

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED

環球實業科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1026)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED SUBSCRIPTION OF THE FINANCIAL INVESTMENT

The Subscriber (a 49%-owned subsidiary of the Group) proposed to participate in the Fund-raising Round of the Issuer currently taking place, through the Proposed Subscription of the Financial Investment for the subscription price of up to RMB380,550,000 (HK\$455,203,000) in cash.

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules are less than 25%, the Proposed Subscription of the Financial Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Subscriber (a 49%-owned subsidiary of the Group) proposed to participate in the Fund-raising Round of the Issuer currently taking place, through the Proposed Subscription of the Financial Investment for the subscription price of up to RMB380,550,000 (HK\$455,203,000) in cash.

Details of the Proposed Subscription are as follows:

The Subscriber

The Subscriber is a limited liability company established in the PRC and a 49%-owned subsidiary of the Group, principally engaged in water inspection, properties and investments holding.

The Issuer

The Issuer, 廣東南粵銀行股份有限公司 (Guangdong Nanyue Bank Co., Ltd.), is a joint stock company established in the PRC with limited liability which is principally engaged in general banking activities. According to the information provided by the Issuer, prior to the launch of the Fund-raising Round (including the Proposed Subscription), the registered capital of the Issuer was RMB7,877,476,009 and its top five registered shareholders were 湛江晨鳴漿紙有限公司 (Zhanjiang Chenming Pulp and Paper Co., Ltd.) (16.62%), 新光控股集團有限公司 (Neoglory Holdings Group Co., Ltd.) (16.50%), 深圳市金立通信設備有限公司 (Shenzhen Gionee Communication Equipment Co., Ltd.) (8.88%), 廣東大華糖業有限公司 (Guangdong Dahua Sugar Industry Co., Ltd.) (7.05%) and 香江集團有限公司 (Heungkong Group Co., Ltd.) (6.95%), with its remaining shareholding held by various other PRC enterprises and individuals each holding under 6.5%. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Issuer and its ultimate beneficial owners is an Independent Third Party.

The Proposed Subscription

According to the information provided by the Issuer, the Proposed Subscription of the Financial Investment by the Subscriber forms part of a fund-raising round (the “**Fund-raising Round**”) involving the issuance of 4 billion Issuer Shares which was already approved by the regulatory authorities, was open for subscription since the third quarter of 2020 and is expected to close in tranches when the contemplated fund-raising amount is reached. The Subscriber expects to complete the formalities of the Proposed Subscription upon, amongst other things: (a) the satisfaction of CBIRC approval or filing processes; (b) the receipt of a completion and payment notice from the Issuer regarding the Proposed Subscription; and (c) the obtaining of shareholders’ approval of the Subscriber regarding the approval of the funding use for the Proposed Subscription, which are currently expected to take place on or before 31 March 2021. The consideration for the Proposed Subscription is intended to be funded by the internal resources of the Subscriber.

The Financial Investment

The Financial Investment subscribed by the Subscriber comprises a maximum of 177,000,000 Issuer Shares to be newly issued by the Issuer, representing: (a) up to 2.247% of the issued share capital of the Issuer of RMB7,877,476,009 prior to the Proposed Subscription; (b) up to 2.198% of the issued share capital of the Issuer as enlarged only by the Proposed Subscription; and (c) up to 1.490% of the share capital of the Issuer as enlarged by the entire Fund-raising Round, assuming all the 4 billion Issuer Shares is fully subscribed and completed at the same time as the completion of the Proposed Subscription. Depending on the allotment results to be decided by the Issuer, the number of Issuer Shares allotted by the Issuer on completion of the Proposed Subscription may be fewer than the number of Issuer Shares applied for by the Subscriber.

Subscription price

Assuming the maximum number of 177,000,000 Issuer Shares being allotted by the Issuer, the total cash subscription price for the Financial Investment is up to RMB380,550,000 (HK\$455,203,000). The subscription price of RMB2.15 per Issuer Share was fixed by the Issuer as the unified subscription price for all the subscriptions under the Fund-raising Round by reference to the audited net asset value per Issuer Share of RMB2.15 as at 31 December 2019 as stated in the latest published 2019 annual report of the Issuer.

Conditions precedent

Completion of the Proposed Subscription is conditional upon, amongst other things, the fulfilment of the following conditions:

- (a) the grant of approval by the CBIRC (and/or, where applicable, the satisfaction of their filing requirements) regarding the qualification of the Subscriber as the shareholder of a commercial bank;
- (b) the obtaining of shareholders' approval of the Issuer regarding the Fund-raising Round (including the Proposed Subscription); and
- (c) the payment of the subscription price by the Subscriber.

If the approval/filing of CBIRC regarding the Subscriber is not completed, then the Proposed Subscription will not proceed. If the Issuer obtains shareholders' approval to proceed with the Fund-raising Round, payment notices will be dispatched by the Issuer to the applicants for Issuer Shares to inform them of the allotment results. Any failure by the applicants to pay the subscription price within five business days after the date of issue of the payment notice will be regarded as the voluntary withdrawal of the subscription applications by the non-responding applicants.

Restrictions on disposal and pledge

As a condition to the Proposed Subscription, the Subscriber will be subject to an undertaking not to dispose of or pledge the Financial Investment for a period of five years after the date of the subscription.

INFORMATION ON THE ISSUER

The Issuer is a commercial bank in the PRC regulated by the CBIRC and the PBOC and established in 1998, having an asset size of over RMB200 billion and providing full range of banking services through its branch network in Guangdong Province.

