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UNISPLENDOUR TECHNOLOGY (HOLDINGS) LIMITED

紫光科技（控股）有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 365)

CHANGE IN USE OF PROCEEDS FROM THE SUBSCRIPTIONS

References are made to (i) the circular (the “**Circular**”) of Unisplendour Technology (Holdings) Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) dated 20 April 2016 in relation to, among others, the subscription of new shares and convertible bonds of the Company by the subscribers under specific mandate (the “**Subscriptions**”); and (ii) the announcement of the Company dated 23 January 2017 (the “**Announcement**”). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Circular.

CURRENT STATUS OF THE NET PROCEEDS FROM THE SUBSCRIPTIONS

As disclosed in the Circular, following completion of the Subscriptions on 30 May 2016, the net proceeds from the Subscriptions are approximately HK\$516.5 million (the “**Net Proceeds**”), which was proposed to be used for the purposes set forth in the column under the heading of “intended uses of the Net Proceeds as disclosed in the Circular” below.

As disclosed in the Announcement and as at the date of this announcement, the Company has utilised approximately HK\$295 million of the Net Proceeds, a detailed status update of such uses is set forth in the column under the heading of “actual uses of the Net Proceeds” below.

| | intended uses of the Net Proceeds as disclosed in the Circular | actual uses of the Net Proceeds |
|-----|---|--|
| (a) | Approximately HK\$266.5 million – for the expansion of production capacity, improvement of facilities and increase of investment in research and development (the “ Original Purposes ”) | Approximately HK\$45 million of the Net Proceeds were deployed as intended |

| | | |
|-----|--|--|
| (b) | <p>Approximately HK\$150 million – for capital injection into Tianshi Leasing (currently known as Unisplendour Si-Cloud Financial Leasing Co., Ltd. (紫光芯雲融資租賃有限公司) (“Unis Si-Cloud”))</p> <p>Unis Si-Cloud intends to utilise</p> <p>(i) approximately HK\$6 million for repayment of the loan owed by Unis Si-Cloud to the Group which has been used to pay for the underlying contractual amount arising from the finance leases for the three months ended 29 February 2016;</p> <p>(ii) approximately HK\$72 million for paying the underlying contractual amount arising from the future finance leases for the year ending 31 March 2017; and</p> <p>(iii) approximately HK\$72 million for paying the underlying contractual amount arising from the future finance leases for the year ending 31 March 2018</p> | Net Proceeds were fully deployed as intended |
| (c) | Approximately HK\$100 million – for repayment of bank facilities | Net Proceeds were fully deployed as intended |

PROPOSED CHANGES IN USE OF NET PROCEEDS AND DEPLOYMENT SCHEDULE

The Board has resolved to apply the unutilised Net Proceeds of approximately HK\$221.5 million for the following purposes:

1. Approximately HK\$30.0 million will be used in selectively acquiring suitable financial companies or business, in particular those engaged in the regulated activities under the Securities and Futures Ordinance, and injecting additional capital into such companies or business for conducting financial business.
2. Approximately HK\$130.0 million will be used in investment in and proprietary trading of listed securities.
3. Approximately HK\$61.5 million will be used as working capital of the Group, among which, certain amount will be used to settle certain legal disputes and the balance will be used for general corporate purposes.

The Board has also resolved to reschedule the deployment of an aggregated amount of HK\$78.0 million of the Net Proceeds, which were originally scheduled for (i) repayment of the loan owed by Unis Si-Cloud to the Group and (ii) the payment of underlying contractual amount arising from the future finance leases for the year ending 31 March 2018, to pay for underlying contractual amount arising from the future finance leases for the year ending 31 March 2017.

