Ocean Star Technology Group Limited

海納星空科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8297)

KEY FINDINGS OF INTERNAL CONTROL REVIEW AND CONTINUED SUSPENSION OF TRADING

This announcement is made by Ocean Star Technology Group Limited (the "**Company**", together with its subsidiary, collectively referred as the "**Group**") pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the announcement of the Company dated 15 October 2025 in respect of the Resumption Guidance; and (ii) the announcement of the Company dated 16 April 2026 in respect of the additional Resumption Guidance (collectively, the "**RG Announcements**"). Unless otherwise stated, capitalised terms used herein shall have the same meaning as defined in the RG Announcements.

BACKGROUND OF THE INTERNAL CONTROL REVIEW

As disclosed in the Announcement, on 13 April 2026, the Company received the following additional resumption guidance (the "**Additional Resumption Guidance**") from the Stock Exchange:

- conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the GEM Listing Rules.

The Company has engaged VAG Consulting Limited (the "**Internal Control Consultant**") as its independent internal control consultant from 24 October 2025 to conduct a comprehensive review (the "**Internal Control Review**") of the internal control system, policies and procedures of the Group, and to provide corresponding recommendations for rectification to the management of the Company (the "**Management**").

The Board has conducted a detailed assessment and is satisfied that VAG Consulting Limited is independent, suitably qualified, experienced, and has adequate resources to perform the Internal Control Review effectively. VAG has confirmed its independence in writing with no relationships that could impair its objectivity, and was selected through a formal process involving multiple firms.

The Internal Control Consultant has produced the internal control review report to the Board (the "**Internal Control Report**"), which contains (among others) the findings of the Internal Control Review, recommendations of the Internal Control Consultant and the review results of the implementation status of the remedial actions in response to the recommendations made.

This announcement outlines the key findings of the Internal Control Review, response from and remedial actions conducted by the Group.

KEY FINDINGS OF THE INTERNAL CONTROL REVIEW

The Internal Control Consultant conducted a review of the Company's financial procedures, systems, and internal control elements with an aim to ensure that the Company has adequate internal controls and procedures in place to comply with its obligations under the GEM Listing Rules.

The key internal control findings identified by the Internal Control Consultant throughout the Internal Control Review, corresponding recommendation for rectification (the "**Rectification Recommendation(s)**"), the Company's response and the remediation status are summarised as follows:

1.1 Corporate-level Control

Key Findings	IC Recommendations	Management response & Implementation Status:
Weak entity-level risk assessment and formal oversight regarding high personnel turnover, financial distress, and compliance risks. Prior to remediation, there was an absence of formal risk ranking, risk owner assignment, or documented monitoring plans aligned with Corporate Governance Code requirements, which ultimately contributed to a delay in financial disclosures and trading suspension While senior management maintained casual, day-to-day operational supervision, the Group lacked a centralized, documented framework to identify, rank, and track risks. When systemic challenges crystallized concurrently in 2025 – such as severe executive turnover and operational liquidity pressures – the Board and Audit Committee lacked an early-escalation mechanism. This prevented them from taking preemptive corporate action, ultimately leading to delayed financial results and a subsequent trading suspension. **Risk Level: Medium**	Under GEM Listing Rule 17.10 (Continuous Disclosure Obligations) and Appendix 15 (Corporate Governance Code – CG Code) Provision D.2, listed issuers are required to maintain an ongoing, effective system of risk management and internal control. The absence of a formal risk register and clear risk-owner assignments meant the Company could not objectively demonstrate compliance with these provisions during the period under review. Enhance Board and Audit Committee oversight by implementing a structured, annual risk assessment framework. Establish a formal matrix evaluating the likelihood and impact of strategic, operational, and financial risks, assign clear risk owners, and document ongoing mitigation plans.	The Audit Committee has increased oversight through regular progress and monitoring meetings. An annual risk assessment framework and risk owner assignments have been established. Risk Matrix Institutionalization: A formalized 3 x 3 Risk Matrix (assessing Likelihood vs. Impact) was introduced to categorize risks into Low, Medium, and High bands Establishment of a Risk Register: A living Corporate Risk Register was created, documenting critical risk items across strategic, financial, operational, and compliance domains. Accountability Mapping: Every identified risk was mapped to a specific "Risk Owner" (e.g., the newly appointed Financial Controller and finance team own financial reporting risks, while the Compliance Officer and Compliance team own Listing Rule risks). Audit Committee Reporting: The internal quarterly updates and risk assessment results are now directly embedded into the Audit Committee agenda, establishing a continuous feedback loop. The Group continues to engage an external internal control adviser to conduct internal control review and maintain corporate transparency. **Status: Fully Implemented. The Company will continue to ensure the relevant corporate governance control policies are followed.**

