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宇业控股

U-HOME HOLDINGS

U-HOME GROUP HOLDINGS LIMITED

宇業集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2327)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

RESULTS

The directors (the “Directors”) of U-Home Group Holdings Limited (the “Company”) are pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2015 (the “Period”).

During the period, profit attributable to owners of approximately HK\$155,000, representing a decrease of 95.7% from the same period in 2014 of HK\$3,580,000. The drop in profit was mainly due to the other income was decreased by 76.8% to approximately HK\$1,109,000 (30 September 2014: HK\$4,774,000). The Group reported revenue of HK\$11,902,000, representing an increase by 155.4% as compared to approximately HK\$4,660,000 of the same period in 2014 and a gross profit of HK\$3,830,000, representing a 12.4% drop as compared to approximately HK\$4,373,000 of the same period in 2014. The net asset value of the Group as at 30 September 2015 was increased by 217.0% to approximately HK\$308,238,000 as compared to the net asset value of the Group as at 31 March 2015 was approximately HK\$97,239,000, mainly as a result of the issue of 820 million new shares at HK\$0.26 each.

Dividend

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

Business Review

Trading Business

During the period, turnover from trading business was HK\$5,674,000, representing an increase of 10.7 times from the previous year; the profit of this segment amounted to HK\$36,000. Trading product sales of the healthcare products to an authorized agent in Hong Kong generated a revenue of HK\$488,000. Trading chemical materials generated a revenue of HK\$5,186,000. It was start-up stage for the Group to carry out trading business of chemical materials. The profit margin is very low in the start-up stage but it represented a new business opportunity in the trading business.

R&D and Project Management

The Group has commenced joint effort chemical and biological researches with R&D institution in Hong Kong since 2007. The management is optimistic towards this business and continuously propelling the existing projects as well as putting continuous efforts in identifying R&D projects with potentials.

One of the Group's R&D projects of pharmaceutical products has attained phrasal achievement. On 23 July 2012, the Group entered into a technology transfer agreement with YJB, pursuant to which an aggregate consideration of RMB111,000,000 was payable by YJB upon satisfaction of the pre-condition stipulated for each of the following three phases of construction, production and registration:

At phase 1, the Group shall transfer the technical documents of the product technology to YJB within six months upon signing the technology transfer agreement; at phase 2, the Group shall assist YJB to construct a production plant with its ancillary facilities for the production of the pharmaceutical bulk materials products to be qualified by the Group and YJB within a prescribed construction budget, and the construction of the plant had been completed in July 2014;

And at phase 3, the Group shall assist YJB to (i) commence full scale production of such pharmaceutical bulk materials products at a designated production capacity and ensure that the production cost of such bulk materials shall not exceed the prescribed unit cost, and (ii) obtain the registration certificates of such products as well as the certification of "Good Manufacturing Practice" issued by the State Food and Drug Administration of the PRC by no later than 31 December 2016.

According to the technology transfer agreement, invoices of RMB40,000,000, RMB20,000,000 and RMB51,000,000 shall be issued upon satisfaction of the pre-conditions set for phase 1, phase 2 and phase 3 respectively as mentioned above. The above payment schedule may be extended by mutual agreement between the parties to the technology transfer agreement, while the maximum consideration shall be subject to adjustment(s) if certain of the above terms and conditions cannot be fulfilled in full.

Investment and Financial Business

During the Period, profit of this segment amounted to HK\$480,000, as same as the previous year, which was mainly derived from gain from rental income.

Consultancy and Agency Business

During the Period, segment results amounted to HK\$6,228,000, representing an increase of 49.2% from the same period last year of HK\$4,175,000, which was mainly derived from service income from property consultation in Mainland China. The Group will continue to seek opportunities for development in property sales and consultation business in Mainland China.

Prospects

Property development in Australia

During the period, the Group has diversified its business into property development in Australia. An agreement to acquire a land at a consideration of AUD 33,480,000 was signed by U-Home Oceania Pty Ltd (a wholly-owned subsidiary of the Company) and Alphington Developments Pty Ltd on 9 April 2015. The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules. Details of the relevant agreement are set out in the Circular of the Company dated 29 May 2015.

The approval of the Foreign Investment Review Board under the Foreign Acquisitions and Takeovers Act 1975 to the Acquisition had been obtained on 19 May 2015. There is no restriction that will affect the acquisition of the Land negatively.

