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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

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 unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2023, together with the comparative figures for the corresponding period in 2022 as follows, which are presented in Hong Kong dollars (“HK\$”):

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

		For the six months ended	
		31 December	
		2023	2022
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	4	99,003	6,894
Cost of goods sold and services		(123,935)	(7,059)
Gross loss		(24,932)	(165)
Other income, gains and losses, net	5	29,846	109
Selling and distribution expenses		(223)	(367)
Administrative expenses		(2,692)	(13,739)
Finance costs	6	–	(38)
Profit/(Loss) before tax		1,999	(14,200)
Income tax expense	7	(171)	(1)
Profit/(Loss) for the year attributable to owners of the Company		1,828	(14,201)

		For the six months ended	
		31 December	
		2023	2022
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>3,977</u>	<u>730</u>
Other comprehensive income for the year		<u>3,977</u>	<u>730</u>
Total comprehensive income/(expense) for the year attributable to owners of the Company		<u><u>5,805</u></u>	<u><u>(13,471)</u></u>
		2023	2022
		(HK cents)	(HK cents)
Earnings/(Loss) per share			
Basic and diluted	9	<u><u>0.01</u></u>	<u><u>(0.03)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		31 December 2023 (unaudited) HK\$'000	30 June 2023 (audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		2,029	2,384
Right-of-use assets		84	208
Prepayment		–	–
		2,113	2,592
Current assets			
Inventories		2	45
Trade receivables	<i>10</i>	58,527	35,359
Deposits, prepayments and other receivables		66,802	82,534
Cryptocurrency		10	10
Restricted bank deposits		–	105
Pledged bank deposits		–	25,882
Bank and cash balances		7,091	4,708
		132,432	148,643
Assets classified as held-for-sale		–	3,368
		132,432	152,011
Current liabilities			
Trade and bills payables	<i>11</i>	12,695	44,899
Accruals and other payables		38,708	37,065
Borrowings		5,167	4,691
Loans from shareholders and directors		31,289	30,416
Loan from a shareholder		17,656	17,254
Loan from a director		162	157
Lease liabilities		41	240
Current tax liabilities		171	1,103
		105,889	135,825
Liabilities associated with assets classified as held-for-sale		–	5,239
		105,889	141,064
Net current assets		26,543	10,497
Total assets less current liabilities		28,656	13,539

		31 December 2023 (unaudited) <i>HK\$'000</i>	30 June 2023 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities		<u>42</u>	<u>42</u>
		<u>42</u>	<u>42</u>
NET ASSETS		<u>28,614</u>	<u>13,497</u>
Capital and reserves			
Share capital	<i>12</i>	5,856	5,080
Reserves		<u>22,758</u>	<u>8,417</u>
TOTAL EQUITY		<u>28,614</u>	<u>13,497</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 digitalization empowerment platform business.

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of the GEM Listing Rules.

Going concern assessment

In preparing the interim condensed 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 a net gain of approximately HK\$1,828,000 for the year ended 31 December 2023 and had borrowings and loans from shareholders and directors, a shareholder and a director due within one year of approximately HK\$31,289,000, HK\$17,656,000, HK\$162,000 and HK\$5,167,000 respectively, as at that date. Notwithstanding the above results, the interim condensed consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- the directors of the Company have carried out a detail review of the working capital forecast of the Group for not less than twelve months from the year end date, which took into account the projected future working capital of the Group;

- 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;
- 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;
- to formulate and closely monitor business strategy for the Group to generate cash flows from its existing and new business operations;
- the shareholders and directors, a shareholder and a director of the Company has agreed not call for any repayment of loans amounting approximately HK\$31,289,000, HK\$17,656,000 and HK\$162,000, until the Group is in a financial position to do so.

In view of the above, the directors of the Company are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the directors of the Company have prepared the interim condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the directors of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for 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 interim condensed consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis. Other than additional/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 30 June 2023.

Amendments to HKFRSs that are mandatorily effective for the current period

In the current period, 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 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹

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 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual period beginning on or after 1 January 2025.

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.
Digitalization empowerment platform business*	—	operation of vending machine and product sales

* The name of this segment was "Digital assets business" prior to 2023. During the year, the name was changed as the Group considered it represents the business nature of this segment and its recent development more specifically.

