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Million Stars

MILLION STARS HOLDINGS LIMITED

萬星控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8093)

**DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF INCREASE REGISTERED CAPITAL
IN THE TARGET COMPANY**

THE SUBSCRIPTION

The Board is pleased to announce that, on 30 August 2019 (after trading hours), Beijing Dongrun, a wholly-owned subsidiary of the Company, entered into the Capital Increase and Subscription Agreement with the Target Company and Mr. Feng Tao, the existing sole shareholder of the Target Company, pursuant to which Beijing Dongrun shall make the Subscription of RMB50,000,000 (equivalent to approximately HK\$55,000,000) in cash. Upon Completion, the Target Company will be held as to 35% by Beijing Dongrun and 65 % by Mr. Feng Tao.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Subscription exceed 5% but are less than 25%, the Subscription constitutes disclosable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 30 August 2019 (after trading hours), Beijing Dongrun, a wholly-owned subsidiary of the Company, entered into the Capital Increase and Subscription Agreement with the Target Company and Mr. Feng Tao, the existing sole shareholder of the Target Company, pursuant to which Beijing Dongrun shall make the Subscription of RMB50,000,000 (equivalent to approximately HK\$55,000,000) in cash to the Target Company. Upon Completion, the Target Company will be held as to 35% by Beijing Dongrun and 65% by Mr. Feng Tao. For more information of the Target Company, please refer to the section headed “**INFORMATION OF THE TARGET COMPANY**”.

THE CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT

Date

30 August 2019 (after trading hours)

Parties

- (i) New shareholder: Beijing Dongrun Hudong Technology Limited* (北京東潤互動科技有限公司), a wholly-owned subsidiary of the Company
- (ii) Existing shareholder: Mr. Feng Tao, the existing sole shareholder of Shenzhen Yidao Network Co., Ltd.* (深圳譯道網絡有限公司)
- (iii) Target Company: Shenzhen Yidao Network Co., Ltd.* (深圳譯道網絡有限公司), a company incorporated in the PRC with limited liability

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, The Target Company and its ultimate beneficial owner, Mr. Feng Tao, are third parties independent of and not connected with the Company and its connected persons as defined under the GEM Listing Rules.

Subscription

As at the date of this announcement, Mr. Feng Tao holds the entire registered capital in the Target Company, being RMB1,000,000 (equivalent to approximately HK\$1,100,000).

The Parties agreed that the registered capital in the Target Company shall be increased by RMB9,000,000 to RMB10,000,000, of which 55% will be subscribed by Mr. Feng Tao at a consideration of RMB5,500,000 and 35% will be subscribed by Beijing Dongrun at the Consideration, of which RMB3,500,000 (equivalent to approximately HK\$3,850,000) will be contributed to the registered share capital of the Target Company and RMB46,500,000 (equivalent to approximately HK\$51,150,000) will be contributed to the capital reserve of the Target Company. Upon Completion, the Target Company will be held as to 35% by Beijing Dongrun and 65% by Mr. Feng Tao.

Consideration

The Consideration shall be deposited by Beijing Dongrun into the specific bank account of the Target Company.

The Consideration has been arrived on the basis of normal commercial terms after arm's length negotiations among the Parties after taking into consideration of various factors, including (i) the reasons for and the benefits of the Subscription as mentioned in the section headed "Reasons for and Benefits of the Subscription" in this announcement; and (ii) the current financial position and the prospect of the Target Company.

The Directors consider that the Consideration is fair and reasonable.

Completion

Completion shall take place within three working days, i.e. the completion period, after the date of the Capital Increase and Subscription Agreement, i.e. 4 September 2019.

Termination

The Capital Increase and Subscription Agreement may be unilaterally terminated by Beijing Dongrun or Mr. Feng Tao if:

- (i) either Beijing Dongrun or Mr. Feng Tao fails to make the subscription payment in full to the Target Company within ten calendar days after the expiry of the completion period; or
- (ii) The Target Company fails to register and update the changes in share capital of itself with the relevant governmental authorities within 30 working days after the full payment of consideration has been made by Beijing Dongrun and Mr. Feng Tao.

INFORMATION OF THE COMPANY

The Company is an investment holding company and its subsidiaries are principally engaged in the internet advertising agency services.

INFORMATION OF BEIJING DONGRUN

Beijing Dongrun is principally engaged in the internet advertising agency services.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability. The principal business activities of the Target Company are network technology invention, e-commerce operation, trading, and import and export of goods and technologies.

Being dedicated to application & game distribution in mobile marketing field and providing excellent services to users and customers, the Target Company offers better advertisement experience for users and brings higher investment return for enterprises and media partners.

