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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)

**(1) FURTHER DELAY IN PUBLICATION OF AUDITED
ANNUAL RESULTS AND 2021/22 ANNUAL REPORT
(2) FURTHER CHANGE OF DATE OF BOARD MEETING
(3) FURTHER APPLICATION OF WAIVERS
AND
(4) PROFIT WARNING**

This announcement is made by Million Stars Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) in accordance with Rule 17.10 of the Rules Governing the Listing Rules of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 28 September, 2022, 18 November 2022 and 29 November 2022 (collectively, the “**Announcements**”) in relation to, amongst other things, expected delay in publication of the announcement of audited annual results for the year ended 30 June 2022 of the Group (the “**Audited Annual Results**”) and the further application for the grant of the Waiver in connection with such delay. Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Announcements.

**FURTHER DELAY IN PUBLICATION OF THE 2022 AUDITED ANNUAL RESULTS
ANNOUNCEMENT AND THE 2021/22 ANNUAL REPORT**

Since late November 2022, the COVID-19 prevention and control measures have been gradually eased in various regions in China. In early December 2022, the central government proposed that nucleic acid testing shall be conducted on a voluntary basis, and that infected cases shall no longer be isolated, which resulted in a rapid increase in COVID-19 infection rate. 60% of the Group employees (including the management and the staff) are infected from the virus and forced to suspend from their duties, and the major offices in Shenzhen, Shanghai and Nanjing are temporarily closed. For employees not being affected, they are

encouraged to work from home. However, some of them have gradually showing the symptom of fever, which greatly decrease the efficiency of the audit work in terms of collecting and providing various information.

On top of that, our upstream and downstream enterprises were also affected. Some of the Auditing Confirmations are in printed and stamped version, and we need to have the origins mailed back to Hong Kong. Currently, the efficiency of the courier and logistics services has been greatly impacted as many of the couriers were inflected from the virus. Meanwhile, the offices where some of the recipients located were closed or the people concerned were inflected, which resulted in the failure of receiving and handling the mails in time. Hence, the Company is not able to provide relevant materials for the audit effectively.

In addition, the Company is required to provide supporting documents for one of our advertising business projects in relation to a mobile game app. The supporting documents include (i) the installation package of the mobile game app for the preparation of issuance on the Android and IOS platforms; and (ii) screenshots of the Internet advertisements from the internal test stage (collectively as the “Supporting Documents”), which have not been collected by us. Such Supporting Documents are used as part of the audit process to verify the cash flow for the next 18 months. Due to the above reasons, the Group failed to complete the review of the audited annual results as at 16 December 2022.

As at the date of this announcement, the assets impairment assessment had been completed and most of the Audit Confirmations had been obtained. Save as disclosed above, there is no other outstanding audit issues.

In light of the above situation, additional time is required to complete the audit work. Based on the information currently available to the Company and the current progress of the audit process and the Christmas and Lunar New Year holiday, it is anticipated that the expected publication of announcement of the Audited Annual Results will be published on or before 13 January 2023 and expected dispatch date of annual report of the Group (the “**Annual Report**”) will be on or before 3 February 2023.

Profit Warning

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on latest communication with the auditor, the auditor considers it necessary to make significant impairment on the receivables of the business given the impacts of the pandemic on the current economic conditions. Therefore, there will be changes in audited information and unaudited information, primarily the increase in audited bad debt losses. The losses after tax may increase by one to two times after the adjustment.

The Company has yet to finalize the audited annual results of the Group for the year ended 30 June 2022. The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the information currently available to the Company i.e. impairment on account receivable of around HK\$60 million, which is still reviewed by the Company's auditors and are subject to possible adjustments. The actual audited results of the Group for the year ended 30 June 2022 will also be affected by further adjustment on the professional valuation on Group's impairment on account receivable and therefore may be different from the financial information as disclosed in this announcement.

The Board Confirmed that there is no any other inside information that needs to be disclosed under the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

POSTPONEMENT OF THE DATE OF BOARD MEETING

The Board hereby announced that the Board Meeting originally scheduled to be held on 16 December 2022 for the purpose of, among others, considering and approving the 2022 Audited Annual Results and its publication, and considering the payment of a dividend, if any, will be postponed.

Further announcement(s) will be made by the Company as and when appropriate to inform the Shareholders of the date of the Board Meeting and any material developments in the matter above.

APPLICATION OF FURTHER WAIVER

In view of the above, the Company will further apply to the Stock Exchange for an extension of time for (1) the publication of the 2022 Audited Results Announcement and the dispatch of the 2021/22 Annual Report and (2) the publication of the environmental social and governance report in the 2021/22 Annual Report according to Appendix 20 of the GEM Listing Rules.

The Board will publish further announcement when the Stock Exchange has granted to the Company the waiver under Rules 18.03, 18.48A, 18.50C and appendix 20 of the GEM Listing Rules subject to disclosure of the waiver (including details and reasons) by way of an announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 16 December 2022

As at the date hereof, the Board comprises Mr. Zhu Yongjun, Mr. Gan Xiaohua 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 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 Stock Exchange website at <http://www.hkex.com.hk> on the “Latest Listed 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>.