



# Million Stars

## MILLION STARS HOLDINGS LIMITED

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

Stock Code: 8093

1ST QUARTERLY REPORT

**2017-2018**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, 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 (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 report 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 report misleading.*

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## QUARTERLY RESULTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)

The board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30 September 2017, together with the unaudited comparative figures for the corresponding period in 2016 as follows:

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

	Notes	Three months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>REVENUE</b>	2	<b>62,627</b>	10,519
Cost of sales		<b>(39,458)</b>	(6,966)
<b>Gross profit</b>		<b>23,169</b>	3,553
Other revenue and other income		<b>71</b>	18
Selling and distribution expenses		<b>(2,563)</b>	(504)
Administrative expenses		<b>(9,316)</b>	(2,851)
Profit before taxation	3	<b>11,361</b>	216
Taxation	4	<b>(1,751)</b>	(36)
<b>Profit for the period attributable to owners of the Company</b>		<b>9,610</b>	180
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>350</b>	7
Other comprehensive income for the period		<b>350</b>	7
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>9,960</b>	187
<b>Earnings per Share attributable to owners of the Company Basic and Diluted (HK cents)</b>	5	<b>2.40</b>	0.05

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

	Attributable to owners of the Company						
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i> <i>(note i)</i>	Exchange fluctuation reserve <i>HK\$'000</i> <i>(note ii)</i>	Other reserve <i>HK\$'000</i> <i>(note iii)</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 July 2017 (audited)	4,000	39,782	208	757	100	14,746	59,593
Profit for the period (unaudited)	-	-	-	-	-	9,610	9,610
Other comprehensive income for the period (unaudited)	-	-	-	350	-	-	350
Total comprehensive income for the period (unaudited)	-	-	-	350	-	9,610	9,960
As at 30 September 2017 (unaudited)	4,000	39,782	208	1,107	100	24,356	69,553
As at 1 July 2016 (audited)	4,000	39,782	208	276	100	17,506	61,872
Profit for the period (unaudited)	-	-	-	-	-	180	180
Other comprehensive income for the period (unaudited)	-	-	-	7	-	-	7
Total comprehensive income for the period (unaudited)	-	-	-	7	-	180	187
As at 30 September 2016 (unaudited)	4,000	39,782	208	283	100	17,686	62,059

Notes:

## (i) STATUTORY RESERVE

Pursuant to the relevant laws and regulations for business enterprises in the PRC, a portion of the profits of the entities which are registered in the PRC have been transferred to the statutory reserve which is restricted as to use. When the balance of such reserve reaches 50% of the capital of that entity, any further appropriation is optional. The statutory reserve can be utilised, upon approval of the relevant authority, to offset prior years' losses or to increase capital. However, the balance of the statutory reserve must be maintained at a minimum 25% of capital after such usage.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

**(ii) EXCHANGE FLUCTUATION RESERVE**

Exchange fluctuation reserve represents exchange differences relating to the translation of the net assets of foreign operations of the Group from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) that are recognised directly in other comprehensive income and accumulated in the exchange fluctuation reserve. Such exchange differences accumulated in the exchange fluctuation reserve are reclassified to profit or loss on the disposal of the foreign operations.

**(iii) OTHER RESERVE**

Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiary arising from the Reorganisation.

## **1. GENERAL INFORMATION, BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements for the three months ended 30 September 2017 have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the three months ended 30 September 2017 are consistent with those adopted in the annual report for the year ended 30 June 2017 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “New and Revised HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are adopted for the first time for the current periods financial statements.

The adoption of the New and Revised HKFRSs has had no significant effect on the unaudited condensed consolidated financial statements for the three months ended 30 September 2017 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 September 2017.

The Group has not applied any new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

The unaudited condensed consolidated financial statements for the three months ended 30 September 2017 have been prepared on the historical cost basis.

The unaudited condensed consolidated financial statements have not been audited by the Company’s auditors, but have been reviewed by the audit committee of the Company.