FINANCIAL REVIEW

Liquidity

As at 30 September 2015, cash and cash equivalents of the Group totaled approximately HK\$214,484,000 (31 March 2015: approximately HK\$52,208,000), of which approximately 99.5% are in Hong Kong dollars, 0.3% in RMB, 0.1% in US dollars and 0.1% in Macau Pataca.

As at 30 September 2015, the Group had aggregate banking facilities of approximately HK\$100,000,000 (31 March 2015: approximately HK\$100,000,000) and no any banking facility (31 March 2015: approximately HK\$100,000,000) was utilized. The decrease in total bank borrowings are mainly due to the repayment of all bank loans.

The increase in cash and cash equivalents is mainly due to the funds raised from the Open Offer.

As at 30 September 2015, the Group had current assets of approximately HK\$466,131,000 (31 March 2015: HK\$165,560,000) whilst current liabilities were approximately HK\$201,196,000 (31 March 2015: HK\$111,670,000).

Interest Rate Risk

As at 30 September 2015, the gearing ratio was 0% (31 March 2015: approximately 48%), calculated based on the Group had no bank borrowings (31 March 2015: HK\$100,000,000) over the Group's total assets of approximately HK\$509,434,000 (31 March 2015: HK\$208,909,000). The lower in gearing ratio is mainly due to the repayment of all bank loans and the increase in cash balances.

Capital Commitments

The Group had no capital commitments outstanding as at 30 September 2015 (31 March 2015: Nil).

Charge on Group Assets

As at 30 September 2015, there are no any bank loans (31 March 2015: HK\$100,000,000) were secured by the Group's pledged bank deposits (31 March 2015: HK\$100,000,000).

Contingent Liabilities

As at 30 September 2015, the Group has not issued corporate guarantees to banks (31 March 2015: Nil) with respect to bank borrowings of the associates of the Group.

The Group was not liable to any material legal proceedings of which provision for contingent liabilities was required.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015	2014
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	5	11,902	4,660
Cost of sales		<u>(8,072)</u>	<u>(287)</u>
Gross profit		3,830	4,373
Other income		1,109	4,774
Investment income		480	480
Selling expenses		(630)	—
Administrative expenses		(3,743)	(3,964)
Other operating expenses		<u>(238)</u>	<u>(743)</u>
Operating Profit		808	4,920
Finance costs		<u>(29)</u>	<u>(266)</u>
Profit before income tax	6	<u>779</u>	<u>4,654</u>
Income tax expense	7	<u>(626)</u>	<u>(1,076)</u>
Profit for the Period		<u>153</u>	<u>3,578</u>
Profit attributable to:			
Owners of the company		155	3,580
Non-controlling interests		<u>(2)</u>	<u>(2)</u>
		<u>153</u>	<u>3,578</u>
Earnings per share			
— Basic (<i>cents</i>)	9	<u>0.01</u>	<u>0.22</u>
— Diluted (<i>cents</i>)	9	<u>0.01</u>	<u>0.22</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Six months ended	
	30 September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the Period	<u>153</u>	<u>3,578</u>
Total comprehensive income for the Period	<u>153</u>	<u>3,578</u>
Total comprehensive income attributable to:		
Owners of the Company	155	3,580
Non-Controlling interests	<u>(2)</u>	<u>(2)</u>
	<u>153</u>	<u>3,578</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2015

		At 30 September 2015 <i>HK\$'000</i> (Unaudited)	At 31 March 2015 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	84	96
Investment property	11	33,000	33,000
Intangible asset		1,358	1,392
Deposit	12	8,861	8,861
		<u>43,303</u>	<u>43,349</u>
Current assets			
Properties held for development		200,691	—
Inventories		368	161
Accounts receivable	13	13,633	4,659
Deposit, prepayments and other receivables	12	36,955	8,532
Pledged bank deposits	14	—	100,000
Cash and cash equivalents	14	214,484	52,208
		<u>466,131</u>	<u>165,560</u>
Total current assets			
Current liabilities			
Bank borrowings		—	100,000
Accounts payable	15	8,205	—
Accrued expenses and other payables		191,450	10,595
Tax payable		1,541	1,075
		<u>201,196</u>	<u>111,670</u>
Net current assets		264,935	53,890
Total assets less current liabilities		<u>308,238</u>	<u>97,239</u>
Net Assets		<u>308,238</u>	<u>97,239</u>
EQUITY			
Share capital	16	24,600	16,400
Reserves		<u>283,646</u>	<u>80,845</u>
Equity attributable to owners of the Company		308,246	97,245
Non-controlling interests		<u>(8)</u>	<u>(6)</u>
Total equity		<u>308,238</u>	<u>97,239</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

(Expressed in Hong Kong dollars)

1. General Information

U-Home Group Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Unit 2906, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries are collectively referred to as the “Group”.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries include trading of pharmaceutical and health care products, research and development of chemical and biological products, investment and treasury function and consultancy and agency business.

