

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 this announcement.*



**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 DISPOSAL OF 35%  
EQUITY INTEREST OF THE ASSOCIATE OF THE COMPANY**

**THE DISPOSAL**

The Board announces that on 28 June 2021, after trading hours, the Purchaser and the Seller, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement, pursuant to which the Seller agreed to sell and the Purchaser agreed to acquire 35% equity interest in the Target Company at the total consideration of RMB27,400,000.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

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

## **INTRODUCTION**

The Board announces that on 28 June 2021, after trading hours, the Purchaser and the Seller, an indirect wholly-owned subsidiary of the Company, entered into Equity Transfer Agreement, pursuant to which the Seller agreed to sell and the Purchaser agreed to acquire 35% equity interest in the Target Company at the total consideration of RMB27,400,000.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out below:

### **Date**

28 June 2021 (after trading hours)

### **Parties**

- (i) the Seller;
- (ii) the Purchaser; and
- (iii) the Target Company.

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

### **Subject of the Disposal**

The Seller agreed to sell and Purchaser agreed to purchase 35% equity interest in the Target Company. As at the date of this announcement, the Company indirect held 35% equity interest of the Target Company. For details of the Target Company, please refer to the section headed “INFORMATION ON THE TARGET COMPANY” in this announcement.

### **Consideration and Payment Term**

The Consideration shall be payable in the following manner:

- (i) as to RMB12,330,000, representing 45% of the Consideration to be paid by the Purchaser within five business days after the signing of the Equity Transfer Agreement; and
- (ii) as to RMB15,070,000, representing 55% of the Consideration to be paid by the Purchaser on or before 30 September 2021.

The Purchaser shall pay the relevant instalments by bank remittance to the receiving bank account designated by Seller.

## **Transitional Arrangement**

Upon receipt of the First Payment from the Purchaser, (i) the Seller shall procure resignation of the director, supervisor and senior management nominated by it in the Target Company and (ii) the Target Company shall appoint the director, supervisor and senior management as nominated by the Purchaser. In the event that the Purchaser fails to pay in full the remaining balance of the Consideration on or before 30 September 2021, the Target Company shall immediately terminate all engagement of the director(s), supervisor(s) and senior management as nominated by the Purchaser. The Seller will inform other shareholders of the Target Company in writing and to obtain their waiver of the pre-emptive right in accordance with relevant laws and articles of association of the Target Company.

The Seller, upon the full settlement of the Consideration, shall also procure filings in respect of the change of the shareholder from the Seller to the Purchaser in respect of the 35% equity interest in the Target Company, with the local administration for industry and commerce (AIC) authority.

In the event that the Purchaser fails to pay in full the remaining balance of the Consideration in accordance with the Equity Transfer Agreement, the Purchaser shall be liable to the Seller for damages calculating at a default interest rate of 0.05% on the unpaid portion of the Consideration.

## **Basis of Consideration**

The Consideration was determined after arm's length negotiations between the Seller and the Purchaser with reference to the valuation of 100% equity interest of Target Company of approximately RMB 70,861,000 as at 31 March 2021 prepared by an independent valuer agreed by the Seller and the Purchaser.

The Directors consider that the Consideration is fair and reasonable.

## **Completion**

Completion of the disposal will take place after the full settlement of the Consideration.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Upon the resignation of the director, supervisor and senior management nominated by the Group in the Target Company, the Group no longer has significant influence over the Target Company as the Group will not have any power to participate in the financial and operating policy decisions of the Target Company, the Target Company will be ceased to be an associate of the Group.

Upon completion of the Disposal, the Company will cease to hold any equity interest in the Target Company.

The financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

Assuming completion of the Disposals was to have taken place on 31 May 2021, the carrying amount of the Group's interests in the Target Company was approximately RMB27,395,000 (equivalent to approximately HK\$33,418,000), the Group expected to record a gain of approximately RMB5,000 (equivalent to approximately HK\$6,000) and release from exchange reserve of approximately HK\$2,608,000 as a result of the Disposal. The final amount of the gain from disposal is subject to the review and final audit by the Company's auditor.

