



# UNIVERSAL TECHNOLOGIES

Universal Technologies Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock code : 1026



**Interim Report 2015**

## HIGHLIGHTS

- Turnover for the six months ended 30 June 2015 amounted to approximately HK\$142.03 million (six months ended 30 June 2014: HK\$131.49 million), representing an increase of 8% as compared to the last fiscal period. The increase in turnover is mainly due to the increase in revenue of the Group's payment solutions business.
- Net loss attributable to shareholders of the Company for the six months ended 30 June 2015 amounted to approximately HK\$17.60 million (six months ended 30 June 2014: Net profit attributable to shareholders of the Company amounted to approximately HK\$1.59 million), representing a decrease by HK\$19.19 million or 1,204% as compared to the last fiscal period. Such decline is mainly due to increase in operating expenses, mainly related to research expenses and the staff costs of payment solutions business.
- Basic and diluted losses per share for the six months ended 30 June 2015 amounted to HK0.85 cent and HK0.85 cent respectively (six months ended 30 June 2014: Basic and diluted earnings per share amounted to HK0.08 cent and HK0.08 cent respectively).
- The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## INTERIM RESULTS

The Board of Directors (the "Board") of Universal Technologies Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 together with comparative figures for the last corresponding period as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Turnover	4	142,029	131,487
Cost of sales/services rendered		(13)	(13,061)
Gross profit		142,016	118,426
Other revenue	4	3,372	5,636
Other income		185	558
General and administrative expenses		(162,743)	(117,866)
(Loss)/profit from operations		(17,170)	6,754
Impairment loss on debtors	12	(183)	(79)
Impairment loss on other receivables	13	—	(566)
Finance costs		(678)	(420)
Share of results of an associate		—	504
(Loss)/profit before income tax	5	(18,031)	6,193
Income tax expense	7	(1,720)	(779)
(Loss)/profit for the period		(19,751)	5,414
(Loss)/profit attributable to:			
Shareholders of the Company		(17,598)	1,594
Non-controlling interests		(2,153)	3,820
(Loss)/profit for the period		(19,751)	5,414
(Losses)/earnings per share ( <i>in cent</i> )			
Basic	8	(0.85)	0.08
Diluted	8	(0.85)	0.08

## CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
(Loss)/profit for the period	(19,751)	5,414
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of subsidiaries established in the People's Republic of China (the "PRC")	464	(3,218)
Other comprehensive income/(loss) for the period, net of tax	464	(3,218)
Total comprehensive (loss)/income for the period	(19,287)	2,196
Total comprehensive (loss)/income attributable to:		
Shareholders of the Company	(17,307)	(1,199)
Non-controlling interests	(1,980)	3,395
	(19,287)	2,196

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2015

	Note	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	34,792	37,986
Prepaid land lease premium	10	9,286	9,406
Investment properties	11	32,646	32,539
Intangible assets		4,154	4,250
Goodwill		77,097	77,097
Deposit paid for acquisition of property, plant and equipment		20,823	—
Loan to an officer		—	12,362
Other receivable	13	1,980	5,037
Deferred tax assets		147	146
		<b>180,925</b>	<b>178,823</b>
<b>CURRENT ASSETS</b>			
Inventories		1,000	1,502
Debtors	12	60,335	65,656
Deposits, prepayments and other receivables	13	326,273	213,336
Financial assets at fair value through profit or loss	14	330	221
Prepaid land lease premium	10	302	300
Fixed deposits		324,885	338,087
Cash and bank balances		476,812	512,223
		<b>1,189,937</b>	<b>1,131,325</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

At 30 June 2015

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
<b>DEDUCT:</b>		
<b>CURRENT LIABILITIES</b>		
Bank loans	17 63,244	—
Payable to merchants	15 458,355	422,875
Amount due to a related company	—	14,350
Deposits received, sundry creditors and accruals	16 99,459	104,207
Tax payable	6,777	11,057
	<u>627,835</u>	<u>552,489</u>
<b>NET CURRENT ASSETS</b>	<u>562,102</u>	<u>578,836</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>743,027</u>	<u>757,659</u>
<b>DEDUCT:</b>		
<b>NON-CURRENT LIABILITY</b>		
Deferred tax liability	1,406	1,401
<b>NET ASSETS</b>	<u>741,621</u>	<u>756,258</u>
<b>REPRESENTING:</b>		
<b>CAPITAL AND RESERVES</b>		
Share capital	18 20,805	20,705
Reserves	521,215	533,972
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	<u>542,020</u>	<u>554,677</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>199,601</u>	<u>201,581</u>
<b>TOTAL EQUITY</b>	<u>741,621</u>	<u>756,258</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2015*

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(88,818)	60,597
NET CASH USED IN INVESTING ACTIVITIES	(27,953)	(7,512)
NET CASH GENERATED FROM FINANCING ACTIVITIES	67,894	—
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(48,877)	53,085
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	264	(362)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	850,310	587,838
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>801,697</u>	<u>640,561</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	476,812	640,561
Fixed deposits	324,885	—
	<u>801,697</u>	<u>640,561</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2015

	Attributable to shareholders of the Company												Non-controlling interests	
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Special reserve	Exchange reserve	Share options reserve	Statutory reserve	Other reserve	Retained profits	Total		Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	20,705	490,194	481	1,093	10,754	18,571	4,796	21,903	28,407	22,160	619,064	55,205	674,269	
Acquisition of a subsidiary — note 19	—	—	—	—	—	—	—	—	—	—	—	604	604	
Total comprehensive (loss)/ income for the period	—	—	—	—	—	(2,793)	—	—	—	1,594	(1,199)	3,395	2,196	
Transferred to statutory reserve	—	—	—	—	—	—	—	116	—	(116)	—	—	—	
At 30 June 2014	20,705	490,194	481	1,093	10,754	15,778	4,796	22,019	28,407	23,638	617,865	59,204	677,069	
At 1 January 2015	20,705	490,194	481	1,093	10,754	7,937	4,796	25,947	(58,040)	50,810	554,677	201,581	756,258	
Shares issued under share option scheme	100	4,950	—	—	—	—	(400)	—	—	—	4,650	—	4,650	
Total comprehensive income/(loss) for the period	—	—	—	—	—	291	—	—	—	(17,598)	(17,307)	(1,980)	(19,287)	
Transferred to statutory reserve	—	—	—	—	—	—	—	760	—	(760)	—	—	—	
At 30 June 2015	20,805	495,144	481	1,093	10,754	8,228	4,396	26,707	(58,040)	32,452	542,020	199,601	741,621	



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2015*

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 March 2001 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of the registered office was changed from Units 601 to 608, 6/F, Harbour View Two, Phase Two, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong to Room A & B2, 11/F, Guangdong Investment Tower, No.148 Connaught Road Central, Sheung Wan, Hong Kong on 5 March 2015.

