017 immediately after completion of the Open Offer per Share is based on the unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after the completion of the Open Offer as discussed in Note 3 divided by 627,200,000 Shares which represents the sum of 448,000,000 Shares in issue as at 30 June 2017 and 179,200,000 Offer Shares to be allotted and issued pursuant to the Open Offer.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2017.

**B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON THE
UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report from the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong in respect of the unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Star Properties Group (Cayman Islands) Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Star Properties Group (Cayman Islands) Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 21 August 2017 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer of the Company of 179,200,000 Offer Shares at HK\$0.75 per Offer Share on the Group’s financial position as at 30 June 2017 as if the proposed open offer had taken place at 30 June 2017. As part of this process, information about the Group’s consolidated net tangible assets has been extracted by the Directors from the Group’s condensed consolidated financial statements for the six months ended 30 June 2017, on which a review report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- a) the related pro forma adjustments give appropriate effect to those criteria; and
- b) the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 21 August 2017

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Open Offer assuming no change in shareholding between the Latest Practicable Date and the close of the Open Offer were/will be as follows:

HK\$

(i) As at the Latest Practicable Date*Authorised:*

| | | |
|---------------|--------|------------|
| 1,000,000,000 | Shares | 10,000,000 |
|---------------|--------|------------|

Issued and fully paid:

| | | |
|-------------|--------|-----------|
| 448,000,000 | Shares | 4,480,000 |
|-------------|--------|-----------|

(ii) Immediately following completion of the Open Offer*Authorised:*

| | | |
|---------------|--------|------------|
| 1,000,000,000 | Shares | 10,000,000 |
|---------------|--------|------------|

Issued and fully paid/to be paid:

| | | |
|-------------|--|-----------|
| 448,000,000 | Shares as at the Latest Practicable Date | 4,480,000 |
|-------------|--|-----------|

| | | |
|-------------|---|-----------|
| 179,200,000 | Offer Shares to be allotted and issued under the Open Offer | 1,792,000 |
|-------------|---|-----------|

| | | |
|-------------|--|-----------|
| 627,200,000 | Shares upon completion of the Open Offer | 6,272,000 |
|-------------|--|-----------|

All the issued Shares are fully paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Offer Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the then existing Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

No part of the share capital or any securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends were waived or agreed to be waived.

As at the Latest Practicable Date, save as disclosed below, the Company has no outstanding convertible securities, options, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Shares.

On 25 January 2017, 12,432,000 Options to subscribe for up to a total of 12,432,000 Shares were granted under the Share Option Scheme. As disclosed in the announcement of the Company published on 19 May 2017, the number of Shares to be issued upon exercise of the Options has been adjusted to 24,864,000 Shares. Such Options are exercisable from 25 January 2018 to 12 July 2026. Accordingly, the holders of such Options cannot participate in the Open Offer by exercising such Options.

3. DISCLOSURE OF INTERESTS

(i) Directors' Interests in Securities

As at the Latest Practicable Date, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules were as follows:

| Name of our Directors/ chief executive | Capacity/nature of interest | Number of shares | Approximate percentage of shareholding interests in our Company (%) |
|---|--------------------------------------|---------------------|--|
| Mr. Joe Chan | Interest of a controlled corporation | 308,672,000 | 68.9 (Note 1) |
| Mr. Jack Lam | Interest of a controlled corporation | 27,328,000 | 6.1 (Note 2) |

Notes:

1. Star Properties BVI is an investment holding company incorporated on 3 March 2016 in the BVI with limited liability and is wholly owned by Mr. Joe Chan. By virtue of the SFO, Mr. Joe Chan is deemed to be interested in all Shares in which Star Properties BVI is interested.
2. Eagle Trend is an investment holding company incorporated on 29 February 2016 in the BVI with limited liability and is wholly owned by Mr. Jack Lam. By virtue of the SFO, Mr. Jack Lam is deemed to be interested in all Shares in which Eagle Trend is interested.

