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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)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of Million Stars Holdings Limited (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 (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.*

## FINANCIAL RESULTS

The board of Directors (the “Board”) of the Company hereby announce the audited consolidated results of the Group for the year ended 30 June 2022, together with the comparative figures for the year ended 30 June 2021 as follows, which are presented in Hong Kong dollars (“HK\$”):

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 30 June 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	<b>46,442</b>	209,261
Cost of services		<b>(45,577)</b>	(193,473)
Gross profit		<b>865</b>	15,788
Other income, gains and losses, net	5	<b>(69,781)</b>	(19,806)
Selling and distribution expenses		<b>(433)</b>	(578)
Administrative expenses		<b>(29,716)</b>	(27,108)
Share of results of associates		<b>–</b>	(11,031)
Finance costs	6	<b>(300)</b>	(1,128)
<b>Loss before tax</b>		<b>(99,365)</b>	(43,863)
Income tax expenses	7	<b>(128)</b>	(267)
<b>Loss for the year attributable to owners of the Company</b>		<b>(99,493)</b>	(44,130)

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<b>3,475</b>	7,436
Share of exchange differences of associates		<u>–</u>	<u>3,630</u>
<b>Other comprehensive income for the year</b>		<u><b>3,475</b></u>	<u>11,066</u>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<u><b>(96,018)</b></u>	<u>(33,064)</u>
		<b>2022</b> <i>(HK cents)</i>	2021 <i>(HK cents)</i>
<b>Loss per share</b>	9		
Basic		<b>(20.60)</b>	(10.51)
Diluted		<u><b>N/A</b></u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		4,740	18,400
Right-of-use assets		469	445
Intangible assets		–	–
Interests in associates		–	–
Goodwill		–	–
Prepayments for acquisition of property, plant and equipment		–	29,607
		<b>5,209</b>	48,452
<b>Current assets</b>			
Trade receivables	<i>10</i>	–	28,819
Deposits, prepayments and other receivables		71,577	66,724
Amount due from an associate		–	–
Cryptocurrency		10	–
Bank and cash balances		19,907	1,446
		<b>91,494</b>	96,989
Assets classified as held-for-sale		–	52,861
		<b>91,494</b>	149,850
<b>Current liabilities</b>			
Trade payables	<i>11</i>	6,572	7,907
Accruals and other payables		10,963	14,031
Advance payments received from share subscription		–	6,300
Amount due to a shareholder		–	354
Amount due to a director		–	654
Borrowings		9,326	10,162
Loan from a shareholder and director		604	–
Lease liabilities		286	454
Current tax liabilities		2,255	4,258
		<b>30,006</b>	44,120
Liabilities associated with assets classified as held-for-sale		–	22,412
		<b>30,006</b>	66,532
<b>Net current assets</b>		<b>61,488</b>	83,318
<b>Total assets less current liabilities</b>		<b>66,697</b>	131,770

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current liabilities</b>			
Borrowings		<b>13,768</b>	–
Lease liabilities		<b>177</b>	–
		<u><b>13,945</b></u>	<u>–</u>
<b>NET ASSETS</b>		<u><b>52,752</b></u>	<u>131,770</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>4,880</b>	4,200
Reserves		<b>47,872</b>	127,570
		<u><b>52,752</b></u>	<u>131,770</u>
<b>TOTAL EQUITY</b>		<u><b>52,752</b></u>	<u>131,770</u>

## NOTES

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Room 702 A&B, 7/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are mainly provision of internet advertising agency services and digital assets business.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

The trading of shares of the Company on the Stock Exchange suspended as from 4 October 2021 and resumed on 26 September 2022.

The consolidated financial statements have been prepared on the historical cost basis.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### Going concern basis

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its recurring losses incurred. The Group incurred net losses attributable to the owners of the Company amounted to approximately HK\$99,493,000 and HK\$44,130,000 for the years ended 30 June 2022 and 2021 respectively and the Group had current liabilities due within one year amounted to approximately HK\$30,006,000 at 30 June 2022 while cash and bank balances included in current assets amounted to approximately HK\$19,907,000 as at that date.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In assessing the appropriateness of the adoption of the going concern basis in the preparation of the Group's consolidated financial statements, the directors of the Company prepared a cash flow forecast, covering a period of twelve months from the date of approval of these consolidated financial statements (the "Cash Flow Forecast") with careful consideration to the future liquidity and financial performance of the Group and its available sources of financing. In preparing the Cash Flow Forecast, the directors of the Company have taken into account (a) the cash inflow from the loan amounted to RMB30,000,000 obtained by the Group which was granted by a PRC entity owned by a director and shareholder of the Company subsequent to the end of the reporting period, details of which are set out in note 14 below; and (b) the following measures which the Group makes every effort to implement:

- (i) to obtain additional funds by equity financing and long-term debt financing to finance the Group's working capital and the repayment of existing debts when they fall due;
- (ii) to negotiate with the lenders of the other borrowings and creditors for the extension of repayments of those borrowings and trade and other payables to a date when the Group has adequate working capital to serve the repayments;
- (iii) to formulate and closely monitor business strategy for the Group to generate cash flows from its existing and new business operations.

