耀星科技集团

BRIGHTSTAR TECHNOLOGY GROUP CO., LTD

BRIGHTSTAR TECHNOLOGY GROUP CO., LTD
耀星科技集團股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8446)

DISCLOSURE PURSUANT TO RULES 17.15 AND 17.17 OF THE GEM LISTING RULES

PROVISION OF PREPAYMENT TO A SERVICE PROVIDER

The Board announces that on 28 March 2024, the Company entered into the Service Agreement with Zansun, pursuant to which Zansun would provide the Company with the A.I. Services with a total consideration of RMB500,000,000 (equivalent to approximately HK$540,000,000).

The Service Agreement

The principal terms of the Service Agreement are summarised as follows:

Date: 28 March 2024

Parties: (i) Brightstar Technology Group Co., Ltd; and

(ii) Shenzhen Zansun Digital Technology Limited *（深圳市戰神數字科技有限公司）

Purpose: For the development and integration of A.I. technology (the "**A.I. Technology**") into the Group's current business operation system

Consideration: RMB500,000,000 (equivalent to approximately HK$540,000,000) in total, which was payable in the following manner:

(i) RMB100,000,000 (equivalent to approximately HK$108,000,000) shall initially be payable by the Company to Zansun within 30 days of the signing of the Service Agreement (the "**Prepayment**"), as prepayment for Zansun to kick-start its works in relation to the provision of the A.I. Services;

(ii) The interim payment of RMB100,000,000 (equivalent to approximately HK$108,000,000) shall be paid by the Company to Zansun upon satisfactory A.I. Technology development progress by Zansun; and

(iii) The remaining RMB300,000,000 (equivalent to approximately HK$324,000,000) shall be paid by the Company to Zansun within one (1) month after successful integration of the A.I. Technology into the Group's current business operation system.

Services: The A.I. Services to be provided by Zansun to the Company include:

(i) data collection, A.I. Technology development and A.I. model training; and

(ii) the integration of the A.I. Technology into the Group's current business operation system.

Term: One (1) year

Termination: The Service Agreement may be terminated before expiry of the term if any of the following events or circumstances occur:

(i) Zansun shall have the right to terminate if the Company fails to pay the Prepayment pursuant to the terms of the Service Agreement.

(ii) The Company shall have the right to the full refund of Prepayment from Zansun and termination of the Service Agreement if the A.I. Services provided by Zansun are unsatisfactory.

In late March 2024, the Company paid the Prepayment to Zansun pursuant to the terms of the Service Agreement. The Company financed the Prepayment with the Group's internal resources.

As Zansun subsequently failed to develop and integrate the A.I. Technology in accordance with the specification and timetable required by the Group, the Company exercised its right to terminate and demand full refund of the Prepayment pursuant to the Service Agreement. In late March 2025, the Prepayment was repaid in full by Zansun to the Company.

INFORMATION ON THE PARTIES

Information on the Company

The Company is an investment holding company. The Group is principally engaged in (i) the provision of visual display solution services for concerts and events primarily in Hong Kong, Macau and the PRC; (ii) the provision of information technology consulting services in the PRC; and (iii) the provision of hotel reservation and convention planning services in the PRC.

Information on Zansun

Zansun is a limited liability company established in the PRC and is principally engaged in (i) A.I. research and development services; (ii) data processing services; and (iii) information technology consulting services in the PRC. Zansun is owned as to approximately 90% and 10% by Feng Yan（馮燕）and Feng Guohui（馮國輝）, respectively, who are PRC residents and Independent Third Parties. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Zansun and its ultimate beneficial owners is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE PREPAYMENT

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries and based on the information provided by Zansun, Zansun has been providing A.I. research and development services to various corporations in the PRC since 2014. The Group believed that by leveraging Zansun's experience in providing A.I. research and development services, the Group would gain the ability to deliver enhanced, tailored services and solutions to clients. With data-driven analytics, the Group would be able to identify preferences of the Group's existing and potential clients, and offer comparison of various proposals in a prompt and efficient manner. In particular, the Group was hopeful of gaining better access to consumer behaviour analytics, thereby enhancing its three core business areas in the following manner:

(i) For provision of visual display solutions services at concerts and events, the A.I. technology should be able to analyse audience engagement data to recommend optimal screen placements with A.I.-generated models, ensuring better visibility and impact. This would allow the Group to advise clients on the most effective setups while reducing unnecessary equipment costs;

(ii) For information technology consulting services, with the help of the A.I. big data bank, the A.I. Technology would help the Group to identify clients' technical issues, such as outdated or inefficient operating systems, more efficiently and provide more cost-effective solutions, such as software or hardware upgrades, to the Group's clients. By automating basic diagnostics, the Group would then be able to focus on high-value strategic improvements; and

(iii) For hotel and convention planning, the A.I. Technology would allow the Group to gain the ability to track seasonal booking trends and regional preferences, and enable the Group to negotiate better rates with hotels and/or venues and tailor packages to client needs and improve occupancy rates for partner hotels and venues.