The Company has granted to certain Directors Options to subscribe for the Shares under the Share Option Scheme on 25 January 2017, details of the outstanding options as at the Latest Practicable Date held by each Director were as follows:

| Name of Directors | Date of Grant | Exercise Period | Exercise Price | Number of shares subject to outstanding options | Approximate percentage of the issued shares of the Company |
|---------------------|-----------------|---|--------------------|---|--|
| Chan Man Fai Joe | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 4,480,000 | 1 |
| Lam Kin Kok | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 4,480,000 | 1 |
| Cheung Wai Shuen | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 4,480,000 | 1 |
| Liu Hon Wai | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 4,480,000 | 1 |
| Yim Kwok Man | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 448,000 | 0.1 |
| Pong Kam Keung | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 448,000 | 0.1 |
| Shiu Siu Tao | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 448,000 | 0.1 |
| Lee Chung Ming Eric | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 448,000 | 0.1 |
| Chan Wah Man Carman | 25 January 2017 | 25 January 2018 to 12 July 2026 (both days inclusive) | HK\$1.03 per Share | 448,000 | 0.1 |

Notes:

These Options represent personal interest held by the Directors as beneficial owners.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had registered an interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned under Section 352 of the SFO or 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 set out in Appendix 10 to the Listing Rules.

(ii) Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as the Directors are aware, the register of Substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders, other than those disclosed in the section headed “Directors’ Interests in Securities”, had notified the Company and the Stock Exchange of relevant interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name of Substantial Shareholder | Capacity/nature of interest | Number of shares | Approximate percentage of shareholding interests in our Company (%) |
|---------------------------------|-----------------------------|------------------|---|
| Star Properties BVI | Beneficial owner | 308,672,000 (L) | 68.9 |
| Eagle Trend | Beneficial owner | 27,328,000 (L) | 6.1 |

Notes:

1. The letter “L” denotes the person’s long position (as defined under Part XV of the SFO) in the Shares.
2. Star Properties BVI is an investment holding company incorporated on 3 March 2016 in the BVI with limited liability and is wholly owned by Mr. Joe Chan. By virtue of the SFO, Mr. Joe Chan is deemed to be interested in all Shares in which Star Properties BVI is interested.
3. Eagle Trend is an investment holding company incorporated on 29 February 2016 in the BVI with limited liability and is wholly owned by Mr. Jack Lam. By virtue of the SFO, Mr. Jack Lam is deemed to be interested in all Shares in which Eagle Trend is interested.

4. OTHER INTERESTS OF THE DIRECTORS

Save as disclosed in this Prospectus and as at the Latest Practicable Date,

- (A) none of the Directors had entered or proposed to enter into a service contract with the Company or any of its subsidiaries or associated companies which is not determinable by the Company within one year without payment of compensation, other than statutory compensation;
- (B) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group;
- (C) none of the Directors had any interest, direct or indirect, in any assets which have since 31 December 2016, being the date to which the latest published audited accounts of the Company were made up, and to the Latest Practicable Date, been acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; and

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates have any interest in any businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses to which the Directors and their close associates were appointed to represent the interests of the Company and/or the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has been named in this Prospectus or has given its opinions and advice which are included in this Prospectus:

| Name | Qualification |
|--------------------------|------------------------------|
| Deloitte Touche Tohmatsu | Certified Public Accountants |

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any shareholding directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of the references to its letter/opinion or report(s) and references to its name in the form and context in which they are included in this Prospectus.

As at the Latest Practicable Date, Deloitte Touche Tohmatsu did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Group were made up.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date:

- (i) the Deed of Non-Competition;
- (ii) the Deed of Indemnity;
- (iii) the Hong Kong Underwriting Agreement; and
- (iv) the Underwriting Agreement.

9. EXPENSES

The expenses in connection with the Open Offer, including printing, registration, legal and accounting fees, are estimated to be approximately HK\$1.5 million and will be payable by the Company.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