The principal activity of the Company during the period was investment holding. Its subsidiaries are principally engaged in investment holding, provision of payment solutions and related services, timber trading and furniture manufacturing, system integration and technical platform services, property investment and building management.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values. The unaudited condensed consolidated interim financial statements are presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated.

The interim financial report is unaudited, but has been reviewed by the Group's audit committee. It has also been reviewed by PKF, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA.

### 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRS	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRS	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans — Employee Contributions

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 4. TURNOVER AND OTHER REVENUE

Turnover for the period represents revenue recognised from the provision of payment handling income net of business tax, the net invoiced value of goods sold and rental and building management service income. An analysis of the Group's turnover and other revenue is set out below:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Payment solutions and related services income	141,953	115,189
Timber trading and furniture manufacturing	—	14,980
Rental and building management service income	76	1,318
<b>Turnover</b>	<b>142,029</b>	<b>131,487</b>
Interest on bank deposits	3,240	5,358
Other interest income	6	58
Government subsidy	126	119
Dividend income	—	101
<b>Other revenue</b>	<b>3,372</b>	<b>5,636</b>
<b>Total revenue</b>	<b>145,401</b>	<b>137,123</b>

## 5. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
(Loss)/profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	13	11,788
Staff costs (including directors' remuneration)		
— Salaries and other benefits	58,407	48,922
— Pension scheme contributions	9,587	6,852
	67,994	55,774
Depreciation	10,194	7,675
Amortisation of intangible assets and prepaid land lease premium	252	5,307
(Gain)/loss on change in fair value of financial assets	(109)	327
Minimum operating lease rentals	11,005	3,423
Impairment loss on debtors	183	79
Impairment loss on other receivables	—	566
Interest on bank loan wholly repayable within five years	409	73
Write down of inventories	—	660
Loss on disposal of property, plant and equipment	228	293
Gain on disposal of financial assets	—	(54)
Rental income less outgoings	(76)	(1,040)

## 6. SEGMENT REPORTING

The chief operating decision-maker has been identified as the key management. This key management reviews the Group's internal reporting in order to assess performance and allocate resources.

The Group has presented the following four reportable segments.

## 6. SEGMENT REPORTING (CONTINUED)

### (a) Payment solutions

This segment primarily derives its revenue from the provision of payment solutions and ongoing technical support services to customers in the PRC, Hong Kong and overseas. Currently the Group's activities in this regard are carried out in the PRC, Hong Kong and overseas.

### (b) Timber trading and furniture manufacturing

This segment engaged in trading of timber and manufacturing of furniture to customers.

### (c) System integration and technical platform services

This segment engaged in provision of system integration and technical platform services to customers in the PRC. Currently the Group's activities in this regard are carried out in the PRC.

### (d) Industry park

This segment engaged in development and management of e-commerce, financial and resources industry parks where enterprise cluster of the same industry chain are integrated. The services for enterprise in industry parks include property leasing, property sales, facilities maintenance, processing efficiency improvement and management related consulting, supporting and outsourcing. Currently the Group's activities in this regard are carried out in the PRC.

Others include supporting units of Hong Kong operation and the net result of other subsidiaries in Hong Kong and the PRC. These operating segments have not been aggregated to form a reporting segment.

The key management assesses the performance of the segments based on the results attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBIT", i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of results of an associate.

## 6. SEGMENT REPORTING (CONTINUED)

### (a) Segments results

The following tables present the information for the Group's reporting segments:

		Six months ended 30 June													
		Payment solutions				Timber trading and furniture manufacturing		System integrating and technical platform service		Industry park		Others		Consolidated	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue															
Revenue from external customers		141,953	115,189	—	14,980	—	—	76	1,318	—	—	142,029	131,487		
Other revenue		2,508	5,085	—	187	1	248	76	11	787	105	3,372	5,636		
<b>Total revenue</b>		<b>144,461</b>	<b>120,274</b>	<b>—</b>	<b>15,167</b>	<b>1</b>	<b>248</b>	<b>152</b>	<b>1,329</b>	<b>787</b>	<b>105</b>	<b>145,401</b>	<b>137,123</b>		
Reportable segment (loss)/profit		(4,771)	25,689	—	(2,634)	(324)	(3,080)	(236)	(6,020)	(15,085)	(12,718)	(20,416)	1,237		
Interest income												3,246	5,416		
Dividend income												—	101		
(Loss)/profit from operations												(17,170)	6,754		
Impairment loss on debtors		(183)	(13)	—	(66)	—	—	—	—	—	—	(183)	(79)		
Impairment loss on other receivables												—	(566)		
Finance costs												(678)	(420)		
Share of results of an associate												—	504		
(Loss)/profit before income tax												(18,031)	6,193		
Income tax expense												(1,720)	(779)		
(Loss)/profit for the period												(19,751)	5,414		
Attributable to:															
— Shareholders of the Company												(17,598)	1,594		
— Non-controlling interests												(2,153)	3,820		
												(19,751)	5,414		

## 6. SEGMENT REPORTING (CONTINUED)

### (b) Geographical information

	Six months ended 30 June					
	PRC		Hong Kong/overseas		Consolidated	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue from external customers	142,010	130,449	19	1,038	142,029	131,487
Other revenue	2,579	5,518	793	118	3,372	5,636
<b>Total revenue</b>	<b>144,589</b>	<b>135,967</b>	<b>812</b>	<b>1,156</b>	<b>145,401</b>	<b>137,123</b>

The geographical location of customers is based on the location at which the services were provided or the goods delivered.

## 7. INCOME TAX EXPENSE

No provision has been made for Hong Kong profits tax as the Group did not have assessable profits subject to Hong Kong profits tax for the six months ended 30 June 2015 and 2014.

The Company's subsidiaries operating in the PRC are subject to the tax rate at 25% (six months ended 30 June 2014: 25%).

During the period, a subsidiary in the PRC is entitled to preferential tax treatments. The subsidiary is entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the applicable tax rate ("Five-year tax holiday"). Other subsidiaries in the PRC did not generate any assessable profits subject to Mainland China corporate income tax.

The income tax expense is made up as follows:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current tax:		
Current period	1,720	2,899
Deferred tax:		
Current period	—	(2,120)
	<b>1,720</b>	<b>779</b>

## 8. (LOSSES)/EARNINGS PER SHARE

The calculation of basic and diluted (losses)/earnings per share for the period is based on the following data:

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<b>(Losses)/earnings</b>		
(Losses)/earnings for the purposes of basic and diluted (losses)/earnings per share	<u>(17,598)</u>	<u>1,594</u>
	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
<b>Number of shares</b>		
Weighted average number of shares in issue for the purpose of calculation of basic (losses)/earnings per share	2,071,332,836	2,070,448,858
Effect of dilutive potential ordinary shares:		
Share options — <i>note</i>	—	5,814,307
Weighted average number of shares in issue for the purpose of calculation of diluted (losses)/earnings per share	<u>2,071,332,836</u>	<u>2,076,263,165</u>

Note : The computation of diluted losses per share for the six months ended 30 June 2015 does not assume the conversion of the Company's outstanding share options since their exercise would result in a reduction in losses per share for the period which is regarded as anti-dilutive.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group had additions to property, plant and equipment in the amount of approximately HK\$7,246,000 (31 December 2014: HK\$42,293,000).