Leveraging on its enriching commercial resources and capability, the Target Company currently gathers excellent mobile advertisement media, converges high-quality distribution channels, focuses on application & game distribution and advertisement agency, and has formulated a complete and mature marketing service system for mobile internet integration.

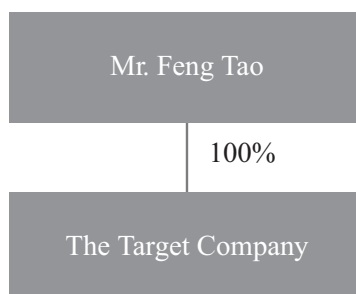
The Target Company has reached long-term cooperation intention with multiple business partners in the field of internet advertising, which lays down solid foundation for the Company's future development.

Based on the audited financial statements of the Target Company prepared in accordance with the PRC generally accepted accounting principles for six-month period ended 30 June 2019, the financial years ended 31 December 2018 and 31 December 2017, the consolidated financial information of the Target Company is set out as follows:

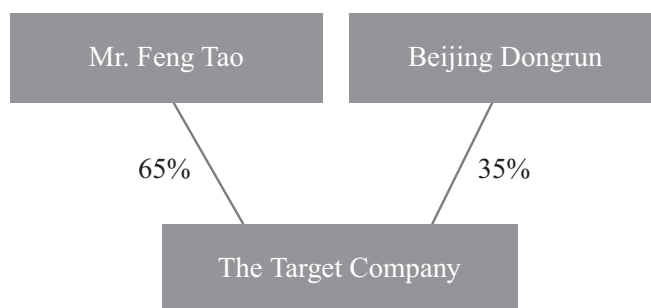
	For the financial period ended 30 June 2019 (RMB'000)	For the financial year ended 31 December 2018 (RMB'000)	For the financial year ended 31 December 2017 (RMB'000)
Net profit/(loss) before tax and extraordinary items	2,157	1,094	(438)
Net profit/(loss) after tax and extraordinary items	1,991	1,028	(438)
Net assets/(liabilities) attributable to owners of the Target Company	2,356	365	(432)

SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

- (a) The shareholding structure of the Target Company as at the date of this announcement is as follows:



- (b) The shareholding structure of the Target Company upon Completion shall be as follows:



Upon Completion, Beijing Dongrun and Mr. Feng Tao will hold 35% and 65%, respectively, of the equity interests, i.e. registered share capital, in the Target Company respectively. Accordingly, the Target Company will be accounted for as an associate of the Company using the equity method in accordance with the Hong Kong Financial Reporting Standards. The Target Company's financial results will not be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Board believes that the terms of the Subscription are fair and reasonable, and in the interests of the Company and its shareholders as a whole because:

1. the Subscription will enable the Company to expand its business network, increase its market share, develop synergies and further strengthen the economy of scale in its internet advertising agency business; and
2. the Target Company will generate stable income streams as the Target Company has certain internet advertising contracts with its customers. The total monetary amounts for these contracts reached RMB90,000,000 by the end of year 2020.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceed 5% but are less than 25% in respect of the Subscription, the Subscription constitutes disclosable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Beijing Dongrun”	Beijing Dongrun Hudong Technology Limited* (北京東潤互動科技有限公司), a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Capital Increase and Subscription Agreement”	the capital increase and subscription agreement dated 30 August 2019 entered into by the Parties
“Company”	Million Stars Holdings Limited (Stock Code: 8093), a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Capital Increase and Subscription Agreement
“Consideration”	the consideration of RMB50,000,000 (equivalent to approximately HK\$55,000,000) payable by Beijing Dongrun for the Subscription pursuant to the Capital Increase and Subscription Agreement
“Director(s)”	the directors of the Company

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Parties”	Beijing Dongrun, Target Company and Mr. Feng Tao
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	subscription of the increased registered capital in the Target Company pursuant to the Capital Increase and Subscription Agreement
“Target Company”	Shenzhen Yidao Network Co., Ltd.* (深圳譯道網絡有限公司), a company incorporated in the PRC with limited liability
“%”	per cent.

By Order of the Board
Million Stars Holdings Limited
Zhu Yongjun
Chairman

Hong Kong, 30 August 2019

As at the date of this announcement, the Board comprises Mr. Zhu Yongjun, Ms. Wang Fei and Ms. Tian Yuan as executive Directors; and Mr. Chen Ce, Ms. Ji Fang and Mr. Gao Shuo as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.millionstars.hk>.

* for identification purpose only