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**耀星科技集團**

BRIGHTSTAR TECHNOLOGY GROUP CO., LTD

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**耀星科技集團股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8446)**

**MAJOR TRANSACTION RELATING TO  
PROVISION OF LOAN AND ADVANCE TO AN ENTITY**

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The Board announces that on 15 March 2023, Shenzhen Xinhang, a subsidiary of the Company, entered into the Finance Fund Agreement with the Borrower in the principal amount of RMB100,000,000.

**Finance Fund Agreement**

The principal terms of the Finance Fund Agreement are summarised as follows:

**Date:** 15 March 2023

**Parties:**

- (i) Shenzhen Xinhang, as lender;
- (ii) Shenzhen Cuanlide Supply Chain Limited\* (深圳創立德供應鏈有限公司), as borrower; and
- (iii) Mr. Lu Wenming (呂文明) (“**Mr. Lu**”), a substantial shareholder of Shenzhen Xinhang, as guarantor

**Principal amount of the Loan:** RMB100,000,000 (equivalent to approximately HK\$110,400,000)

**Interest rate:** Nil

- Term:** The Borrower shall repay the Loan to Shenzhen Xinhang upon demand
- Repayment:** No fixed repayment terms. Shenzhen Xinhang may request for repayment of the Loan at any time.
- Borrower Undertaking:** As a condition of the grant of the Loan, the Borrower undertakes to proactively refer Shenzhen Xinhang to customers in respect of IT technical consulting services which Shenzhen Xinhang can provide.
- If the borrower fails to perform the above undertaking, Shenzhen Xinhang has the right to demand for full repayment of the Loan.
- Guarantee:** Mr. Lu shall provide a personal guarantee for the due repayment of the Loan under the Finance Fund Agreement.

Shenzhen Xinhang was told by the Borrower that the Borrower could refer to Shenzhen Xinhang IT technical consulting service projects with a total contract amount of approximately RMB500 million.

The Borrower has since successfully referred two customers to Shenzhen Xinhang regarding IT systemic upgrade for PRC government authorities in Nanjing and Guangdong in April and May 2023. However, no revenue was recognised from these two referrals as they had only reached the stage of signing memorandum of understanding (MOU) and did not come into fruition due to disagreement between Shenzhen Xinhang and the two customers as to service fees. Consequently, Shenzhen Xinhang demanded for full repayment of the Loan. The entire amount of the Loan was repaid on 27 March 2024.

### **Funding of the Loan**

The Loan was funded by the Group's internal resources.

## **INFORMATION ON THE PARTIES**

### **Information on the Group and Shenzhen Xinhang**

The Company is an investment holding company whose Shares are listed on GEM. The Group is principally engaged in the provision of visual display solution services in Hong Kong, the PRC and Macau and the provision of information technology consulting services in the PRC.

Shenzhen Xinhang is a limited liability company established in the PRC on 11 June 2020 and based in Shenzhen, Guangdong Province. It is principally engaged in (i) the provision of one-stop technical consulting services and solutions for e-commerce business platforms; and (ii) the metaverse technology business.

## **Information on the Borrower**

The Borrower is a limited liability company established in the PRC and is principally engaged in supply chain management, supply chain solution design, logistic services, modern logistic technique and public service system development and operation in the PRC. The Borrower is owned as to 75% and 25% by Luo Xiding (羅細丁) and Wan Renhuang (萬仁煌), respectively, who are PRC residents and Independent Third Parties. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Borrower and its ultimate beneficial owners is an Independent Third Party.

## **Information on Mr. Lu**

Mr. Lu holds approximately 69.02% of Shenzhen Xinhang, and is a substantial shareholder of Shenzhen Xinhang. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Lu is independent of and not connected (as defined under the GEM Listing Rules) with the Borrower and its connected person(s).

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

The terms of the Loan Agreement were negotiated on an arm's length basis between the Group and the Borrower, having regard to the amount of funding needs of the Borrower, the Group's business relationship with the Borrower, the background of the Borrower and the potential benefits that may be brought to the Group.

The Borrower is principally engaged in supply chain management, supply chain solution design, logistic services, modern logistic technique and public service system development and operation in the PRC, and is capable of successfully bidding sizable IT deals from multinational companies or PRC government authorities.

