PILOT DREAMS OF FUTURE SUCCESS

2018 Interim Report

UNISPLENDOUR TECHNOLOGY (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 365

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Yadong *(Chairman)*
Mr. XIA Yuan *(Chief Executive Officer)*
Mr. ZHENG Bo

Non-executive Directors

Mr. LI Zhongxiang *(Vice Chairman)*
Mr. QI Lian

Independent Non-executive Directors

Mr. CUI Yuzhi
Mr. BAO Yi
Mr. PING Fan

Audit Committee

Mr. CUI Yuzhi *(Chairman)*
Mr. LI Zhongxiang
Mr. BAO Yi

Remuneration Committee

Mr. BAO Yi *(Chairman)*
Mr. QI Lian
Mr. PING Fan

Nomination Committee

Mr. ZHANG Yadong *(Chairman)*
Mr. CUI Yuzhi
Mr. PING Fan

COMPANY SECRETARY

Mr. LIU Wei

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit 02-03, 69/F
International Commerce Centre
1 Austin Road West
Tsim Sha Tsui
Kowloon
Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited
Units 1208-18 Miramar Tower
132-134 Nathan Road
Tsim Sha Tsui, Kowloon
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
Revenue	5	30,549	117,001
Cost of Sales		(72,817)	(100,342)
Gross (loss)/profit		(42,268)	16,659
Other income	6	2,132	69
Other gains, net	7	2,761	21,030
Distribution costs		(18,832)	(19,019)
Administrative costs		(32,816)	(37,209)
Operating loss		(89,023)	(18,470)
Finance income	8	5,049	90
Finance costs	8	(5,905)	(6,000)
Finance costs, net	8	(856)	(5,910)
Gain from change in fair value of convertible bonds	9	—	78,405
(Loss)/profit before income tax		(89,879)	54,025
Income tax credit/(expense)	10	12,442	(189)
Loss/(profit) for the Period attributable to equity holders of the Company		(77,437)	53,836
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(4,052)	6,307
Other comprehensive income for the Period, net of tax		(4,052)	6,307
Total comprehensive (loss)/profit for the Period		(81,489)	60,143
Total comprehensive (loss)/profit attributable to equity holders of the Company		(81,489)	60,143
Basic (losses)/earnings per share	11(a)	HK (5.32) cents	HK 3.70 cents
Diluted (losses)/earnings per share	11(b)	HK (5.32) cents	HK 2.95 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
Assets			
Non-current assets			
Property, plant and equipment		143,900	143,366
Land use rights		10,061	10,005
Investment in an associate		2,634	2,634
Deferred income tax assets		6,627	—
		163,222	156,005
Current assets			
Inventories		41,403	39,157
Trade receivables and other receivables	12	73,851	74,026
Finance lease receivables		—	732
Tax reserve certificates		5,325	4,590
Financial assets at fair value through profit or loss (details provided in Management Discussion and Analysis – Financial Investment)		174,627	256,563
Security and restricted deposits		49	6,656
Cash and cash equivalents		296,288	234,003
		591,543	615,727
TOTAL ASSETS		754,765	771,732
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital and share premium		240,740	240,740
Other reserves		681,626	685,678
Accumulated losses		(541,274)	(463,837)
TOTAL EQUITY		381,092	462,581

	Notes	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Convertible bonds	9	**113,015**	107,969
Deferred income		**4,788**	4,772
Deferred income tax liabilities		**15,532**	21,721
		133,335	134,462
Current liabilities			
Trade payables and other payables	13	**117,459**	122,365
Borrowings	14	**71,832**	—
Current tax liabilities		**51,047**	52,324
		240,338	174,689
TOTAL LIABILITIES		**373,673**	309,151
TOTAL EQUITY AND LIABILITIES		**754,765**	771,732

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total equity HK$'000
Balance at 1 January 2018	**145,500**	**95,240**	**685,678**	**(463,837)**	**462,581**
Comprehensive loss					
Loss for the Period	**–**	**–**	**–**	**(77,437)**	**(77,437)**
Exchange differences on translation of foreign operations	**–**	**–**	**(4,052)**	**–**	**(4,052)**
Total comprehensive loss	**–**	**–**	**(4,052)**	**(77,437)**	**(81,489)**
Transactions with equity holders in their capacity as equity holders					
Convertible bonds	**–**	**–**	**–**	**–**	**–**
Total transactions with equity holders in their capacity as equity holders	**–**	**–**	**–**	**–**	**–**
Balance at 30 June 2018 (Unaudited)	**145,500**	**95,240**	**681,626**	**(541,274)**	**381,092**
Balance at 1 January 2017	145,500	95,240	78,676	(515,179)	(195,763)
Comprehensive profit					
Profit for the period	–	–	–	53,836	53,836
Exchange differences on translation of foreign operations	–	–	6,307	–	6,307
Total comprehensive profit	–	–	6,307	53,836	60,143
Transactions with equity holders in their capacity as equity holders					
Convertible bonds	–	–	577,943	–	577,943
Total transactions with equity holders in their capacity as equity holders	–	–	577,943	–	577,943
Balance at 30 June 2017 (Unaudited)	145,500	95,240	662,926	(461,343)	442,323

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
NET CASH FROM OPERATING ACTIVITIES	**985**	170,629
NET CASH USED IN INVESTING ACTIVITIES	**(8,776)**	(143,891)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**71,980**	(40,071)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**64,189**	(13,333)
Cash and cash equivalents at beginning of the Period	**234,003**	294,052
Effect of foreign exchange rate changes on cash and cash equivalents	**(1,904)**	2,740
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**296,288**	283,459

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Unisplendour Technology (Holdings) Limited (the "Company"), which was formerly known as Sun East Technology (Holdings) Limited, is a limited liability company incorporated in Bermuda. Its registered office is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Unit 02-03, 69/F, ICC-International Commerce Centre, 1 Austin Road West, Tsim Sha Tsui, Kowloon, Hong Kong with effect from 31 October 2016. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively referred to as the "Group" hereafter) are principally engaged in SMT equipment manufacturing, finance lease and factoring, and financial investment.

