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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

uSMART Securities

盈立證券

On 29 May 2024 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 175,685,500 Placing Shares at the Placing Price of HK\$0.1 per Placing Share to not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties. The Placing Shares will be issued and allotted pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date, the maximum number of the Placing Shares under the Placing represents approximately (i) 17.0% of the existing issued share capital of the Company of 1,036,314,500 Shares as at the date of this announcement; and (ii) 14.5% of the issued share capital of the Company as enlarged by the issue and allotment of the maximum number of the Placing Shares. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$1,756,855 based on the par value of HK\$0.01 per Share.

The Placing Price of HK\$0.1 per Placing Share represents (i) a premium of approximately 6.4% over the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 2.0% over the average closing price of HK\$0.098 per Share for the last five trading days immediately prior to the date of the Placing Agreement based on the respective daily closing prices quoted on the Stock Exchange.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$17.6 million and HK\$17.3 million, respectively. Assuming that all the Placing Shares are successfully placed, the net price per Placing Share will be approximately HK\$0.0984.

The Shareholders and the potential investors of the Company should note that Completion is subject to the fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, the Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

29 May 2024 (after trading hours)

Issuer

The Company

Placing Agent

uSMART Securities Limited

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 175,685,500 Placing Shares to Placees during the Placing Period upon the terms and subject to the condition of the Placing Agreement.

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares either by itself or through its sub-placing agents to not less than six Placees, being corporate or individual investors who are professional investors, who and whose ultimate beneficial owner(s) (if applicable) are Independent Third Parties. It is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) as a result of the Placing. If any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date, the maximum number of the Placing Shares under the Placing represents approximately (i) 17.0% of the existing issued share capital of the Company of 1,036,314,500 Shares as at the date of this announcement; and (ii) 14.5% of the issued share capital of the Company as enlarged by the issue and allotment of the maximum number of the Placing Shares. The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$1,756,855 based on the par value of HK\$0.01 per Share.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue at the time of issue and allotment of the Placing Shares.

Placing Price

The Placing Price of HK\$0.1 per Placing Share represents (i) a premium of approximately 6.4% over the closing price of HK\$0.094 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 2.0% over the average closing price of HK\$0.098 per Share for the last five trading days immediately prior to the date of the Placing Agreement based on the respective daily closing prices quoted on the Stock Exchange. The estimated expenses for the Placing are approximately HK\$0.3 million, comprising placing commission and other related expenses and professional fees. Assuming that all the Placing Shares are successfully placed, the net price per Placing Share will be approximately HK\$0.0984.

The Placing Price was determined with reference to the current market conditions, prevailing market prices and the liquidity of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing, including the Placing Price, are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing commission

The placing commission to be received by the Placing Agent pursuant to the Placing Agreement is 0.8% on the gross proceeds of the Placing Shares which are successfully placed by the Placing Agent.

The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions, the size of the Placing as well as the trading performance of the Shares. The

Directors consider that the terms of the Placing, including the placing commission, are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be issued and allotted under the General Mandate, pursuant to which the Company is authorised to issue and allot up to 202,000,000 Shares. As at the date of this announcement, a total of 26,314,500 Shares have been issued under the General Mandate upon completion of the previous placing of the Company on 4 December 2023 and the number of new Shares that is available for issue under the General Mandate is 175,685,500 Shares. Accordingly, the issue of the 175,685,500 Placing Shares is not subject to the approval of the Shareholders.

Application for listing of Placing Shares

Application will be made by the Company to the Listing Committee for the grant of approval for the listing of, and permission to deal in, the Placing Shares.

Condition of the Placing Agreement

The Placing is conditional upon the Listing Committee granting the approval for the listing of, and permission to deal in, the Placing Shares.

In the event that the aforesaid condition has not been fulfilled by 20 June 2024 (or such later date as may be agreed by the Placing Agent and the Company in writing), all obligations of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other party in respect of the Placing save for any antecedent breaches.

Termination of the Placing

If any of the following events occur at any time at or before 10:00 a.m. on the Completion Date, the Placing Agent may, by giving a written notice to the Company, terminate the Placing Agreement with immediate effect and without liability to the other party, and the Placing Agreement shall thereupon cease to have effect and none of the parties shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or

- (ii) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being Completion) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which in the reasonable opinion of the Placing Agent materially and adversely affects the success of the Placing (such success being Completion) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or
- (vi) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business or financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

Completion of the Placing

Completion of the Placing will take place on the Completion Date, subject to the fulfillment of the condition set out in the Placing Agreement. Please refer to the section headed “Condition of the Placing Agreement” in this announcement for details.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is one of the leading retailers of lingerie with shaping functions in Hong Kong, with production facilities in the PRC and Hong Kong. The Group is principally engaged in the designing, manufacturing and sales of core lingerie products under the core brand of “Bodibra” and sub-brands, namely “June”, “oobiki”, “Bodicare” and “invisi”. The Group principally offers a wide range of its own branded lingerie that are designed with shaping functions which aim to achieve better body appearances, including bras and panties, body shaping underwear and chest support vests.

The Group recorded the loss for the year of approximately HK\$18.8 million and HK\$34.7 million for the years ended 31 March 2022 and 2023, respectively, and the loss attributable to the owners of the Company of approximately HK\$12.4 million for the six months ended 30 September 2023. The net current liabilities of the Group increased by approximately 75.3% from approximately HK\$11.2 million as at 31 March 2023 to approximately HK\$19.6 million as at 30 September 2023.