Prior to entering into the Finance Fund Agreement, Shenzhen Xinhang had also entered into a memorandum of understanding with the Borrower in relation to the Loan (the "MOU"), pursuant to which (a) the Borrower will refer IT related projects to the Group; and (b) if the Borrower fails to meet the key performance indicators in respect of number of referrals as agreed upon under the MOU, Shenzhen Xinhang has the right to demand repayment of the Loan in full.

The Group advanced the Loan to the Borrower for the purpose of providing the Borrower with extra liquidity to procure IT hardware in order to perform its IT deals. Under the Finance Fund Agreement, the Borrower shall endeavour to refer Shenzhen Xinhang to its customers in those sizeable deals in respect of IT technical consulting services which Shenzhen Xinhang can provide. In the event that the terms offered by Shenzhen Xinhang and other third parties are the same, the Borrower shall first engage Shenzhen Xinhang to provide IT technical consulting services in respect of its existing and future deals. Under such business cooperation arrangement, the IT hardware will be procured and built up by the Borrower, whereas the IT technical consulting services, systemic upgrade and specific software development will be rendered by Shenzhen Xinhang.

Although the Loan is unsecured, non-interest bearing with no fixed repayment terms, the Directors are of the view that (a) the Loan can bring economic benefit to the Group by potential referrals and Shenzhen Xinhang can demand repayment of the loan if there is no successful cases of referral; (b) the Loan has strengthened the business cooperation relationship between the Group and the Borrower in the IT industry; and (c) the Loan will also help the Group to gain the business opportunities for potential future sizable deals bid by the Borrower from multinational companies and/or PRC government authorities.

There have been successful cases of referrals from the Borrower since April 2023 for Shenzhen Xinhang regarding IT systemic upgrade for PRC government authorities in Nanjing and Guangdong.

Therefore, the Directors are of the view that the terms of the Finance Fund Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Loan exceeded 25% but were all less than 100%, the provision of the Loan constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the amount of the financial assistance granted to the Borrower exceeds 8% under the assets ratio as defined under Rule 17.15 of the GEM Listing Rules, the grant of the Loan is also subject to the general disclosure obligations under Rule 17.17 of the GEM Listing Rules.

Due to inadvertent oversight, the Company failed to comply with the notification and announcement requirements and seek shareholders' approval regarding the Loan in a timely manner in accordance with Chapters 17 and 19 of the GEM Listing Rules.

On 27 March 2024, the Loan was repaid in full by the Borrower. Considering that (i) the Loan had been fully repaid and the transactions thereunder cannot be reversed; and (ii) all material information on the Loans have been set forth in this announcement, the Company intends not to put forward a resolution at a general meeting of the Company to ratify the entering into the Finance Fund Agreement and provision of the Loan.

## **REMEDIAL MEASURES**

The Company deeply regrets for the non-compliance with the GEM Listing Rules in respect of the Loan and would like to stress that such non-compliance was an inadvertent oversight.

In order to avoid the recurrence of similar events in the future, the following remedial measures will be taken by the Group to ensure that the GEM Listing Rules are strictly complied with:

- (a) The Group will hire professional legal and finance team to refine and customize the existing internal system and also improve the existing internal policy. These documents will be reviewed and approved by the Board and circulate within the whole Group including the subsidiaries outside Hong Kong to unify the internal system.
- (b) A 3-hour internal training session will be conducted by a Hong Kong lawyer to explain the relevant GEM Listing Rules requirements for notifiable transactions and compliance to all the Directors and senior management of the Group.
- (c) The Company will seek assistance from legal and finance professional to provide detailed guidelines relating to notifiable transactions and advance to entity under the GEM Listing Rules for all the Directors as well as senior management in order to strengthen and reinforce their existing knowledge relating to notifiable transactions and advance to entity as well as their ability to identify potential issues at early stage.
- (d) All material transactions (with amount equivalent to or over HK\$3 million) to be conducted by the Group should be first reviewed by the internal control staff and then be submitted to the Head of Finance to determine whether any of these transactions constitute notifiable transaction under the GEM Listing Rules before being conducted. If such potential transactions may constitute notifiable transaction under the GEM Listing Rules, the Head of Finance shall report to the Board immediately for the Board to discuss and seek advices from relevant legal and finance professionals and if necessary, make appropriate announcement to the public promptly. The accounting department shall not process any payment to be made out by the Group in respect of the above transactions without getting the confirmations from the internal control staff and the Head of Finance that such transactions are in compliance with the relevant GEM Listing Rules.