These consolidated financial statements are presented in Hong Kong dollar (unless otherwise stated). These consolidated financial statements were approved for issue by the Board of Directors of the Company on 28 August 2018.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2017, which were prepared in accordance with Hong Kong Financial Reporting Standards("HKFRSs").

2.1 Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore adopts the going concern basis in preparing its condensed consolidated interim financial statements.

3. ACCOUNTING POLICIES

Except as for the adoption of new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the six months ended 30 June 2018, the accounting policies applied in preparing the condensed consolidated interim financial statements are consistent with those of the financial statements for the year ended 31 December 2017.

The adoption of these new standards, amendments and improvements to HKFRSs and HKAS did not have any significant impact on the Group's financial performance and position for the six months ended 30 June 2018.

4. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 December 2017 with the exception of changes in estimates that are required in determining the provision for income taxes and disclosure of exception items.

5. SEGMENT INFORMATION

The executive directors are the Group's chief decision-makers. Management has determined the operating segments based on the report reviewed by the executive directors for the purposes of allocating resources and assessing performance. During the six months ended 30 June 2018, the Group's three operating segments are as follows:

(1) Production and sales of industrial products;

(2) Finance lease and factoring; and

(3) Financial Investment.

The executive directors assess the performance of the operating segments based on the revenue and profit before tax in each segment. The executive directors do not focus on the total liabilities of the segments. The unallocated activities primarily consist of the corporate headquarter which manages and supports the segments. The assets are mainly the monetary funds and office equipment used by the Company for daily operations. The liabilities are mainly the financial liabilities as a result of the issuance of the convertible bonds by the Company and bank borrowings granted to the Company.

5. SEGMENT INFORMATION (Continued)

The segment information for the six months ended 30 June 2018 is as follows:

	Six months ended 30 June 2018 (Unaudited)					
	Production and sales of industrial products HK$'000	Finance lease and factoring HK$'000	Financial Investment HK$'000	Segments total HK$'000	Unallocated activities HK$'000	Total HK$'000
Segment revenue/(loss)	104,742	24	(75,394)	29,372	1,177	30,549
Segment profit/(loss)	31,988	(17)	(75,416)	(43,445)	1,177	(42,268)
Other income	2,130	–	2	2,132	–	2,132
Other gains, net	2,761	–	–	2,761	–	2,761
Distribution costs	18,688	144	–	18,832	–	18,832
Administrative costs	15,671	1,829	–	17,500	15,316	32,816
Finance (income)/costs, net	(4,695)	(282)	743	(4,234)	5,090	856
Profit/(loss) before income tax	7,215	(1,708)	(76,157)	(70,650)	(19,229)	(89,879)

5. SEGMENT INFORMATION (Continued)

The segment information for the six months ended 30 June 2017 is as follows:

	Six months ended 30 June 2017 (Unaudited)					
	Production and sales of industrial products HK$'000	Finance lease and factoring HK$'000	Financial Investment HK$'000	Segments total HK$'000	Unallocated activities HK$'000	Total HK$'000
Segment revenue	112,098	6,488	(1,585)	117,001	–	117,001
Segment profit/(loss)	12,248	6,488	(2,077)	16,659	–	16,659
Other income	69	–	–	69	–	69
Other gains, net	21,030	–	–	21,030	–	21,030
Distribution costs	17,431	1,588	–	19,019	–	19,019
Administrative costs	18,271	4,616	2	22,889	14,320	37,209
Finance costs/(income), net	3,281	203	(27)	3,457	2,453	5,910
Gain from change in fair value of convertible bonds	–	–	–	–	78,405	78,405
(Loss)/profit before income tax	(5,636)	81	(2,052)	(7,607)	61,632	54,025

6. OTHER INCOME

	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
Income from sales of scraps	**1,885**	45
Other income	**247**	24
	2,132	69

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7. OTHER GAINS, NET

	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
Compensation income	**32**	166
Government grants	**852**	577
Reversal of bad debt written off	**4,051**	17,921
(Loss)/gain on disposal of property, plant and equipment	**(1,813)**	51
Inventories write-downs and inventories gain/(inventories loss)	**514**	(2,610)
Other (losses)/gains	**(875)**	4,925
	2,761	21,030

8. FINANCE COSTS, NET

	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
Finance income:		
– Interest income from bank deposits	**682**	90
– Exchange gains	**4,341**	—
– Discount gains	**26**	—
Finance costs:		
– Interest expenses on bank and other borrowings	**5,905**	4,858
– Discount interest on bills	**—**	419
– Exchange losses	**—**	723
Net finance costs	**856**	5,910

9. CONVERTIBLE BONDS

On 30 May 2016, the Company issued 730,000,000 ordinary shares at a price of HK$0.4 per share and zero coupon convertible bonds with face value of HK$148,000,000 to Unis Technology Strategy Investment Limited. The bonds shall mature in five years from the date of issue at their face value of HK$148,000,000 or be converted into ordinary shares of the Company at HK$0.4 per share (subject to adjustment) by the holder before the maturity date of the bonds. Such transaction was approved at the special general meeting held on 9 May 2016. The management initially recognized the convertible bonds issued in whole as financial liabilities at fair value through profit or loss based on analysis and assessment on relevant terms of the agreement and in consideration of the substance of the agreement.