It is expected that the net proceeds from the Disposal will be used for re-investment for other potential investments and/or business opportunities that may arise and as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Having considered the historical and current operation conditions of the Target Company, the Company noticed the performance of the Target Company has not been as satisfactory as initially expected and the future prospect of the Target Company may not be positive. In such case, upon completion of the Disposal, it allows the Company to better deploy its existing financial and management resources to focus on the future development of the Group's core businesses.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established under the laws of the PRC and is principally engaged in the development of internet technology, operating e-commerce, domestic trade, and the import and export business of goods and technologies in the PRC. As at the date of this announcement and prior to the completion of the Disposal, the Target Company is held as to 35% by the Seller and 65% by Mr. Feng Tao (馮濤先生), a third party independent of not connected with Company and its connected persons as defined under the GEM Listing Rules.

A summary of the financial information of the Target Company for the financial year ended 30 June 2019 and 30 June 2020 are as follows:

	<b>For the year ended 30 June 2019 (unaudited) RMB'000 (Note)</b>	<b>For the year ended 30 June 2020 (unaudited) RMB'000</b>
Revenue	8,278	45,857
Net profit before taxation	1,693	5,501
Net profit after taxation	1,628	5,475

*Note:* The Target Company was acquired by the Group on 28 October 2019.

The unaudited net assets value of the Target Company as at 31 May 2021 was approximately RMB53,830,000.

## **INFORMATION OF THE PURCHASER**

The Purchaser is principally engaged in the technical research and development, technical services, wholesale and retail of the computer hardware and software; the technical research and development, wholesale and retail of ordinary mechanical equipments, network equipments, electronic products (excluding electronic publications) and communication equipments (excluding radio transmission equipments); the computer system integration services; the Information Technology consulting services; the data processing and storage services; the Type 2 value-added telecommunications businesses; the corporate management consulting services; the corporate image planning services; the marketing planning services; the design and installation of intelligent network control system equipments; the design and installation of network engineering; the website construction and maintenance; the internet information services; the advertising design, production, agency and release; the import and export of goods and technology (excluding goods or technologies that are prohibited or restricted by the state). The Purchaser is ultimately owned as to 90% by Mr. Zhu Longquan (朱龍泉先生).

## **INFORMATION OF THE COMPANY AND THE SELLER**

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

The Seller is a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the internet advertising business.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As certain applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable 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, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of the Directors
“Company”	Million Stars Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8093)

“Consideration”	The consideration of RMB27,400,000 payable by the Purchaser in relation to the Disposal
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 35% equity interest in the Target Company by the Seller to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	means the equity transfer agreement dated 28 June 2021, pursuant to which the Seller agreed to sell and the Purchaser agreed to acquire 35% equity interest in the Target Company
“First Payment”	means RMB12,330,000, being part of the Consideration, to be paid by the Purchaser to the Seller within five business days after the signing of the Equity Transfer Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Purchaser”	武漢掌媒科技有限公司 (Wuhan Zhangmei Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability.
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	北京東潤互動科技有限公司 (Beijing Dongrun Hudong Technology Company Limited*), a company established under the laws of PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Shareholder(s)”	shareholder(s) of the Company

\* for identification purposes only

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳譯道網絡有限公司 (Shenzhen Yidao Network Co., Ltd.*), a company established under the laws of PRC with limited liability and the Company indirect held 35% equity interest as at the date of this announcement
“%”	Per cent

By Order of the Board  
**Million Stars Holdings Limited**  
**Zhu Yongjun**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 June 2021

*As at the date hereof, the Board comprises Mr. Zhu Yongjun and Ms. Tian Yuan as executive Directors; and Mr. Chen Ce, Ms. Jiang Ying and Ms. Zhu Minli as independent non-executive Directors.*

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the day of its publication and on the website of the Company at <http://www.millionstars.hk>.*

\* For identification purposes only