## 10. PREPAID LAND LEASE PREMIUM

The Group's interests in land lease premium represents prepaid operating lease payments and its net book value is analysed as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Outside Hong Kong, held under medium-term lease	9,588	9,706
Less: Current portion	(302)	(300)
	<u>9,286</u>	<u>9,406</u>
Non-current portion		
Representing:		
Opening net book value	9,706	43,555
Additions	—	2,860
Disposals of subsidiaries — note 20 (b)	—	(35,197)
Exchange adjustments	33	(272)
Amortisation of prepaid land lease premium	(151)	(1,240)
	<u>9,588</u>	<u>9,706</u>

## 11. INVESTMENT PROPERTIES

	HK\$'000
At 1.1.2014	166,274
Increase in fair value recognised in the consolidated statement of profit or loss	126
Acquisition of a subsidiary — note 19	11,096
Disposals of subsidiaries — note 20 (b)	(143,997)
Exchange adjustments	(960)
	<u>32,539</u>
At 31.12.2014 and 1.1.2015	32,539
Exchange adjustments	107
	<u>32,646</u>
<b>At 30.6.2015</b>	<b><u>32,646</u></b>

The investment properties are situated in the PRC and held under medium-term lease.



## 12. DEBTORS

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Trade debtors	63,024	68,166
Less: impairment loss — <i>note (iii)</i>	(2,689)	(2,510)
	<u>60,335</u>	<u>65,656</u>

### Notes:

- (i) Apart from payment solutions business, the credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with debtors, credit evaluations of customers are performed periodically. For payment solutions business, as the Group is playing the role as an agent on behalf of the merchants for collection of payments, there is no significant credit risk.
- (ii) An aging analysis of debtors is set out below:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
0–6 months	<u>60,335</u>	<u>65,656</u>

- (iii) The movement in the impairment loss on debtors during the period is as follows:

	2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
At 1 January	2,510	1,727
Impairment loss recognised	183	923
Disposals of subsidiaries	—	(140)
Exchange adjustments	(4)	—
At 30 June/31 December	<u>2,689</u>	<u>2,510</u>

## 12. DEBTORS (CONTINUED)

Notes: (continued)

- (iv) The aging analysis of debtors that neither individually or collectively considered to be impaired is as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Neither past due nor impaired	<u>60,335</u>	<u>65,656</u>

Debtors that were neither past due nor impaired relate to service providers of payment solutions business for whom there were no recent history of default.

## 13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Utilities and deposits	3,405	2,852
Prepayments	121,313	12,437
Secured loans receivables — note (i)	41,981	5,988
Unsecured loans receivables — note (ii)	134,556	129,081
Amounts due from former subsidiaries — note (iii)	455	64,839
Other receivables — note (v)	<u>27,790</u>	<u>5,114</u>
	<b>329,500</b>	<b>220,311</b>
Less: impairment loss on other receivables — note (iv)	<u>(1,247)</u>	<u>(1,938)</u>
	<b>328,253</b>	<b>218,373</b>
Less: non-current portion	<u>(1,980)</u>	<u>(5,037)</u>
	<u><b>326,273</b></u>	<u><b>213,336</b></u>

### 13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (i) Except for an amount of HK\$5,312,000 (31 December 2014: HK\$5,295,000) which is interest-free, the remaining secured loans receivables are interest-bearing from 0.8% to 2% (31 December 2014: 0.8%) per month and repayable within one year.
- (ii) Except for an amount of HK\$2,779,000 (31 December 2014: HK\$Nil), which is interest-bearing from 1% per month to 9% per annum (31 December 2014: Nil), all other unsecured loans receivables were interest-free. Except for an amount of HK\$1,980,000 (31 December 2014: HK\$500,000) which is repayable after one year, the remaining balance is repayable within one year.
- (iii) The amounts are interest-free, unsecured and repayable on demand.
- (iv) The movement in the impairment loss on other receivables during the period/year is as follows:

	2015 (Unaudited) HK\$'000	2014 (Audited) HK\$'000
At 1 January	1,938	6,705
Impairment loss recognised	—	994
Reversal of impairment loss recognised	(693)	—
Disposals of subsidiaries	—	(5,724)
Exchange adjustments	2	(37)
	<hr/>	<hr/>
At 30 June/31 December	<b>1,247</b>	<b>1,938</b>

- (v) Included in the balance is an amount due from a related person of HK\$Nil (31 December 2014: HK\$4,537,000), which is interest-free, unsecured and repayable after one year. At the date of transaction, the personnel had no relationship with the Group.

## 14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Financial assets and liabilities measured at fair value

(i) *Fair value hierarchy*

For financial instruments carried at fair value, the financial instruments should be measured by the three level hierarchy as defined in HKFRS 13. The fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: fair value measured using unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: fair value measured using observable inputs and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: fair value measured using significant unobservable inputs

At 30 June 2015, the only financial instruments of the Group carried at fair value were financial assets at fair value through profit or loss of HK\$330,000 (31 December 2014: HK\$221,000) listed on the Shanghai Stock Exchange. These instruments fall into Level 1 of the fair value hierarchy described above.

During the current period, there were no significant transfers between financial level instruments in level 1 and level 2.

(ii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2015 and 31 December 2014.

## 15. PAYABLE TO MERCHANTS

An aging analysis of payable to merchants is set out below:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
0-12 months	454,877	418,479
Over one year	3,478	4,396
	<u>458,355</u>	<u>422,875</u>

## 16. DEPOSITS RECEIVED, SUNDRY CREDITORS AND ACCRUALS

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Deposits received and receipts in advance	7,231	8,531
Accruals	12,131	26,030
Sundry creditors	55,913	47,075
Amount due to a former subsidiary — note (i)	2,108	430
Other tax payables	22,076	22,141
	<u>99,459</u>	<u>104,207</u>

Note:

- (i) The amount is interest-free, unsecured and repayable on demand.

## 17. BANK LOANS

	At 30 June 2015 (Unaudited) HK\$'000
Unsecured bank loan repayable within one year	<u>63,244</u>

## 17. BANK LOANS (CONTINUED)

The unsecured bank loan is interest-bearing at 5.1% per annum and denominated in Renminbi.