## 2. REVENUE

Revenue represents the aggregate of the net invoiced value of leather products sold, after allowances for returns, provision of online payment technical support and the internet advertising design and agency services.

## 3. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

	Three months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	<b>91</b>	41

## 4. TAXATION

Hong Kong Profits Tax is calculated at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period. The rate of the Corporate Income Tax of the People's Republic of China (the "PRC") of the Group's subsidiary operating in the PRC during the period was 25% (2016: 25%) on its assessable profits. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates for the periods.

	Three months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
Hong Kong Profits Tax	<b>723</b>	36
PRC Enterprise Income Tax	<b>1,028</b>	–
Total income tax expense for the period	<b>1,751</b>	36

### 5. EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per Share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company for the period of approximately HK\$9,610,000 (2016: HK\$180,000) and (ii) the number of 400,000,000 (2016: 400,000,000) Shares in issue during the period.

The diluted earnings per Share for the three months ended 30 September 2017 and 2016 are equal to the basic earnings per Share as there were no dilutive potential ordinary shares in issue during the period.

### INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the three months ended 30 September 2017 (2016: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTRODUCTION

The Group is an integrated company specialising in (i) the manufacture and sales of private label leather garments for its customers on original equipment manufacturer basis; (ii) providing mobile payment technical support; and (iii) the internet advertising design and agency business.

## BUSINESS REVIEW

For the manufacture and sales of leather garment business, most of the major customers are fashion brands with the price range of leather garments fall under the high-end and middle-end categories. For the three months ended 30 September 2017 (the “Quarter”), the Group recorded quarter-on-quarter growth in both order quantity and sales revenue from its international fashion brand customers.

For the new business of providing on online payment technical support in the PRC, the Board believes that the demand for this service is expected to be strong in future. The Group gained a foothold in the mobile payment service market through the acquisition of two Shenzhen-based companies in April 2017. Revenue generated from the provision of mobile payment technical services amounted to over RMB8 million during the Quarter.

In recent years, internet advertising has become one of the pillar industries of China’s new economy, with an estimated market size up to RMB319 billion and a growth rate of over 20% in 2017. The Board believes the foray into the internet advertising market will create a new business driver to the Company and generate a long-term return to its Shareholders.

During the Quarter, the Group gained access to the internet advertising market through the acquisition of Beijing Dongrun Hudong Technology Company Limited\* (北京東潤互動科技有限公司) by a wholly-owned subsidiary, contributing revenue of over RMB18 million to the Group. Million Stars Internet Media Limited, a wholly-owned subsidiary, also successfully expanded into the overseas internet advertising markets and generated revenue of HK\$13 million during the Quarter.

The Group also reported an increase in administrative expense during the Quarter mainly due to the business expansion and higher office setup cost.

\* for identification only

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

The Group will strengthen its investment in the internet advertising market and mobile payment technical service market and step up its efforts in expanding the customer base and sources of revenue in the future.

## FINANCIAL REVIEW

### Overview

Revenue of the Group for the three months ended 30 September 2017 amounted to approximately HK\$62.6 million, representing a significant increase of approximately 495% as compared to the corresponding period in the previous financial year.

The Group's gross profit for the three months ended 30 September 2017 was approximately HK\$23.2 million, increased by approximately HK\$19.6 million compared with the same period of last year.

Profit attributable to equity holders of the Company for the three months ended 30 September 2017 amounted to approximately HK\$9.6 million, which represented an increase in profit of approximately HK\$9.4 million compared with the three months ended 30 September 2016.

### Revenue

The Group's revenue principally represented income derived from the manufacture and sales of leather products to high end fashion brand customers and provision of online payment technical support as well as internet advertising design and agency services.

The Group's revenue for the three months ended 30 September 2017 was approximately HK\$62.6 million, recorded a significant rise of approximately 495% from that of approximately HK\$10.5 million for the three months ended 30 September 2016 mainly attributable to the provision of technical support on online payment and internet advertising design & agency services.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Sales and Gross Profit

Cost of sales mainly represented cost of raw materials, cost of accessories, labour costs, other manufacturing overheads, cost of mobile payment technical support and internet advertising design and agency services.