Based on the Cash Flow Forecast, assuming the above measures can be successfully implemented as planned, the directors of the Company are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations to enable the Group to continue as a going concern. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the expected outcome of the implementation of the measures, the Group might not be able to continue to operate as a going concern and the adoption of the going concern basis for the preparation of the Group's consolidated financial statements might not be appropriate. Under these circumstances, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 July 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

#### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Annual Improvements to HKFRSs 2018–2020 <sup>1</sup> Insurance Contracts <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of these new and amendments to HKFRSs, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.



#### 4. REVENUE AND SEGMENT INFORMATION

The Group's reportable segments are as follows:

Internet advertising agency services	—	provision of internet advertising agency services which included promotion of online game and etc.
Digital assets business	—	cryptocurrency related business

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Internet advertising agency services	39,649	209,261
Cryptocurrency mining revenue	5,081	—
Cryptocurrency hosting revenue	1,712	—
	<u>46,442</u>	<u>209,261</u>

Disaggregation of revenue from contracts with customers by timing of recognition for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Over time	41,361	209,261
Point in time	5,081	—
	<u>46,442</u>	<u>209,261</u>

## 5. OTHER INCOME, GAINS AND LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income on bank deposits	1	5
Interest income on loans receivable	722	1,834
Gain on disposal of assets classified as held-for-sale	9,592	–
Gain on deemed disposal of an associate	–	211
Gain on disposal of an intangible asset	–	2,444
Gain on termination and revision of acquisition of intangible assets	–	3,741
Gain on termination of lease contracts	–	1,366
Loss on disposal of property, plant and equipment	(1,609)	–
Loss on write-off of property, plant and equipment	–	(7,665)
Impairment loss recognised on goodwill	–	(2,406)
Impairment loss recognised on property, plant and equipment	(9,367)	(270)
Impairment loss recognised on trade and other receivables, net	(69,210)	(21,432)
Reversal of impairment loss recognised on amount due from an associate	–	1,415
Sundry income	69	1,067
Exchange gains/(losses), net	21	(116)
	<u>(69,781)</u>	<u>(19,806)</u>

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on other borrowings	293	858
Interest on lease liabilities	7	270
	<u>300</u>	<u>1,128</u>

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	<u>128</u>	<u>267</u>

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for both years.

Under the two-tiered Hong Kong profits tax regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK\$2 million will continue to be subject to the tax rate of 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

PRC enterprise income tax (“EIT”) has been provided at a rate of 25% (2021: 25%). No provision for PRC EIT has been made in the consolidated financial statements as the Group has no profit for both years presented that are assessable to PRC EIT.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Policies for Xinjiang Uygur Autonomous Region and Xinjiang Kashgar Autonomous Region (《財政部、國家稅務總局關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知》) promulgated by the State Council on 29 November 2011, if a corporate enterprise is newly established within calendar years 2010 to 2021 in two specific regions with business fallen in the scope of the Catalogue of Preferred Enterprise Income Tax for Key Encouraged Industries in Poor Areas of Xinjiang (《新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄》), the corporate enterprise can enjoy a preferential treatment of 5-year exemption from the first year when the entity begins to generate revenue. The Company’s subsidiaries, 霍爾果斯思凡信息科技有限公司 (Horgos Sifan Information Technology Limited), 霍爾果斯香蕉超人信息科技有限公司 (Horgos Xiangjiao Chaoren Information Technology Limited) and 霍爾果斯東潤網絡科技有限公司 (Horgos Dongrun Network Technology Limited) are exempted from income tax from calendar years 2017 to 2021 upon approval by the State Taxation Bureau of the Xinjiang Uygur Autonomous Region in 2017.

Taxation for other jurisdictions are calculated at the applicable rates prevailing at where the group entities operate.

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

## 9. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	<u>(99,493)</u>	<u>(44,130)</u>
	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>482,900</u>	<u>420,000</u>

No diluted loss per share for both of the years ended 30 June 2022 and 30 June 2021 were presented as there were no potential ordinary shares in issue for both of the years.

## 10. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	23,257	43,888
Less: Allowances	<u>(23,257)</u>	<u>(15,069)</u>
	<u>–</u>	<u>28,819</u>

The Group's trading terms with other customers are mainly on credit. The Group generally allows an average credit period from not more than 60 days for its internet advertising agency business customers. The Group does not hold any collateral over these balances.

Before accepting any new customer, the management assesses the potential customer's credit quality and defines credit limits by customer.

The ageing analysis of trade receivables (net of allowances), based on dates on which revenue was recognised, and net of allowance, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	–	7,038
31 to 60 days	–	7,271
61 to 90 days	–	7,583
91 to 180 days	–	6,927
	<u>–</u>	<u>28,819</u>

As at 30 June 2022, allowances were made for estimated irrecoverable trade receivables of approximately HK\$23,257,000 (2021: HK\$15,069,000).