## 18. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Share capital</b>		
Ordinary share of HK\$0.01 each		
Authorised:		
At 31 December 2014, 1 January 2015 and 30 June 2015	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 1 January 2015	2,070,448,858	20,705
Shares issued under share option scheme — <i>note (i)</i>	<u>10,000,000</u>	<u>100</u>
At 30 June 2015 — <i>note (ii)</i>	<u>2,080,448,858</u>	<u>20,805</u>

### Notes:

- (i) During the six months ended 30 June 2015, 10,000,000 share options were exercised by the eligible option holders, resulting in the issue of 10,000,000 shares of HK\$0.01 each of the Company at a total consideration of HK\$4,650,000.
- (ii) As at 30 June 2015, the holders of ordinary shares are entitled to receive dividend to be declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 19. ACQUISITION OF A SUBSIDIARY

On 20 May 2014, the Group acquired 77.5% equity interests in Shanghai Chixing Property Management Limited, a company incorporated in the PRC, at a cash consideration of RMB2,205,000 (equivalent to HK\$2,771,000).

## 19. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The fair value of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition is as follows:

	<i>HK\$'000</i>
Investment property — <i>note 11</i>	11,096
Other receivables	1,144
Cash and bank balances	104
Other payables and accruals	(9,090)
Deferred tax liabilities	(574)
	<u>2,680</u>
Non-controlling interests	(604)
	<u>2,076</u>
Goodwill arising on acquisition	
Consideration for acquisition	2,771
Less: Fair value of identifiable net assets acquired	(2,076)
	<u>695</u>
Net cash outflow arising on acquisition	
Cash consideration paid	(2,771)
Less: Cash and cash equivalents acquired	104
	<u>(2,667)</u>

The Group recognised a goodwill of HK\$695,000 because the purchase consideration exceeded the fair value of net assets acquired.

## 20. DISPOSAL OF INTERESTS IN SUBSIDIARIES

### (a) Disposal of equity interest of Universal Unipass Limited

On 27 January 2015, the Group disposed of its entire equity interest in Universal Unipass Limited at a consideration of approximately RMB991,000 (equivalent to approximately HK\$1,246,000).

The net assets of Universal Unipass Limited as at the date of disposal was approximately RMB991,000 (equivalent to approximately HK\$1,245,000).

**20. DISPOSAL OF INTERESTS IN SUBSIDIARIES (CONTINUED)****(b) Disposal of equity interest of Universal Enterprise Resources Limited ("UER") and Universal Enterprise Investment Holdings Limited ("UEIH")**

On 29 December 2014, the Group disposed of its entire interest of UER and UEIH at a consideration of HK\$113,064,000.

	UER <i>HK\$'000</i>	UEIH <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Net (liabilities)/assets disposed of:</b>			
Property, plant and equipment	4,246	19,111	23,357
Prepaid land lease premium — <i>note 10</i>	—	35,197	35,197
Investment properties — <i>note 11</i>	6,379	137,618	143,997
Interest in an associate	—	552	552
Other investment	—	12,607	12,607
Inventories	54,500	—	54,500
Debtors	142	79	221
Deposits, prepayments and other receivables	17,878	203,965	221,843
Cash and bank balances	2,272	541	2,813
Deposits received, sundry creditors and accruals	(132,251)	(292,185)	(424,436)
Deferred tax liability	(15)	(16,437)	(16,452)
	<u>(46,849)</u>	<u>101,048</u>	<u>54,199</u>
<b>Gain on disposals of subsidiaries</b>			
Consideration received			113,064
Less: Net assets disposed of			(54,199)
Less: Tax effect			(12,641)
			<u>46,224</u>
<b>Net cash inflow arising on disposals of subsidiaries</b>			
Cash consideration received			113,064
Less: Cash and bank balances disposed of			(2,813)
			<u>110,251</u>



**20. DISPOSAL OF INTERESTS IN SUBSIDIARIES (CONTINUED)****(c) Disposal of interests in subsidiaries without loss of control**

On 29 December 2014, the Group disposed of 49% equity interests in subsidiaries at a consideration of HK\$62,834,000. The carrying amount of the non-controlling interests in this subsidiary on the date of disposal was HK\$141,062,000. The Group recognised a decrease in non-controlling interests of HK\$141,062,000 and in equity attributable to shareholders of the Company of HK\$86,447,000. The PRC income tax payable on the capital gains of approximately HK\$19,859,000 is indemnified by the purchaser. The effect of changes in the ownership interests of this subsidiary on the equity attributable to shareholders of the Company during the year is summarised as follows:

	<i>HK\$'000</i>
Consideration received from non-controlling interests	62,834
Carrying amount of non-controlling interests disposed of	(141,062)
Income tax effect	<u>(8,219)</u>
Changes recognised on disposal within equity	<u><u>(86,447)</u></u>

**21. CAPITAL COMMITMENTS**

Capital expenditure contracted but not provided for is as follows:

	At 30 June 2015 (Unaudited) <i>HK\$'000</i>	At 31 December 2014 (Audited) <i>HK\$'000</i>
Acquisition of property, plant and equipment	<u>5,706</u>	<u>—</u>

**22. CONTINGENT LIABILITIES**

As at 30 June 2015, the Group had no material contingent liabilities.

### **23. BANKING FACILITIES**

As at 30 June 2015, the Group's banking facilities amounted to RMB50,000,000 (equivalent to HK\$63,244,000) were unsecured. Such banking facilities were utilised by the Group to the extent of RMB50,000,000 (equivalent to HK\$63,244,000).

As at 31 December 2014, the Group had no banking facilities.

### **24. RELATED PARTY TRANSACTION**

- (a) Apart from the transactions as disclosed in note 13(v), during the six months ended 30 June 2015, rental charged of HK\$5,460,000 and building management fee of HK\$874,000 were paid to a former subsidiary, in which a director of the subsidiary of the Company is also a shareholder.
- (b) During the year ended 31 December 2014, the Group advanced an amount of HK\$12,362,000 to an officer pursuant to an entrusted loan arrangement. The Group was entrusted by a related company to advance to an officer. During the period, the officer repaid the amount to the Group.

### **25. EVENT AFTER THE REPORTING PERIOD**

On 15 May 2015, after trading hours, Shenzhen Huanye Universal Technologies Limited (an indirect wholly-owned subsidiary of the Company) ("Shenzhen Huanye") and Dongguan Hongshun Shiye Development Company Limited (the "Vendor") have principally agreed on the terms of the sale and purchase agreement ("Agreement") and on 21 June 2015, Shenzhen Huanye and the Vendor entered into the Agreement pursuant to which Shenzhen Huanye has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell 49% of the entire equity interest in Qinghui Properties Ltd, at a total consideration of RMB224,420,000 (equivalent to approximately HK\$280,525,000). The acquisition is not yet completed by the date of approval of this Interim Report.