On 30 March 2017, the special general meeting approved the supplementary agreement for the convertible bonds signed by the Company and Unis Technology Strategy Investment Limited. The supplementary agreement removes the relevant terms in relation to the conversion price adjustment under the original agreement. Accordingly, the convertible bonds issued by the Company pursuant to the original agreement were derecognized. According to the amended terms, the convertible bonds were recognized as compound financial instruments. As at 30 March 2017, such financial liability at fair value through profit or loss of HK$678,487,000 was derecognized. Pursuant to the amended terms and the fair value at the date, the Company has re-recognized the convertible bonds as compound financial instruments, among which, the fair value of the liability component was HK$100,546,000, the fair value of the equity component was HK$577,943,000, and the liability component of the compound financial instruments were subsequently measured by the cost method. In 2017, the recognized gains from change in fair value of convertible bonds were HK$78,405,000, the recognized interest expense was HK$7,423,000, and the recognized book value of the convertible bonds as at 31 December 2017 was HK$107,969,000. For the six months ended 30 June 2018, the recognized interest expense was HK$5,046,000 and the recognized book value of the convertible bonds at 30 June 2018 was HK$113,015,000.

No convertible bonds were converted into ordinary shares of the Company during the Period.

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profit for the Period. The applicable tax rate of the subsidiaries of the Group in Mainland China is 25% (six months ended 30 June 2017: 25%). Taxation on overseas profits has been calculated on the estimated assessable profit for the Period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
Current income tax:		
Current tax on profits for the Period	**374**	189
Total current income tax	**374**	189
Deferred income tax	**(12,816)**	–
Income tax (credit)/expense	**(12,442)**	189

(a) Certain subsidiaries of the Group are subject to the tax review conducted by the Hong Kong Inland Revenue Department on the offshore claim lodged on profits. During the Period, such review is still ongoing.

11. (LOSSES)/EARNINGS PER SHARE

(a) Basic

Basic (losses)/earnings per share is calculated by dividing the (losses)/earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
(Losses)/earnings attributable to equity holders of the Company	(77,437)	53,836
Weighted average number of ordinary shares in issue *(in thousands)*	1,455,000	1,455,000
Basic (losses)/earnings per share (in HK cents)	(5.32)	3.70

(b) Diluted

As it is assumed that the conversion of the Company's outstanding convertible bonds will result in a decrease in loss per share for the Period, it is not assumed that the Company's outstanding convertible bonds have been exercised in the calculation of the diluted loss per share for the six months ended 30 June 2018.

12. TRADE RECEIVABLES AND OTHER RECEIVABLES

At 30 June 2018 and 31 December 2017, the ageing analysis of the trade receivables and other receivables based on invoice date is as follows:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Less than 3 months	42,198	41,134
3 to 6 months	6,837	8,875
More than 6 months	24,816	24,017
	73,851	74,026

13. TRADE PAYABLES AND OTHER PAYABLES

At 30 June 2018 and 31 December 2017, the ageing analysis of trade payables and bills payables based on the invoice dates is as follows:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Within 90 days	80,477	84,606
91 to 120 days	4,626	12,222
Over 120 days	32,356	25,537
	117,459	122,365

14. BORROWINGS

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Current		
Secured bank loans due for repayment within one year (a)	71,832	—
	71,832	—

(a) The bank loans granted are secured by the Group's properties and land use rights with guarantees and pledged receivables provided by the Company and its subsidiaries.

At 30 June 2018, all bank and other borrowings are due for repayment within one year. At 30 June 2018, the average annual borrowing rate was 5.655%.

15. COMMITMENTS

(a) Operating lease commitments – the Group as lessee

The Group leases certain office premises or staff quarter under non-cancellable operating lease agreements. The lease terms are between one and three years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The aggregate future minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Within one year	**9,972**	12,039
More than one year but not more than five years	**2,998**	14,078
	12,970	26,117

(b) Capital commitments

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Capital commitments contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment	**920**	—
	920	—

16. EVENTS AFTER THE PERIOD

At the special general meeting held on 7 August 2018, it's approved that Unisplendour Investment Holding Co. Limited ("Unisplendour Investment"), an indirectly wholly-owned subsidiary of the Company, Sino IC Leasing Co., Ltd. (芯鑫融資租賃有限責任公司, "Sino IC Leasing") and Unisplendour Si-Cloud Financial Leasing Co., Ltd. (紫光芯雲融資租賃有限公司, "Unis Si-Cloud") entered into the Capital Increase Agreement. Pursuant to the Capital Increase Agreement, the parties thereunder conditionally agreed that Sino IC Leasing shall inject capital into Unis Si-Cloud with a total amount of RMB210,954,942.86. Upon Completion of the capital increase transaction, the registered capital of Unis Si-Cloud will be increased to RMB405,440,816.33 (subject to the final number confirmed by the registration with the competent Administration for Industry and Commerce), and the shareholding interests of Unisplendour Investment and Sino IC Leasing in Unis Si-Cloud will be 49% and 51%, respectively. Accordingly, Unis Si-Cloud, which is mainly engaged in finance lease and factoring business, will cease to be a subsidiary and become an associate company of the Company. The financial results of Unis Si-Cloud will cease to be consolidated into those of the Company.