Based on the latest published 2019 annual report of the Issuer which contains the audited financial statements of the Issuer prepared under generally accepted accounting principles of the PRC, (a) the audited shareholders' equity attributed to shareholder of the Issuer as at 31 December 2019 was RMB16,848,979,000; (b) the audited profit before taxation of the Issuer for the year ended 31 December 2018 and 2019 amounted to RMB1,803,148,000 and RMB2,123,680,000, respectively; (c) the audited net profit after taxation of the Issuer for the year ended 31 December 2018 and 2019 amounted to RMB1,436,995,000 and RMB1,643,537,000, respectively; (d) the dividend payout of the Issuer for the year ended 31 December 2019 was RMB235,505,000; (e) the audited net asset value of the Issuer as of 31 December 2019 was RMB2.15 per Issuer Share; and (f) the audited earnings and dividend of the Issuer for the year ended 31 December 2019 was RMB0.21 and RMB0.03 per Issuer Share, respectively.

REASONS FOR THE PROPOSED SUBSCRIPTION

The Group is principally engaged in investment holding, property investment and development, building management and water supply and related services. The Group has been looking for investment opportunities in the PRC which can benefit the Group through investment return. The Directors have taken into consideration various factors in assessing the merits of the Proposed Subscription, including the facts that: (a) the Issuer is a commercial bank having a long track record of operation and an established branch network and customer base in Guangdong Province, being the country's economic powerhouse with its GDP ranking first among all Chinese provinces in terms of economic output; (b) the Issuer has demonstrated growth in net assets per share and profitability in the past few years; and (c) the Issuer is managed by an experienced management team having a clear business strategy with which the Company agrees. After considering the factors above, the Directors consider that the Proposed Subscription represents a suitable investment opportunity which may bring investment return to the Group in the long run.

As disclosed in the Company's 2020 interim report, the Group had cash and bank balances of approximately HK\$245.7 million and fixed deposits of approximately HK\$142.9 million as at 30 June 2020. In the second half of 2020, the Subscriber successfully completed a capital fund-raising in the size of RMB470 million (HK\$562.2 million) through the issuance of non-redeemable preference shares to an independent third party subscriber (the "**Subsidiary Fund-raising**"), causing no dilution to the Company's proportional equity interest in the Subscriber in terms of assets, profits and voting rights and carrying a fixed annual return of 3%. Therefore, the internal resources of the Group as at 31 December 2020 are more than sufficient to finance the Proposed Subscription.

The Subsidiary Fund-raising was originally intended to finance other business development or acquisition opportunities which have arisen in or around the second to third quarters of 2020. However, as such other business development and acquisition opportunities did not materialize as expected, the Directors decided to change the funding use of the Subsidiary Fund-raising to be utilized for the Proposed Subscription, such that surplus funds are not left idle to incur funding costs without being compensated by investment income. If other business development and acquisition opportunities later materialize, the Group will consider various fund-raising options, including via acquisition financing, property mortgage and other debt or equity financing.

The opportunity regarding the Proposed Subscription was offered by the Issuer to the management of the Subscriber through the introduction of common business connections. The Company's management studied the offering memorandum regarding the Fund-raising Round, which contains details of the Issuer's company profile, development milestones, network coverage, governance policy, shareholding structure, senior management, operation performance, corporate development strategy, and visions and goals. The Company's management also conducted thorough review of the financial reports of the Issuer for the past few years. After considering the details of the Issuer and the terms of the Fund-raising Round and taking into account the factors stated in the first paragraph of this section, the Directors (including the independent non-executive Directors) considered that the terms of the Proposed Subscription (including the subscription price) are fair and reasonable, on normal commercial terms and in the interest of the Company and its Shareholders as a whole. No Director considered himself/herself as having any material interest in the Proposed Subscription or being required to abstain from voting on the Board's decision regarding the Proposed Subscription.

Following completion of the Proposed Subscription, the Financial Investment is expected to be accounted for as other investment in the Group's financial statements.

LISTING RULES IMPLICATIONS OF THE PROPOSED SUBSCRIPTION

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules are less than 25%, the Proposed Subscription of the Financial Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission
“Company”	Universal Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 1026
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Financial Investment”	the financial investment comprising up to 177,000,000 Issuer Shares applied for and subject to the allotment results, proposed to be subscribed by the Subscribers under the Proposed Subscription

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Issuer”	廣東南粵銀行股份有限公司 (Guangdong Nanyue Bank Co., Ltd.), a joint stock company established in the PRC with limited liability and a commercial bank in the PRC regulated by the CBIRC and the PBOC
“Issuer Shares”	shares of nominal value of RMB1.00 each in the registered capital of the Issuer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China
“Proposed Subscription”	the proposed subscription of the Financial Investment by the Subscriber using its own funding
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Subscriber”	東莞市擎瓊置業有限公司 (Qinghui Properties Limited), a company established in the PRC with limited liability and a 49%-owned subsidiary of the Group

In this announcement, amounts denominated in RMB are translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.836 for illustration purposes only. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

By Order of the Board
UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED
Chen Jinyang
Chairman & Chief Executive Officer

Hong Kong, 2 February 2021

As at the date of this announcement, the Board of Directors of the Company comprises three executive Directors namely Mr. Chen Jinyang (Chairman and Chief Executive Officer), Ms. Zhu Fenglian and Ms. Zhang Haimei; one non-executive Director namely Mr. Xuan Zhensheng; and three independent non-executive Directors namely Dr. Cheung Wai Bun, Charles, J.P., Mr. David Tsoi and Mr. Chao Pao Shu George.