## INDEPENDENT REVIEW REPORT



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**TO THE BOARD OF DIRECTORS OF  
UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 25 which comprises the condensed consolidated statement of financial position of Universal Technologies Holdings Limited as at 30 June 2015 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

### PKF

*Certified Public Accountants*

Hong Kong

28 August 2015

## **BUSINESS REVIEW AND PROSPECTS**

### **BUSINESS REVIEW**

For the six-month period ended 30 June 2015, performance in major economies around the world remained volatile. Generally speaking, the slow growth and the lagging of recovery momentum behind market expectations together with the rising corporate operating expenses due to policy uncertainty and increasingly intense competition in the industry affected the development of the Group to a certain extent during the period. The Group continued with its established development strategy and policy by carrying out business development prudently while striking a balance between profits and risks. Despite the loss due to the increased operating expenses during the period, turnover during the period continued to rise steadily by 8% as compared with the last financial period.

With respect to the payment solutions business during the period, the relatively complex global economic environment and the increasing downside pressure directly brought a significant impact on the financial sector throughout the first half of 2015. Moreover, the payment solutions market extended to various emerging application service areas with its openness and diversification development trend; various online financial companies were making intense plans; a wave of acquisitions was set off; mobile payment gained popularity; and competitors were using various means and methods in an endless stream. Changes in the payment pattern were intensifying while the whole industry was growing at top speed. Under this environment, with the Group's payment solutions business guided by an innovation and transformation strategy and backed by slowly yet surely tactics, it was necessary for the Company to have effective tools in order to do good work. Therefore, the Company focused on setting up new systems and bringing in quality customer resources. With regard to the business, the effect of deeply cultivating large physical chain enterprises, spreading out the small and medium-sized physical retail industry as well as aggregating low-risk, high-loyalty customers was strengthened significantly. As the Internet ecosphere expanded and the application of online payment was extended to various scenarios, the Company had a clear business objective for regional expansion. During the period, a number of branches were developed in the major cities of China successively and turnover recorded an increase. Nevertheless, the increased banking costs was boosted by increased volume of transactions. The Company's efforts in stepping up regional expansion and product research as well as the launching of an incentive policy in a timely manner to enhance competitiveness in the industry resulting in the corresponding rise in costs and expenses during the period. As to policy regulation, due to a number of factors such as increasingly stringent regulatory efforts, emergence of new businesses and new products as well as the Company's own need to achieve strategies, the Company place risk management and customer access in a major position of the achievement of strategic objectives for enhancing the standard for the establishment of its risk management system in an attempt to assure the steady development of the payment solutions business and to accelerate new business layout amid the intensified competition in the market.

## **BUSINESS REVIEW AND PROSPECTS (CONTINUED)**

### **BUSINESS REVIEW (CONTINUED)**

As to property investment and property management business during the period, upon completion of a major disposal last year, the remaining properties were still held by the Group for its own use, while the property for investment purposes generated steady rental income for the Group. For the timber trading and furniture manufacturing business, system integration and technical platform services businesses, the Company's management, by reviewing the model, operation and development direction of the existing business, strived to seize opportunities and take appropriate measures and strategies to bring better returns to the shareholders.

With respect to the internal management and pool of talent during the period, the Group is convinced that good corporate governance capability is an important cornerstone for a successful business, and a fundamental for the Group's business development and shareholder value. In the new concept of the management, various aspects of the existing operating principles of the Group were preliminarily strengthened, in order to achieve the effect of consolidating the base. Moreover, the Group has been convinced that the best people are the lifeline for maintaining competitiveness and creating value. During the period, the Group continued to improve the personnel management system, while giving employees opportunities for advancement and helping them make career planning to enable them to establish the corresponding responsibility and a sense of accomplishment in their work to truly reflect the concept of "recommending and recruiting talented and competent people".

### **PROSPECTS**

We will continue to encounter a business environment mixed with challenges and opportunities in the second half of 2015. The management remains cautious about the global economy in the second half of 2015, and believes that there continues to be challenges and uncertainties that weaken economic performance. But at the same time, the management also sees opportunities in crisis. In the second half, the Group will continue to move towards the strategic direction of "concentrating on growth, reducing losses, and modifying the structure", striving to win in the new round of survival of the fittest and reshuffling to achieve a coexistence and win-win situation, and ultimately generate the desired growth and sustainable returns for the shareholders.

## **BUSINESS REVIEW AND PROSPECTS (CONTINUED)**

### **PROSPECTS (CONTINUED)**

In the second half, the payment solutions business will continue to work hard for internal work. To cope with challenges, the Group will treat the payment solutions business as a bond on the policy side by firmly seizing physical quality customers and keeping a stable quality customer group. With a customer-oriented approach, it will focus on the construction of a service platform and application of financial value-added services to further optimise operational processes; focus on the setup of a new system; solid enhancement of operation efficiency of customers and continue to keep its steady operation directions; deeply cultivate preliminary sectors with advantages such as education industry, physical retail industry and personal internet finance industry, develop its payment solutions business, expand corporate customers by the key model of industry penetration, deeply search for customers in industry segments and establish advantages and reputation in the industry, so as to comprehensively enhance the speed and width of customer expansion. On the product side, with increased industry concentration as well as closer integration online and offline, cross-border products will become a major highlight for the development of the payment solutions business in the future, and mobile payment will become a focus in the scramble. The market will feature a competitive landscape in terms of diversified integration and multi-scenario application. Therefore, the Group will, in the second half, step up financial investment in the innovation as well as research of solutions specifically for cross-border products in order to capture the market share. As to the pool of talent, the Group will, in the second half, keep a firm grasp on enhancing the overall quality of the business team by recruiting the industry's outstanding talented people; and enhance the strength of management, operation and personnel in a multifaceted and comprehensive aspect to keep the business stabilised, to rise abruptly based on its accumulated strength and to catch up in the mobile payment sector. The new shareholders who joined the payment solutions business this year have brought in certain industry customer resources. These industry customers are characterised by high access and loyalty. Once cooperative relations are formally established, they will be of great benefit to the Company's medium- and long-term development. The Group expects to further approach industry partners based on shareholder resources in the second half, trying to have breakthroughs in two to three new sectors.

Moreover, with regard to an acquisition plan which was being carried out by the Group during the period, the company being acquired is principally engaged in the water supply business and property investment business. The Board is of the view that the acquisition will enable the Group's diversified business to enter a new phase with growth potential, and that the investment can generate stable and immediate cash flow for the Company as an additional financial assurance for its daily operations and business development. With an objective for the medium- and long-term sustainable development of the Company, the Group will continue to maintain an open-minded attitude towards strategic investment opportunities in the second half of 2015. We will continue to look for other attractive investments in China and overseas, trying to expand the fields associated with the existing business in order to enhance shareholder value and minimise business risks.

## **BUSINESS REVIEW AND PROSPECTS (CONTINUED)**

### **PROSPECTS (CONTINUED)**

In conclusion, intense competition will be a long-standing problem, and everyone has lingering doubts over the real strength of global economic recovery. However, no matter how uncertain the road may be, the Group believes that it will achieve long-term steady growth in revenue and profit by leveraging its efficient control and solid financial foundation, as well as moving along its own path of development.

