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UNIVERSAL STAR (HOLDINGS) LIMITED

星宇(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2346)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE TARGET COMPANY AND

ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

On 8 October 2021 (after trading hours of the Stock Exchange), the Company, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Sellers and the Target Company entered into the Sale and Purchase Agreement, pursuant to which, among others, the Purchaser has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Sale Interest, representing 100% of the equity interest of the Target Company, for the Consideration of RMB98,000,000 comprising (i) Cash Consideration in the amount of RMB17,836,000 and RMB1,764,000 to be payable to Seller A and Seller B, respectively, and (ii) the Consideration Shares with value of RMB71,344,000 and RMB7,056,000 to be allotted and issued to Seller A and Seller B, respectively, subject to the terms and conditions of the Sale and Purchase Agreement.

As at the date of this announcement, the Target Company is owned as to 91% by Seller A and 9% by Seller B. Upon Completion, the Target Company will become a subsidiary of the Company and the financial statements of the Target Company will be consolidated into the Group.

GENERAL MANDATE TO ISSUE THE CONSIDERATION SHARES

The Consideration Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 108,256,400 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, except 53,828,000 Shares which were issued and allotted pursuant to the placing agreement dated 1 September 2021, which was amended and supplemented by the supplemental placing agreement dated 8 September 2021 (for details, please refer to the announcements of the Company dated 1, 8 and 29 September 2021), no Shares have been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares, which are in total 42,367,470 Shares, and the allotment and issue of the Consideration Shares is not subject to approval of the Shareholders. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5%, but all the applicable percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to fulfilment or waiver (as the case may be) of the Conditions Precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 8 October 2021 (after trading hours of the Stock Exchange), the Company, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Sellers and the Target Company entered into the Sale and Purchase Agreement, pursuant to which, among others, the Purchaser has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Sale Interest, representing 100% of the equity interest of the Target Company, for the Consideration of RMB98,000,000 comprising (i) Cash Consideration in the amount of RMB17,836,000 and RMB1,764,000 to be payable to Seller A and Seller B, respectively, and (ii) the Consideration Shares with value of RMB71,344,000 and RMB7,056,000 to be allotted and issued to Seller A and Seller B, respectively, subject to the terms and conditions of the Sale and Purchase Agreement.

As at the date of this announcement, the Target Company is owned as to 91% by Seller A and 9% by Seller B. Upon Completion, the Target Company will become a subsidiary of the Company and the financial statements of the Target Company will be consolidated into the Group.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 8 October 2021 (after trading hours of the Stock Exchange)

Parties:

- (i) the Company;
- (ii) the Purchaser;
- (iii) Seller A;
- (iv) Seller B; and
- (v) the Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of Seller A, Seller B and the Target Company is an Independent Third Party.

Subject matter of the Acquisition

The Purchaser has conditionally agreed to purchase, and Seller A and Seller B have conditionally agreed to sell, the Sale Interest A and Sale Interest B, respectively, which collectively represent 100% of equity interest of the Target Company.

Consideration

The Consideration of RMB98,000,000 comprises of (i) Cash Consideration in the amount of RMB17,836,000 and RMB1,764,000 to be payable to Seller A and Seller B, respectively, and (ii) the Consideration Shares with value of RMB71,344,000 and RMB7,056,000 to be allotted and issued to Seller A and Seller B, respectively, subject to the terms and conditions of the Sale and Purchase Agreement.

The Consideration was determined based on arm's length negotiations between the Purchaser and the Sellers with reference to, among others, the following factors:

- (i) the valuation of 100% equity interests of the Target Company in the amount of RMB106,500,000 as at 30 June 2021 by adopting market approach as prepared by an independent valuer (“**Business Valuation**”);
- (ii) the licenses and approvals owned by the Target Company to carry out the processing of alloys and magnetic materials business and 16 patents owned by the Target Company in relation to equipment and devices used in the processing of metals and alloys;
- (iii) the prospect and future of alloys and magnetic materials business, in particular, the rare earth metals, which are raw materials of many hi-tech green technology products including the manufacturing of magnets for wind turbines and batteries for hybrid cars, production of television and energy-efficient lamps, and high-performance ceramics;
- (iv) the structure of Consideration as it enables the Group to partially settle the Consideration by issuing the Consideration Shares to the Sellers to avoid the incurrence of a significant cash outlay;
- (v) the Performance Undertakings given by the Sellers, details of which are set out in the subsection headed “Principal terms of the Sale and Purchase Agreement – Performance Undertakings”, which serves to ensure that the Target Company can still maintain its growth momentum after Completion; and
- (vi) the reasons for and benefits of the Acquisition as set out in the section headed “Reasons for and benefits of the Acquisition”.