## 11. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	<u>6,572</u>	<u>7,907</u>

The ageing analysis of trade payables, based on invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Over 90 days	<u>6,572</u>	<u>7,907</u>
	<u>6,572</u>	<u>7,907</u>

## 12. SHARE CAPITAL

	Number of shares '000	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	<u>4,000,000</u>	<u>40,000</u>
Issued and fully paid:		
As at 1 July 2020, 30 June 2021 and 1 July 2021	420,000	4,200
Issue of ordinary shares under share subscription	<u>68,000</u>	<u>680</u>
As at 30 June 2022	<u>488,000</u>	<u>4,880</u>

## 13. CAPITAL COMMITMENT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>-</u>	<u>13,931</u>

## 14. EVENTS AFTER THE REPORTING PERIOD

On 11 January 2023, shareholder's loan of RMB30,000,000 was granted to a subsidiary of the Company by a PRC entity owned by a director and shareholder of the Company for working capital purposes. The loan is unsecured, interest bearing at 4% per annum and is wholly repayable on 31 January 2024.

## **EXTRACT FROM INDEPENDENT AUDITORS' REPORT**

CCTH CPA Limited, the independent auditor of the Company, expressed a qualified opinion on the Group's consolidated financial statements for the year ended 30 June 2022. The sections headed "Qualified Opinion", "Basis for Qualified Opinion" and "Material Uncertainty Related to Going Concern" set out below are extracted from the independent auditor's report:

### **QUALIFIED OPINION**

In our opinion, except for the possible effects on the comparability of the current year's figures and the corresponding prior year's figures as described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR QUALIFIED OPINION**

#### **Comparability of the current year's figures and the corresponding prior year's figures**

The consolidated financial statements of the Group for the year ended 30 June 2021 (the "2021 Consolidated Financial Statements") were audited by us and our report of disclaimer of audit opinion on the 2021 Consolidated Financial Statements was issued on 15 August 2022, which include the following matters that we were unable to determine:

- (i) whether the opening carrying amounts of the intangible assets and interest in a former associate, Shenzhen Yidao Network Co., Ltd. ("Yidao Network"), at 1 July 2020 of approximately HK\$32,993,000 and HK\$32,162,000 respectively are appropriately brought forward from those balances as at 30 June 2020. Any adjustments to be made on the opening carrying amounts of intangible assets and interest in Yidao Network at 1 July 2020 may have significant impact on the opening balance of retained profits and exchange reserve of the Group as at that date.

- (ii) whether any adjustments are required, should there be any adjustments necessary to be made on the intangible assets as stated in paragraph (i) above, to be made to the gain on disposal of the Group's intangible assets and gain on termination and revision of acquisition of intangible assets amounted to approximately HK\$2,444,000 and HK\$3,741,000 respectively recognised for the prior year ended 30 June 2021; impairment losses on intangible assets recognised or reversed, if any, as to be charged or credited to profit or loss of the Group for the prior year ended 30 June 2021; amortization charge of intangible assets amounted to approximately HK\$5,494,000, as charged to profit or loss in respect of the Group for the prior year ended 30 June 2021; and the related disclosures as set out in the 2021 Consolidated Financial Statements.
- (iii) whether any adjustments are required, should there be any adjustments necessary to be made on the interest on Yidao Network as stated in paragraph (i) above, to be made to impairment loss on interest in Yidao Network recognised or reversed, if any, as to be charged or credited to in profit or loss of the Group for the prior year ended 30 June 2021; and exchange surplus relating to the Group's interest in Yidao Network amounted to approximately HK\$3,074,000, as recognised in exchange reserve of the Group in respect of the prior year ended 30 June 2021; and the related disclosures as set out in the 2021 Consolidated Financial Statements.

Our opinion on the Group's consolidated financial statements for the current year ended 30 June 2022 is modified because of the possible effect of the aforementioned matters on the comparability of the current year's figures and the corresponding figures for the prior year ended 30 June 2021.

#### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to the section headed "Going Concern Basis" set out in note 2 to the consolidated financial statements, that the Group incurred net losses attributable to the owners of the Company amounted to approximately HK\$99,493,000 and HK\$44,130,000 for the years ended 30 June 2022 and 2021 respectively; and the Group had current liabilities due within one year amounted to approximately HK\$30,006,000 at 30 June 2022 while cash and bank balances included in current assets amounted to approximately HK\$19,907,000 as at that date. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will be able to continue as a going concern. Our opinion is not modified in respect of this matter.