### **FUND RAISING ACTIVITIES OF THE COMPANY**

On 18 June 2013, the Company entered into the placing agreement (the "Placing Agreement") with Enlighten Securities Limited (the "Placing Agent") whereby the Company conditionally agreed to place, through the Placing Agent, on the best effort basis, a maximum of 200,000,000 placing shares (the "Placing Shares") to not less than 6 independent placees at a price of HK\$0.58 per placing share. The completion of the placing took place on 23 July 2013, whereby a total of 192,000,000 Placing Shares were successfully placed by the Placing Agent to not less than six placees at the placing price pursuant to the terms and conditions of the Placing Agreement. The gross proceeds from the Placing are approximately HK\$111.36 million and the net proceeds from the Placing, after deducting the placing commission and other professional fees incurred by the Company in the Placing, are approximately HK\$108.58 million. The Group intended to use the Placing proceeds for expansion of business and potential investment opportunities and general working capital of the Group.

As at 30 June 2015, all of the net proceeds had been utilised. Approximately HK\$13 million had been utilised for the investment of subsidiary, and approximately HK\$95.58 million had been used for general working capital of the Group. Such utilisation of net proceed is in accordance with the intended use of the net proceeds.

## **FINANCIAL OVERVIEW**

### **Turnover and net profit**

During the current period, the Group recorded a turnover of HK\$142,029,000, representing an increase of 8% as compared to the last fiscal period. The increase in turnover is mainly due to the increase in revenue of the Group's payment solutions business.

Net loss attributable to shareholders of the Company for the six months ended 30 June 2015 increased by HK\$19,192,000, or 1,204%, from a net profit of HK\$1,594,000 for the six months ended 30 June 2014 to a net loss of HK\$17,598,000 for the period. The decline is mainly due to increase in operating expenses, mainly related to research expenses and the staff costs of payment solutions business.



## FINANCIAL OVERVIEW (CONTINUED)

### Cost of sales/services rendered

During the current period, the Group recorded a cost of sales/services rendered of HK\$13,000, representing a decrease of 99% as compared to the last fiscal period. The decrease was due to the disposal of subsidiaries with timber trading and furniture manufacturing business in the last fiscal year.

### Other revenue

During the current period, the Group recorded other revenue of HK\$3,372,000, representing a decrease of 40% as compared to the last fiscal period. It is mainly due to decrease in bank interest income.

### Other income

During the current period, the Group recorded other income of HK\$185,000, representing a decrease of 67% compared to the last fiscal period. The decrease in other income was because there is exchange gain changed to exchange loss during the current period and gain on deemed disposals in the last fiscal period.

### General and administrative expenses

During the current period, the Group recorded general and administrative expenses of HK\$162,743,000, representing an increase of 38% as compared to the last fiscal period. It is mainly due to the increase in operating expenses for further development of the payment solutions business in China and research of new products and solutions. To be conclude, general and administrative expenses as a percentage of revenue, increased to 115% in the first half of 2015, as compared to 90% in the first half of 2014.

### Finance costs

During the current period, the Group recorded finance costs of HK\$678,000, representing an increase of 61% as compared to the last fiscal period. It is mainly due to the bank loan interest newly incurred during the current period.

### Income tax expense

During the current period, the Group recorded an income tax expense of HK\$1,720,000, representing an increase of 121% as compared to the last fiscal period. Due to the fact that the deferred tax credits of payment solutions business in the PRC was recognised during the last fiscal period, it net off with current tax expenses in the last fiscal period.

### Debtors

The Group's debtors decreased by HK\$5,321,000 from HK\$65,656,000 as at 31 December 2014 to HK\$60,335,000 as at 30 June 2015. The decrease was mainly attributable to the shorten settlement period of payment solutions business.

## FINANCIAL OVERVIEW (CONTINUED)

### Deposits, prepayments and other receivables

The Group's deposits, prepayments and other receivables increased by HK\$109,880,000 from HK\$218,373,000 as at 31 December 2014 to HK\$328,253,000 as at 30 June 2015. The increase in deposits, prepayments and other receivables was due to the increase in prepayments and loan receivables incurred in the ordinary course of development of the Group.

### Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss increased by HK\$109,000 from HK\$221,000 as at 31 December 2014 to HK\$330,000 as at 30 June 2015. The increase was due to the fair value gain on financial assets at fair value through profit or loss during the current period.

### Fixed deposits

The Group's fixed deposits decreased by HK\$13,202,000 from HK\$338,087,000 as at 31 December 2014 to HK\$324,885,000 as at 30 June 2015. As at 30 June 2015 and 31 December 2014, no fixed deposits was denominated in Renminbi.

### Cash and bank balances

The Group's cash and bank balances decreased by HK\$35,411,000 from HK\$512,223,000 as at 31 December 2014 to HK\$476,812,000 as at 30 June 2015. As at 30 June 2015, 93% (31 December 2014: 96%) of cash and bank balances was denominated in Renminbi.

### Bank loans

The Group's bank loans increased by HK\$63,244,000 from HK\$Nil as at 31 December 2014 to HK\$63,244,000 as at 30 June 2015. The increase of bank loans was mainly attributable to new loans granted by the bank to the Group for working capital and further development during the current period.

### Payable to merchants

The Group's payable to merchants increased by HK\$35,480,000 from HK\$422,875,000 as at 31 December 2014 to HK\$458,355,000 as at 30 June 2015. The increase was mainly attributable to the increase in transaction volume of payment solutions business. The Group was playing the role as an agent on behalf of the merchants for collection of transaction moneys from debtors and then paid such transaction moneys to the merchant after deducting services fee. The Group mainly booked the services fee which is determined based on an agreed percentage of the transaction moneys involved as turnover.

## FINANCIAL OVERVIEW (CONTINUED)

### Deposits received, sundry creditors and accruals

The Group's deposits received, sundry creditors and accruals decreased by HK\$4,748,000 from HK\$104,207,000 as at 31 December 2014 to HK\$99,459,000 as at 30 June 2015. The decrease was mainly attributable to the decrease in accrued consultancy fee of the Group when compared to last fiscal period.

### Liquidity and financial resources

As at 30 June 2015, the Group had net current assets of HK\$562,102,000. Current assets comprised inventories of HK\$1,000,000, debtors of HK\$60,335,000, deposits, prepayments and other receivables of HK\$326,273,000, financial assets at fair value through profit or loss of HK\$330,000, prepaid land lease premium of HK\$302,000, fixed deposits of HK\$324,885,000 and cash and bank balances of HK\$476,812,000.

Current liabilities comprised payable to merchants of HK\$458,355,000, deposits received, sundry creditors and accruals of HK\$99,459,000, bank loans of HK\$63,244,000 and tax payable of HK\$6,777,000.

The gearing ratio (defined as a percentage of total liabilities less deferred tax liability over total assets less deferred tax assets) of the Group at 30 June 2015 was 46% (31 December 2014: 42%).