The directors consider the immediate shareholder is U-Home Group International Limited and the ultimate parent is Shunda Investment Limited, both companies incorporated in British Virgin Islands (“BVI”) with limited liability.

The financial statements for the period from 1 April 2015 to 30 September 2015 were approved for issue by the board of directors on 30 October 2015.

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with 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”) and with Hong Kong Accounting Standard 34, “Interim Financial Reporting”.

3. Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment property which is measured at fair value.

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

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Company.

HKFRSs (Amendments)	Annual Improvements 2012 – 2014 Cycle ¹
Amendments to HKAS 1	Presentation of Financial Statements ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
HKFRS 9 (2014)	Financial Instruments ³
HKFRS 15	Revenue from Contracts with Customers ²

Note:

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

4. Operating segment information

For management purposes, the Group is organized into business units based on their products and services and has four reportable segments as follows:

- (a) Trading of pharmaceutical and healthcare products — Trading of pharmaceutical products and healthcare products;
- (b) Investment and treasury function — Investment holding and treasury function;
- (c) Research and development — Research and development of chemical and biological products;
- (d) Consultancy and agency business – Provision for property agency and consultancy services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

5. Segment Reporting

For the six months ended 30 September 2015

	Trading of Pharmaceutical and Health Care Products		Investment and Treasury Function		Research and Development		Consultancy and agency business		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	5,674	485	—	—	—	—	6,228	4,175	11,902	4,660
Segment results	36	(1,354)	480	480	(1)	—	2,697	3,335	3,212	2,461
Unallocated (expense)/ income									(2,404)	2,459
Profit from operations									808	4,920
Finance costs									(29)	(266)
Profit before income tax									779	4,654

6. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/ (crediting):

	Six months ended 30 September	
	2015	2014
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Cost of inventories	5,446	287
Staff costs	1,611	1,379
Retirement costs	16	9
Depreciation	12	11
Operating lease charges in respect of premises	138	133
Interest on bank advances wholly repayable within five years	29	266

7. Income tax expense

	Six months ended 30 September	
	2015	2014
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong		
Tax for the period	<u>91</u>	<u>85</u>
	<u>91</u>	<u>85</u>
— PRC		
Tax for the period	<u>535</u>	<u>991</u>
	<u><u>626</u></u>	<u><u>1,076</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the Period.

8. Dividends

	Six months ended 30 September	
	2015	2014
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Dividend approved and paid during the Period	<u>—</u>	<u>—</u>

No final dividend was proposed in respect of the year ended 31 March 2015 (2014: Nil).

9. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to owners of \$155,000 (2014 profit: \$3,580,000) and on the weighted average of 1,698,251,000 (2014: 1,640,000,000) ordinary shares in issue during the Period.

The basic and diluted losses per share for the six months ended 30 September 2015 were the same as the Company had no dilutive potential shares in issue during the period.

10. Property, plant and equipment

	At 30 September 2015 \$'000 (Unaudited)	At 31 March 2015 \$'000 (Audited)
Opening net book amount		
At 1 April 2015/1 April 2014	96	64
Additions	—	52
Depreciation	(12)	(20)
Disposal	—	—
Net book amount		
At 30 September 2015/31 March 2015	84	96

11. Investment property

	At 30 September 2015 \$'000 (Unaudited)	At 31 March 2015 \$'000 (Audited)
At 1 April	33,000	33,000
Additions	—	—
Change in fair value	—	—
Disposal	—	—
At 30 September 2015/31 March 2015	33,000	33,000

Notes:

The property is held under leases of over 50 years.