## MATERIAL DIFFERENCES BETWEEN 2022 UNAUDITED AND AUDITED ANNUAL RESULTS

The Company announced the Group’s unaudited annual results for the year ended 30 June 2022 on 30 September 2022 (“2022 Unaudited Annual Results Announcement”). As the financial information contained in the 2022 Unaudited Annual Results Announcement has neither been audited nor agreed with the Company’s auditor as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to the material differences between the unaudited annual results set out in the 2022 Unaudited Annual Results Announcement and the audited annual results disclosed in this announcement, the principal details and reasons pursuant to Rule 18.50(A) of the Listing GEM Rules are set out below:

	<i>Notes</i>	<b>2022</b> <i>HK\$’000</i> <b>(audited)</b>	2022 <i>HK\$’000</i> (unaudited)	Difference <i>HK\$’000</i>
<b>Consolidated Statement of Profit or Loss (Extract)</b>				
Revenue	(i)	<b>46,442</b>	46,774	(332)
Cost of services	(i)	<b>(45,577)</b>	(44,953)	(624)
Gross profit		<b>865</b>	1,821	(956)
Other income, gains and losses, net	(ii)	<b>(69,781)</b>	(13,304)	(56,477)
Selling and distribution expenses		<b>(433)</b>	(433)	–
Administrative expenses	(iii)	<b>(29,716)</b>	(24,120)	(5,596)
Share of results of associates		–	–	–
Finance costs	(iv)	<b>(300)</b>	(114)	(186)
<b>Loss before tax</b>		<b>(99,365)</b>	(36,150)	(63,215)
Income tax expenses	(v)	<b>(128)</b>	–	(128)
<b>Loss for the year attributable to owners of the Company</b>		<b>(99,493)</b>	(36,150)	(63,343)



	<b>2022</b>	2022	Difference
<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(audited)</b>	(unaudited)	
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations	(vi) <b>3,475</b>	3,466	9
Share of exchange differences of associates	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
<b>Other comprehensive income for the year</b>	<u><b>3,475</b></u>	<u>3,466</u>	<u>9</u>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>	<u><b>(96,018)</b></u>	<u>(32,684)</u>	<u>(63,334)</u>

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i> <b>(audited)</b>	2022 <i>HK\$'000</i> (unaudited)	Difference <i>HK\$'000</i>
<b>Consolidated Statement of Financial Position (Extract)</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<i>(vii)</i>	<b>4,740</b>	4,324	416
Right-of-use assets		<b>469</b>	469	–
Intangible assets		–	–	–
Interests in associates		–	–	–
Goodwill		–	–	–
Prepayments for acquisition of property, plant and equipment		–	–	–
		<b>5,209</b>	4,793	416
<b>Current assets</b>				
Trade receivables	<i>(viii)</i>	–	4,783	(4,783)
Deposits, prepayments and other receivables	<i>(ix)</i>	<b>71,577</b>	115,128	(43,551)
Amount due from an associate		–	–	–
Cryptocurrency	<i>(x)</i>	<b>10</b>	–	10
Bank and cash balances	<i>(x)</i>	<b>19,907</b>	19,917	(10)
		<b>91,494</b>	139,828	(48,334)
Assets classified as held-for-sale		–	–	–
		<b>91,494</b>	139,828	(48,334)

		<b>2022</b>	2022	Difference
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(audited)</b>	(unaudited)	
<b>Current liabilities</b>				
Trade payables	<i>(xii)</i>	<b>6,572</b>	–	(6,572)
Accruals and other payables	<i>(xii)</i>	<b>10,963</b>	16,014	5,051
Advance payments received from share subscription		–	–	–
Amount due to a shareholder		–	–	–
Amount due to a director		–	–	–
Borrowings		<b>9,326</b>	9,327	1
Loan from a shareholder and director		<b>604</b>	604	–
Lease liabilities		<b>286</b>	286	–
Current tax liabilities	<i>(xiii)</i>	<b>2,255</b>	2,127	(128)
		<b>30,006</b>	28,358	(1,648)
Liabilities associated with assets classified as held-for-sale		–	–	–
		<b>30,006</b>	28,358	(1,648)
<b>Net current assets</b>		<b>61,488</b>	111,470	(49,982)
<b>Total assets less current liabilities</b>		<b>66,697</b>	116,263	(49,566)
<b>Non-current liabilities</b>				
Borrowings	<i>(xiv)</i>	<b>13,768</b>	–	(13,768)
Lease liabilities		<b>177</b>	177	–
		<b>13,945</b>	177	(13,768)
<b>NET ASSETS</b>		<b>52,752</b>	116,086	(63,334)
<b>Capital and reserves</b>				
Share capital		<b>4,880</b>	4,880	–
Reserves	<i>(xv)</i>	<b>47,872</b>	111,206	(63,334)
<b>TOTAL EQUITY</b>		<b>52,752</b>	116,086	(63,334)