- (e) The Company will seek advice of external professional advisers from time to time with respect to the continual compliance with the GEM Listing Rules prior to entering into any notifiable transactions or advance to entity.
- (f) More frequent communication between the internal control team, subsidiaries and legal advisor to prevent the incidents happen in the future. The Group will designate internal control staff to its operating subsidiaries. The internal control staff shall review the material transactions (with amount equivalent to or over HK\$3 million) to be conducted by the Group and conduct regular sample-check on the transactions conducted by the Group. The internal control staff shall make monthly report to the Head of Finance, who shall also make report to the Directors for discussion on regular basis. If the Directors consider necessary, legal advisers will be engaged to advise on the GEM Listing Rules compliance in respect of particular transactions to be conducted by the Group.
- (g) The Company will also implement the above measures at the subsidiary level to ensure prompt reporting of any proposed transaction(s) or event(s) where the transactions may constitute notifiable transactions or advance to entity.

In addition, the Group will implement the following enhancements to its internal control procedures with respect to future loans to be provided by the Group:

- (a) When considering whether to issue a loan or provide financial assistance, the Board is required to act in the best interests of the Company considering the annual budget, fund plans and financial impact on the Company.
- (b) In particular, before entering into loan agreements, the Head of Finance of the Company shall be designated to conduct credit assessments by: (i) reviewing the financial information obtained from the potential borrower; (ii) reviewing the credit rating of the potential borrower (where applicable); (iii) conducting public searches on the potential borrower and assess his/her/its financial background to assess the loan recoverability; (iv) considering the value of the to-be-pledge collateral and availability of any guarantee; (v) considering the financial benefits that the relevant loan would bring for the Group, such as referral commitments on the part of the potential borrower; (vi) considering whether any interest should be levied on the loan to create maximum return for the Company; and (vii) set-up standard protocol and contingency plans for the potential loan default.
- (c) To the extent that any future loan contains referral commitments on the part of the borrower, the Group shall ensure that the relevant transaction documents shall include a term to the effect that the Group is entitled to demand repayment in full or in part of the loan upon the borrower failing to fulfill referral commitments.

- (d) The Group shall maintain a list of loans provided to third parties which clearly set out whether the loans contain referral commitments on the part of the borrower, and if so, (i) the relevant key performance indicators, (ii) the fulfilment status of the referral commitment, in particular, the number of and size of deals referred to the Group by the borrower, and (iii) the time at which the Group will be entitled to demand repayment of the loan.
- (e) The Head of Finance shall actively review and monitor the loan repayment status and the fulfilment status of the referral commitments (if any) under the supervision of the Board on a regular basis. If it has come to the attention of the Head of Finance that there are circumstances giving rise to serious doubt as to the borrower’s creditworthiness, repayment ability and/or ability to fulfil the relevant referral commitments in accordance with the loan agreement, the Head of Finance shall promptly inform the Board for the Board to assess whether and when to demand repayment in full of the loan.

## DEFINITIONS

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

“Annual Report”	the annual report for the year ended 31 December 2023 of the Company published on 26 April 2024
“Board”	the board of Directors
“Borrower”	Shenzhen Cuanlide Supply Chain Limited* (深圳創立德供應鏈有限公司), a company established in the PRC with limited liability
“Company”	Brightstar Technology Group Co., Ltd (stock code: 8446), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Director(s)”	member(s) of the Board
“Finance Fund Agreement”	a finance fund agreement dated 15 March 2023 entered into between Shenzhen Xinhang, the Borrower and Mr. Lu in respect of the provision of the Loan
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and its connected person(s)
“IT”	information technology
“Loan”	a loan in the principal amount of RMB100,000,000 (equivalent to approximately HK\$110,400,000) provided by Shenzhen Xinhang to the Borrower pursuant to the terms of the Finance Fund Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Xinhang”	Shenzhen Xinhang Information Technology Company Limited* (深圳市鑫杭信息科技有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**BRIGHTSTAR TECHNOLOGY GROUP CO., LTD**  
**Cui Hai Bin**  
*Chairman and Executive Director*

Hong Kong, 24 September 2024

\* *For identification purpose only*



*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.104 to RMB1.*

*As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Cui Hai Bin, Mr. Yeung Ho Ting Dennis and Ms. Zhang Yan Ling; and three independent non-executive Directors, namely, Mr. Chen Lijun, Ms. Jiang Yu E, Mr. Ji Gui Bao.*

*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 websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.intechproductions.com](http://www.intechproductions.com).*