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:

	For the six months ended	
	31 December	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Internet advertising agency services	98,805	5,122
Digitalization empowerment platform business	198	1,772
	99,003	6,894

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

	For the six months ended	
	31 December	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Over time	99,003	6,894
	99,003	6,894

5. OTHER INCOME, GAINS AND LOSSES, NET

	For the six months ended 31 December	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest income on bank deposits	36	73
Reversal of impairment recognised on trade and other receivables, net	27,901	–
Gain on disposal of assets classified as held-for-sale	1,871	–
Sundry income	–	(15)
Exchange gains, net	38	51
	<u>29,846</u>	<u>109</u>

6. FINANCE COSTS

	For the six months ended 31 December	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on other borrowings	–	38
	<u>–</u>	<u>38</u>

7. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended 31 December	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hong Kong profits tax		
— Current taxation	171	—
	<u>171</u>	<u>—</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% (2022: 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.

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

8. DIVIDENDS

The Board does not recommend the payment of a dividend for the six months ended 31 December 2023 (2022: nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following data:

	For the six months ended	
	31 December	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings/(loss) for the purpose of basic earnings/(loss) per share		
Earnings/(loss) for the year attributable to owners of the Company	<u>1,828</u>	<u>(14,201)</u>
	2023	2022
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>502,446</u>	<u>484,600</u>

No diluted loss per share for both of the years ended 31 December 2023 and 2022 were presented as there were no potential ordinary shares in issue for both of the years.

10. TRADE RECEIVABLES

	31 December	30 June
	2023	2023
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade receivables	66,228	58,238
Less: Allowance for impairment loss	<u>(7,701)</u>	<u>(22,879)</u>
	<u>58,527</u>	<u>35,359</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:

	31 December 2023 (unaudited) HK\$'000	30 June 2023 (audited) HK\$'000
Within 30 days	3,639	7,382
31 to 60 days	5,283	–
61 to 90 days	7,646	2,397
91 to 180 days	<u>41,959</u>	<u>25,580</u>
	<u>58,527</u>	<u>35,359</u>

As at 31 December 2023, allowances were made for estimated irrecoverable trade receivables of approximately HK\$7,701,000 (30 June 2023: HK\$22,879,000).

11. TRADE AND BILLS PAYABLES

	31 December 2023 (unaudited) HK\$'000	30 June 2023 (audited) HK\$'000
Trade and bills payables	<u>12,695</u>	<u>44,899</u>

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

	31 December 2023 (unaudited) HK\$'000	30 June 2023 (audited) HK\$'000
0–30 days	1,845	11,624
31–60 days	156	–
61–90 days	–	–
91–180 days	1,936	25,882
Over 180 days	<u>8,758</u>	<u>7,393</u>
	<u>12,695</u>	<u>44,899</u>

The normal average credit period for purchase goods ranged from 0 to 90 days and certain suppliers grant longer credit period on a case-by-case basis.

12. SHARE CAPITAL

	31 December 2023 (unaudited) HK\$'000	30 June 2023 (audited) HK\$'000
Authorised:		
4,000,000,000 ordinary shares of HK\$0.01 each	<u>40,000</u>	<u>40,000</u>
Issued and fully paid:		
At beginning of the year	5,080	4,880
Issue of ordinary shares under share subscription	<u>776</u>	<u>200</u>
At end of the year	<u><u>5,856</u></u>	<u><u>5,080</u></u>

On 15 November 2023, the Company entered into subscription agreements with two independent third parties under which the Company has agreed to allot and issue 56,750,000 new shares and 20,850,000 new shares at the subscription price HK\$0.12. Completion of the shares subscription took place on 29 December 2023 which gave rise to proceeds of HK\$9,312,000 (before expense) on the issue of 77,600,000 new shares of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 31 December 2023 (2022: 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 during the period.

Business Review

The Group and its subsidiaries are principally engaged in internet advertising agency services and the build-up and operation of a digitalization empowerment platform, including the provision of game promotion, big data support, integrated marketing solutions, local language support and other services for its customers. 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, develops 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 its customers. Seizing the opportunity of the rapid development of the Internet, the Group will continue to adjust the investments in the internet advertising business and seek to tap on revenue streams of the Internet.

