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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)

PROPOSED GRANT OF NEW GENERAL MANDATE

The Board proposes to refresh the general mandate for the Directors to allot and issue Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the relevant ordinary resolutions at the EGM. Pursuant to Rule 17.42A of the GEM Listing Rules, the grant of the New General Mandate will be subject to Independent Shareholders' approval at a general meeting of the Company.

An EGM will be held to consider and, if thought fit, amongst other thing, pass an ordinary resolution to approve the grant of the New General Mandate. The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chen Ce, Ms. Jiang Ying and Ms. Zhu Minli, will be established to advise the Independent Shareholders on the proposed grant of the New General Mandate. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New General Mandate.

A circular containing, among others, information regarding the proposed grant of the New General Mandate, the recommendation from the Independent Board Committee to the Independent Shareholders, and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the New General Mandate, together with a notice of EGM will be despatched to the Shareholders as soon as practicable.

PROPOSED GRANT OF THE NEW GENERAL MANDATE TO ALLOT, ISSUE AND DEAL WITH NEW SHARES

The Board proposes to refresh the general mandate for the Directors to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of passing of the relevant resolutions at the EGM.

EXISTING GENERAL MANDATE

At the AGM, the Shareholders approved, among other things, an ordinary resolution for granting to the Directors the Existing General Mandate to allot and issue not more than 97,600,000 Shares, being 20% of the entire issued share capital of the Company of 488,000,000 Shares as at the date of passing of the relevant resolution.

As announced in the announcements of the Company dated 26 January 2023 and 31 January 2023, 97,000,000 Shares will be allotted and issued under the Existing General Mandate. The Existing General Mandate has been utilized as to 97,000,000 Shares, representing 99.39% of the aggregate number of Shares which may be allotted and issued under the Existing General Mandate.

As at the date of this announcement, the Company had not made any refreshment of the Existing General Mandate since the AGM.

PROPOSED GRANT OF NEW GENERAL MANDATE

As at the date of this announcement, the Existing General Mandate is expected to be nearly utilised. The Company will convene the EGM at which ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the New General Mandate to allot and issue Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the relevant ordinary resolution at the EGM.

The Company has not refreshed the Existing General Mandate since the AGM. The New General Mandate proposed will last until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any other applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

As at the date of this announcement, the Company had an aggregate of 488,000,000 Shares in issue. It is expected that the completion of the subscription of 97,000,000 Shares of the Company will be taken place on or before 28 February 2023. The then issued Shares will be 585,000,000 Shares. On the basis that no further Shares are issued and/or repurchased by the Company between the date of this announcement and the date of the EGM, the Company will be allowed under the New General Mandate to allot and issue up to 117,000,000 Shares, representing 20% of the aggregate number of the issued Shares as at the date of the EGM.

REASONS FOR THE GRANT OF THE NEW GENERAL MANDATE

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

Having reviewed the financial position of the Group, the Board considers that the Group has imminent need for funding because of the following reasons:

1. The Group will expand the digitalization empowerment platform to cover new businesses including offline mobile advertising, smart advertising terminals with auto-vending function, offline on-screen advertising, O2O platform advertising and in-app advertising, aiming to serve more enterprises and government authorities with the above capabilities to create sustainable profits for the Company.
2. The Group requires additional funding for repaying its loan and general working capital to support its business development in the PRC.

Taking into consideration that the Company's next annual general meeting may only be held in around November 2023, the Board is proposing to seek the approval of Independent Shareholders at the EGM to approve of the grant of the New General Mandate in order to offer the Company with greater financing flexibility should funding needs arises or attractive terms of investment become available. The grant of the New General Mandate will enable the Company to respond quickly to market conditions and investment opportunities should such arise between now and the next annual general meeting, providing a more efficient process of fund raising and avoiding the uncertainties that may result from not obtaining a specific mandate in a timely manner if and when the Company enters into such transactions.

In order to provide additional flexibility to allow the Company to grasp appropriate fund raising opportunities, the Board believes that the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business expansion and development as well as to cater for future funding requirement of the Group. The Board considers equity financing to be an important avenue of resources to the Group since it can reduce and limit financing which will create additional interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development.

The Directors have considered other financing alternatives apart from equity financing such as debt financing, right issue, open offer or internal cash resources to meet the financial requirements of the Group, if appropriate, taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition. However, debt financing may be subject to more lengthy negotiations and less favorable terms as compared to the equity financing available to the Directors if the New General Mandate is granted. Furthermore, rights issue or open offer may also involve substantial time and cost to complete as compared to equity financing by issuance of new Shares under general mandate.

Having considered that (i) the grant of the New General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising or business opportunities in a timely manner, which may arise; and (ii) equity financing does not create any interest paying obligations on the Group, the Board considers the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole.

As at the date of this announcement and save as disclosed in this announcement and the announcements of the Company dated 26 January 2023 and 31 January 2023, the Company has no concrete plan or agreement with any party to issue Shares by utilizing the Existing General Mandate or the New General Mandate. The Company will grasp suitable fundraising and merger and acquisition opportunities should there become attractive terms on the market for such fundraising and merger and acquisition opportunities.

LISTING RULES IMPLICATION

Pursuant to Rule 17.42A of the GEM Listing Rules, the grant of the New General Mandate will be subject to Independent Shareholders' approval at a general meeting of the Company. Any controlling Shareholders and their respective associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions to approve the grant of the New General Mandate.

As at the date of this announcement, to the best knowledge, belief and information of the Directors, having made all reasonable enquiries, Shanghai Hutong Investments Centre Limited Partnership, the substantial shareholder of the Company, and Mr. Zhu Yongjun and Mr. Gan Xiaohua being the directors of the Company are required to abstain from voting in favour of the resolution regarding the grant of the New General Mandate at the EGM.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, except Shanghai Hutong Investments Centre Limited Partnership, Mr. Zhu Yongjun and Mr. Gan Xiaohua, no Shareholder is required to abstain from voting on the proposed resolution on the grant of the New General Mandate at the EGM.

EGM

An EGM will be held to consider and, if thought fit, amongst other thing, pass an ordinary resolution to approve the grant of the New General Mandate. The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chen Ce, Ms. Jiang Ying and Ms. Zhu Minli, will be established to advise the Independent Shareholders on the proposed grant of the New General Mandate. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New General Mandate.

A circular containing, among others, information regarding the proposed grant of the New General Mandate, the recommendation from the Independent Board Committee to the Independent Shareholders, and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the New General Mandate, together with a notice of EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 10 October 2022 in which the Shareholders had approved, among other matters, the Existing General Mandate
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Million Stars Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, amongst other thing, considering and, if thought fit, approving the grant of the New General Mandate
“Existing General Mandate”	the general mandate granted at the AGM to the Directors to allot, issue and deal with up to 97,600,000 new Shares, being 20% of the total number of issued Shares on the date of the AGM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“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 Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, to advise the Independent Shareholders on the grant of the New General Mandate

“Independent Financial Adviser”	Zijing Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Company in respect of the grant of the New General Mandate
“Independent Shareholder(s)”	Shareholder(s) other than any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executives of the Company and all their respective associates
“New General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of the EGM
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 16 February 2023

As at the date of this announcement, 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.hkexnews.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>.