The Board considers that the Group's existing financial resources are sufficient to fulfill its commitments, current working capital requirements and further development. In the long term, the Board believes that the Group will continue to fund its foreseeable expenditures through cash flow from operations. However, for a more massive scale of expansion and development, debt or equity financing may be required.

## EMPLOYEES

At 30 June 2015, the total number of employees of the Group was 614 (31 December 2014: 602), representing a 2% increase as compared with that at 31 December 2014. The dedication and contribution of the Group's staff during the six months ended 30 June 2015 are greatly appreciated and recognised.

Employees (including directors) are remunerated according to their performance and working experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employee by reference to the Group's performance as well as the individual's performance.

In addition, the Group also provides social security benefits to its staff such as Mandatory Provident Fund Scheme in Hong Kong and the pension scheme in the PRC.

## TREASURY POLICIES

The Group adopted a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 27 January 2015, the Group disposed of its entire equity interest of Universal Unipass Limited at a consideration of approximately RMB991,000 (equivalent to approximately HK\$1,246,000). The net assets of the Universal Unipass Limited as at the date of disposal was approximately RMB991,000 (equivalent to approximately HK\$1,245,000).

On 29 October 2014, Universal Cyberworks International Ltd ("UCI"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with H and R Group Limited ("H and R"), an investment holding company incorporated in the British Virgin Islands. According to SPA, UCI would conditionally sell, and H and R would conditionally purchase, interests in certain subsidiaries of the Company (together, the "Sale Shares") comprising: (i) 49% interests in International Payment Solutions Holdings Limited, a wholly-owned subsidiary of the Company ("Payment Co", together with its subsidiaries and associated companies, the "Payment Co Group"); (ii) the entire issued share capital of Universal Enterprise Investment Holdings Limited, a wholly-owned subsidiary of the Company ("Property Co", together with its subsidiaries and associated companies, the "Property Co Group"); and (iii) the entire issued share capital of Universal Enterprise Resources Limited, a wholly-owned subsidiary of the Company ("Timber Co", together with its subsidiaries and associated companies, the "Timber Co Group"), free from encumbrances, together with the assignments of the Loans and the Remaining Group Loans, at the aggregate consideration of HK\$315,480,000 in cash and the VIE Tax Indemnity (the "Disposal"). The Disposal was subsequently approved by the independent shareholders of the Company on 16 December 2014 and was completed on 29 December 2014.

The Board intended to apply the Cash Consideration (which is in the amount of HK\$315,480,000) as follows: (a) as to HK\$50,000,000 for the Group's general working capital; (b) as to HK\$3,000,000 for the professional fees incurred in this transaction; and (c) as to HK\$262,480,000 for potential investment in new business.

Save as disclosed above, there was no other acquisition and disposal of subsidiaries of the Group during the period ended 30 June 2015.

## CHARGES ON GROUP'S ASSETS

The Group had no charges on Group's assets as at 30 June 2015.

## **DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

On 15 May 2015, after trading hours, Shenzhen Huanye Universal Technologies Limited (an indirect wholly-owned subsidiary of the Company) (“Shenzhen Huanye”) and Dongguan Hongshun Shiye Development Company Limited (the “Vendor”) have principally agreed on the terms of the sale and purchase agreement (“Agreement”). On 21 June 2015, Shenzhen Huanye and the Vendor entered into the Agreement pursuant to which Shenzhen Huanye has conditionally agreed to acquire and the Vendor conditionally agreed to sell 49% of the equity interest in Qinghui Properties Ltd (the “Target Company”), for consideration of RMB224,420,000 (equivalent to approximately HK\$280,525,000). The Target Company and its nine subsidiaries (the “Target Group”) are incorporated under the laws of the PRC. The structure of the Target Group are principally involved (i) the carving out of properties from Water Co, being the principal operating subsidiary of the Target Group prior to the reorganisation and (ii) the formation of two business groups, namely, the water supply business and property investment business. The acquisition is not yet completed by the date of approval of this Interim Report.

Save as disclosed above, there was no other future plan for material investments or capital assets during the period ended 30 June 2015.

## **CURRENCY RISK**

Currently, the market anticipates moderate appreciation pressure on Renminbi. The Group has not implemented any formal policy in dealing with this foreign currency risk. However, in view of the fact that the Group’s core business is mainly transacted in Renminbi and significant portion of assets are denominated in Renminbi, the exposure of the Group’s risk from exchange rate fluctuation was minimal. For the six months ended 30 June 2015, the Group did not enter into any arrangement to hedge its foreign currency exposure. However, the management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

## **CAPITAL COMMITMENT**

At 30 June 2015, the Group had contracted for but not provided for capital commitment, in respect of acquisition of property, plant and equipment of HK\$5,706,000 (31 December 2014: HK\$Nil).

## **CONTINGENT LIABILITIES**

The Group is subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to directors and shareholders.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities including lawsuits, the Directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued, will not have a material adverse effect on the consolidated financial position or results of operations of the Group.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2015, the interests or short positions of the directors and chief executives or their associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO") which (i) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director	Interests in ordinary shares			Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued share capital
	Personal interests	Family interests	Corporate Interests (Note 2)				
<b>Executive Directors:</b>							
Mr. Chen Jinyang (Note 1)	—	—	—	—	20,000,000	20,000,000	0.96%
Mr. Chau Cheuk Wah (Note 1)	—	—	—	—	20,000,000	20,000,000	0.96%
Mr. Chen Runqiang (Note 1)	6,000,000	—	—	6,000,000	20,000,000	26,000,000	1.25%
Mr. Chow Cheuk Lap (Note 1, 2)	—	—	67,540,000	67,540,000	20,000,000	87,540,000	4.21%
Mr. Zhou Jianhui (Note 1)	6,000,000	—	—	6,000,000	20,000,000	26,000,000	1.25%
<b>Non-executive Director:</b>							
Ms. Fan Man Yee Alice (Note 1)	10,000,000	—	—	10,000,000	10,000,000	20,000,000	0.96%
<b>Independent Non-executive Directors:</b>							
Dr. Cheung Wai Bun, Charles, J.P.	—	—	—	—	—	—	—
Mr. David Tsoi	—	—	—	—	—	—	—
Mr. Chan Chun Kau	—	—	—	—	—	—	—
Mr. Chao Pao Shu George	—	—	—	—	—	—	—

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Notes:

1. The interests of Mr. Chen Jinyang, Mr. Chau Cheuk Wah, Mr. Chen Runqiang, Mr. Chow Cheuk Lap, Mr. Zhou Jianhui and Ms. Fan Man Yee Alice in underlying shares of the Company represent the interests in share options granted to them under the share option schemes of the Company.

Details of the interests in the share options of the Company are separately disclosed in the section headed "Share Options".

2. Total interests of Mr. Chow Cheuk Lap in the ordinary shares of the Company include 67,540,000 shares held by Top Nation International Limited ("Top Nation"). Mr. Chow Cheuk Lap owns 50% beneficial interests in Top Nation and he is deemed to be interested in these ordinary shares held by Top Nation.
3. There were no debt securities nor debentures issued by the Group at any time during the period ended 30 June 2015.