Consideration Shares

As at the date of this announcement, the Company has 595,110,000 Shares in issue.

The 42,367,470 Consideration Shares represent approximately (i) 7.12% of the total issued Shares of the Company as at the date of this announcement; and (ii) 6.65% of the total issued Shares of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement until the Completion Date).

The Consideration Shares when allotted and issued shall rank *pari passu* with all the other Shares in issue as at the date of allotment and issue of such Consideration Shares.

The Issue Price of HK\$2.23 per Share was negotiated after an arm's length basis between the parties of the Sale and Purchase Agreement. The Issue Price:

- (i) represents a discount of approximately 18.61% to the closing price of HK\$2.74 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (ii) represents a discount of approximately 18.91% to the average closing price of approximately HK\$2.75 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of Sale and Purchase Agreement; and
- (iii) represents a discount of approximately 14.56% to the average closing price of approximately HK\$2.61 per Share on the Stock Exchange for the last ten trading days immediately prior to the date of Sale and Purchase Agreement.

Accordingly, a total of 38,554,398 Shares and 3,813,072 Shares will be issued and allocated to Seller A and Seller B, respectively, as their respective Consideration Shares.

Performance undertakings

Seller A undertakes to the Purchaser that the Target Company shall achieve the following profit targets, which was determined with reference to, among others, the prospect of the Target Company:

- (1) for the financial year ending 31 December 2021, the net profit after tax of the Target Company shall be not less than RMB7 million;
- (2) for the financial year ending 31 December 2022, the net profit after tax of the Target Company shall be not less than RMB8 million; and
- (3) for the financial year ending 31 December 2023, the net profit after tax of the Target Company shall be not less than RMB10 million.

(the "**Profit Target(s)**")

The net profit after tax refers to the net profit after tax stated in the Target Company's audited consolidated financial statements. The Target Company shall appoint an accounting firm, which shall be agreed in writing by the Purchaser, to complete such audit on or before 30 April of each year.

In the event that the Target Company's achieved net profit after tax exceeds the Profit Target, the difference between the achieved net profit after tax and the Profit Target (i.e. the surplus) can be brought forward for the purpose of calculating the net profit after tax of the following year.

In the event that the Target Company's achieved net profit after tax falls short of the Profit Target, the Purchaser shall have the right to demand Seller A to pay in cash a sum representing the difference between the achieved net profit after tax and the Profit Target of the year (the "**Shortfall**"). Seller A shall pay the Shortfall to the designated account of the Purchaser within seven Business Days from the date of written notice given by the Purchaser.

Since the Profit Targets are calculated on a cumulative basis and the Shortfall is paid within the relevant financial year, in case the Profit Targets are achieved cumulatively, for instance, the total achieved net profit after tax of the Target Company for the financial years of 2021 and 2022 is more than RMB15 million and/or the total achieved net profit after tax of the Target Company for the financial years of 2021, 2022 and 2023 is more than RMB25 million, the Purchaser shall return the Shortfall received previously within seven Business Days from the written notice given by Seller A.

In the event that the Purchaser disagrees with the audited net profit after tax of the Target Company ("**Initial Results**"), the Purchaser may appoint an accounting firm of its choice to conduct a review of the audited net profit after tax ("**Review Results**"). If the Review Results is within ten percent below the Initial Results, the Initial Results shall prevail, and the costs of the review shall be borne by the Purchaser. If the Review Results is more than ten percent below the Initial Results, the Review Results shall prevail, and the costs of the review shall be borne by Seller A.