12. Deposits, prepayments and other receivables — GROUP

	Group At 30 September 2015 HK\$'000	At 31 March 2015 HK\$'000
Non-current assets:		
— Deposits (<i>note</i>)	8,861	8,861
Current assets:		
— Deposits	21,970	82
— Other receivables	14,046	8,420
— Prepayments	939	30
	36,955	8,532
	45,816	17,393

Note: A tender deposit of RMB7,000,000 (equivalent to approximately HK\$8,861,000) was paid to U-Home Group Limited (31 March 2015: HK\$8,861,000), a wholly owned subsidiary of an executive director and the controlling shareholder of the Company, by the Company on behalf of a wholly owned subsidiary of the Group, Nanjing Tuoyu, for bidding a contract for the provision of consultancy and agency business to U-Home Group Limited and its associates. Nanjiang Tuoyu succeed in bidding the tender on 24 March 2014. On 19 May 2014, Nanjiang Tuoyu entered into a framework agreement with U-Home Group Limited which is valid for a term of three years commencing from the date of the Company having obtained independent shareholders' approval on the framework agreement and expiring on 31 March 2017. The tender deposit will be refunded within 7 business days after the expiry or termination of the framework agreement.

The carrying amounts of deposits and other receivables are considered a reasonable approximation of fair value.

13. Accounts receivable

An ageing analysis of the accounts receivable is as follows:

	At 30 September 2015 \$'000 (Unaudited)	At 31 March 2015 \$'000 (Audited)
Within 3 months	13,393	1,416
Over 3 months but less than 6 months	240	2,551
Over 6 months	—	692
	13,633	4,659

All of the above balances are expected to be recovered within one year.

14. Pledged bank deposits and cash and cash equivalents — GROUP

	At 30 September 2015 \$'000 (Unaudited)	At 31 March 2015 \$'000 (Audited)
Cash and bank balance	214,484	52,208
Time deposits	—	100,000
Less: Pledged bank deposits	—	(100,000)
Cash and cash equivalents	<u>214,484</u>	<u>52,208</u>

As at 30 September 2015, the Group had no pledged bank deposits (31 March 2015: HK\$100,000,000) to bank to secure bank loans as at 30 September 2015.

15. Accounts payable

An ageing analysis of the accounts payable is as follows:

	At 30 September 2015 \$'000 (Unaudited)	At 31 March 2014 \$'000 (Audited)
Accounts payable		
Within 3 months	8,205	—
	<u>8,205</u>	<u>—</u>

All of the above balances are expected to be settled within one year.

16. Share capital

	At 30 September 2015		At 31 March 2015	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>10,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At 1 April	1,640,000,000	16,400	1,640,000	16,400
Issue of new shares under open offer (<i>note</i>)	<u>820,000,000</u>	<u>8,200</u>	<u>—</u>	<u>—</u>
At 30 September 2015/31 March 2015	<u>2,460,000,000</u>	<u>24,600</u>	<u>1,640,000,000</u>	<u>16,400</u>

Note: On 18 September 2015, the Company completed the open offer in which 820,000,000 offer shares were issued on the basis of one offer share for every two shares at the subscription price of HK\$0.26 per offer share with the par value of HK\$0.01 each. Accordingly, the Company's issued share capital was increased by approximately HK\$8,200,000 and its share premium account was increased by approximately HK\$202,776,000 (after deduction of the transaction costs related to the open offer of approximately HK\$2,224,000).

17. Share-based employee compensation

No share option was granted or cancelled during the period.

OTHER INFORMATION

Employment and Remuneration Policy

As at 30 September 2015, the Group had a total of approximately 7 employees (31 March 2015: approximately 7 employees). The Group's remuneration policies are in line with prevailing market practice and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes. The Company may also grant share options to eligible employees under its share option scheme.

Purchase, Sale or Redemption of Listed Securities of the Company

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 September 2015.

Corporate Governance

The Company has complied with the requirements of 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 "Listing Rules") during the Period.

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 its own code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all Directors and the Directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2015.

Review of Interim Results

The audit committee, comprising of the two independent non-executive directors and one non-executive director of the Company, has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 September 2015.

Publication of Interim Results Announcement and Interim Report

The interim report will be dispatched to shareholders as well as made available on our Company’s website at www.u-home.hk and the Stock Exchange’s website at www.hkexnews.hk.

Appreciation

The sustained growth of the Group’s results is hinged on the continuous support, commitment and contributions of the management and staff during the Period and the support shown to us by our investors. On behalf of the Board, I would like to express our deepest gratitude to the investors of the Company and the staff of the Group.

By order of the Board
Zhou Wen Chuan
Executive Director and Chief Executive Officer

Hong Kong, 30 October 2015

As at the date of this announcement, the Board comprises Mr. Zhou Xuzhou, Mr. Liu Lailin and Ms. Zhou Wen Chuan as executive Directors, Dr. Mao Zhenhua as non-executive Director and Mr. Gao Guanjiang, Professor Chau Chi Wai, Wilton and Ms. Jing Zhang Brogle as independent non-executive Directors.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.