By the end of December 2023, internet advertising agency business achieved operating income of approximately HK\$98.80 million.

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 a 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.

Junjing Business Management (Zhejiang) Co., Ltd.* (雋景商業管理(浙江)有限公司), a wholly-owned subsidiary of the Group, has established cooperation with a number of strong organizations for “Million Stars Promotion Machine”. In June 2023, the digitalization empowerment platform started launching a new generation of “Million Stars Promotion Machine”, which integrates cashier, sales and inventory, marketing management, and push advertising, which can be widely applied to all kinds of merchandising stores with promising outlook.

Outlook

With the rapid recovery of the Chinese economy, the Group’s internet advertising and digitalization empowerment platform businesses will continue to develop steadily. The Group and its wholly-owned subsidiaries are also committed to product development and business expansion, consolidating existing businesses and seeking new opportunities. In June 2023, the Group successfully launched the new generation of “Million Stars Promotion Machine” with built-in cashier and targeted marketing functions. It is expected to become a revenue-generating tool for various retail stores, bringing new business growth points for the Group.

Financial Review

Revenue

The Group’s revenue principally represents income derived from the provision of internet advertising agency services and digitalization empowerment platform business.

The Group has recorded a revenue of approximately HK\$99 million for the six months ended 31 December 2023, representing an increase of approximately 13.3 times as compared with about HK\$6.9 million for the six months ended 31 December 2022.

Cost of Sales and Gross Loss

Cost of sales mainly represents costs incurred for provision of internet advertising agency services and digitalization empowerment platform business.

The Group's cost of sales amounted to approximately HK\$123.9 million for the six months ended 31 December 2023. Cost of sales increased by approximately 16.4 times as compared with the cost of sales of HK\$7.1 million for the six months ended 31 December 2022.

Gross loss margin of approximately 25.2% for the six months ended 31 December 2023 increased by 22.8% comparing to the gross loss margin of approximately 2.4% for the six months ended 31 December 2022, mainly due to the Group's initial investment in mobile game business in the internet advertising agency business and operating costs of mobile game business.

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, reversal of impairment loss recognised on trade and other receivables, gain on disposal of assets classified as held-for-sale and exchange gains and losses.

Other income, gains and losses, net, amounted to net gains of approximately HK\$29.8 million for the six months ended 31 December 2023 compared to net gains of approximately HK\$0.1 million for the six months ended 31 December 2022. The increase in other income was mainly due to the reversal of impairment loss recognised on trade and other receivables recognised in the previous year.

Selling and Distribution Expenses

Selling and distribution expenses comprise mainly advertising consulting service fees of the digitalization empowerment platform business. The selling and distribution expenses for the six months ended 31 December 2023 and 2022 were approximately HK\$0.2 million and HK\$0.4 million respectively. The decrease in selling and distribution expenses was mainly due to the decrease in advertising planning and consulting service fees of the digitalization empowerment platform business in the early stage.

Administrative Expenses

Administrative expenses comprise mainly payroll expenses, rent, depreciation, operating expenses and other office administrative expenses. Administrative expenses were approximately HK\$2.7 million for the six months ended 31 December 2023, while amounted to approximately HK\$13.7 million for the six months ended 31 December 2022, representing a decrease of approximately 80%.

The lower administrative expenses for the six months ended 31 December 2023 were recorded mainly due to reduction in depreciation charge, reversal of certain over-provided depreciation and lower staff costs.

Finance Costs

Finance costs decreased to HK\$Nil during the six months ended 31 December 2023 from HK\$38,000 during the six months ended 31 December 2022, primarily due to the decrease in interest paid to shareholders and directors.

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.

Profit/Loss for the Year

The Group recorded a profit of approximately HK\$1.8 million and a loss of approximately HK\$14.2 million for the six months ended 31 December 2023 and 2022 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 31 December 2023, included in net current assets were cash and bank balances totalling approximately HK\$7.1 million (30 June 2023: HK\$30 million, including pledged bank deposits), the decrease in which was mainly attributable to the fact that the pledged bank deposits were used as payments to suppliers.

The Group's outstanding interest-bearing borrowings as at 31 December 2023 amounting to HK\$5.2 million (30 June 2023: HK\$4.7 million) were principally denominated in HKD and RMB 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 18.1% as at 31 December 2023 (30 June 2023: 34.7%).