*Notes:*

- (i) The difference in revenue and cost of services was mainly due to late adjustment on revenue and direct expenses of digital assets business.
- (ii) The difference in other income, gains and losses, net was mainly due to late adjustment on classification of other losses — loss on disposal of property, plant and equipment, impairment loss recognised on receivables resulted from expected credit loss assessment as well as impairment loss on property, plant and equipment assessment by the management.
- (iii) The difference in administrative expenses was mainly due to late adjustment on reclassification of depreciation charge to loss on disposal of property, plant and equipment in other income, gains and losses.
- (iv) The difference in finance costs was mainly due to late adjustments on interest on other borrowings.
- (v) The difference in income tax expenses was mainly due to tax effect of the abovementioned adjustments in notes (i) to (iv).
- (vi) The difference in exchange gains on currency translation reserve of financial statements of foreign operations was mainly due to exchange realignment on the late adjustments foreign operation.
- (vii) The difference in property, plant and equipment was mainly due to late adjustments on impairment loss on property, plant and equipment and depreciation charge for the year.
- (viii) The difference in accounts receivables was mainly due to late adjustment on reclassification to other receivables.
- (ix) The difference in deposits, prepayments and other receivables was mainly due to late adjustments on impairment loss recognised by management and reclassification from trade receivables and other payables.
- (x) The difference represents the carrying amount of cryptocurrency which was previously included in bank and cash balances.
- (xi) The difference mainly represents the carrying amount of trade payables which were previously included in accruals and other payables.
- (xii) The difference in trade payables, accruals and other payables was mainly due to late adjustment on reclassification from other payables.
- (xiii) The difference in current tax liabilities was mainly due to late adjustment on tax effect of the abovementioned adjustments notes (i) to (iv).
- (xiv) The difference represents the carrying amount of non-current borrowings which were previously included in accruals and other payables.
- (xv) The difference mainly represents the difference of loss for the year attributable to owners of the Company shown in the Group's audited annual results and the Group's unaudited annual results.

## **FINAL DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 30 June 2022 (2021: HK\$Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Introduction**

The Group is an integrated group, which was principally engaged in internet advertising agency services, the build-up and operation of a digitalization empowerment platform, and digital assets business during the year.

### **Business Review**

The Group and its subsidiaries are principally engaged in the internet advertising agency services, including the provision of game promotion, big data support, integrated marketing solutions, local language support and other services for its customers. During the second half of 2021, the Group relied on its team with expertise in the field of digital assets business to expand its overseas cryptocurrency business. In March 2022, in response to the government policies in Mainland China, the Group made timely investment in the research and development and build-up of a digitalization empowerment platform, and upgraded the internet advertising empowerment system to provide government and enterprises with various services such as personalized advertising, creation and management of product sales channels, and customer loyalty enhancement.

#### *Internet Advertising Agency Services*

Million Stars Internet Media Limited (“MSIM”), a wholly-owned subsidiary of the Group, strives to develop the overseas internet advertising market. Through global mainstream online platforms, including Facebook and Google, MSIM provides customers with access to global advertising, including the provision of game promotion, big data support, integrated marketing solutions, local language support and account stabilisation services for customers. Seizing the opportunity of the rapid development of the Internet, the Group will continue adjusting the investments in the internet advertising business and tapping on different revenue streams of the Internet.

### *Digitalization Empowerment Platform*

Following the rollout of the overseas internet advertising agency services, the Group timely launched the digitalization empowerment system to tap the advertising market in Mainland China. The system incorporates online and offline functions. In particular, “Million Stars Promotion Machine” (萬星促銷機), an intelligent advertising device that comes with product vending function, was a major breakthrough.

“Million Stars Promotion Machine” can be installed indoors or outdoors, and is connected to various payment systems for customers’ convenience to pay on mobile phones. The product has been well received by the market since launch.

### *Digital Assets Business*

With professional management and team in the field of digital assets business that possess specialized knowledge in the structure, quality and operation of cryptocurrency mining equipment, the Company is fed with the supply and demand information of the market. The management of the Company closely monitors the movement and volatility of the prices of digital currencies to formulate reasonable and competitive pricing with reference to the offering of the competitors.

Since the end of 2021, a new wave of COVID-19 pandemic has been spreading in Mainland China. In respond to this, the Chinese government has implemented precise prevention and control measures, which has certain impacts on the Group’s business in the PRC. In particular, Shanghai Municipality, where the headquarter of the Group is located, was locked down in March to June 2022 due to COVID-19 pandemic, leading to the suspension of intra-city transportation and inter-city logistics, which greatly affected the business operation of the Group.

During the reporting period, total operating income of the Group of approximately HK\$46.4 million was achieved, out of which the revenue from internet advertising agency services amounted to HK\$39.6 million, and the revenue from the digital assets business under the mining business and custody business was HK\$6.8 million.

## Outlook

Internet advertising agency services business undertaken by the Group are still progressing normally. The Group and its wholly-owned subsidiary will continue developing its overseas internet advertising market, and with the opportunities emerged from the new rural areas, new retail and new consumption in Mainland China that facilitate the digital empowerment to the real industries, the Group plans to expand its advertising services into new segments including offline mobile devices advertising, digitalized smart terminals advertising, offline on-screen advertising, O2O platforms advertising and in-app advertising, through which more suppliers and government authorities could be served with our advertising services and more target audiences could be reached, thereby extending the scope of business to agricultural products and other consumer goods.