| | |
|--|--|
| 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 1203A, 12/F Tower 1 Admiralty Centre 18 Harcourt Road Hong Kong |
| Board of Directors | |
| <i>Executive director</i> | Mr. Chan Man Fai Joe (陳文輝) Mr. Lam Kin Kok (林建國) Ms. Cheung Wai Shuen (張慧璇) Mr. Liu Hon Wai (廖漢威) |
| <i>Non-executive director</i> | Mr. Pong Kam Keung (龐錦強) Mr. Yim Kwok Man (嚴國文) |
| <i>Independent non-executive director</i> | Mr. Shiu Siu Tao (蕭少滔) Mr. Lee Chung Ming Eric (李仲明) Ms. Chan Wah Man Carman (陳華敏) |
| Company secretary | Ms. Cheung Wai Shuen (HKICS) |
| Authorised representatives | Mr. Lam Kin Kok Ms. Cheung Wai Shuen |
| Compliance adviser | Lego Corporate Finance Limited Room 1601, 16/F, China Building 29 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 129 Queen's Road Central Central Hong Kong |
| 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 |
| Website | www.starproperties.com.hk |
| Underwriter | Great Roc Capital Securities Limited Suite 1601-1603, 16/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Central, Hong Kong |

| | |
|-------------------------------------|---|
| Legal adviser to the Company | Deacons 5th Floor Alexandra House 18 Chater Road Central, Hong Kong |
| Auditors | Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F, One Pacific Place 88 Queensway Hong Kong |

11. PARTICULARS OF DIRECTORS

The business address of all Directors is Unit 1203A, 12/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.

Executive Directors

Mr. Chan Man Fai Joe (陳文輝), aged 58, is an executive Director since 14 March 2016 and is also the chairman, chief executive officer and one of the Controlling Shareholders of the Company. Mr. Chan is also the chairman of the nomination committee and executive committee of the Company. He is also a member of the remuneration committee and the risk control committee of the Company focusing on business risk. Mr. Chan is primarily responsible for the overall management, strategic planning, business strategies and corporate development of the Group. Mr. Chan has over 35 years of advisory and trading experience at leading financial institutions and has extensive experience in the property market. Mr. Chan plays an instrumental role in defining the Group's investment strategies and capital and strategic development. His years of experience in securities and financial sectors as well as the property market have enabled him to develop insights in the macro economic environment and the market trend which may help the Group identify themes and opportunities in the marketplace. Mr. Chan has undertaken to devote sufficient time and attention to the overall management, strategic planning and corporate development of the Group. Mr. Chan received his degree of Bachelor of Social Sciences from The University of Hong Kong in November 1982 and his degree in Master of Business Administration from The Wharton School, University of Pennsylvania, U.S. in May 1987. Mr. Chan did not hold any other directorships in listed public companies in the last three years.

Mr. Lam Kin Kok (林建國), aged 52, is an executive Director since 14 March 2016. Mr. Lam is also a member of the executive committee and risk control committee of the Company focusing on industry risk. Mr. Lam joined the Group in February 2013 and is the head of project development department and is primarily responsible for overseeing all property development projects of the Group. Since October 2014, Mr. Lam has been a managing director of Star Properties (H.K.) Limited, a wholly-owned subsidiary of the Company (“**Star Properties (HK)**”). Mr. Lam has around 26 years of property development and project management experience. Prior to joining the Group, Mr. Lam held various senior positions in reputable and sizeable property developers. Mr. Lam has been a member of Hong Kong Institute of Architects and a registered architect under Architects Registration Board in Hong Kong and has held a corporate membership of the Royal Institute of British Architects since December 1992, July 1993 and October 1996, respectively. Mr. Lam graduated with a degree in Bachelor of Arts in Architectural Studies in November 1988 and subsequently with a Bachelor of Architecture from The University of Hong Kong in December 1990. Mr. Lam also obtained a Master of Science degree in Architecture from University College London, United Kingdom in November 1997. Mr. Lam did not hold any other directorships in listed public companies in the last three years.

Ms. Cheung Wai Shuen (張慧璇), aged 41, is an executive Director and company secretary of the Company since 14 March 2016. Ms. Cheung is also a member of the executive committee and risk control committee of the Company focusing on business risk. Ms. Cheung joined the Group in November 2010 and is primarily responsible for the financial management, company secretarial matters, internal control related matters and administration of our Group. Ms. Cheung had been the company secretary of members of the Group and the finance and corporate planning managing director of Star Properties (HK) since November 2010 and October 2014, respectively. Ms. Cheung has over 17 years of financial and regulated activities experience. Ms. Cheung is currently a registered representative of type 4 activities (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities with the SFC. Ms. Cheung was elected as an associate of The Institute of Chartered Secretaries and Administrators and admitted associate of The Hong Kong Institute of Chartered Secretaries both in January 2014. Ms. Cheung graduated with a degree in Bachelor of Business Administration (Honours) in Finance from Hong Kong Baptist University in December 1998 and obtained the degree in Master of Corporate Governance, from Hong Kong Polytechnic University in October 2013. Ms. Cheung did not hold any other directorships in listed public companies in the last three years.