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 period.

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 15 November 2023, 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 77,600,000 shares of the Company at the subscription price of HK\$0.12 per share. The Subscription Agreements have been completed on 29 December 2023 and 77,600,000 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\$9,312,000 and approximately HK\$9,112,000 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\$0.117.

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

	Amount utilized as at	Remaining balance of net proceeds as at
Allocation of net proceeds	31 December 2023	31 December 2023
<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Issue of 77,600,000 shares on 29 December 2023		
Future business development, including but not limited to data centre and other potential business development	3,645	880
Repayment of borrowings	3,645	3,645
General working capital of the Group	1,822	1,438
		2,765
		0
		384

Charge over Assets of the Group

As at 31 December 2023, there is no pledged bank deposits of the Group to support the Group's banking facilities (30 June 2023: Nil).

Capital Commitments

As at 31 December 2023, the Group did not have any significant capital commitment (30 June 2023: Nil).

Contingent Liabilities

As at 31 December 2023, the Group did not have any significant contingent liability (30 June 2023: 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 31 December 2023, the Group did not have any material acquisition or disposal.

Events after the reporting period

Save as disclosed in this announcement, there is no significant event that took place subsequent to 31 December 2023.

Employees and Remuneration Policy

As at 31 December 2023, the Group had a workforce of 22 employees (30 June 2023: 22). Total staff costs for the six months ended 31 December 2023 were approximately HK\$1.6 million, representing a decrease of approximately HK\$2 million as compared to total staff costs of HK\$3.6 million for the six months ended 31 December 2022.

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.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

During the six months ended 31 December 2023, 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 six months ended 31 December 2023, 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 six months ended 31 December 2023.

All the Directors (except Mr. Zhu Yongjun) have confirmed that they have complied with the required standards set out in the Model Code and the Code of Conduct throughout the six months ended 31 December 2023.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions on Corporate Governance Code in force during the six months ended 31 December 2023 as set out in Appendix 15 to the GEM Listing Rules.

During the six months ended 31 December 2023, 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:

	Code Provision	Deviation	Considered Reason for Deviations
D.1.2	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 failed to provide the Directors with updated financial information of the Company each month.	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.
F.2.2	The Chairman should invite of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. In their absence, he should invite another member of the committee or failing this his/her duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting (the "AGM").	Due to other work commitments, the chairperson and members of the Audit Committee of the Company did not physically attend the AGM of the Company held on 16 November 2023 (the "2023 AGM").	In order to ensure an effective communication with the shareholders of the Company, other Board members (including the Chairman of the Board, executive Directors and independent non-executive Director) attended the 2023 AGM to answer relevant questions from the shareholders of the Company present thereat. The external auditor of the Company also attended the 2023 AGM.

CHANGES OF DIRECTORS' INFORMATION

Upon specific enquiry by the Company and following confirmations from Directors, save as disclosed as follows, there is no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the Company's last published annual report.

Directors	Changes in Positions held with the Company
Mr. Zhu Yongjun	Mr. Zhu retired as an executive Director with effect from 16 November 2023
Mr. Lam, Anthony Tze Cheung	Mr. Lam was appointed as an independent non-executive director ("INED"), the Chairman of both the Nomination Committee and the Remuneration Committee and a member of the Audit Committee and the Corporate Governance Committee with effect from 11 January 2024
Ms. Zhu Minli	Ms. Zhu resigned as an INED, the Chairlady of both the Nomination Committee and the Remuneration Committee and a member of the Audit Committee and the Corporate Governance Committee with effect from 11 January 2024

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 Mr. Lam, Anthony Tze Cheung (appointed on 11 January 2024), 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 six months ended 31 December 2023 prior to recommending them to the Board for approval.

By order of the Board
Million Stars Holdings Limited
Gan Xiaohua Tian Yuan
Co-chairman

Hong Kong, 26 February 2024

As at the date of this announcement, the Board comprises Mr. Gan Xiaohua and Ms. Tian Yuan as executive directors; and Mr. Chen Ce, Ms. Jiang Ying and Mr. Lam, Anthony Tze Cheung as independent non-executive directors.

This announcement 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>.