The Group's cost of sales for the three months ended 30 September 2017 was approximately HK\$39.5 million, representing an increase of approximately HK\$32.5 million from that for the three months ended 30 September 2016 mainly due to the cost incurred for mobile payment technical support and internet advertising design & agency services.

## Other Revenue and Other Income

Other revenue and other income mainly represented sundry income that are incidental to the Group's business which principally including interest income and sales of scrap materials for the three months ended 30 September 2016 and 2017, and were approximately HK\$18,000 and approximately HK\$71,000, respectively.

## Selling and Distribution Expenses

Selling and distribution expenses comprised mainly logistic expenses and marketing expenses. The selling and distribution expenses for the three months ended 30 September 2017 were approximately HK\$2.6 million (2016: HK\$0.5 million). The increase in selling and distribution expenses was mainly due to the higher delivery costs in view of higher sales quantity and marketing expenses for mobile payment technical support and advertisement services.

## Administrative Expenses

Administrative expenses comprised mainly payroll expenses, rent and rates and other office administrative expenses. Administrative expenses were increased from approximately HK\$2.9 million for the three months ended 30 September 2016 to approximately HK\$9.3 million for the three months ended 30 September 2017, representing an increase of approximately 227%.

The higher administrative expenses for the three months ended 30 September 2017 were recorded mainly due to the increase in salaries and wages and office administrative expenses.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Taxation

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

## Profit for the Period

The Group recorded profit for the period of approximately HK\$9.6 million for the three months ended 30 September 2017 and approximately HK\$0.2 million for the three months ended 30 September 2016, respectively. The significant rise of approximately HK\$9.4 million in profit for the period was a result of significant increase in revenue as mentioned above.

## 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 cost of funds, the Group's treasury activities are centralised and cash is generally deposited with banks in Hong Kong and the PRC.

The Group has maintained its funds at a sound and healthy financial resource level during the period under review. As at both 30 September 2017 and 30 June 2017, the Group did not have any outstanding bank borrowings. There was no seasonality as to the Group's borrowing requirements and no committed borrowing facilities.

No gearing ratio (which is calculated by dividing the net debt by total equity where net debt comprise borrowings less cash and bank balances) was presented as the Group did not have net debt as at both 30 September 2017 and 30 June 2017.

As at 30 September 2017, included in net current assets were cash and bank balances (including pledged bank deposits) totalling approximately HK\$47.0 million (30 June 2017: HK\$42.6 million), the increase of which was mainly due to the profit retained and lower level of trade receivables as comparing to 30 June 2017.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Management Policies

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

Cash is generally deposited at banks in Hong Kong and the PRC and denominated mostly in Hong Kong dollar, United States dollar and Renminbi. As at 30 September 2017, no related hedges were made by the Group (30 June 2017: nil).

As most of the Group's trading transactions, monetary assets and liabilities are denominated in United States dollar, Renminbi and Hong Kong dollar, the impact of foreign exchange exposure to the Group during the three months ended 30 September 2017 was minimal and there was no significant adverse effect on normal operations.

## Charge Over Assets of the Group

As at 30 September 2017, the Group's banking facilities were supported by pledged bank deposits of the Group of approximately HK\$1.0 million (30 June 2017: HK\$1.0 million).

## Capital Commitments and Contingent Liabilities

As at 30 September 2017, the Group did not have any significant capital commitment (30 June 2017: nil) and any significant contingent liability (30 June 2017: nil).

## MATERIAL ACQUISITION AND DISPOSAL

On 5 September 2017, Beijing Dongrun Xindong Technology Limited\* ("Dongrun Xindong") (北京東潤欣動科技有限公司), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the vendors, pursuant to which Dongrun Xindong has agreed to acquire and the vendors has agreed to sell, the entire equity interests in and all the assets of Beijing Dongrun Hudong Technology Company Limited\* (北京東潤互動科技有限公司) at a total consideration of RMB2,000,000. The acquisition has been completed.