1.2 Financial reporting cycle

Key Findings	IC Recommendations	Management response & Implementation Status:
The mass resignation of key finance personnel, including the former Chief Financial Officer (CFO) and experienced accounting staff, created an immediate vacuum of institutional knowledge. Because month-end closing procedures relied heavily on the personal routines of specific individuals rather than standardized enterprise workflows, their sudden departure left accounting records incomplete and supporting documents scattered across localized systems. Consequently, the incoming finance team had to spend significant time manually reconstructing historical ledgers from raw bank statements and invoices, stalling the statutory audit process.	This operational failure directly caused the breach of GEM Listing Rules 18.03, 18.48A, and 18.78, which mandate strict timelines for publishing annual results, dispatching annual reports, and issuing interim summaries. Establish standardised "month-end closing procedures" on 1 March 2026 with mandatory documentation checklists, cloud-based data backup, and reconciliation protocols. Implement a formal handover protocol with written "handover manuals", overlap periods, and designated deputies for all critical finance roles.	Recruited financial personnel and external accounting team during August 2025–January 2026, during August 2025–January 2026, including key personnel with relevant expertise in financial reporting, audit coordination, and internal controls, to enhance the finance team's capacity and stability and outsourcing professionals accounting team to stabilize month-end closing, sustain continuity and assist in audit preparation. Standardized "month-end closing procedures", and "handover manuals" implemented Group-wide. Standardized Month-End Closing Manual (SOP): A comprehensive Accounting SOP was drafted, defining an absolute timeline for bank reconciliations, intercompany matching, and sub-ledger finalization.
Risk Level: Medium-High	Engage external professional accounting support during high-turnover periods.	Mandatory Documentation Checklists: A mandatory closing checklist was introduced. No financial period can be locked until the reviewer physically signs off on the attached reconciliations and supporting schedules. Cloud-Based Document Repository: Financial data and supporting contracts were migrated to a secure, permission-controlled enterprise cloud environment, eliminating the risk of data loss from local hardware or individual email accounts. Surge Professional Support: an external accounting team was embedded within the team to clear historical backlogs, reconstruct files, and serve as an organized interface for the statutory auditors. **Status: Fully Implemented. The Company will continue to ensure the relevant financial reporting control policies are followed.**