Conditions Precedent

The Completion is conditional upon the following Conditions Precedents being satisfied or waived (except paragraph (2), which cannot be waived) by the Purchaser:

- (1) the Target Company and the Sellers having delivered all necessary legal documents in respect of the Sale and Purchase Agreement, including but not limited to (if applicable) the Sale and Purchase Agreement and the appendices attached thereto, equity interest transfer agreement, the shareholders' resolutions executed by all shareholders of the Target Company, the executed board resolutions the Target Company, and the article of association of the Target Company signed by the legal representative of the company with the affixation of the company's seal;

- (2) the Stock Exchange granting the approval to the Acquisition, including the granting of the approval to the listing of, and the permission to deal in, the Consideration Shares by the listing committee of the Stock Exchange;
- (3) the completion of the following matters:
 - (a) the passing of the shareholders' resolution of the Target Company to the effect that the number of directors of the Target Company having increased to five, of which the Purchaser shall have the right to appoint three directors, and the Sellers shall have the right to appoint two directors;
 - (b) the set-up of a new position of the chief financial officer, which shall be appointed by the Purchaser; and
 - (c) the delegation of legal compliance and financial personnel by the Purchaser to review and establish compliance procedures for the Target Company's business operation and for financial control.
- (4) the Target Company and the Sellers shall assist in the due diligence review on the Target Company and its subsidiaries (if any) (including but not limited to legal, financial and business aspects) by the Purchaser, and the Purchaser is satisfied with the results of the due diligence review (the Purchaser shall notify its satisfaction in writing).

In the event that any of the Conditions Precedent are not fulfilled or waived (if applicable) by the Purchaser on or prior to the Long Stop Date, the Sale and Purchase Agreement shall be automatically terminated.

Completion

Upon compliance with all the Conditions Precedent (or being waived by the Purchaser if applicable), Completion shall take place on the Completion Date.

Payment terms

Within ten Business Days from the date of the Sale and Purchase Agreement, the Purchaser shall pay the Cash Consideration to the Sellers in one installment; and subject to the fulfilment and/or waiver (as the case may be) of all the Conditions Precedent, the Purchaser shall issue and allot the Consideration Shares to the Sellers before the Completion Date (which shall not be later than the Long Stop Date). In the event that the Purchaser is unable to issue and allot the Consideration Shares because it has not obtained the approval from the Stock Exchange to the listing of, and the permission to deal in, the Consideration Shares, the Purchaser shall have the right to unilaterally terminate the Sale and Purchase Agreement, and request the Sellers to return the Cash Consideration received in one installment within seven Business Days from the date of termination.

In the event that the Purchaser fails to settle the Cash Consideration or issue and allot the Consideration Shares (except due to the failure to obtain the approval from the Stock Exchange to the listing of, and the permission to deal in, the Consideration Shares) pursuant to the Sale and Purchase Agreement, the Sellers shall have the right to unilaterally terminate the Sale and Purchase Agreement and require the Purchaser to pay the liquidated damages in the sum of 10% the Consideration (“**Liquidated Damages**”) within seven Business Days from the date of termination. The Sellers shall return to the Purchaser in one installment the Cash Consideration received after deducting the Liquidated Damages (if applicable).

Industrial and commerce registration

Within ten Business Days upon the receipt of the Cash Consideration and Consideration Shares by the Sellers, the Sellers shall file the equity interest transfer agreement executed by the Sellers and the Purchaser for completing the relevant industrial and commerce registration, for the transfer of the Sale Interest to the Purchaser. Upon completion of the industrial and commerce registration, the Sellers shall deliver a copy of the updated business licence, the latest version of the Target Company’s articles, as well as licences, official seal, seal of legal representative, financial seal and other necessary documents of the Target Company to the legal risk control personnel appointed by the Purchaser for safekeeping.