In terms of operational efficiencies, the implementation of the A.I. Technology was projected to generate long-term reductions in staffing requirements, especially in data collection, report generation and marketing through process automation and optimisation. Over time, the integration of A.I. Services was expected to streamline the abovementioned areas, reduce reliance on manual processes and facilitate optimised workforce restructuring. These efficiencies were expected to decrease operational expenditures while maintaining and potentially improving current service delivery standards.

Based on the above, the Directors believed that the integration of Zansun's A.I. Services promised measurable improvements in both commercial performance and operational efficiency of the Group. By combining advanced A.I. Technology with the Group's existing operation system, the Group would be better positioned to deliver enhanced services to more clients while simultaneously improving its cost management.

The Prepayment to Zansun was made pursuant to the terms of the Service Agreement, as an upfront cost for Zansun to kick-start its works in relation to the provision of the A.I. Services. The Group had obtained quotations from several A.I service providers and noted that all of them required prepayment of service fees as an upfront cost to kick start the relevant A.I research and development process. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, prepayments of fees is a normal practice in the A.I. technology research and development sector because the services generally require intensive manpower and large quantity of work for service providers to obtain data from clients, testing and developing the relevant A.I. technology that meet clients' specification. As such, the Directors are of the view that Zansun's requirement for the Prepayment was on normal commercial terms and in line with the prevailing market practice.

Nevertheless, to provide better protection for the Group's interest, the Group negotiated with Zansun to include a clause in the Service Agreement that would allow the Company to terminate the Service Agreement and demand full refund of the Prepayment if Zansun fails to develop and integrate the A.I. Technology development in accordance with the specification and timetable required by the Group. Given the above clause in the Service Agreement, the Directors believe that sufficient safeguards are in place to ensure that, in the event Zansun's work performance failed to meet the Group's specifications and timetable, the Group could terminate the contractual relationship with Zansun and obtain a full refund of the Prepayment.

Based on the above, the Directors are of the view that the terms of the Service Agreement, including the provision of Prepayment, are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the Prepayment is of a revenue nature and conducted in its ordinary and usual course of business, pursuant to Rule 19.04(1)(g) and 19.04(8) of the GEM Listing Rules, the entering into of the Service Agreement and the transactions contemplated thereunder do not constitute notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules.

As the amount of the Prepayment exceeds 8% under the assets ratio as defined under Rule 17.15 of the GEM Listing Rules, the Prepayment constitutes advance to an entity and is subject to the general disclosure obligations under Rule 17.17 of the GEM Listing Rules.

NON-COMPLIANCE OF GEM LISTING RULES

Based on the Company's interpretation on the definition of "advance to an entity" in accordance with the Chinese version of Rule 17.15 of the GEM Listing Rules, the Company has mistakenly considered that only loans advanced to an entity would be classified as an "advance to an entity" under Chapter 17 of the GEM Listing Rules. As such, the Company did not make any announcement under Chapter 17 of the GEM Listing Rules promptly after the provision of Prepayment.

Subsequently, upon consulting the legal adviser of the Company, the Directors came to understand that Rule 17.15 and the general disclosure obligation under Rule 17.17 of the GEM Listing Rules are also applicable to the Prepayment to Zansun.

REMEDIAL MEASURES

The Company deeply regrets the non-compliance with the GEM Listing Rules in respect of the Prepayment. In order to avoid the recurrence of similar events in the future, the following remedial measures will be taken by the Group to ensure that the GEM Listing Rules are strictly complied with:

(a) A 3-hour internal training session will be conducted by a Hong Kong lawyer with all the Directors and senior management of the Group to explain the relevant GEM Listing Rules requirements in relation to the advance to an entity and other continuing disclosure obligation of a listed issuer under Chapter 17 of the GEM Listing Rules, in order to strengthen their knowledge relating to advance to an entity and their ability to identify potential compliance issues at early stage.

(b) The Company has engaged an external internal-control consultant (the "**IC Consultant**") to conduct an internal control review on the Group's internal procedures to ensure its compliance with the GEM Listing Rules, in particular, on Chapter 17, 19 and 20 of the GEM Listing Rules. Furthermore, The IC Consultant shall conduct regular check on the potential transactions or contracts to be entered by the Group on a regular basis and ensure the Company's compliance on the GEM Listing Rules when entering into such transactions or contracts. If such transactions or contracts could trigger potential disclosure obligations under the GEM Listing Rules (including but not limited to contracts involving prepayments), the IC Consultant shall report to the executive Directors for discussion. If the executive Directors consider necessary, legal advisers will be engaged to advise on the GEM Listing Rules compliance in respect of particular advance to entity to be conducted by the Group.