1.3 Expenditure Cycle

Key Findings	IC Recommendations	Management response & Implementation Status:
The Group operated without an integrated, forward-looking cash management protocol. Cash flows were reviewed on a reactive basis rather than through a proactive, rolling budget matrix. Furthermore, a lack of clear segregation of duties meant that individual personnel could sometimes handle vendor interactions, verify invoice accuracy, and initiate payment requests with minimal independent cross-checks. This structural vulnerability weakened the Group's working capital control, leaving management blind to accumulating trade payables and liquid capital depletion until financial distress began impacting operations. **Risk Level: Medium-High**	Inadequate working capital management compromises the Board's annual confirmation regarding the Group's going concern status and its ability to meet short-term liabilities as they fall due. Implement a formal, comprehensive "Working Capital Budget Policy" that incorporates a strict approval authority matrix, monthly liquidity ratio benchmarks, and clear early-warning indicators. Mandate immediate escalation protocols to the Board and Audit Committee upon breaching thresholds. Strengthen internal checks and balances by strictly segregating duties between procurement, payment processing, and vendor ledger management.	The Group formally adopted the "Working Capital Budget Policy" backed by a monthly reporting mechanism to monitor profit and cash flow forecasts. Cost-cutting measures, operational efficiency improvements, and rigorous liquidity reviews have been institutionalized. Outstanding vendor claims have been resolved or legally provisioned, and standby loan facilities have been secured to maintain capital buffer stability. Working Capital Budget Policy & Tooling: Implementation of a strict, rolling 12-month Profit and Cash Flow Forecast model, updated weekly and reviewed monthly by senior management. Early-Warning Thresholds: Liquidity ratios (e.g., Current Ratio, Quick Ratio, and minimum cash reserve floors) were established as hard thresholds. Breaching a "Yellow" threshold triggers immediate review by the Financial Controller; breaching a "Red" threshold triggers mandatory escalation to the Director. Three-Way Matching & Segregation of Duties: Procurement controls were restructured to enforce an absolute segregation of duties. Payments now require a documented "Three-Way Match" (Purchase Order, Goods Received Note, and Vendor Invoice) before being routed to a secondary, independent authorized signatory for bank release. Strategic Liquidity Buffer: Management proactively negotiated standby banking and loan facilities to inject liquidity during tight operational cycles. **Status: Fully Implemented. The Company will continue to ensure the relevant expenditure control policies are followed.**

1.4 Human Resources Management Cycle

Key Findings	IC Recommendations	Management response & Implementation Status:
The corporate disruptions experienced during 2024 and 2025 were severely intensified by the total absence of formal succession plans or mandatory handover frameworks for key executive and compliance functions. When the CEO, CFO, multiple Executive Directors, and the Company Secretary resigned within a compressed timeframe, incoming replacements were forced to take over critical roles immediately with zero overlap periods, transitional training, or documented status reports. This individual-dependency model meant that when a key person left, the associated operational control system effectively ceased to function. **Risk Level: Medium-High**	Frequent and unmitigated turnover in roles like the Company Secretary or Authorized Representatives triggers immediate non-compliance risks under GEM Listing Rule 5.14 (Qualifications of Company Secretary) and core corporate governance expectations regarding board stability. Develop and institutionalize a Group-wide Management Succession Plan covering all key executive and compliance roles (ED, CFO, Financial Controller, and Company Secretary). Enforce mandatory handover protocols requiring written transitional manuals, minimum overlap periods, and designated temporary deputies to eliminate dependency on single individuals.	Formal handover protocols and clear reporting lines have been established. Experienced senior management, finance, and compliance officers were successfully recruited between August 2025 and January 2026. Furthermore, an external professional accounting firm has been retained on standby to serve as an outsourced talent backup, ensuring operational business continuity. Group Succession Planning Framework: The Board approved a formal Management Succession Plan identifying internal and external "Designated Deputies" for all critical and regulatory roles. Mandatory Handover Protocol (SOP): HR policies were revised to tie final salary clearance and reference releases to a formal handover protocol. Departing personnel must compile a standardized "Transitional Briefing Document" mapping out outstanding tasks, system credentials, active regulatory correspondence, and key deadlines. Mandatory Overlap & Shadowing: Where practical, employment contracts for core positions now aim to secure a minimum 2-to-4 week cross-over/shadowing window between departing and incoming staff. External Advisory Standby Pool: To prevent future operational halts, an external accounting team has been retained to provide instant, temporary interim personnel, and internal control consultant is placed on regular basis. **Status: Fully Implemented. The Company will continue to ensure the relevant Human Resources Management policies are followed.**

1.5 Internal Control Compliance Training

Key Findings

A foundational driver of the Group's historical disclosure failures was a general lack of structured, ongoing professional training regarding listing obligations and risk-escalation workflows. While the Board focused heavily on commercial retail operations and brand management, technical updates to the GEM Listing Rules, corporate governance requirements, and internal financial disclosure pathways were not regularly communicated to operational teams or senior management. Consequently, staff did not fully recognize the regulatory severity of delayed information flows or missing internal documentation.