REASONS FOR THE CHANGE IN USE OF NET PROCEEDS AND DEPLOYMENT SCHEDULE

As disclosed in the interim report of the Company for the six months ended 30 September 2016 (“**2016 Interim Report**”), the Company is engaged in three business segments, namely, brand production equipment business (the “**SMT Business**”), the OEM business and the automated and logistic business. As aforementioned, the Company originally intended to apply approximately HK\$266.5 million for the Original Purposes and deployed approximately HK\$45 million. The expansion, improvement and research projects, on which the relevant portion of the Net Proceeds will be deployed in the Original Purposes, are shared among all three business segments. As disclosed in 2016 Interim Report, the Company gradually reduced the outmoded and low value-added OEM business, suspended the project development process of the automated and logistic business and mainly focused on the delivery of work in progress. The Board is of the view that any further investment in the OEM business and automated and logistic business is not in line with the overall development strategy of the Group. Moreover, the surrounding economic environment and market condition for the SMT Business remains tough, and the market outlook and sales expectations are still uncertain. The Board considered at this stage it is not an ideal timing to expand and technologically upgrade the SMT Business and therefore decided to change in use of the Net Proceeds which is scheduled to be used for the Original Purposes. Furthermore, following the Unistech Completion, the management have taken various initiatives to improve the collection of account receivables and successfully reduced a significant amount of the outstanding account receivables. Such collection efforts has provided the SMT Business with sufficient working capital to meet the needs of its daily operation. Given such improved liquidity position, the Board also considered that in the event that the SMT Business requires further investment to expand its production capacity or upgrade the production facilities, such investment will be funded by the internal resources of the Group.

As disclosed in 2016 Interim Report, the Company will actively search for new business growth point in sectors including assets management, financial investment and services and finance lease. By utilizing the Group’s resources in China and the advantage of Hong Kong as an international financial centre and offshore RMB centre, the Company intends to expand to assets management and other financial service business and plans to selectively acquiring suitable financial companies or business, in particular those engaged in the regulated activities under the Securities and Futures Ordinance. Among the HK\$30.0 million proposed to be used for such acquisition purposes, the Company intends to use no more than HK\$10.0 million to acquire a suitable target and invest the balance into such target to fund its future development. The Company will comply with the disclosure obligations under the Listing Rules, and it is not expected that such acquisition will constitute a notifiable transaction of the Company. Moreover, the Company has also completed necessary preliminary feasibility research and preparation on financial service business and proprietary trading of listed securities. The Board intended to allocate approximately HK\$130.0 million on investment in and proprietary trading of the listed securities, so as to improve the fund utilization efficiency.

The Company is still in the process of a management and business transition, and applying a series of initiatives to meet its new development goal, including enhancements, modifications and upgrades of office space and human resources, reconstruction of information system and equipment and other

management and operation enhancement schemes. The above initiatives should be propitious to future development and further increase the management effectiveness of the Company, therefore the replenishment of working capital for general corporate purposes is essential.

For the reasons above, the Board has resolved to change the use of the unutilised Net Proceeds of approximately HK\$ 221.5 million, which will optimise the business structure of the Group and improve overall profitability.

As aforementioned, the Company has deployed HK\$150 million as capital injection in Unis Si-Cloud, which is consistent with intended uses as disclosed in the Circular. Financial leasing business has become a main business segment in the Group, which has the characteristics of assured earnings streams. The business of Unis Si-Cloud has outperformed the management's expectation. With several projects in the pipeline, Unis Si-Cloud requires additional funding to meet its operational needs. The Board believes that the change in deployment schedule of the relevant portion of the Net Proceeds will improve the fund utilization efficiency and has a positive effect on improving the overall profitability so as to enhance the return for the Shareholders.

The Directors (including the independent non-executive Directors) consider that the change in use of proceeds and deployment schedule is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

By Order of the Board
Unisplendour Technology (Holdings) Limited
Wang Huixuan
Chairman

Hong Kong, 24 March 2017

As at the date of this announcement, the directors are Mr. Wang Huixuan, Mr. Qi Lian and Mr. Xia Yuan as executive directors; Mr. Li Zhongxiang as non-executive director; and Mr. Cui Yuzhi, Mr. Bao Yi and Mr. Ping Fan as independent non-executive directors.

** For identification purposes only*