In the event that the Sellers fail to complete the industrial and commercial registration pursuant to the Sale and Purchase Agreement, the Purchaser shall have the right to unilaterally terminate the Sale and Purchase Agreement and require the Sellers to pay the liquidated damages in the sum of 10% the Consideration and return the Cash Consideration and the Consideration Shares (or equivalent amount in cash) within seven Business Days from the date of termination.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 595,110,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the allotment and issue of the Consideration Shares (assuming there is no change in the issued share capital and in the shareholding structure of the Company between the date of this announcement and Completion Date):

| Shareholders | As at the date of this announcement | | Immediately upon the allotment and issue of Consideration Shares | |
|--------------------------------------|--|---------------|--|---------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Amer International Group | | | | |
| Company Limited (Note 1) | 145,000,000 | 24.37 | 145,000,000 | 22.75 |
| Star Lv Limited (“Star Lv”) (Note 2) | 65,000,000 | 10.92 | 65,000,000 | 10.20 |
| Wind Lv Limited (“Wind Lv”) (Note 3) | 21,614,000 | 3.63 | 21,614,000 | 3.93 |
| Seller A | – | – | 38,554,398 | 6.05 |
| Seller B | – | – | 3,813,072 | 0.60 |
| Other Shareholders | 363,496,000 | 61.08 | 363,496,000 | 57.02 |
| Total (Note 4) | 595,110,000 | 100.00 | 637,477,470 | 100.00 |

Notes:

- Amer International Group Company Limited is owned as to 100% by Hua Wei Investment Holdings Limited, which is owned as to 100% by Zhengwei Holdings Group Co., Ltd.* (正威控股集團有限公司). Zhengwei Holdings Group Co., Ltd.* (正威控股集團有限公司) is owned as to 90% by Mr. Wang Wenyin (王文銀). By virtue of SFO, each of Hua Wei Investment Holdings Limited, Zhengwei Holdings Group Co., Ltd.* (正威控股集團有限公司) and Mr. Wang Wenyin was taken to be interested in the 145,000,000 Shares held by Amer International Group Company Limited. Ms. Liu Jiehong is the spouse of Mr. Wang Wenyin. Therefore, under the SFO, Ms. Liu Jiehong is deemed to be interested in the Shares in which Mr. Wang Wenyin is interested in.
- Star Lv is the direct beneficial owner of 65,000,000 Shares. Star Lv is wholly-owned by Mr. Lu Qingxing (呂慶星), the non-executive Director. By virtue of the SFO, Mr. Lu Qingxing is deemed to be interested in such Shares held by Star Lv. Further, Mr. Lu Qingxing, Mr. Lyu Zhufeng (呂竹風), Star Lv and Wind Lv entered into a deed of concert parties to acknowledge and confirm that they are parties acting in concert in relation to the voting rights attaching to their Shares. As such, Star Lv is also deemed to be interested in the 21,614,000 Shares which are held by Wind Lv (which is in turn held as to 100% by Mr. Lyu Zhufeng).

3. Wind Lv is the direct beneficial owner of 21,614,000 Shares. Wind Lv is wholly-owned by Mr. Lyu Zhufeng, the chief executive officer of the Company. By virtue of the SFO, Mr. Lyu Zhufeng is deemed to be interested in such Shares held by Wind Lv. Further, Mr. Lu Qingxing, Mr. Lyu Zhufeng, Star Lv and Wind Lv entered into a deed of concert parties to acknowledge and confirm that they are parties acting in concert in relation to the voting rights attaching to their Shares. As such, Wind Lv is also deemed to be interested in the 65,000,000 Shares which are held by Star Lv (which is in turn held as to 100% by Mr. Lu Qingxing). Ms. Yao Jingjing is the spouse of Mr. Lyu Zhufeng. Therefore, under the SFO, Ms. Yao Jingjing is deemed to be interested in the Shares in which Mr. Lyu Zhufeng is interested in.
4. The percentages may not add up to 100% due to rounding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the design, development, production and sale of sintered NdFeB magnetic materials. As part of the Board's regular review and the Board's strategies to expand its income stream, the Board has from time to time explored into possibility of diversifying the Group's business. In light of global trend of reducing carbon emission and achieving "carbon neutrality", the Directors believe that demand of rare earth metals will continue to grow as they are raw materials of many hi-tech green technology products including the manufacturing of magnets for wind turbines and batteries for hybrid cars, production of television and energy-efficient lamps, and performance ceramics. The Target Company is principally engaged in the business of processing of rare earth metals including Praseodymium (鐳) Neodymium (釹), Terbium (鉕), and Dysprosium (鐳) etc. In February 2019, the Target Company fulfilled the GB/T19001-2016idt ISO 9001:2015 quality management systems requirements under the Guobiao standards (中華人民共和國國家標準) and obtained the Quality Management System Certification (品質管制體系認證) numbered ISC-Q-2019-0215, with the certification in production of alloys and magnetic materials (合金磁性材料生產). As at the date of this announcement, the Target Company held in total 16 patents in relation to equipment and devices used in the processing of metals and alloys.