Mr. Liu Hon Wai (廖漢威), aged 50, is an executive Director since 14 March 2016. Mr. Liu is a member of the executive committee of the Company. Mr. Liu joined the Group in September 2015 and is the head of sales and marketing and is primarily responsible for the marketing and sales management of the Group. Since September 2015, Mr. Liu has been a managing director of Star Properties (HK). Mr. Liu has over 22 years of experience in the property market especially in sales and marketing of properties. Mr. Liu was consecutively awarded with Ten Million Supervisor in Centaline Property Agency Limited from 1995 to 1999 and Ten Million Manager in 2000. He was also a lion member and golden lion member of the Centaline Eagle Club from 1995 to 2000. Mr. Liu passed the qualifying examination for estate agents under the Estate Agents Authority of Hong Kong in April 1999. Mr. Liu graduated with a Bachelor of Social Work degree from The University of Hong Kong in December 1989. Mr. Liu did not hold any other directorships in listed public companies in the last three years.

Non-Executive Directors

Mr. Pong Kam Keung (龐錦強), aged 55, joined the Group as a non-executive Director since 14 March 2016. Mr. Pong is also a member of the risk control committee of the Company focusing on compliance related matters. Mr. Pong is currently an executive director of Sundart Holdings Limited (stock code: 1568), a company listed on the Main Board of the Stock Exchange and an integrated fitting-out contractors in Hong Kong and Macau. Mr. Pong obtained a degree in Bachelor of Science in Building Surveying from the Thames Polytechnic, United Kingdom in June 1989, a degree in Master of Science in Property Investment from the City University of London, United Kingdom in December 1993, a degree in Bachelor of Laws, from the University of Wolverhampton, United Kingdom in September 1995, a degree in Master of Science in Urban Planning, from The University of Hong Kong in December 2005 and a degree in Master of Corporate Governance, from the Hong Kong Polytechnic University in October 2008. Mr. Pong has been a fellow of the Hong Kong Institute of Facility Management, the Hong Kong Institute of Surveyors, the Chartered Institute of Arbitrators, the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Chartered Secretaries and a member of the Royal Town Planning Institute since July 2000, November 2000, January 2001, January 2006, October 2012 and January 2007, respectively. Mr. Pong is registered as a chartered building engineer by the Chartered Association of Building Engineers in February 2014. Save as disclosed in this Prospectus, Mr. Pong did not hold any other directorships in listed public companies in the last three years.

Mr. Yim Kwok Man (嚴國文), aged 48, joined the Group as a non-executive Director since 14 March 2016. Mr. Yim is the chairman of the nomination committee and also the chairman of the risk control committee of the Company focusing on compliance related matters. Mr. Yim has over 20 years of extensive experience in the areas of corporate finance, equity capital markets and mergers and acquisitions advisory in Hong Kong. Mr. Yim has been a fellow member of The Association of Chartered Certified Accountants and an associate member of Hong Kong Society of Accountants since November 1998 and January 2002, respectively. Mr. Yim is currently a registered representative of type 4 activities (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities with the SFC. Mr. Yim graduated from Hong Kong Polytechnic University with a Bachelor of Engineering degree in Civil Engineering in November 1991. He attended an international MBA exchange program at John E Anderson Graduate School of Management, University of California, Los Angeles (UCLA), USA in 1993 and obtained a degree in Master of Business Administration (MBA) from the Chinese University of Hong Kong in September 1994. Mr. Yim is currently an independent non-executive director of Tsui Wah Holdings Limited (stock code: 1314), a company listed on the Main Board of the Stock Exchange since November 2012. Save as disclosed in this Prospectus, Mr. Yim did not hold any other directorships in listed public companies in the last three years.