(c) All material transactions (with amount equivalent to or over HK$3 million) to be conducted by the Group should be first reviewed by the Group's internal control staff and then be submitted to the Head of Finance to determine whether any of these transactions constitute notifiable transaction or connected transaction, or trigger continuing disclosure obligation under the GEM Listing Rules before being conducted. If such potential transactions may constitute notifiable transaction or connected transaction, or trigger continuing disclosure obligation under the GEM Listing Rules, the Head of Finance shall report to the IC Consultant and the Board immediately for the Board to discuss and seek advices from relevant legal and finance professionals and if necessary, make appropriate announcement to the public promptly. The accounting department shall not process any payment to be made out by the Group in respect of the above transactions without getting the confirmations from the internal control staff and the Head of Finance that such transactions are in compliance with the relevant GEM Listing Rules.

In addition, the Group will implement the following enhancements to its internal control procedures with respect to prepayments to service providers in the future:

(a) Before entering into agreements involving prepayments, the Group's internal control staff (under the supervision of the Head of Finance of the Company) shall be designated to conduct credit assessments on the counterparty by: (i) reviewing the financial information obtained from the potential counterparty; (ii) reviewing the credit rating of the potential counterparty (where applicable); (iii) conducting public searches on the potential counterparty and assess its financial background to assess the prepayment recoverability; (iv) considering the benefits that the relevant prepayment would bring for the Group; (v) set-up standard protocol and contingency plans for the potential failure to receive any refund of the prepayments.

(b) The Group shall maintain a list of prepayments provided to third parties which clearly set out: (a) whether the prepayments contain certain commitments on work progress on the part of the counterparty, and if so, (i) the relevant key performance indicators, (ii) the fulfilment status of the commitment, and (iii) the conditions at which the Group will be entitled to demand refund of the prepayment; and (b) whether each of the prepayments exceeds the threshold under Rules 17.15 and 17.17 of the GEM Listing Rules which is subject to general disclosure requirements.

(c) To the extent that any future agreement with prepayment arrangements contains certain commitments on the part of the counterparty:

(i) the Group shall ensure that the relevant transaction documents shall include a term to the effect that the Group is entitled to demand refund of the prepayment in full or in part upon the counterparty failing to fulfill commitments or perform its work; and

(ii) the IC Consultant shall actively review and monitor the work progress on a regular basis. If it has come to the attention of the IC Consultant that there are circumstances giving rise to serious doubt as to the counterparty's ability to fulfil the relevant commitments in accordance with the agreement, the IC Consultant shall promptly inform the Board for the Board to assess whether and when to terminate the agreement and demand refund in full of the prepayment.

It is expected that the above remedial measures will be fully implemented by the Group by 30 September 2025. The IC Consultant will maintain communication with the Head of Finance of the Company and the Group's internal control staff on regular basis to ensure that the above remedial measures are implemented properly. The Company will publish an announcement for the key findings of the internal control review and the progress of implementation of the above remedial measures when the internal control review is completed.

DEFINITIONS

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

"A.I."	artificial intelligence
"A.I. Services"	development of the A.I. Technology and integration thereof into the Group's current business operation system
"Board"	the board of Directors
"Company"	Brightstar Technology Group Co., Ltd (stock code: 8446), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
"Consideration"	the consideration of RMB500,000,000 (equivalent to HK$540,000,000) pursuant to the Service Agreement
"Director(s)"	member(s) of the Board
"GEM"	GEM of the Stock Exchange

"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Parties"	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and its connected person(s)
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Prepayment"	the prepayment of RMB100,000,000 (equivalent to HK$108,000,000) pursuant to the Service Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Service Agreement"	a service agreement dated 28 March 2024 entered into between the Company and Zansun in respect of the provision of the A.I. Services by Zansun
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Zansun"	Shenzhen Zansun Digital Technology Limited *(深圳市戰神數字科技有限公司), a company established in the PRC with limited liability
"%"	per cent.

By order of the Board
Brightstar Technology Group Co., Ltd
Cui Hai Bin
Chairman and Executive Director

Hong Kong, 26 June 2025

* *For identification purposes only*

In this announcement, for illustration only, amounts quoted in RMB have been converted into HK$ at the rate of HK$1.08 to RMB1.

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Cui Hai Bin, Mr. Yeung Ho Ting Dennis and Ms. Zhang Yan Ling; and four independent non-executive Directors, namely, Ms. Jiang Yu E, Mr. Ji Gui Bao, Mr. Li Bing and Mr. Chen Zhipeng.

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 websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.intechproductions.com.