Save as disclosed above, so far as the directors are aware at 30 June 2015, none of the directors or chief executives or their associates of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to Model Code.

The directors confirmed that at 30 June 2015 and for the six months ended 30 June 2015,

- (i) the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings according to Model Code; and
- (ii) all the directors complied with the required standard of dealings and the Company's code of conduct regarding directors' securities transactions.

## PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any director or chief executive of the Company, at 30 June 2015, persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Company were as follows:

### (a) Long positions in the shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of interests
Ever City Industrial Development Limited ( <i>Note 1</i> )	Beneficial owner and interest in controlled corporation	510,380,000	24.53%
Mr. Yang Zhimao ( <i>Note 1</i> )	Interest in controlled corporation	510,380,000	24.53%
Ng Tin Shui	Beneficial owner	240,000,000	11.54%
Eastcorp International Limited ( <i>Note 1</i> )	Beneficial owner	200,000,000	9.61%
Liao Hai Ying ( <i>Note 2</i> )	Beneficial owner	160,440,000	7.71%
Passion Ease Limited ( <i>Note 2</i> )	Interest in controlled corporation	160,440,000	7.71%
Ho Shui Chee	Beneficial owner	149,170,000	7.17%
Ms. Zhu Fenglian ( <i>Note 1</i> )	Interest in controlled corporation	106,000,000	5.10%



**PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING (CONTINUED)**

**(a) Long positions in the shares of the Company (continued)**

*Notes:*

1. Mr. Yang Zhimao is deemed to be interested in 510,380,000 shares, comprising (a) 310,380,000 shares directly held by his controlled corporation, Ever City Industrial Development Limited; (b) 200,000,000 shares directly held by his controlled corporation, Eastcorp International Limited. Eastcorp International Limited is owned as to 75% by Ever City Industrial Development Limited, which is in turn 80% owned by Mr. Yang Zhimao. The remaining 20% shareholding in Ever City Industrial Development Limited is owned by Ms. Zhu Fenglian, the spouse of Mr. Yang Zhimao. Pursuant to the SFO, Ever City Industrial Development Limited is also deemed to be interested in the entire 510,380,000 shares because Eastcorp International Limited is deemed to be its controlled corporation. Eastcorp International Limited is beneficially owned by Ever City Industrial Development Limited and Mr. Chau Cheuk Wah as to 75% and 25% respectively. Eastcorp International Limited directly holds 200,000,000 shares.
2. Passion Ease Limited is owned by Liao Hai Ying. Pursuant to the SFO, Liao Hai Ying is deemed to be interested in the entire 160,440,000 shares because Passion Ease Limited is a controlled corporation of him.

**(b) Long positions in underlying shares of equity derivatives of the Company**

So far as the directors are aware, save as disclosed herein, no persons have long positions in underlying shares of equity derivatives of the Company.

**(c) Short positions in the shares and underlying shares of equity derivatives of the Company**

So far as the directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.

## SHARE OPTIONS

### New Share Option Scheme

The GEM Share Option Schemes adopted by the Company on 12 October 2001 were terminated, upon the listing of the shares of the Company being transferred from GEM to the Main Board of the Stock Exchange on 22 June 2010. The Board adopted a new share option scheme ("New Share Option Scheme") which is compliance with the Listing Rules and obtained the approval of the shareholders in accordance with the Listing Rules at the Company's extraordinary general meeting held on 12 August 2010.

The purpose of the New Share Option Scheme is to enable the Company to grant options to participants an incentive or rewards for their contributions to the Group.

The New Share Option Scheme was adopted for a period of ten years commencing from 12 August 2010 and will remain in force until 11 August 2020, after which period no further options will be offered or granted but the provisions of the scheme shall remain in full force and effect in all other respects with regard to options granted during the life of the scheme. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for shares in respect of any option granted shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price for shares shall be at least not lower than the higher of (i) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company.

At 30 June 2015, the number of shares in respect of which options had been granted and outstanding under the New Share Option Scheme was 110,000,000, representing approximately 5% of the issued share capital of the Company.

A summary of the movements of the share options granted under the New Share Option Scheme during the period is as follows:

Grantees	Date of grant	Vesting period	Exercise period	Number of share options					Market value per share at date of grant	Market value per share on exercise of option	
				Exercise price	Outstanding at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period			Outstanding at 30 June 2015
Directors of the Group	25 November 2013	Fully vested on 25 November 2013	25 November 2013 to 11 August 2020	HK\$0.465	120,000,000	—	(10,000,000)	—	110,000,000	HK\$0.460	HK\$1.05

Note:

The Company received a consideration of HK\$1.00 from each of the grantees of the New Share Option Scheme.

## **COMPETITION AND CONFLICT OF INTERESTS**

During the current period, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

## **PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the current period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules up to the date of this interim report.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles and provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Main Board CG Code"). The Company has complied with all the code provisions. It has also put in place certain recommended best practices. The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the Main Board CG Code.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings as set out in Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all directors, the directors have complied with the above-mentioned required standards of dealings regarding directors' securities transactions throughout the six months ended 30 June 2015.

## **DIVIDEND**

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## **AUDIT COMMITTEE**

The Company established an audit committee (the "Audit Committee") in October 2001. The Board has confirmed that the terms of reference are in compliance with paragraph C.3.3 of the Main Board CG Code.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal control systems.

The Audit Committee comprises four Independent Non-Executive Directors, namely, Dr. Cheung Wai Bun, Charles, *J.P.*, Mr. David Tsoi, Mr. Chan Chun Kau and Mr. Chao Pao Shu George. The chairman of the Audit Committee is Mr. David Tsoi.

Working closely with the management of the Company, the Audit Committee has reviewed the Company's interim results, the accounting principles and practices adopted by the Group, discussed with the Board and management the internal controls, risk management and financial reporting matters.

The interim financial report for the period ended 30 June 2015 is unaudited, but has been reviewed by PKF, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to shareholders. The interim financial report has been reviewed by the Audit Committee.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This report will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.uth.com.hk](http://www.uth.com.hk)). The interim report for the period ended 30 June 2015 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Universal Technologies Holdings Limited**  
**Chen Jinyang**  
*Chairman*

Hong Kong, 28 August 2015

As at the date of this report, the Board comprises:

*Executive Directors:*

Mr. Chen Jinyang (*Chairman*)  
Mr. Chau Cheuk Wah (*Chief Executive Officer*)  
Mr. Chen Runqiang  
Mr. Chow Cheuk Lap  
Mr. Zhou Jianhui

*Non-Executive Director:*

Ms. Fan Man Yee Alice

*Independent Non-Executive Directors:*

Dr. Cheung Wai Bun, Charles, *J.P.*  
Mr. David Tsoi  
Mr. Chan Chun Kau  
Mr. Chao Pao Shu George