Independent Non-Executive Directors

Mr. Shiu Siu Tao (蕭少滔), aged 53, joined the Group as an independent non-executive Director since 27 June 2016. Mr. Shiu is the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. Mr. Shiu has more than 13 years of experience in corporate finance and he has been a director of First Capital International Finance Limited since February 2016. Mr. Shiu graduated from the Chinese University of Hong Kong with a Bachelor of Business Administration degree in December 1990. He obtained a diploma certificate from the HEC Paris School of Management (Ecole des Hautes Etudes Commerciales) in Paris, France in July 1992. Since October 2016, Mr. Shiu has been a responsible officer licensed to conduct type 6 (advising on corporate finance) regulated activity regulated activity under the SFO. Mr. Shiu did not hold any other directorships in listed public companies in the last three years.

Mr. Lee Chung Ming Eric (李仲明), aged 52, joined the Group as an independent non-executive Director since 27 June 2016. Mr. Lee is a member of the audit committee, nomination committee and risk control committee of the Company focusing on industry risk. Mr. Lee has professional experience in the architectural industry. Mr. Lee has been a director of LWK Partners (HK) Ltd., an architectural firm, since September 2010. Mr. Lee graduated from The University of Hong Kong with a degree in Bachelor of Arts (Architectural Studies) in November 1988, and subsequently with a Bachelor of Architecture degree in November 1991. Mr. Lee also obtained a degree in Master of Science (Conservation) from the University of Hong Kong in December 2005. He has been a member of the Hong Kong Institute of Architects since December 1992 and a registered architect in the Architects Registration Board in Hong Kong since July 1993. He is also qualified as an authorised person (list of architects) by the Buildings Department. Mr. Lee did not hold any other directorships in listed public companies in the last three years.

Ms. Chan Wah Man Carman (陳華敏), aged 48, joined the Group as an independent non-executive Director since 27 June 2016. Ms. Chan is the chairman of the audit committee and a member of the remuneration committee of the Company. Ms. Chan possesses over 21 years of experience in private equity, corporate finance and financial advisory. Ms. Chan obtained a degree in Bachelor of Science from Minnesota State University, Bemidji, U.S. in August 1993, and a Master of Accounting degree from Curtin University of Technology, Australia through long distance learning in February 2000. Ms. Chan has been a member of Hong Kong Institute of Certified Public Accountants and a Certified Practicing Accountant of CPA Australia since July 2005 and April 2005, respectively. Since November 2011, she has been a responsible officer licensed to conduct type 6 (advising on corporate finance) regulated activity and a representative licensed to conduct type 9 (asset management) regulated activity under the SFO. Ms. Chan has been an independent nonexecutive director of Fuguiniao Co., Ltd (stock code: 1819), a company listed on the Main Board of the Stock Exchange, from June 2014 to June 2017. Save as disclosed in this Prospectus, Ms. Chan did not hold any other directorships in listed public companies in the last three years.

12. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all person concerned bound by the provisions (other than the penal provisions) of Section 44A and 44B of the Companies (WUMP) Ordinance.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “Qualifications and Consent of Expert” in this appendix have been delivered to the Registrar of Companies of Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business in Hong Kong of the Company at Unit 1203A, 12/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong during normal business hours on any weekday other than public holidays from the date of this Prospectus up to and including the Latest Time for Acceptance:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual report of the Company for the year ended 31 December 2016;
- (c) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information following completion of the Open Offer, the text of which is set out in Appendix II to this Prospectus;
- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (e) the written consent referred to in the paragraph headed “Qualifications and Consent of Expert” in this Appendix; and
- (f) this Prospectus.

15. GENERAL

- (a) The business address of all Directors and authorised representatives of the Company is Unit 1203A, 12/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.
- (b) In the event of any inconsistency, the English language text of this Prospectus shall prevail over the Chinese language text.
- (c) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.