The Acquisition provides an opportunity for the Group to quickly expand into an area with growth potential and to generate diversified income and additional cashflow without incurring the start-up costs and time. The Target Company possesses the processing equipment and facilities, technical know-how, relevant licenses and approvals, suppliers network, customers base and management team for its business. In addition, Seller A and Seller B, being members of the senior management, agreed to remain in the Target Company after the Completion, so as to ensure the business to operate effectively after the Completion.

The Directors believe that the Acquisition will enable the Group to complement and leverage the existing business of the Company and enhance the Group's technical capabilities in the processing of magnetic materials, especially in view of the fact that both the products supplied by the Group and the rare earth metals can be used in high-tech green technology products. Upon Completion, both the Group and the Target Company will be able to benefit each other through sharing and cooperation in areas including but limited to exchanges of technical know-how, sales channels and customers base, thereby creating synergy for both the existing businesses of the Group as well as the Target Company.

The current structure of Consideration enables the Group to partially settle the Consideration by issuing the Consideration Shares to the Sellers, which (i) enables the Group to reap the benefits of the Target Company without involving a significant cash outlay; and (ii) helps to ensure that the Sellers' interests are in line of the Target Company and the Group after Completion as both of them remain as members of the senior management of the Target Company upon Completion.

To safeguard the interests of the Group, a mechanism has been built in such that the Consideration will be reduced in the event of that the Target Company fails to achieve the performance undertakings in the coming years. This mechanism provides a protection to the Group against the risk of the Target Company failing to sustain its performance and growth.

The terms of the Sale and Purchase Agreement, including the Consideration, were determined on arm's length negotiations between the Purchaser and the Sellers with reference, among others, to the Business Valuation, prospects of the Target Company, the structure of the Consideration, the Performance Undertakings. The Directors (including the independent non-executive Directors) consider that the terms of the transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND THE PURCHASER

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the design, development, production and sale of sintered NdFeB magnetic materials. The Group's products can be assembled with different motors and/or electronic products which can then be used in end-use industries such as electroacoustic products, variable-frequency home appliances, energy-saving elevators, wind turbine generators, industrial robots and new energy vehicles.

The Purchaser is incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment holding.

INFORMATION ABOUT THE SELLERS AND TARGET GROUP

The Target Company is incorporated in the PRC with limited liability. It is located at Chengdu, Sichuan and principally engaged in the business of processing of rare earth metals including Praseodymium (鐳) Neodymium (鈹), Terbium (鈹), and Dysprosium (鐳) etc. As at the date of this announcement, the Target Company was owned as to 91% by Seller A and 9% by Seller B.

Seller A is PRC citizen and a merchant.

Seller B is PRC citizen and a merchant.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company for the two financial years ended 31 December 2019 and 2020 and six months ended 30 June 2021, respectively:

| | For the year ended 31 December 2019 (unaudited) RMB (Approx.) | For the year ended 31 December 2020 (audited) RMB (Approx.) | For the six months ended 30 June 2021 (unaudited) RMB (Approx.) |
|---------------------------------|--|--|--|
| Profit/(loss) before income tax | (704,372) | 190,066 | 3,787,000 |
| Profit/(loss) after income tax | (704,372) | 191,977 | 3,550,000 |

Based on the unaudited management accounts of the Target Company, the net assets value of the Target Company was approximately RMB20.56 million as at 30 June 2021.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements.

