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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)

DECISION OF THE LISTING COMMITTEE ON CANCELLATION OF LISTING

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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions 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, 13 January 2023, 30 March 2023, 28 April 2023, 30 June 2023, 28 July 2023, 21 August 2023 and 29 September 2023 regarding, among others, the delays in publication of the annual results of the Company for the years ended 31 December 2021 and 2022, the delays in despatch of the annual reports of the Company for the years ended 31 December 2021 and 2022, non-publication of the unaudited annual results announcements for the years ended 31 December 2021 and 2022, change, resignation and appointment of auditors, resignation and appointment of non-executive Directors and independent non-executive Directors, suspension of trading and the resumption guidance set forth by the Stock Exchange and the updates on the status of resumption (the “**Announcements**”). Unless specified otherwise, capitalised terms used in this announcement have the same meanings as those defined in the Announcements.

DECISION OF THE LISTING COMMITTEE ON CANCELLATION OF LISTING

On 27 October 2023, the Company received a letter (the “**Letter**”) from the Stock Exchange stating that the Listing Committee of the Stock Exchange (the “**Listing Committee**”) has decided to cancel the Company’s listing under Rule 6.01A(1) of the Listing Rules as the Company failed to satisfy the Resumption Guidance imposed by the Stock Exchange and resume trading in the shares of the Company by 30 September 2023 (the “**Delisting Decision**”).

The Listing Committee arrived at its decision for the following reasons:

1. Trading in the Company’s shares had been suspended since 1 April 2022. Under Rule 6.01A, the Company must resume trading by 30 September 2023, failing which the Stock Exchange had the right to delist it.

RG1 – conduct an independent forensic investigation into the Loans and Related Arrangements (Investigation), announce the findings and take appropriate remedial actions

2. The Company asserted that Grant Thornton Advisory Services Limited (the “**Grant Thornton**”), the independent investigator had completed the Investigation. Nonetheless, it had not provided a copy of the investigation report to the Stock Exchange nor announced the investigation findings. In addition, the independent investigation committee had not provided its views as to whether the investigation findings had adequately addressed all the relevant issues, particularly noting that Grant Thornton considered that there was insufficient evidence to substantiate the ultimate use of the loans borrowed by Mr. Lu Qingxing (“**Mr. Lu**”), the founder and the then non-executive director and controlling shareholder of the Company (the “**Loans**”), including whether the proceeds of the Loans were once deposited in any account of Ningde Xingyu Technology Co., Ltd (the “**Subsidiary**”) and used in the Subsidiary’s operations. In any case, the Company had not taken all the remedial actions. Accordingly, this resumption guidance was not fulfilled.

RG 2 – publish all outstanding financial results and address any audit modifications

3. The annual results for the year ended 31 December 2021 and the subsequent financial results remained outstanding. The Company asserted that they would be published by the end of January 2024. Yet, there was no comfort or assurance that this would be done. It was also uncertain whether the audited results to be published would be subject to unresolved audit modifications.

RG 3 – demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence

4. As noted above, the Loans and Related Arrangements gave rise to a concern about management integrity and called for an investigation. Given that it was unclear whether the Company had adequately conducted the Investigation, our concern about management integrity remained.

RG 4 – conduct an independent internal control review and demonstrate that the Company has in place adequate internal control and procedures to comply with the Rules

5. Roma Risk Advisory Limited, the independent internal control reviewer had not issued the internal control review report (including any follow up review). The Company had not announced the review findings. It was unclear whether the Company had adequately identified and remediated all relevant deficiencies.

RG 5 – demonstrate compliance with Rule 13.24

6. The Company purported to demonstrate that it had a business with a sufficient level of operations and assets based on certain information provided in the resumption submission dated 28 September 2023. However, the Company had remained unable to publish its annual results for the years ended 31 December 2021 and 2022. There was not sufficient information to properly assess the Company’s business activities, operation status and financial performance and hence its compliance with Rule 13.24.

RG 6 – comply with Rules 3.10(2), 3.21 and 3.27A

7. The Company only had two independent non-executive directors. It remained non-compliant with Rules 3.10(2), 3.21 and 3.27A.

RG 7 – announce all material information for the Company’s shareholders and investors to appraise its position

8. Fulfilment of this resumption guidance was to be assessed after the Company had met all the other resumption guidance. For the reasons mentioned above, this resumption guidance had not been fulfilled.

REQUEST FOR TIME EXTENSION

For the following reasons, the Listing Committee did not consider that the Company was entitled to a time extension under paragraph 22 of the Guidance Letter (GL95-18) or otherwise.

1. The Company had not substantially implemented the steps that, it had shown sufficient certainty, would lead to resumption of trading. As explained above, the Listing Committee was not satisfied that the Company had addressed the substantive issues underlying the outstanding resumption guidance. In particular, the new auditors were only appointed in August 2023 and had not completed the outstanding audit. Therefore, its situation did not fall within the “exceptional circumstances” under paragraph 22 of the Guidance Letter (GL95-18) in which a time extension may be given.
2. The Company asserted that its inability to meet the resumption deadline was due to factors beyond its control, in particular, a PRC litigation commenced in around September 2022 against Mr. Lu in relation to the Loans and Related Arrangements (the “**PRC Litigation**”). However, it did not provide the factual basis as to how and the extent to which the resumption progress was so affected. The Company had not provided information and reasons demonstrating how the PRC Litigation had inhibited it from taking steps to publish outstanding results, remediate internal controls and appoint independent non-executive directors thereby fulfilling the resumption guidance.
3. In any case, there was no sufficient certainty that the Company would be able to comply with all the resumption guidance and the Listing Rules within the requested time extension.

RIGHT OF REVIEW AND POTENTIAL REVIEW REQUEST OF THE DELISTING DECISION

Under Chapter 2B of the Listing Rules, the Company has the right to have the Delisting Decision referred to the Listing Review Committee of the Stock Exchange (the “**Listing Review Committee**”) for review within seven business days of the issue of the Delisting Decision (i.e. on or before 7 November 2023) (the “**LRC Review**”). It is indicated in the Letter that unless the Company applies for the LRC Review, the last day of listing of the shares of the Company will be on 10 November 2023 and the listing of the shares of the Company will be cancelled with effect from 9:00 a.m. on 13 November 2023.

The Company is in the process of reviewing the Delisting Decision and is discussing the same internally and with the professional advisers, and will consider whether to lodge a request for the Delisting Decision to be referred to the Listing Review Committee for review. The Directors would like to remind the Shareholders and potential investors of the Company that (i) the Company may or may not proceed with the review by the Listing Review Committee; and (ii) the outcome of such review, if undertaken, is uncertain. Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules. Shareholders who have any queries about the implications of the delisting of the Company's shares are advised to seek appropriate professional advice.

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 and 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 October 2023

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