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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)

QUARTERLY UPDATES ON STATUS OF RESUMPTION AND CONTINUED SUSPENSION OF TRADING

This announcement is made by Universal Star (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.24A of the Rules Governing the Listing of Securities on (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 29 March 2022, 1 April 2022, 13 May 2022, 29 June 2022, 30 June 2022, 15 August 2022, 19 August 2022, 30 September 2022, 30 December 2022 and 13 January 2023 regarding, among others, the delay in publication of the annual results of the Group for the year ended 31 December 2021, the delay in despatch of annual report of the Group for the year ended 31 December 2021, non-publication of unaudited annual results announcement for the year ended 31 December 2021, change of auditor, resignation of a non-executive Director and an independent non-executive Director, suspension of trading and the resumption guidance set forth by the Stock Exchange and the updates on status of resumption (the “**Announcements**”). Unless specified otherwise, capitalised terms used in this announcement have the same meaning as those defined in the Announcements.

QUARTERLY UPDATES

Business Operations of the Group

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 Group is planning to acquire additional machinery and equipment (the “**Machinery and Equipment**”) for our production, which our Directors believe can (i) increase the production capacity of our production facilities; (ii) enhance the safety of the production process; (iii) improve technological level to allow more room for further research and development; and (iv) broaden the product range. The Machinery and Equipment includes, among others, automatic spray and diffusion equipment (自動噴塗晶界擴散設備), magnetic performance tester (脈衝磁性能測試儀) and isostatic pressing machine (等靜壓). Based on the preliminary quotation, the estimated acquisition costs of the Machinery and Equipment is approximately RMB6.3 million. The Company will make announcement in light of the acquisition of the Machinery and Equipment pursuant to the Listing Rules, as and when appropriate.

Updates on Status of Resumption

As disclosed in the announcement of the Company dated 15 August 2022, the Stock Exchange sets out seven Resumption Conditions for the resumption of trading in the shares of the Company. The Company is taking methodic and appropriate steps to fulfil the Resumption Conditions.

As at the date of this announcement, the Investigation into the Loans and Related Arrangements is still ongoing. The Company will announce the relevant findings of the Investigation as soon as practicable in accordance with the requirements under the Listing Rules, and will, if necessary, take appropriate remedial actions.

The Review is still ongoing as at the date of this announcement. The Company will announce the relevant findings of the Review as soon as practicable in accordance with the requirements under the Listing Rules, and will take appropriate remedial actions, where necessary.

As disclosed in the announcement of the Company dated 13 January 2023, Mr. Cheung tendered his resignation as an independent non-executive Director, chairman of the Audit Committee and member of the Nomination Committee as he intended to devote more time to his other business engagements. Following the resignation of Mr. Cheung, (i) the Company only has two independent non-executive Directors, thus the number of the independent non-executive Directors falls below the minimum number required under Rule 3.10(1) of the Listing Rules; (ii) there would be no independent non-executive Director who has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and (iii) the Company has also failed to comply with the requirements set out in Rules 3.21 and 3.27A of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee and the Nomination Committee. As at the date of this announcement, the Company is still in the process to identify suitable candidate(s) to fill up the vacancy of independent non-executive Director, chairman of the Audit Committee, and member of the Nomination Committee.

The Company will make further announcement(s) to update the shareholders and potential investors of the Company the status of resumption, as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. Trading in the shares of the Company will remain suspended until further notice.

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

By Order of the Board
Universal Star (Holdings) Limited
Li Li
Chairlady and Executive Director

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises Ms. Li Li as the executive Director; Mr. Zhang Jiantao as the non-executive Director; and Mr. Yan Aru and Mr. Gong Peiyue as the independent non-executive Directors.