Risk Level: Medium

IC Recommendations

Continuous professional development is a core requirement under Code Provision C.1.4 of the CG Code. Directors must participate in continuous professional development to develop and refresh their knowledge and skills, ensuring their contribution to the board remains informed and relevant.

Establish a mandatory, annual Internal Control Compliance Training program for all Directors, senior management, and operational staff. Training modules must specifically address the GEM Listing Rules, financial disclosure deadlines, risk-owner responsibilities, and whistleblowing/ escalation channels. Maintain a centralized training log to track completion.

Management response & Implementation Status:

The Group has established an ongoing regulatory training schedule. Executive Directors and senior compliance officers completed professional updates regarding GEM Listing Rules and Corporate Governance duties between Q4 2025 and Q1 2026. Routine compliance briefings have been integrated into the onboarding process for all newly appointed finance and management staff to sustain long-term compliance awareness.

Annual Structured Training Calendar: The Group established a formal compliance training curriculum managed by the Company Secretary and external legal counsel.

Targeted Modules for Core Cohorts:

- *Directors and compliance officer:* Advanced sessions focusing on fiduciary duties, disclosure requirements for price-sensitive inside information, and corporate governance compliance under Appendix 15.

- *Finance and Procurement Operations:* Technical training on internal control thresholds, anti-fraud controls, transaction authorization matrixes, and proper document archiving workflows.

Integration into Employee Onboarding: Compliance and internal control walkthroughs have been made a mandatory part of the onboarding process for all newly hired finance, HR, and managerial employees.

Centralized Compliance Log: The HR and Compliance departments now maintain a centralized Training Log, documenting attendance, credit hours, and assessment completion to serve as verifiable audit evidence for external regulatory reviews.

Status: Fully Implemented. The Company will continue to ensure the relevant internal control and Compliance Training policies are followed.

COMPLETION OF THE INTERNAL CONTROL REVIEW

As at the date of this announcement, the Group has adopted and implemented all the relevant remediation work in accordance with the Rectification Recommendations as detailed above.

OPINIONS OF THE AUDIT COMMITTEE AND THE BOARD

Having considered the report of Internal Control Review and the remedial actions taken by the Group, both the Audit Committee of the Company and the Board (including the independent non-executive Directors) are of the view that the enhanced internal control measures implemented by the Group based on the Rectification Recommendations are adequate and sufficient to address the key findings of the report of the Internal Control Review in order to prevent, monitor and detect occurrence of similar incidents as those leading to delayed financial results and a subsequent trading suspension which may cause the Company's failure to meet its obligations under the Listing Rules.

The Company has adopted all advice and recommendations suggested by the Internal Control Consultant, and has adopted, revised and/or strengthened (as applicable) relevant policies and procedures of the Company. The Internal Control Consultant has conducted a follow-up review after the implementation of relevant remedial measures on the Rectification Recommendations by the Group.

After considered the Internal Control Review report and the remedial measures taken by the Company, the Board and the Internal Control Consultant is of the view that: (a) all internal control deficiencies identified in the Internal Control Report have been adequately addressed through appropriate recommended rectifications; (b) the remedial measures taken by the Company are sufficient and adequate; and (c) the Company has established sufficient and reliable governance, internal control, and reporting systems to perform its obligations under the Listing Rules.

The Board and the Internal Control Consultant will continue to monitor the effectiveness of the Company's internal control system and procedures to perform its obligations under the GEM Listing Rules, and ensure the Group's internal control policies and procedures are reasonable and adequate, and integrate them into our operations.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 July 2025 and will remain suspended until further notice.

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

By order of the Board
Ocean Star Technology Group Limited
Jiao Dejun
Chairman and Executive Director

Hong Kong, 4 September 2026

As at the date of this announcement, the executive Directors are Mr. Jiao Dejun, Mr. Sun Tian, Mr. Xu Xue, Mr. Hu Yanhui and Mr. Liu Jiawei; and the independent non-executive Directors are Mr. Tong Zhu, Mr. Hong Sze Lung, Ms. Li Tiejing and Mr. Li Hongwei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at www.hkexnews.hk for at least 7 days from the date of its publication and will also be published on the Company's website at www.bodibra.com.