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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)**

## **NOTIFIABLE TRANSACTIONS**

### **PROVISION OF UNSECURED LOANS TO INDEPENDENT THIRD PARTY**

Across 1 July 2018 to 24 August 2018, the Lenders, as indirect wholly-owned subsidiaries of the Company, entered into the Loan Agreements with the Borrower. Except for the lender involved, principal loan amount, the agreement date and maturity date of each of the Loan Agreements, other principal terms of the Loan Agreements were the same.

The applicable percentage ratios for each of the individual loan between Lender A/ Lender B and the Borrower constitutes de minimis transaction which is fully exempt from the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Loan Agreements, when aggregated, was more than 5% but less than 25%, with reference to the Interim Results for the six months ending 31 December 2017. The Loan Agreements, when aggregated, constitutes a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules and an advance to an entity under GEM Listing Rule 17.15, and was therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

### **THE LOAN AGREEMENTS**

The principal terms of the Loan Agreements are set out as below:

<b>Parties involved</b>		<b>Date</b>	<b>Loan amount (RMB)</b>
As lender	As borrower		
The Lender A	The Borrower	1 July 2018 to 30 June 2020	10,000,000.00
The Lender B	The Borrower	9 July 2018 to 30 June 2020	1,000,000.00
		12 July 2018 to 30 June 2020	2,000,000.00
		2 August 2018 to 1 August 2020	2,000,000.00
		24 August 2018 to 23 August 2020	3,000,000.00

Interest rate:	5.0% per annum on the respective Loan amounts as set out in the respective Loan Agreements.
Maturity date:	30 June 2020 to 23 August 2020 as set out in the respective Loan Agreements, which indicate the due date of each relevant loan.
Repayment Terms:	Each Loan is repayable within one month from the Maturity Date set out in the respective Loan Agreement, so as to ensure that the Loan was made available for the Borrower's use for a full two years.
Termination Clauses:	Each of the Loan Agreement will be terminated either on the Maturity Date or full repayment of the respective Loan and interests, whichever is earlier.

## **INFORMATION OF THE COMPANY, THE LENDERS AND THE BORROWER**

The Company is an investment holding company and the Lenders are indirect wholly-owned subsidiary of the Company established in the PRC. Both Lender A and Lender B are principally engaged in provision of internet advertising agency services in the PRC.

The Borrower is a company established in the PRC and is principally engaged in on-line advertising businesses. The Borrower is a customer of the online advertising business of the Group with good credit history. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower is an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owners of the Borrower are Lan Binyou (蘭濱有) and Liu Limeng (劉力萌), whom holds 99% and 1% of the share capital, respectively, in the Borrower, and are Independent Third Parties.

Since neither Lender A nor Lender B is a company registered in Hong Kong or have its business in Hong Kong, the laws of Hong Kong are not applicable to the Lenders and the Loans.

Following consultation by a PRC lawyer, the Company noted that pursuant to the laws and regulations in the PRC in respect of money lending, any company carrying out money lending as their main or primary business is required to obtain a licence from the regulating authority. However, since money lending was not the principal business of any of the Lenders, the Company was of the view that it was legal for the Lenders to Provide the Loans to the Borrower, even without money lending licence.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOANS**

The provision of the Loans as set out in the Loan Agreements was transactions carried out so as to maintain a positive business relationship with the Borrower and was expected to generate an aggregate interest income of RMB1,800,000.00 for the Group. To the best knowledge of the Company, the Borrower intended to use the Loans for its general operation.

The terms of the Loan Agreements (including the interest rate) were arrived at by the parties thereto after negotiations at arm's length. Factors taken into account by the Lenders in determining the interest rate and other principal terms of the Loan Agreement include, among other things, the Borrower's credibility, the Borrower's intended purposes of the Loans, the proposed term of the Loans, and the lending rate for medium-term loan (i.e. a loan with a term of two to five years) provided by the People's Bank of China, and the fact that Borrower could potentially become their long term customer. The Directors consider that the terms of the Loan Agreements are normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **SOURCE AND REPAYMENT OF THE LOANS**

The Loans were financed by the Company's internal resources. The Borrower has repaid each of the Loans to Lender A and B, respectively, long before its due date, on 2 September 2019.

## **IMPLICATIONS UNDER THE LISTING RULES**

The applicable percentage ratios for each of the individual Loan between Lender A/Lender B and the Borrower constitutes de minimis transaction which is fully exempt from the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Loan Agreements was more than 5% but less than 25% with reference to the Interim Results for the six months ending 31 December 2017, the Loans Agreements, when aggregated, constitute a notifiable transaction for the Company under Chapter 17 of the GEM Listing Rules being an advance to an entity and was therefore subject to the reporting and announcement requirements under the GEM Listing Rules. There are no further loans (other than the loans under the Loans Agreements) that are required to be aggregated.

## **REASONS FOR DELAY OF THIS ANNOUNCEMENT**

The delay was due to the oversight in the size test calculation and the responsible person of the Company failed to identify the Loans as a notifiable transaction on an aggregated basis. Instead of the Interim Result for the six months ending 31 December 2017, which should be referred to by the Company in calculating the size test, the Company mistakenly relied on the financial figures of the Company as of the date of the relevant Loan Agreement (i.e. the Company's annual result ending 30 June 2018 which had not yet been finalized and published at the relevant time).

The Company considers that it has fully complied with GEM Listing Rules 17.15 and 19.34 to publish an announcement in relation to the Loans in a timely manner, since it has taken all immediate action to comply with the requirements set out in the GEM Listing Rules 17.15 and 19.34 and, prepared the relevant announcement as soon as practicable when it is aware of the requirement of doing so.

In view of the delay, the Company undertakes to implement a notifiable transactions and related transactions management system (“**New Management System**”) as soon as possible, since the Directors have, since notification of the aforementioned delay after publication of the annual results of the Company for the year ended 30 June 2019, observed that the existing internal control in respect of notifiable transactions is not as effective and adequate as they thought. Following implementation of the New Management System, the managements of all members of the Group shall be responsible for due implementation of and compliance with the New Management System. Further, the Company’s internal audit department will conduct monthly random checks on the transactions of each of its subsidiaries, and will inspect each subsidiary on regular basis to ensure due implementation of and compliance with the New Management Systems. Furthermore, under the New Management System, all members of the Company proposing to enter into non-operation transactions (i.e. the transactions not fallen within the major businesses of the Company, such as loans to a third party) shall be required to obtain approval from the person/department authorised by the board of directors of Company prior to entering into the relevant agreements. The board believes that the New Management System is sufficient to ensure compliance with listing regulations for future company operation.

## DEFINITIONS

In this announcement, the following expression shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors of the Company
“Borrower”	Kejigou (Beijing) Technology Company Limited (柯基狗(北京)科技有限公司), a company who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party not connected with the Company and its connected persons
“Company”	Million Stars Holdings Company Limited (萬星控股有限公司), a company incorporate in the Cayman Islands with limited liability, and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries and is (are) third party(ies) independent of the Company and connected persons of the Company
“Lenders”	Lender A and Lender B

“Lender A”	Beijing Dongrun Hudong Technology Company Limited* (北京東潤互動科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Lender B”	Horgos Dongrun Network Technology Company Limited* (霍爾果斯東潤網絡科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of Stock Exchange
“Loans”	together the loans provided under the Loan Agreements (individually as “Loan”)
“Loan Agreements”	together, the respective loan agreement and supplemental agreement between (i) the Lender A and the Borrower; and (ii) Lender B and the Borrower (individually as “Loan Agreement”)
“PRC”	The People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	The official currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 25 March 2020

*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*