The Company is controlled by Tsinghua Unigroup Co., Ltd. ("Tsinghua Unigroup") and its subsidiaries. Tsinghua Holding Co., Ltd. ("Tsinghua Holding") holds 51% shareholding interests in Tsinghua Unigroup and is the *de facto* controller of the Company. On 4 September 2018, the Company was informed by Tsinghua Unigroup, that on 4 September 2018, its controlling shareholder Tsinghua Holding entered an Equity Transfer Agreement (collectively the "Equity Transfer Agreements") with each of Suzhou High-speed Rail New Town State-owned Assets Management and Operation Co., Ltd. ("HRNT") and Hainan Union Asset Management Corporation ("Hainan Union") respectively, and entered into a Joint Control Agreement with the two companies mentioned above. Pursuant to the Equity Transfer Agreements, Tsinghua Holding will transfer such shareholding interests, representing 30% and 6% of the entire shareholding interests in Tsinghua Unigroup to HRNT and Hainan Union respectively. Upon Completion of the Equity Transfers, Tsinghua Holding, HRNT and Hainan Union will hold in total 51% shareholding interests in Tsinghua Unigroup, in which Tsinghua Holding will hold 15% shareholding interests in Tsinghua Unigroup, HRNT will hold 30% shareholding interests in Tsinghua Unigroup, and Hainan Union will hold 6% shareholding interests in Tsinghua Unigroup. Each of the Equity Transfer Agreements shall take effect from the date on which all of the Conditions to Effectiveness listed in the Equity Transfer Agreements are fulfilled. The Company will pay close attention to the development of the above-mentioned matters and perform its obligation on information disclosure in accordance with the relevant laws and regulations.

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board of directors (the "Board") of Unisplendour Technology (Holdings) Limited, I hereby present the report on the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018.

OVERALL

Looking back into the first half of 2018, the Group focused on the R&D, manufacturing and sales businesses of its own-brand SMT equipment. Under the general trend towards intelligent development of the equipment industry, downstream customers' demand for transformation and upgrade as well as capacity expansion has been released in the first half of 2018. Together with the Group's optimization of sales strategies, its own-brand SMT equipment recorded a significant growth in sales over the same period last year.

BUSINESS REVIEW

During the Period, the Group further implemented the development strategy centering on its own-brand equipment. Despite the slight decrease of 7% in the overall revenue of the SMT equipment manufacturing and related business due to the adjustments in the agency business during the Period, the overall revenue of the own-brand equipment reached approximately HK$104,742,000, representing a year-on-year increase of 44%, with gross profit margin significantly increased to 31%. Relatively high growth in revenue was seen in the main equipment such as wave soldering machine, reflow oven and dispenser. In addition, through the implementation of effective sales policies and other cost control measures, distribution costs and administrative costs were significantly lower than those for the same period last year. However, hampered by the floating loss of the financial investment business, the overall profitability of the Group fell short of expectations.

During the Period, the Group's finance lease and factoring business segment was maintained under stable operation.

The Group issued announcements and a circular concerning the major transaction in relation to the deemed disposal of shareholding interests in a subsidiary on 2 May 2018, 11 June 2018 and 16 July 2018 respectively. Upon the completion of the transaction, Unis Si-Cloud, formerly a wholly-owned subsidiary of the Company, will become an associate company of the Company. The financial results of Unis Si-Cloud will cease to be consolidated into those of the Company.

INDUSTRIAL TRENDS

The increasing demand for artificial intelligence and electronic products as well as the continuous development of the market promoted industrial reforms. As an integral part of "Industry 4.0", smart factories have become the major development trend for the manufacturing industry. With a view to adapting to the rapid changes in the consumption market, the upstream SMT equipment manufacturing industry is actively carrying out reforms to further satisfy the demand for the production and technological upgrade of end products. While single-function processing equipment will be phased out, customized middle to high-end automated equipment and management systems will enjoy more competitive advantages.

In recent years, China has become the second largest economy of the world. Although its high-end manufacturing industry still mostly depends on imports, thanks to the constant improvement in the quality and performance of domestic intelligent equipment, the continuous advancement in China's relevant technologies, as well as the strong support from the policies of the Central People's Government, domestic intelligent equipment has the potential to gradually replace imported products, thereby providing massive support for the development of China's high-tech industry. Meanwhile, domestic intelligent equipment enjoys far more advantages in cost and price than its foreign counterpart. In the long run, domestic intelligent equipment is set to further tap into the foreign market and increase its foreign market share.