GENERAL MANDATE

The Consideration Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 108,256,400 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, except 53,828,000 Shares which were issued and allotted pursuant to the placing agreement dated 1 September 2021, which was amended and supplemented by the supplemental placing agreement dated 8 September 2021 (for details, please refer to the announcements of the Company dated 1, 8 and 29 September 2021), no Shares have been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares, which are in total 42,367,470 Shares, and the allotment and issue of the Consideration Shares is not subject to approval of the Shareholders. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5%, but all the applicable percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

None of the Directors has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and therefore, none of them is required to abstain from voting on the Board resolutions for considering and approving of the Sale and Purchase Agreement and the transactions contemplated thereunder.

As Completion is subject to fulfilment or waiver (as the case may be) of the Conditions Precedent and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

| | |
|------------------------|--|
| “Acquisition” | the acquisition of the Sale Interest by the Purchaser from the Sellers pursuant to the Sale and Purchase Agreement |
| “AGM” | the annual general meeting of the Company held on 30 June 2021 |
| “Board” | the board of Directors |
| “Business Day(s)” | any day (excluding Saturday, Sunday and official holidays of the PRC), subject to any adjustment to the official holidays of the PRC |
| “Cash Consideration” | the cash consideration of RMB17,836,000 and RMB1,764,000 payable to Seller A and Seller B, respectively, for settlement of part of the Consideration |
| “Company” | Universal Star (Holdings) Limited (星宇(控股)有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2346) |
| “Completion” | the completion of the Acquisition pursuant to the Sale and Purchase Agreement |
| “Completion Date” | being the date of completion of the industrial and commerce registration of the transfer of Sale Interest |
| “Conditions Precedent” | the conditions precedent to Completion, as more particularly set out under the paragraph headed “Principal terms of the Sale and Purchase Agreement – Conditions Precedent” |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |

| | |
|--------------------------------|--|
| “Consideration Shares” | 42,367,470 new Shares to be issued by the Company at the Issue Price to the Sellers for settlement of part of the Consideration |
| “Director(s)” | the director(s) of the Company |
| “General Mandate” | the general mandate granted to the Directors by the Shareholders at the AGM to exercise the power of the Company to allot, issue and deal with additional Shares of not exceeding 20% of the total number of issued Shares as at the date of the AGM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | third party(ies) independent of the Company and its connected persons |
| “Issue Price” | the issue price of HK\$2.23 per Consideration Share |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 30 November 2021 |
| “Parties” | the parties to the Sale and Purchase Agreement, including the Company, the Purchaser, Seller A, Seller B and the Target Company |
| “Performance Undertakings” | the performance undertakings stipulated in the Sale and Purchase Agreement, as more particularly set out under the subsection headed “Principal terms of the Sale and Purchase Agreement – performance undertakings” |

| | |
|-------------------------------|--|
| “PRC” | the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan |
| “Purchaser” | Ningde City Star Profit Enterprise Management Co., Ltd.* (寧德市星之利企業管理有限公司), a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the conditional sale and purchase agreement dated 8 October 2021 entered into among the Company, the Purchaser, the Sellers and the Target Company for the Acquisition |
| “Sale Interest” | collectively, Sale Interest A and Sale Interest B |
| “Sale Interest A” | representing 91% of the equity interest of the Target Company held by Seller A as at the date of this announcement |
| “Sale Interest B” | representing 9% of the equity interest of the Target Company held by Seller B as at the date of this announcement |
| “Seller A” | Wanbg Dong (王東), an Independent Third Party |
| “Seller B” | Lu Wei (陸偉), an Independent Third Party |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of nominal price of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Share(s) |

| | |
|-------------------|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “Target Company” | Chengdu Bangrui Chuangda Technology Co., Ltd.* (成都邦瑞創達科技有限公司), a company incorporated in the PRC with limited liability |
| “%” | per cent |

By order of the Board
Universal Star (Holdings) Limited
Liang Lixia
Chairlady and Executive Director

* *For identification purpose only*

Hong Kong, 8 October 2021

As at the date of this announcement, the Board comprises Ms. Liang Lixia as the executive Director; Mr. Zhang Jiantao and Mr. Lu Qingxing as the non-executive Directors; and Mr. Yan Aru, Mr. Gong Peiyue and Mr. Lai Wai Leuk as the independent non-executive Directors.