In the second half of 2021, the Group gradually expanded its scope of business to digital assets business from single internet advertising agency services. Eyeing on the enormous potential and promising prospects of the digital assets business, the Group will leverage on the existing competitive edges and rely on the professional technology, operation and marketing teams to increase its investment on the construction of global supercomputing centres so as to build an ecosystem based on computing power, aiming to provide global customers with professional hosting of supercomputing servers, rental and sales of cloud computing, as well as cloud storage services. In the future, apart from continuous investment on digital assets business, the Group will endeavour to expand the global trade and channel development of supercomputing services.

The Group will strive to grasp the potential business opportunities, and explore new customers, businesses and sources of revenue so as to deliver better returns to the shareholders.

## Financial Review

### *Revenue*

The Group's revenue principally represented income derived from the provision of internet advertising agency services and digital assets business.

The Group has recorded a revenue of approximately HK\$46.4 million for the year ended 30 June 2022, representing a decrease of approximately 77.8% as compared with about HK\$209.3 million for the year ended 30 June 2021.

### *Cost of Sales and Gross Profit*

Cost of sales mainly represents costs incurred for provision of internet advertising agency services and digital assets business during the year.

The Group's cost of sales amounted to approximately HK\$45.6 million for the year ended 30 June 2022. Cost of sales decreased by approximately 76.4% as compared with the cost of sales for the year ended 30 June 2021.

Gross profit margin of approximately 1.9% for the year ended 30 June 2022 decreased by 5.6% comparing to the gross profit margin of approximately 7.5% for the year ended 30 June 2021, mainly due to the decreased advertisement budgets from the clients of internet advertisement agency business, which resulted in lowering the fees by the Company while providing quality services, as well as the increase in the operating costs of digital assets business at the initial stage.

### *Other Income, Gains and Losses, net*

Other income, gains and losses, net, mainly represents sundry income or (losses) incidental to our business, principally including interest income, gain on disposal of available-for-sale asset, loss on disposal of certain fixed assets and impairment loss recognised on trade and other receivables.

Other income, gains and losses, net, amounted to net losses of approximately HK\$69.8 million for the year ended 30 June 2022 compared to net losses of approximately HK\$19.8 million for the year ended 30 June 2021.

### *Selling and Distribution Expenses*

Selling and distribution expenses comprise mainly payroll expenses. The selling and distribution expenses for the year ended 30 June 2022 and 2021 were approximately HK\$0.4 million and HK\$0.6 million respectively. The decline in selling and distribution expenses was mainly due to the tight cost control exercised for internet advertising agency business and decrease in the number of practising staff of internet advertising agency business.



### *Administrative Expenses*

Administrative expenses comprised mainly payroll expenses, rent, depreciation, operating expenses and other office administrative expenses. Administrative expenses were approximately HK\$29.7 million for the year ended 30 June 2022, while amounted to approximately HK\$27.1 million for the year ended 30 June 2021, representing an increase of approximately 9.6%.

The higher administrative expenses for the year ended 30 June 2022 were recorded mainly due to increase in depreciation of equipment and service fees of third-party organizations.

### *Finance Costs*

Finance costs decreased to HK\$0.3 million in FY2022 from HK\$1.1 million in FY2021, primarily due to decrease in interest on bank and other borrowings and interest on lease liabilities.

### *Income tax expense*

Income tax represents Hong Kong profits tax at 16.5% for the Company's subsidiaries in Hong Kong and PRC Enterprise Income Tax at 25% for the Company's subsidiaries in the PRC. Certain subsidiaries of the Company, which are incorporated in the Horgos Economic Development Zone and engaged in industries particularly encouraged by the local government, are entitled to a preferential tax treatment of five years exemption from enterprise income tax.

### *Loss for the year*

The Group recorded a loss for the year of approximately HK\$99.5 million and HK\$44.1 million for the year ended 30 June 2022 and 2021 respectively.

### *Financial Position, Liquidity and Financial Resources*

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks in Hong Kong and Mainland China.

The Group has maintained its funds at a sound and healthy financial resource level during the year under review. As at 30 June 2022, included in net current assets were cash and bank balances (including pledged bank deposits) totalling approximately HK\$19.9 million (30 June 2021: HK\$1.4 million), the increase in which was mainly attributable to the extension of payment terms on the settlement with suppliers.

The Group's outstanding borrowings as at 30 June 2022 amounting to HK\$23.1 million (30 June 2021: HK\$10.2 million) were principally denominated in HKD and carried at fixed interest rates.

The Group monitored capital using gearing ratio, which is total debt of the Group divided by total equity of the Group.