As an SMT intelligent equipment provider catering to industry development and market demand, the Group is mainly engaged in the provision of one-stop SMT solutions, including microelectronics assembly equipment such as wave soldering machine, reflow soldering machine, dispenser and solder paste printer. The BIMS intelligent manufacturing management system developed by the Group, which is an information-based management and control solution for the all-process data in the SMT industry, can effectively fit the new production models of customers such as JIT (Just in Time) and BTO (Build to Order), as well as meeting the higher product quality requirements from customers and markets. This helps customers to cope with the challenges of intelligent, informatized and systematized development brought by intelligent manufacturing. Together with the internal management systems such as LOA (business process management for remote operations) and ERP (backend database operation and financial management for purchase, sales and inventory), a solid foundation for "Industry 4.0" was built for enterprises.

OUTLOOK

Looking ahead to the second half of 2018, the Group may face challenges in its business operations.

The international market is changing, and its impact will gradually appear. As the operations of the Group's downstream customers may be affected, they are conservative about the prospects and accordingly reduce their investment in fixed assets for now, indirectly bringing uncertainties to the Group's short-term business development. However, we believe that those are temporary difficulties. With the convenience offered by information terminals to users driving the improvement and development of society, the applications of information terminals will only increase over time, and users' demand for them will certainly go up but not down. Therefore, despite the short-term pressure on the market demand for SMT equipment, its inelastic demand will finally emerge in the long run.

Moreover, with its plant in Shenzhen, the Group's main operations are mostly located in Mainland China and its revenue is denominated in Renminbi. However, the Group's financial data is presented in Hong Kong dollar. Due to the continuous depreciation of Renminbi in 2018, exchange factors have created certain impact on the Group's overall revenue and profitability data.

The above challenges are faced by the Group as well as the entire industry. Thus, instead of adversities, they can be regarded as opportunities for increasing industry concentration. As long as we adhere to the development strategy of "one orientation, two key drivers, three breakthroughs and four initiatives" and persist in improving, the Group is set to gain advantages in market competition amid crises and challenges with the cumulative customer base over the years, its own professional R&D team, its outstanding manufacturing capacity and strong brand reputation, and more importantly, the support from the industrial influence of Tsinghua Unigroup.

On behalf of all the members of the Board, I hereby take this opportunity to express our heartfelt gratitude for the diligent efforts and trust in the Company of the management, all the staff and business partners, as well as the continuous support of all the shareholders to the Group.

Zhang Yadong
Chairman

Hong Kong
28 August 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group is principally engaged in SMT equipment manufacturing and related business, finance lease and factoring business, and financial investment business.

Guided by the development strategy of "one orientation, two key drivers, three breakthroughs and four initiatives", the Group further focused on the development of SMT equipment manufacturing and related business during the Period. It dedicated itself to developing and launching new SMT equipment to cater to market demand as well as middle to high-end enterprise positioning, and actively optimized the marketing strategies and the internal management system, thus achieving great and continuous improvement in the R&D capacity, profitability, operation quality and brand image of this business segment. However, affected by the floating loss from the financial investment business, the Group recorded a net loss of approximately HK$77,437,000 for the six months ended 30 June 2018, falling short of expectations. Meanwhile, benefiting from the continuous initial investment and the scientific development strategy of the Group in SMT equipment manufacturing and related business, the profit contribution of this business segment will gradually increase in the future, thus laying a solid foundation for the long-term robust development of the Group.

SMT EQUIPMENT MANUFACTURING AND RELATED BUSINESS

During the Period, centering on SMT equipment manufacturing and related business, the Group fully capitalized on the enterprise positioning of becoming a global leading SMT intelligent equipment provider, and pooled resources to the R&D, promotion and sales of its own-brand SMT equipment by phasing out the low-end equipment with a relatively low degree of automation and the agent products with weaker profit contribution to effectively improve the market influence of its own brand, so as to strengthen the product pricing power, create more opportunities for profit generation, and subsequently continue to enhance the comprehensive strength of this business segment.

In respect of profit, as the Group has terminated the low-end businesses such as agent product sales since 2018 to go all out to develop the own-brand SMT equipment business, it recorded a sales revenue of approximately HK$104,742,000 from its own-brand SMT equipment manufacturing and related business for the six months ended 30 June 2018, representing a significant year-on-year growth of 44%. In the meanwhile, benefiting from the elimination of the agency business with low profit contribution as well as the effective cost control for the own-brand SMT equipment business of the Group, during the Period, the SMT equipment manufacturing and related business segment saw a significant increase in its overall gross profit margin to 31% from 11% for the same period last year, and recorded a profit before income tax of HK$7,215,000, achieving a turnaround from the loss before income tax of HK$5,636,000 for the same period in 2017. The management believed that the strategy of concentrating on the development of the own-brand SMT equipment business was in line with the overall interests of the Group, and steady improvement in income and profitability could be gradually achieved in the long run, despite the fact that the overall revenue of the SMT equipment manufacturing and related business segment reported a slight year-on-year decline of approximately 7% during the Period due to the divestment of the agency business.

In respect of operation quality, the Group strictly implemented the credit sale policy and adopted various methods to collect the overdue accounts receivable, and as a result, the operating cash flow showed continuous improvement. As at 30 June 2018, the net amount of trade receivables and other receivables of the Group reduced from approximately HK$117,398,000 for the same period last year to approximately HK$73,851,000, representing a year-on-year decrease of 37%. In addition, by implementing strict cost control, the distribution costs and administrative costs of the Group were lower than those for the same period last year. During the Period, the administrative costs were approximately HK$32,816,000, representing a decrease of 12% from the amount for the same period in 2017, which was HK$37,209,000; the distribution costs were approximately HK$18,832,000, representing a decrease of 1% from the amount for the same period in 2017, which was HK$19,019,000.

