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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
PROVISION OF UNSECURED LOAN TO INDEPENDENT THIRD PARTY**

On 31 May 2023, Shanghai Wanxing entered into a Loan Agreement with Shanghai Xijiu, pursuant to which each of the parties agreed to provide a facility in the amount up to RMB20,000,000 for the purpose of facilitating the mutual collaboration and client resources sharing to develop the online marketing business.

THE LOAN AGREEMENT

The principal terms of the Loan Agreement are as follows:

Facility amount:	Up to RMB20,000,000
Term:	From 1 June 2023 to 30 November 2024
Maturity:	Repayable on 30 November 2024. On the maturity date, the borrower shall fully repay the principal amount together with the accrued interest
Use of proceeds:	For the purpose of each party's daily operation and development
Interest:	4.35% per annum
Interest amount:	The interest amount shall be calculated with reference to the indebtedness amount, the interest rate and the duration of the borrowings (by number of days)
Default Interest:	In the event of default of repayment of the Loan, quadruple of the LPR

The Loan was unsecured and there was no guarantee nor securities provided by either party.

The Loan was financed by the Company's internal resources. As at 31 December 2023, the total outstanding amount owed by Shanghai Xijiu to Shanghai Wanxing was approximately RMB19,650,000.

INFORMATION OF SHANGHAI WANXING

Shanghai Wanxing is an indirect wholly-owned subsidiary of the Company established in the PRC. Shanghai Wanxing is principally engaged in technology consulting, digital marketing strategy services and online platform marketing services. Shanghai Wanxing offers agency services for design, production, publication for domestic and foreign social media platforms advertising solutions to clients.

INFORMATION OF SHANGHAI XIJIU

Based on the information available to the Company, Shanghai Xijiu is a company established in the PRC and is principally engaged in technology development and consulting, webpage design and production and marketing services. According to the public information available to the Company, Shanghai Xijiu is held as to 70% by Mr. Bai Yunfeng (白雲峰), 15% by Mr. Yang Xiyuan (楊曦遠) and 15% by Mr. Yang Kang (楊康).

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of the Loan Agreement and the date of this announcement, Shanghai Xijiu 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.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

Prior to the entering into the Loan Agreement with Shanghai Xijiu on 31 May 2023, the Company has already come across Shanghai Xijiu as one of its industry peers.

Based on the understanding of the Company, the strength of Shanghai Xijiu is on the commercials production and operation and based on the communications with Shanghai Xijiu, it has clients in the Mainland China that may need the online and social media platforms digital marketing services offered by Shanghai Wanxing.

The Group offers digital advertising service on different domestic and foreign social media platforms and channels. Having considered the complementary nature of the services offered by Shanghai Wanxing and Shanghai Xijiu, the Company considered that it would be for the mutual benefits of both sides to collaborate as the resource sharing might bring potential cross-referrals between Shanghai Xijiu and Shanghai Wanxing and hence improve the sales volume of the Group. In particular, Shanghai Xijiu after their commercials productions for clients, may be able to pass on the downstream services offered by Shanghai Wanxing to launch the relevant commercials at different digital or social media platforms. On this basis, Shanghai Wanxing and Shanghai Xijiu entered into the Loan Agreement pursuant to which either party agrees to mutually provide a credit facility of up to RMB20,000,000.

Shanghai Xijiu so far has already referred clients to the Group to provide online advertising and marketing services. For the period from July 2023 (shortly after entering into the Loan Agreement with Shanghai Xijiu) to February 2024, the new clients introduced by Shanghai Xijiu generated approximately RMB8,000,000 revenue for the Group.

In addition to the revenue brought to the Group relating to the provision of online advertising and marketing services to the clients introduced by Shanghai Xijiu, the Group will be able to receive an additional interest income from the Loan.

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 Loan Agreement between Shanghai Wanxing and Shanghai Xijiu was more than 5% but less than 25%, the Loan Agreement at the material time constituted a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and was therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

As the asset ratios (as defined under the GEM Listing Rules) in respect of the Loan Agreement between Shanghai Wanxing and Shanghai Xijiu was more than 8% with reference to the interim results for the six months ended 31 December 2022, the Loan Agreement at the material time constituted an advance to an entity from the Group and was therefore subject to the announcement requirements under Rule 17.15 of the GEM Listing Rules.

REASONS FOR DELAY OF THIS ANNOUNCEMENT

The Company has adopted internal control measures on the entry of agreements and contracts by its subsidiary with external parties. During the pandemic, there were stringent travel restrictions and quarantine requirements within China and only until the first half of 2023, those restrictions were gradually relaxed and lifted. Having considered the inability of the staff to maintain regular attendance at the office and the then financial condition of the Group, the Group restructured its human resources among different departments, including downsizing the legal department, the internal control department and the finance department.

The Group has been recruiting new talents after the lifting of the travel restrictions to cope with the operational needs when the business operation gradually resumed normal in 2023. As there has been significant changes of the responsible officers and the team members in the internal control department and the finance department of the Group during the relevant period due to the pandemic, the new joiners were unfamiliar with the established procedures and internal control measures already adopted by the Company and were busy at settling in the new roles. At the material time, the former departing staff already left the Group during the pandemic and were unable to facilitate a smooth transition to the new joiners, which all eventually led to this incident in May 2023, shortly after the Group started to resume normal.

The Loan constituted a discloseable transaction and an advance to entity under the GEM Listing Rules and this non-compliance incident was a one-off inadvertent oversight caused by the drastic changes of personnel during 2022 and 2023 and the lack of awareness by the new joining staff.

In light of this incident, the Company undertakes to provide regular refresher in-house training to the staff at the internal audit, risk management and finance departments at the Group level and introductory training to the new joiners of the above departments to ensure that they are familiarized with the relevant internal control measures and the relevant policies and seek the necessary guidance and approval from the board of directors of the Company where necessary.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Million Stars Holdings 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 GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Loan”	the loan as from time to time provided to Shanghai Xijiu pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Shanghai Wanxing and Shanghai Xijiu on 31 May 2023.
“LPR”	全國銀行間同業拆借中心發佈的貸款市場報價利率 (Loan Prime Rate as announced by the People’s Bank of China*)
“Shareholder(s)”	shareholder(s) of the Company
“Shanghai Wanxing”	上海萬星網絡科技有限公司 (Shanghai Wanxing Network Technology Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Shanghai Xijiu”

上海曦久網絡科技有限公司 (Shanghai Xijiu Network Technology Limited*), a company established in the PRC, being the borrower of the Loan Agreement.

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

By Order of the Board
Million Stars Holdings Limited
Gan Xiaohua Tian Yuan
Co-Chairman

Hong Kong, 12 April 2024

As at the date hereof, the Board comprises Mr. Gan Xiaohua and Ms. Tian Yuan as executive Directors; and Mr. Chen Ce, Ms. Jiang Ying and Mr. Lam, Anthony Tze Cheung 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>.