Total debt to equity ratio of the Group expressed as a percentage of borrowings over the total equity was approximately 43.8% as at 30 June 2022 (30 June 2021: 7.7%).

As at 30 June 2022, there was no seasonality as to the Group's borrowing requirements and no committed borrowing facilities.

#### *Financial Management Policies*

The Group in its ordinary course of business is exposed to market risks such as currency risk and interest rate risk. The Group's risk management policy aims to minimise the adverse effects of these risks on its financial performance.

Cash is generally deposited with banks in Hong Kong and Mainland China, which is denominated mostly in United States dollars, Hong Kong dollars and Renminbi. Hong Kong dollars are pegged to United States dollars under the current policy of the Government of Hong Kong.

As the Group's trading transactions, monetary assets and liabilities in Mainland China are denominated mainly in Renminbi, and trading transactions, monetary assets and liabilities in Hong Kong and overseas are denominated mainly in Hong Kong dollars (being the Group's operating and reporting currencies) and United States dollars (to which Hong Kong dollars were pegged), the impact of foreign exchange exposure to the Group was minimal and the changes in foreign exchange rates did not have a significant adverse effect on normal operations during the reporting periods.

With the current interest rates staying at relatively low levels, the Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instrument. However, the Group continues to monitor its related interest rate exposure closely.

## USE OF PROCEEDS

On 28 April 2021, the Company entered into two subscription agreements (the “Subscription Agreements”) with two subscribers (the “Subscribers”), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 84,000,000 shares of the Company at the subscription price of HK\$0.25 per share. On 1 July 2021, the Company and Mr. Gan Xiaohua (the “Subscriber B”) entered into a second supplemental agreement pursuant to which the parties agreed, amongst other things, to reduce the number of subscription shares from 32,000,000 shares to 16,000,000 shares. The Subscription Agreements have been completed on 28 July 2021 and 68,000,000 shares have been allotted and issued to the Subscribers.

The gross proceeds and net proceeds from the issue of the shares are estimated to be HK\$17,000,000 and approximately HK\$16,955,000 respectively. The Company intends to use the net proceeds for general working capital of the Group and for the future development of the Group’s business. The net price of each share is approximately HK\$0.25.

The table below gives out the details of the use of proceeds:

	<b>Allocation of net proceeds</b>	<b>Amount utilized as at 30 June 2022</b>	<b>Remaining balance of net proceeds as at 30 June 2022</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Issue of 68,000,000 shares on 28 July 2021</b>			
Future business development, including but not limited to data centre and other potential business development	10,000	10,000	0
Repayment of borrowing	6,000	6,000	0
General working capital of the Group	955	955	0

### *Charge Over Assets of the Group*

As at 30 June 2022, there is no pledged bank deposits of the Group to support the Group's banking facilities (30 June 2021: Nil).

### *Capital Commitments*

As at 30 June 2022, the Group did not have any significant capital commitment (30 June 2021: capital commitment of the Group relating to the acquisition of property, plant and equipment amounting to HK\$13.9 million).

### *Contingent Liabilities*

As at 30 June 2022, the Group did not have any significant contingent liability (30 June 2021: Nil).

### *Risk management and uncertainties*

The Board believes that risk management is essential to the Group's efficient and effective operation. The Group's management assists the Board in periodic evaluation of principal risks exposed to the Group and estimation made for the uncertainties; and participates in formulating appropriate risk management and internal control measures for the purpose of on-going monitoring of such risks and assessing the appropriateness of such estimations.

### **Material Acquisitions and Disposals**

During the year ended 30 June 2022, the Group did not have any material acquisition or disposal in FY2022.

### **Events after the reporting period**

Save as disclosed in this announcement, there is no significant event that took place subsequent to 30 June 2022.

## **Employees and Remuneration Policy**

As at 30 June 2022, the Group had a workforce of 28 employees (2021: 48). Total staff costs for FY 2022 were approximately HK\$6.3 million, as compared to total staff costs of HK\$7.3 million in FY 2021.

The emolument policy of the employees of the Group is formulated by the Remuneration Committee (as defined below) with reference to the duties, responsibilities, experience and competence of individual employees. The same policy also applies to the Directors. In addition to salaries and discretionary bonuses relating to the performance of the Group, employee benefits included pension scheme contributions. The emoluments of the Directors are reviewed annually by the remuneration committee of the Company (“Remuneration Committee”).

As incentives and rewards for their contributions to the Group, the employees of the Group and all the Directors (including the independent non-executive Directors) may also be granted share options by the Company from time to time pursuant to the share option scheme of the Company adopted on 28 January 2015.

The Group provides various training to its employees to enhance their technical skills and knowledge relevant to the employees’ responsibilities. The Group also provides its employees with quality control standards and work safety standards training to enhance their safety awareness.

The employees in Hong Kong are enrolled in the Mandatory Provident Fund under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Monthly contributions are made by the Group which are 5% of the monthly income of the employees as stipulated under the relevant requirements (if applicable), with the maximum contributions of HK\$1,500 monthly.