As disclosed in the annual report of the Company for the year ended 31 March 2023, the uncertainties in the international social and economic environment directly affected the local consumer sentiment and the overall local retail consumer market. As further disclosed in the interim report of the Company for the six months ended 30 September 2023, the business environment is expected to remain challenging as the consumer sentiment in Hong Kong remains weak, particularly in the sub-essential lingerie retail market. In view of the weak retail consumer market, the Group has been dedicated to, among others, (i) strengthening its cost management and enhancing the overall operational efficiency by optimizing its lingerie sales network coverage; and (ii) achieving diversification of the Group’s business base.

In order to achieve business diversification and increase its income source, the Group has been striving to explore business opportunities across various sectors. It is the strategy of the Group to enter the great health industry by developing a health product and service system based on the theory of Chinese medicine, focusing on health management, chronic disease treatment, disease prevention, and anti-aging. The Group will build a moxibustion chain and an industrial chain to create a one-stop health management platform and the biomedical field.

In light of the above and together with the prevailing financial position of the Group, the Directors consider that the Placing represents a good and timely opportunity for the Company to broaden its Shareholder and capital base as well as to strengthen the financial position of the Group for its long-term business development and growth.

The Directors have considered various options of raising funds. The Directors believe that the Placing allows an opportunity to raise additional funding to strengthen the Company’s financial position as well as to enlarge the shareholding base of the Company within a relatively shorter time frame and at a lower cost compared with other means of fund-raising. Having considered the terms of the Placing Agreement (including the Placing Price and the

placing commission), which were determined after arm's length negotiations between the Company and the Placing Agent, are on normal commercial terms and fair and reasonable, the Directors (including the independent non-executive Directors) consider that the entering into of the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$17.6 million and HK\$17.3 million, respectively. The Company intends to apply the net proceeds from the Placing as to approximately (i) HK\$6.9 million for the development of great health business; (ii) HK\$5.2 million for the operation and business enhancement of lingerie products segment; and (iii) HK\$5.2 million for general working capital.

EQUITY FUND-RAISING ACTIVITY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund-raising activity in the past twelve (12) months immediately preceding the date of this announcement:

Date of initial announcement	Fund-raising activity	Net proceeds	Intended use of proceeds	Actual use of net proceeds
3 November 2023	Placing of new Shares under the General Mandate	Approximately HK\$5.1 million	Intended to be utilised as to approximately: <ul style="list-style-type: none"> (i) HK\$2.0 million for the development of great health business; (ii) HK\$1.6 million for the operation and business enhancement of lingerie products segment; and (iii) HK\$1.5 million for general working capital 	Utilised as to approximately (i) HK\$0.25 million for the development of great health business; (ii) HK\$0.97 million for the operation and business enhancement of lingerie products segment; and (iii) HK\$0.59 million for general working capital, as of 30 April 2024.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,036,314,500 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date and all 175,685,500 Placing Shares have been successfully placed):

Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Director				
Ms. Chen Lizhu	9,550,000	0.9	9,550,000	0.8
Public Shareholders				
The Placees	–	–	175,685,500	14.5
Other public Shareholders	<u>1,026,764,500</u>	<u>99.1</u>	<u>1,026,764,500</u>	<u>84.7</u>
<i>Sub-total</i>	<i>1,026,764,500</i>	<i>99.1</i>	<i>1,202,450,000</i>	<i>99.2</i>
Total	<u>1,036,314,500</u>	<u>100.0</u>	<u>1,212,000,000</u>	<u>100.0</u>

The Shareholders and the potential investors of the Company should note that Completion is subject to the fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, the Shareholders and the potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“AGM 2023”	the annual general meeting of the Company held on 29 August 2023
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for banking business in Hong Kong

“Company”	Ocean Star Technology Group Limited 海納星空科技集團有限公司 (stock code: 8297), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Completion”	completion of the Placing pursuant to the terms and condition of the Placing Agreement
“Completion Date”	a day not later than the fourth Business Day following the fulfillment of the condition precedent set out in the Placing Agreement or such later date as may be agreed between the Company and the Placing Agent in writing
“Directors”	directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the AGM 2023 to issue and allot new Shares not exceeding 20% of the then total number of issued Shares, i.e. 202,000,000 new Shares
“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 PRC
“Independent Third Party(ies)”	party(ies) who is/are independent of, and not connected with, the Company, any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries and any of their respective associates
“Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“Placee(s)”	any corporate or individual investor(s) who is/are professional investor(s), who and whose ultimate beneficial owner(s) (if applicable) is/are Independent Third Party(ies), procured by the Placing Agent to subscribe for any of the Placing Shares

“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement upon the terms and subject to the condition set out in the Placing Agreement
“Placing Agent”	uSMART Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 29 May 2024 in relation to the Placing
“Placing Period”	the period commencing immediately after the Placing Agreement is entered into by the Company and the Placing Agent and expiring at 5:00 p.m. on 13 June 2024 (or such later time and date as the parties may agree in writing)
“Placing Price”	HK\$0.1 per Placing Share
“Placing Shares”	up to a total of 175,685,500 new Shares to be placed pursuant to the Placing Agreement upon the terms and subject to the condition set out in the Placing Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Ocean Star Technology Group Limited
Zheng Siyu
Chairman and Executive Director

Hong Kong, 29 May 2024

As at the date of this announcement, the executive Directors are Mr. Zheng Sihu, Ms. Chen Lizhu, Mr. Chiu G Kiu Bernard, Mr. Xu Xue and Mr. Sun Tian; and the independent non-executive Directors are Mr. Lai Kim Fung, Mr. Tang Yiu Kay and Mr. Tong Zhu.

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 Company Announcements” page of the Stock Exchange’s website at www.hkex.com.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.