In respect of product R&D, by consolidating and enhancing the advantages of independent R&D and adhering to the principle of being smart, efficient, stable and environmentally friendly, the Group continuously launched new SMT equipment meeting the middle to high-end product positioning and received wide recognition and various awards from the market and industry. After being granted the Gold Award of "Red Sail Award" for its self-manufactured full automatic solder paste printing machine and selective wave soldering machine for online electromagnetic pumps in 2016 and 2017 respectively, the Group again won the Gold Award under the Fifth Session of the "Red Sail Award" for Industrial Design for its self-manufactured vertical reflow oven in 2018. The vertical reflow oven is applicable to the thermo curing process, such as die bonding, underfill and component packaging. Characterized by small footprint, high production efficiency and high production quality, it is designed to significantly save site space and production cost, which meets the urgent demand of such downstream industries as automotive electronics, motor, instrument and telecommunication for high-efficiency SMT equipment. In addition, the self-manufactured products of the Group, such as the double-track reflow soldering machine, lead-free wave soldering machine, high speed dispenser, printing machine and linear motor, all feature advantages including intelligent design, high performance, high precision, high stability and low energy consumption, and they can be embedded with the Group's self-developed BIMS intelligent manufacturing system, an information-based management and control solution for the all-process data of the SMT industry, to serve the new production modes of JIT (Just in Time) and BTO (Build to Order) and help the downstream users to monitor and control the raw material supply, production plan, process management, product delivery and customer retrospection in a real-time manner, so as to considerably improve production efficiency and reduce production cost.

In respect of market promotion, the Group actively implemented the "Go Out" strategy and participated in many large-scale exhibitions at home and abroad during the Period, including 2018 PIC APEX EXPO in the USA, Productronia China and NEPCON China 2018 in Shanghai, as well as China International Mobile Manufacturing Automation Technology Exhibition and South China International Industrial Automation Exhibition in Guangdong. Thanks to the detailed explanation and presentation of the technicians on site, the brand image and market popularity of the own-brand equipment of the Group, such as the reflow soldering machine, wave soldering machine and vertical reflow oven, were effectively strengthened, and the positioning of the Group as a provider of middle to high-end equipment was further consolidated.

The management believed that the Group would continue to benefit from the strong demands of downstream industries, such as smartphone, computer, automotive electronics and telecommunications, and the long-term accumulated industry resources and R&D advantages of the Group. It was able to develop steadily into a global leading SMT intelligent equipment provider and an industry leader of intelligent equipment in China through the implementation of strong internal control and management, and work conscientiously in SMT equipment manufacturing industry.

FINANCE LEASE AND FACTORING BUSINESS

For the six months ended 30 June 2018, the finance lease and factoring business maintained stable operation, and this business segment recorded a revenue of approximately HK$24,000.

The Group issued announcements and a circular concerning the major transaction in relation to the deemed disposal of shareholding interests in a subsidiary on 2 May 2018, 11 June 2018 and 16 July 2018 respectively. In accordance with the relevant announcements and circular, upon the completion of the capital increase transaction, Unis Si-Cloud, which is mainly engaged in finance lease and factoring business, will cease to be a subsidiary and become an associate company of the Company. The financial results of Unis Si-Cloud will cease to be consolidated into those of the Company. The above-mentioned capital increase transaction and the transactions as contemplated under the capital increase agreement were approved at the special general meeting held on 7 August 2018.

FINANCIAL INVESTMENT BUSINESS

Financial investment is a new business segment explored by the Group at the end of 2016. The Group implements a low-frequency trading strategy and invests in the high-tech companies listed on the Stock Exchange, with a particular focus on outstanding enterprises in telecommunication equipment, semiconductor, Internet, and computer and software industries. For the six months ended 30 June 2018, the financial investment segment recorded a floating loss of approximately HK$76,157,000.

The management believed that the loss of this business segment was caused by short-term fluctuations, which would not cause adverse influence on the overall business operation of the Group. The Group has established a strict reporting mechanism to ensure that the management can promptly monitor all the investment activities, so as to mitigate the investment risks and ensure investment security.

Name of investee	Total investment gain/(loss) for the six months ended 30 June 2018 (Unaudited) HK$'000
SMIC (stock code: 981.hk)	(21,500)
SMIT (stock code: 2239.hk)	335
GOME FIN TECH (stock code: 628.hk)	(33)
GUODIAN TECH (stock code: 1296.hk)	(90)
LEGEND HOLDINGS (stock code: 3396.hk)	(54,120)
	(75,408)

During the Period, the Group disposed 1,600,000 SMIT shares in aggregate.