During the three months ended 30 September 2017, the Group did not have any material disposal.

\* for identification only

## OTHER INFORMATION

### DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, required to be notified to the Company and the Stock Exchange, were as follows:

#### (a) Interests in shares of the Company

Name of Director	Capacity	Interests in Shares	Approximate Percentage of Issued Share Capital of the Company	Note
Mr. Zhu Yongjun	Interest of corporation controlled by the director	249,995,955 (L)	62.49%	1

Notes:

1. As at 30 September 2017, the Company had 400,000,000 Shares in issue.
2. As at 30 September 2017, Power View Group Limited ("PVG") had 100 shares in issue.
3. PVG was a holding company of the Company. PVG held 249,995,955 Shares, representing 62.49% of the total issued capital of the Company. PVG was 70% owned by United Conquer Limited ("UCL") and 30% owned by Mr. Zhu Yongjun.

Abbreviations: "L" stands for long position

## OTHER INFORMATION

### (b) Interests in shares of associated corporation of the Company Long Positions in Shares

Name of Associated Corporation	Name of Director	Capacity/Nature of Interest	Number of Ordinary Shares	Percentage of shareholdings/ registered capital
Power View Group Limited	Zhu Yongjun	Beneficial owner	30 Ordinary Shares of US\$1.00 each	30%

Save as disclosed above, as at 30 September 2017, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2017, so far as is known to the Directors of the Company, persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Interests in Shares	Approximate Percentage of Issued Share Capital of the Company (Note 1)	Notes
Power View Group Limited	Beneficial owner	249,995,955 (L)	62.49%	
United Conquer Limited	Interest of controlled corporation	249,995,955 (L)	62.49%	2
Shanghai Hutong Investments Centre (Limited Partnership)* (上海胡桐投資中心(有限合夥)) ("SHIC")	Beneficial owner Interest of controlled corporation	50,000,000 (L) 249,995,955 (L)	12.50% 62.49%	3
BOC-HFT-BOC-Overseas No.1 QDII Segregated Account ("BOC Account")	Investment manager	50,000,000 (L)	12.50%	4
Shanghai Angell Asset Management Company Limited* (上海昂巨資產管理有限公司) ("Shanghai Angell")	Interest of controlled corporation	299,995,955 (L)	74.99%	5
Zhongtian Urban Development Group Shanghai Equity Investment Fund Partnership (Limited Partnership)* (中天城投集團上海股權投資基金合夥企業(有限合夥)) ("Zhongtian Partnership")	Interest of controlled corporation	299,995,955 (L)	74.99%	6

## OTHER INFORMATION

Name of Shareholders	Capacity	Interests in Shares	Approximate Percentage of Issued Share Capital of the Company (Note 1)	Notes
Shanghai Tiger Platinum Equity Investment Fund Management Partnership (Limited Partnership)* (上海虎鉅股權投資基金管理合夥企業(有限合夥))("Shanghai Tiger")	Interest of controlled corporation	299,995,955 (L)	74.99%	7
Guiyang Jinrong Konggu Company Limited*(貴陽金融控股有限公司) ("Guiyang")	Interest of controlled corporation	299,995,955 (L)	74.99%	8
Zhongtian Urban Development Group Limited ("Zhongtian Group")	Interest of controlled corporation	299,995,955 (L)	74.99%	9
Jin Shiqi Guoji Holdings Company Limited* (金世旗國際控股股份有限公司) ("Jin Shiqi")	Interest of controlled corporation	299,995,955 (L)	74.99%	10
China Goldjoy Credit Limited	Person having a security interest in shares	240,000,000 (L)	60.00%	
Stellar Result Limited	Interest of controlled corporation	240,000,000 (L)	60.00%	11
Goldjoy Holding Limited	Interest of controlled corporation	240,000,000 (L)	60.00%	12
Great Sphere Developments Limited	Interest of controlled corporation	240,000,000 (L)	60.00%	13
China Goldjoy Group Limited	Interest of controlled corporation	240,000,000 (L)	60.00%	14
Tinmark Development Limited	Interest of controlled corporation	240,000,000 (L)	60.00%	15
Mr. Yao Jianhui	Interest of controlled corporation	240,000,000 (L)	60.00%	16