Pursuant to the regulations of the relevant authorities in the PRC, the employees in PRC shall be enrolled in the respective government retirement benefit schemes (the “Schemes”) whereby the Group is required to contribute to the Schemes to fund the retirement benefits of the eligible employees. Contributions made to the Schemes are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes.

During the year under review, the Group did not experience any strikes, work stoppages or significant labour disputes which affected its operations in the past and it did not experience any significant difficulties in recruiting and retaining qualified staff. The Directors consider that the Group has maintained good working relationship with its employees.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS**

During the FY2022, the Directors are not aware of any business or interest of the Directors or the controlling shareholders of the Company that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the FY2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct for securities transactions and dealing (the "Code of Conduct") by Directors on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company has made specific enquiry of all Directors as to whether they have complied with the required standard set out in the Model Code and the Code of Conduct during the year ended 30 June 2022.

All the Directors have confirmed that they have complied with the required standards set out in the Model Code and the Code of Conduct throughout the year ended 30 June 2022.

## **CORPORATE GOVERNANCE CODE**

The Company has adopted the code provisions on Corporate Governance Code in force during the year ended 30 June 2022 as set out in Appendix 15 (version up to 31 December 2021) to the GEM Listing Rules.

The requirements under the new Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the "New CG Code") which came into effect on 1 January 2022 shall apply to the Company's corporate governance report for the financial year commencing on 1 January 2022.

During the year ended 30 June 2022, the Group was in compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules, except the deviations disclosed below:

	<b>Code Provision</b>	<b>Deviation</b>	<b>Considered Reason for Deviations</b>
A.1.1 (which was rearranged to code provision of C. 5.1 of the New CG Code)	The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.	Due to the delay in the publication of the annual report for the year ended 30 June 2021 since 27 September 2021, the Board has not held four board meetings during the year.	During the year, certain ad hoc Board meetings were held by the Company. Some Company's matters was dealt by Board by way of Board Resolutions instead of physical Board Meeting.
A.2.1 (which was rearranged to code provision C.2.1 of the New CG Code)	The roles of chairman and chief executive officer should be separated and should not be performed by the same individual.	Mr. Zhu, the Chairman and Executive Director, has been appointed as the CEO of the Company with effect from 11 November 2020.	The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Board will continue to review and consider splitting the roles of the chairperson and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstance of the Group as a whole.
A.2.7 (which was rearranged to code provision C.2.7 of the New CG Code)	The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.	Due to the outbreak of Covid-19, the chairman did not hold physical meeting with the independent non-executive Directors without the presence of other directors.	The chairman communicated with independent non-executive Director individually instead of holding physical meeting with them.

	<b>Code Provision</b>	<b>Deviation</b>	<b>Considered Reason for Deviations</b>
C.1.2 (which was rearranged to code provision D.1.2 of the New CG Code)	Management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules.	The management could not provide the Directors with updated financial information of the Company each month due to the lockdown of certain cities in China during the outbreak of Covid-19.	The Board members of the Company were still informed by the management of the Company by email, by WeChat or by phone on the updated information of the Company's performance and future business plan from time to time.
C.2.1 (which was rearranged to code provision D.2.1 of the New CG Code)	The Board should oversee the issuer's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.	During the period, the Company failed to have effective risk management and internal control systems within the Group, i.e. deficiencies in internal control over compliance matters.	<p>The Company had engaged external consultants to review its certain existing internal control measures on the areas agreed by the Board of Directors and provide suggestions to improve the internal control systems and risk management systems of the Group.</p> <p>RSM Consulting (Hong Kong) Limited issued the Internal Control Review Report and Risk Management Review Report in July 2022 and November 2022 respectively</p> <p>The management has taken steps to set up and improve the risk management and internal control systems as recommended by the external consultant.</p>
E.1.2 (which was rearranged to code provision of F.2.2 of the New CG Code)	The chairman of the Board should attend the annual general meeting. The chairman should also invite the chairmen of the audit, remuneration and nomination committees to attend.	The Company did not hold the annual general meeting in 2021.	As no annual general meeting was held in 2021, the Directors are unable to comment as to whether the Company has complied with the said code provision in Appendix 15 of Listing Rules.



## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The Audit Committee has been established in accordance with the GEM Listing Rules. Members of the Audit Committee comprise Mr. Chen Ce (Chairman), Ms. Jiang Ying and Ms. Zhu Minli, all of them being independent non-executive Directors. The Audit Committee has reviewed with the management this announcement, the accounting principles and practices adopted by the Group, financial reporting matters including a review of the audited consolidated annual results for the year ended 30 June 2022 prior to recommending them to the Board for approval.

## **PUBLICATION OF ANNUAL REPORT**

The 2022 audited annual report containing all the information required by the GEM Listing Rules is expected to be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company on or around 10 February 2023.

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

Hong Kong, 19 January 2023

*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 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>.*