The Group's investments in the listed shares were recorded as financial assets at fair value through profit or loss on the consolidated balance sheet, which was approximately HK$174,627,000 as at 30 June 2018:

Name of investee	Financial assets at fair value through profit or loss as at 30 June 2018 (Unaudited) HK$'000	Percentage of total financial assets at fair value through profit or loss %
SMIC	66,055	37.83
GOME FIN TECH	343	0.20
GUODIAN TECH	440	0.24
LEGEND HOLDINGS	107,789	61.73
	174,627	100

FINANCIAL REVIEW

Income

An analysis of the Group's income by business segment for the Period is as follows:

	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
SMT equipment manufacturing and related business	104,742	112,098
Finance lease and factoring	24	6,488
Financial investment	(75,394)	(1,585)
Comprehensive services	1,177	—
	30,549	117,001

Other gains

During the Period, the Group recorded other gains of approximately HK$2,761,000, which included government grants of approximately HK$852,000, reversal of bad debt written off of approximately HK$4,051,000, loss on disposal of property, plant and equipment of approximately HK$1,813,000, and inventories write-downs and inventories gain of approximately HK$514,000.

Distribution costs

During the Period, benefiting from the implementation of new sales policies and effective cost control, the Group recorded distribution costs of approximately HK$18,832,000, representing a decrease of approximately 1% as compared with the six months ended 30 June 2017.

Administrative costs

Benefiting from the integration and optimization of human resource structure in the SMT equipment manufacturing and related business segment during the last financial period, the Group recorded administrative costs of approximately HK$32,816,000 during the Period, representing a decrease of approximately 12% as compared with the six months ended 30 June 2017.

Finance costs

During the Period, the net finance costs amounted to approximately HK$856,000, representing a decrease of approximately HK$5,054,000 as compared with the six months ended 30 June 2017.

Loss for the Period

As a result of the foregoing, the loss attributable to the equity holders of the Company for the Period was approximately HK$77,437,000, and the profit attributable to the equity holders of the Company for the six months ended 30 June 2017 was approximately HK$53,836,000.

(Loss)/profit before interest, tax, depreciation and amortization

The following table illustrates the Group's (loss)/profit before interest, tax, depreciation and amortization for the respective periods. The Group's loss ratio before interest, tax, depreciation and amortization was approximately 283% for the Period.

	Six months ended 30 June 2018 (Unaudited) HK$'000	Six months ended 30 June 2017 (Unaudited) HK$'000
(Loss)/profit for the period attributable to equity holders of the Company	**(77,437)**	53,836
Finance costs	**856**	5,910
Income tax (credit)/expense	**(12,442)**	189
Depreciation and amortization	**2,563**	4,486
(Loss)/profit before interest, tax, depreciation and amortization	**(86,460)**	64,421

Liquidity, financial resources and gearing ratio

The Group had sufficient operating capital and maintained a high level of net current assets at approximately HK$351,205,000 and a healthy current ratio at 2.46 times. The equity ratio attributable to the equity holders of the Company was calculated with reference to the total borrowings as at 30 June 2018, and the gearing ratio of the Group was 18.85%.

Operating capital management

As at 30 June 2018, the Group held cash and bank balances of approximately HK$296,288,000, representing an increase of approximately HK$62,285,000 compared with approximately HK$234,003,000 as at the beginning of the Period. Benefiting from the key management and control of trade receivables and inventory in the SMT equipment manufacturing and related business segment during the last financial period, the Group's average inventory turnover days was approximately 101 days (31 December 2017: 113 days), the average debtors turnover days was approximately 79 days (31 December 2017: 120 days), and the average creditors turnover days was approximately 131 days (31 December 2017: 112 days).

CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT

During the Period, total capital expenditure was approximately HK$5,480,000, in which approximately HK$4,924,000 was on the renovation and decoration of office, approximately HK$58,000 was on the purchase of mechanical equipment, approximately HK$104,000 was on the purchase of office equipment, and approximately HK$394,000 was on the purchase of ERP software.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2018, the Group's banking facilities including its import/export loan, letter of credit, documentary credits, trust receipt and bank borrowings were secured by:

(i) a first legal charge on certain of the Group's land and properties, which had an aggregate net carrying value at the reporting date of HK120,132,000;

(ii) security deposits of approximately HK$490,000; and

(iii) guarantee and pledged receivables provided by the Company and its subsidiaries.

EQUITY AND LIABILITIES

As at 30 June 2018, the Group's net assets was approximately HK$381,092,000, compared with the net assets of approximately HK$462,581,000 as at 31 December 2017. The decrease in equity for the Period was mainly attributed to the loss of approximately HK$77,437,000 for the Period and the loss from the translation of foreign currency financial statements of approximately HK$4,052,000.

EMPLOYEES

At 30 June 2018, the Group employed approximately 364 staff and workers in mainland China and approximately 20 staff in Hong Kong. The Group continues to maintain and enhance the capability of its employees by providing sufficient regular training to them. The Group remunerates its employees based on industry's practice. In mainland China, the Group provides staff welfare and bonuses to its employees in accordance with the prevailing labor law. In Hong Kong, the Group provides employee benefits including retirement scheme and performance bonuses.

PRINCIPAL RISKS AND UNCERTAINTIES

OPERATIONAL RISK

The Group is exposed to operational risk in relation to each business segment of the Group. To manage operational risk, the management of each business segment is responsible for monitoring the operation and assessing operational risk of their respective business segments. They are responsible for implementing the Group's risk management policies and procedures and shall report any irregularities in connection with the operation of the projects to the directors and seek directions.

The Group emphasizes on ethical value and prevention of fraud and bribery, and has established a whistleblower program, including communication with other departments and business segments and units, to report any irregularities. In this regard, the directors consider that the Group's operational risk is effectively mitigated.