**PROFORMA ACCOUNTS FOR
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 24 FEBRUARY 2017**
(Amounts Expressed In Hong Kong Dollars)

| | | Consolidated Level 24.2.2017 HK\$ | Company Level 24.2.2017 HK\$ |
|---|-------------|--|---|
| | <i>Note</i> | | |
| NON-CURRENT ASSETS | | | |
| Investment properties | (1) | 200,000,000 | – |
| Investment in a subsidiary | (2) | <u>–</u> | <u>200,000</u> |
| | | <u>200,000,000</u> | <u>200,000</u> |
| CURRENT ASSETS | | | |
| Deposit and prepayment | (3) | <u>118,448</u> | <u>2,471</u> |
| | | <u>118,448</u> | <u>2,471</u> |
| NET CURRENT ASSETS | | <u>118,448</u> | <u>2,471</u> |
| NON-CURRENT LIABILITIES | | | |
| Amount due to a shareholder | (4) | <u>(93,461,127)</u> | <u>(283,795)</u> |
| | | <u>(93,461,127)</u> | <u>(283,795)</u> |
| TOTAL NET ASSETS/(LIABILITIES) | | <u><u>106,657,321</u></u> | <u><u>(81,324)</u></u> |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 7,800 | 7,800 |
| Retained earnings/(Accumulated loss) | | <u>106,649,521</u> | <u>(89,124)</u> |
| Total equity attributable to equity shareholder of the company | | 106,657,321 | (81,324) |
| Non-controlling interest | | <u>–</u> | <u>–</u> |
| SHAREHOLDERS' FUND | | <u><u>106,657,321</u></u> | <u><u>(81,324)</u></u> |

**PROFORMA ACCOUNTS FOR
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(Amounts Expressed In Hong Kong Dollars)

| | Consolidated Level 1.4.2016 to 24.2.2017 HK\$ | Consolidated Level 1.4.2015 to 31.3.2016 HK\$ | Consolidated Level 7.8.2014 to 31.3.2015 HK\$ |
|--|--|--|--|
| TURNOVER | <u>—</u> | <u>5,200,000</u> | <u>1,950,000</u> |
| OTHER INCOME | | | |
| Dividend income | — | — | 13,096,507 |
| Gain on revaluation of properties | — | — | 88,828,494 |
| Gain on acquisition of a subsidiary's interest | 5,349,120 | — | — |
| Rent and rates recharge | — | 196,600 | 128,348 |
| Rental deposit forfeited | — | 2,600,000 | — |
| Sundry income | <u>—</u> | <u>—</u> | <u>10,000</u> |
| | <u>5,349,120</u> | <u>2,796,600</u> | <u>102,063,349</u> |
| LESS: GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Accounting fee | (5,000) | (2,000) | (2,000) |
| Advertising expenses | — | (3,150) | — |
| Audit fee | (10,000) | (40,300) | (40,300) |
| Bad debts | — | (2,924,948) | — |
| Bank charge | (300) | (370) | — |
| Business registration and license fee | (3,162) | (7,750) | (2,250) |
| Company secretarial fee | (3,185) | (1,000) | — |
| Impairment loss of investment | — | (2) | — |
| Incorporation fee | — | — | (13,000) |
| Insurance | — | (4,000) | (4,000) |
| Legal and professional fee | — | (15,000) | — |
| Rent & rates | (480,240) | (398,200) | — |
| Repair and maintenance | (140,000) | (50,900) | (128,348) |
| Stamp duty | (34,010) | — | — |
| Sundry expense | (12,799) | (450) | (1,500) |
| Utilities | <u>(1,214)</u> | <u>(915)</u> | <u>(218)</u> |
| | <u>(689,910)</u> | <u>(3,448,985)</u> | <u>(191,616)</u> |

| | Consolidated Level 1.4.2016 to 24.2.2017 HK\$ | Consolidated Level 1.4.2015 to 31.3.2016 HK\$ | Consolidated Level 7.8.2014 to 31.3.2015 HK\$ |
|---|---|---|---|
| PROFIT BEFORE TAXATION | 4,659,210 | 4,547,615 | 103,821,733 |
| TAXATION | <u>—</u> | <u>(732,914)</u> | <u>(297,003)</u> |
| PROFIT AFTER TAXATION | 4,659,210 | 3,814,701 | 103,524,730 |
| ATTRIBUTABLE TO NON-CONTROLLING INTEREST | <u>19,602</u> | <u>(191,510)</u> | <u>(5,177,212)</u> |
| PROFIT ATTRIBUTABLE TO THE COMPANY | 4,678,812 | 3,623,191 | 98,347,518 |
| RETAINED EARNINGS BROUGHT FORWARD | <u>101,970,709</u> | <u>98,347,518</u> | <u>—</u> |
| RETAINED EARNINGS CARRIED FORWARD | <u>106,649,521</u> | <u>101,970,709</u> | <u>98,347,518</u> |
| NON-CONTROLLING INTEREST | | | |
| Balance brought forward | 5,378,722 | 5,187,212 | — |
| Proceeds of subsidiary's shares | — | — | 10,000 |
| Sharing profit/(loss) for the year/period | (19,602) | 191,510 | 5,177,212 |
| Disposal interest to the Company | <u>(5,359,120)</u> | <u>—</u> | <u>—</u> |
| Balance carried forward | <u>—</u> | <u>5,378,722</u> | <u>5,187,212</u> |