## OTHER INFORMATION

### Notes:

1. As of 30 September 2017, the Company had 400,000,000 Shares in issue.
2. UCL's deemed shareholdings stated above were held by virtue of its 70% shareholding interest in PVG.
3. SHIC's deemed shareholdings stated above were held by virtue of its 100% shareholding interest in UCL.
4. BOC Account's deemed shareholdings stated above were held as a trustee of a discretionary trust of which SHIC was the founder.
5. Shanghai Angell's deemed shareholdings stated above were held by virtue of its 1% capital commitment in SHIC's contribution through general partnership.
6. Zhongtian Partnership's deemed shareholdings stated above were held by virtue of its capital commitment in SHIC's contribution with Shanghai Angell through partnership.
7. Shanghai Tiger's deemed shareholdings stated above were held by virtue of its approximately 0.05% capital commitment in Zhongtian Partnership's contribution through general partnership.
8. Guiyang's deemed shareholdings stated above were held by virtue of its 80% capital commitment in Shanghai Tiger's contribution through limited partnership.
9. Zhongtian Group's deemed shareholdings stated above were held by virtue of its 100% shareholding interest in Guiyang.
10. Jin Shiqi's deemed shareholdings stated above were held by virtue of its 44.87% shareholding interest in Zhongtian Group.
11. Stellar Result Limited's deemed shareholdings stated above were held by virtue of its 100% shareholding interest in China Goldjoy Credit Limited.
12. Goldjoy Holding Limited's deemed shareholdings stated above were held by virtue of its 100% shareholding interest in Stellar Result Limited.

## OTHER INFORMATION

13. Great Sphere Developments Limited's deemed shareholdings stated above were held by virtue of its 80% shareholding interest in Goldjoy Holding Limited.
14. China Goldjoy Group Limited's deemed shareholdings stated above were held by virtue of its 100% shareholding interest in Great Sphere Developments Limited.
15. Tinmark Development Limited's deemed shareholdings stated above were held by virtue of its 48.86% shareholding interest in China Goldjoy Group Limited.
16. Mr. Yao Jianhui's deemed shareholdings stated above were held by virtue of its 100% shareholding interest in Tinmark Development Limited.
17. Pursuant to Section 336 of the SFO, the shareholders of the Company are required to file disclosure of interests forms (the "DI Forms") when certain criteria are fulfilled and the full details of the requirements are available on the Stock Exchange's official website. When a shareholder's shareholdings in the Company changes, it is not necessary to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, substantial shareholders' latest shareholdings in the Company may be different from the shareholdings filed with the Company and the Stock Exchange. The above statements of substantial shareholders' interests are prepared based on the information in the relevant DI Forms received by the Company as of 30 June 2017. The Company may not have sufficient information on the breakdown of the relevant interests and cannot verify the accuracy of information on the DI Forms.

\* *For identification purposes*

*Abbreviations: "L" stands for long position*

## OTHER INFORMATION

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

During the three months ended 30 September 2017, 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 three months ended 30 September 2017.

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 three months ended 30 September 2017.

### CORPORATE GOVERNANCE PRACTICES

During the three months ended 30 September 2017, the Group is in compliance with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules, except the provisions detailed below:

Code Provision	Deviation	Considered Reason for Deviation	
A.2.1	The roles of chairman and chief executive officer should be separate and should not be performed by the same individual.	Mr. Zhu Yongjun, the chairman ("Chairman") of the Company, took up the role of Chief Executive Officer ("CEO") from 17 March 2017 to 4 September 2017.	Mr. Zhu Yongjun has stepped down as the CEO on 5 September 2017 and remains as the Chairman of the Company while Ms. Wang Fei was appointed as CEO of the Company on 5 September 2017. Therefore, there is no deviation from the Code Provision A.2.1 as of the date of this report.