FINANCIAL RISK

The Group is exposed to credit risk, liquidity risk and foreign exchange risk, etc.

CREDIT RISK

In order to minimize credit risk, the directors closely monitor the overall level of credit exposure and the management is responsible for the determination of credit approvals and monitoring the implementation of the collection procedure to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the Period to ensure that adequate impairment losses have been made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk has been significantly reduced.

LIQUIDITY RISK

The directors have built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In this regard, the directors consider that the Group's liquidity risk has been effectively managed.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk arising from various currency risks as its certain business, assets and liabilities are denominated in Renminbi, Hong Kong dollar, US dollar and so on. During the Period, the Group did not utilize any financial instruments for hedging purposes, and the Group will continue to closely monitor its foreign exchange risk associated to the currencies, and will take appropriate hedging measures when necessary.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2018, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), that was required to be recorded in the register pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children by the Company, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDER'S INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, according to the register required to be kept by the Company under section 336 of the SFO, the following persons (other than the directors or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

LONG POSITIONS IN THE SHARES

Name of Shareholder	Nature of Interest	Number of the ordinary shares held	Approximate percentage of total shareholding %
Substantial Shareholders			
Unis Technology Strategy Investment Limited (Note 1)	Beneficial owner	986,829,420	67.82
Chen Ping	Beneficial owner	100,000,000	6.87
Reach General (Note 2)	Beneficial owner	94,460,000	6.49
But Tin Fu (Note 3)	Beneficial owner/ interest of controlled corporation	87,783,168	6.03

DISCLOSURE OF INTERESTS

Notes:

1. Unis Technology Strategy Investment Limited is wholly owned by Beijing Unis Capital Management Co., Ltd. (北京紫光資本管理有限公司), which in turn, is wholly owned by Tsinghua Unigroup Co., Ltd. (紫光集團有限公司). Tsinghua Unigroup Co.,Ltd. (紫光集團有限公司) is owned as to 51% by Tsinghua Holdings Co., Ltd. (清華控股有限公司) and 49% owned by Beijing Jiankun Investment Group Co., Ltd. (北京健坤投資集團有限公司). Tsinghua Holdings Co., Ltd. (清華控股有限公司) is wholly owned by Tsinghua University (清華大學) and Beijing Jiankun Investment Group Co., Ltd. (北京健坤投資集團有限公司) is owned as to 70% by Mr. Zhao Weiguo.

2. Reach General International Limited ("Reach General") is 100% beneficially owned by Mr. Wu Xin.

3. Mr. But Tin Fu is interested in 87,783,168 shares, comprising (a) 37,525,200 shares directly held by Mr. But Tin Fu, (b) 3,796,000 shares directly held by Sun East Group Limited, which is owned as to 50% by Mr. But Tin Fu and 50% by Ms. Leung Hau Sum, who is the wife of Mr. But Tin Fu, (c) 2,424,800 shares directly held by Sum Win Management Corp., which is wholly owned by Mr. But Tin Fu and (d) 44,037,168 shares directly held by Mind Seekers Investment Limited, which is wholly owned by Mr. But Tin Fu.

Save as disclosed above, the Company had not been notified of any other person (other than the directors or chief executive of the Company) who had an interests (whether direct or indirect) or short positions in the shares or underlying shares of the Company that were required to be recorded in the register kept by the Company under section 336 of the SFO as at 30 June 2018.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and procedures and regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavors to ensure that its businesses are conducted in accordance with relevant rules and regulations, and applicable codes and standards. The Company has adopted the Code Provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. The Company was in compliance with the Code for the six months ended 30 June 2018, except for the following deviation from the Code Provision A.6.7 as disclosed below.

Code Provision A.6.7

Pursuant to the Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Bao Yi, the independent non-executive director of the Company, and Mr. Li Zhongxiang and Mr. Qi Lian, the non-executive directors of the Company, were absent from the annual general meeting held on 6 June 2018 due to other business commitments. To ensure compliance with the Code in the future, the Company had provided directors who did not attend the meeting with relevant meeting documents and specified to them the details of the meeting and the matters that need to be brought to the attention subsequent to the meeting in support of their understanding of the views of the shareholders of the Company. The Company will also continue to take all reasonable measures to arrange the schedule in such a cautious way that all directors can attend the general meetings.

Audit Committee

The Company has established the Audit Committee (the "Committee") in accordance with the requirements of the Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Committee comprises one non-executive director and two independent non-executive directors of the Company. The Group's interim results for the six months ended 30 June 2018 has been reviewed by the Committee. The Committee is of the opinion that these statements comply with the applicable accounting standards, regulations and the Stock Exchange's requirements, and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2018.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim report containing all the information required by the Listing Rules will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.unistech.com.hk) and be despatched to Shareholders in due course.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited interim financial results and operational statistics for the six months ended 30 June 2018 and the six months ended 30 June 2017 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. Investors are advised to exercise caution when dealing in the securities of the Company.

This report contains forward-looking statements regarding the objectives and expectations of the Group with respect to its opportunities and business prospects. Such forward-looking statements do not constitute guarantees of future performance of the Group and are subject to factors that could cause the Company's actual results, plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but not limited to, general industry and economic conditions, shifts in customer demands, and changes in government policies. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.