**PROFORMA ACCOUNTS FOR
STATEMENT OF COMPREHENSIVE INCOME**

(Amounts Expressed In Hong Kong Dollars)

| | Company Level 1.4.2016 to 24.2.2017 HK\$ | Company Level 1.4.2015 to 31.3.2016 HK\$ | Company Level 7.8.2014 to 31.3.2015 HK\$ |
|--|--|--|--|
| TURNOVER | — | — | — |
| LESS: GENERAL AND ADMINISTRATIVE EXPENSES | | | |
| Accounting fee | (5,000) | (2,000) | (2,000) |
| Audit fee | (10,000) | (8,000) | (8,000) |
| Business registration and license fee | (3,029) | (5,500) | — |
| Company secretarial fee | (585) | — | — |
| Incorporation fee | — | — | (8,000) |
| Stamp duty | (34,010) | — | — |
| Sundry expense | (1,500) | — | (1,500) |
| Utilities | — | — | — |
| | <u>(54,124)</u> | <u>(15,500)</u> | <u>(19,500)</u> |
| (LOSS) BEFORE TAXATION | (54,124) | (15,500) | (19,500) |
| TAXATION | — | — | — |
| (LOSS) AFTER TAXATION | (54,124) | (15,500) | (19,500) |
| OTHER COMPREHENSIVE INCOME | — | — | — |
| LOSS FOR THE YEAR/PERIOD | (54,124) | (15,500) | (19,500) |
| ACCUMULATED LOSS BROUGHT FORWARD | <u>(35,000)</u> | <u>(19,500)</u> | — |
| ACCUMULATED LOSS CARRIED FORWARD | <u><u>(89,124)</u></u> | <u><u>(35,000)</u></u> | <u><u>(19,500)</u></u> |

Breakdown for the accounts

HK\$

(1) Investment properties**(under Sincere Gold Properties Limited)**

Address: The Single Storey Industrial Building,

21 Wang Yip Street, Yuen Long Town Lot No.461,

Yuen Long, N.T.

Carrying amount as at 24.2.2017

200,000,000.00**(2) Investment in a subsidiary****Sincere Gold Properties Limited**

Unlisted investment, at cost

100% 200,000.00**(3) Deposits, prepayment and other receivables****In Canton Glory Limited's book**

Prepaid annual BVI licenses & agent fee

from 24/2/2017 – 6/8/2017 (\$5,500 x 164/365 days)

2,471.00**In Sincere Gold Properties Limited's book**

Electricity deposit

61,000.00

Water deposit

1,500.00

Prepaid government rent and rates

for 24/2/2017 to 31/3/2017* (\$133,400 x 36/90 days)

53,360.00

Prepaid BR fee for 24/2/2017 – 13/8/2017*

(\$250 x 171/365 days)

117.00115,977.00

Total

118,448.00

* per agreement, expenses up to but exclusive of the completion date on 24/2/2017

Breakdown for the accounts*HK\$***(4) Amount due to a shareholder****In Canton Glory Limited's book**

| | |
|--------------------------------------|-------------------|
| Current amount with Mr. Cho Man Hung | <u>283,795.00</u> |
|--------------------------------------|-------------------|

In Sincere Gold Properties Limited's book

| | |
|--------------------------------------|----------------------|
| Current amount with Mr. Cho Man Hung | <u>93,177,332.54</u> |
|--------------------------------------|----------------------|

| | |
|-------|-----------------------------|
| Total | <u><u>93,461,127.54</u></u> |
|-------|-----------------------------|