## OTHER INFORMATION

	Code Provision	Deviation	Considered Reason for Deviation
A.7.1	Board meetings papers should be sent, in full, to all directors at least 3 days before the intended date of meeting.	During the year, certain ad hoc Board meetings were held and the relevant board meeting papers were sent to all Directors less than 3 days before the date of the Board meeting.	The Board members of the Company were informed by the management of the Company by email, by WeChat or by phone on the updated information of proposed ad hoc projects/transaction to be entered by the Company from time to time. Although the meeting papers could not be sent to the directors at least 3 days, the Board members still have sufficient information to discuss the matters on proposed projects or transactions of the Company. The Board will use its best efforts to meet the requirements of Code Provision A7.1. in future.
C.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.	During the year, management did not provide monthly update with the Directors regularly.	As all the executive Directors were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company, and the management has provided to all Directors (including non-executive Directors and independent non-executive Directors ("INEDs")) quarterly updates that provide a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular board meetings of the Company.

## OTHER INFORMATION

Code Provision	Deviation	Considered Reason for Deviation
		<p>In addition, the management of the Company has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board.</p> <p>Therefore, the Company considers that all members of the Board have been given a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.</p>

### CHANGE OF DIRECTORS' INFORMATION

Upon specific enquiry by the Company and following confirmations from Directors, save as otherwise set out in this report, 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. The change of Director's information as required to be disclosed pursuant to Rule 17.50B of the Listing Rules are set out below:

1. Mr. Tang Yau Sing resigned as a member of Corporate Governance Committee of the Company with effect from 5 September 2017.
2. Ms. Wang Fei was appointed as a member of Corporate Governance Committee of the Company with effect from 5 September 2017.
3. Mr. Tang Yau Sing resigned as an authorised representative of the Company with effect from 27 September 2017.

## OTHER INFORMATION

4. Ms. Tian Yuan was appointed as an authorised representative of the Company with effect from 27 September 2017.
5. Mr. Tang Yau Sing retired as Executive Director and ceased to be the Compliance Officer of the Company with effect from 3 November 2017
6. Ms. Tian Yuan was appointed as Compliance Officer of the Company with effect from 3 November 2017.
7. Ms. Chen Feng and Mr. Gao Shuo were appointed as Independent Non-executive Directors of the Company with effect from 6 November 2017.
8. Ms. Chen Feng and Mr. Gao Shuo were appointed as member of each of the Audit Committee, Remuneration Committee, Nomination Committee and the Corporate Governance Committee with effect from 6 November 2017.
9. Mr. Chong Ka Yee was appointed as a Non-executive Director of the Company with effect from 6 November 2017.

## AUDIT COMMITTEE AND REVIEW OF FINANCIAL RESULTS

The audit committee of the Company (“Audit Committee”) has been established in accordance with the GEM Listing Rules and comprises Mr. Chui Man Lung Everett (chairman of the Audit Committee), Ms. Chen Feng (appointed on 6 November 2017), Mr. Cheung Kam Tong Antonio, Mr. Han Chu and Mr. Gao Shuo (appointed on 6 November 2017), all of them are independent non-executive Directors. The primary duties of the Audit committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, and to review the Company’s financial reports and to provide advice and comments thereon to the Board.

## OTHER INFORMATION

The Audit Committee has reviewed with the management the unaudited condensed consolidated results of the Group for the three months ended 30 September 2017, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

The condensed consolidated results of the Group for the three months ended 30 September 2017 have not been audited by the auditors of the Company.

By order of the Board

**Million Stars Holdings Limited**

**Zhu Yongjun**

*Chairman*

10 November 2017

*As at the date hereof, the Board comprises Mr. Zhu Yongjun, Ms. Wang Fei and Ms. Tian Yuan as executive Directors; Mr. Chong Ka Yee as non-executive Director and Ms. Chen Feng, Mr. Cheung Kam Tong Antonio, Mr. Chui Man Lung Everett, Mr. Han Chu and Mr. Gao Shuo as independent non-executive Directors.*