紫光控股
UNIS HOLDINGS

UNISPLENDOUR TECHNOLOGY(HOLDINGS) LIMITED

紫光科技(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00365)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

ANNUAL RESULTS

The Board of Directors (the "Board") of Unisplendour Technology (Holdings) Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the"Group") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Year ended 31 December 2017** *HK$'000*	Nine months ended 31 December 2016 *HK$'000* *(Note 1)*
Revenue	*4*	**253,028**	268,360
Cost of Sales		**(174,848)**	(306,109)
Gross profit/(loss)		**78,180**	(37,749)
Other income	*5*	**3,746**	2,927
Other losses, net	*6*	**(6,242)**	(640)
Distribution costs		**(35,044)**	(58,972)
Administrative costs		**(52,461)**	(144,361)
Operating loss		**(11,821)**	(238,795)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Notes	**Year ended 31 December 2017** *HK$'000*	Nine months ended 31 December 2016 *HK$'000* *(Note 1)*
Finance income	*7*	**2,439**	5,475
Finance costs	*7*	**(11,092)**	(6,340)
Finance costs, net	*7*	**(8,653)**	(865)
Share of results of an associate		**(6)**	—
Gains/(losses) from change in fair value of convertible bonds	*13*	**78,405**	(341,812)
Profit/(loss)before income tax		**57,925**	(581,472)
Income tax expense	*8*	**(6,356)**	(21,679)
Profit/(loss) for the year/period attributable to equity holders of the Company		**51,569**	(603,151)
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of properties		**10,327**	2,651
Deferred tax relating to revaluation surplus		**(2,222)**	(407)
		8,105	2,244
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**20,729**	(14,548)
Other comprehensive income/(loss) for the year/period, net of tax		**28,834**	(12,304)
Total comprehensive income/(loss) for the year/period		**80,403**	(615,455)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**80,403**	(615,455)
Basic earnings/(losses) per share	*9(a)*	**3.54 Cents**	(44.24) Cents
Diluted losses per share	*9(b)*	**(1.06) Cents**	(44.24) Cents

CONSOLIDATED BALANCE SHEET

	Notes	**31 December 2017**	31 December 2016
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**143,366**	133,021
Land use rights		**10,005**	9,660
Investment in an associate		**2,634**	—
Finance lease receivables		**—**	542
		156,005	143,223
Current assets			
Inventories		**39,157**	69,516
Trade receivables and other receivables	*10*	**74,026**	359,397
Finance lease receivables		**732**	3,927
Tax reserve certificates		**4,590**	3,600
Financial assets at fair value through profit or loss		**256,563**	76,042
Security and restricted deposits		**6,656**	2,883
Cash and cash equivalents		**234,003**	294,052
		615,727	809,417
TOTAL ASSETS		**771,732**	952,640
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital and share premium		**240,740**	240,740
Other reserves		**685,678**	78,676
Accumulative losses		**(463,837)**	(515,179)
TOTAL EQUITY		**462,581**	(195,763)

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	**31 December 2017**	31 December 2016
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Convertible bonds	*13*	**107,969**	756,892
Deferred income		**4,772**	—
Deferred income tax liabilities		**21,721**	13,310
		134,462	770,202
Current liabilities			
Trade payables and other payables	*11*	**122,365**	202,936
Borrowings	*12*	**—**	122,881
Current income tax liabilities		**52,324**	52,384
		174,689	378,201
TOTAL LIABILITIES		**309,151**	1,148,403
TOTAL EQUITY AND LIABILITIES		**771,732**	952,640

Note:

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 changed to 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 principal business of the Company is investment holding. The Company and its subsidiaries are collectively referred to as the"Group" hereafter.

On 30 May 2016, the Company issued 730,000,000 ordinary shares to Unis Technology Strategy Investment Limited ("Unis Strategy Investment Company") at the price of HK$0.4 per share and zero coupon convertible bonds of face value of HK$148,000,000 (Note 13). After the completion of the aforesaid transaction, Unis Strategy Investment Company held 50.17% of the enlarged issued share capital of the Company and became a controlling shareholder of the Company. Pursuant to Rule 26.1 of the Takeovers Code, immediately following the completion of the aforementioned transactions, Unis Strategy Investment Company was required to make an unconditional mandatory cash offer for all the issued shares. On 26 August 2016 (the last date for acceptance of the offer), Unis Strategy Investment Company received a total of 294,659,420 shares, aggregating the shares of the Company already held by Unis Strategy Investment Company, representing 70.42% of the issued share capital of the Company. The percentage of the public float of the Company fell to 23.40%. Accordingly, the minimum public float requirement of 25% under Rule 8.08(1)(a) of the Listing Rules was not satisfied. The Company applied to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules. On 2 November 2016, Unis Strategy Investment Company disposed of its 37,830,000 shares held in the Company to an independent third party. Following the disposal, 378,303,412 shares of the Company were held by the public. Therefore, the Company has met the requirement of Rule 8.08(1)(a) of the Listing Rules. On 2 November 2016, 31 December 2016 and 31 December 2017, the percentage of the issued share capital of the Company held by Unis Strategy Investment Company was 67.82%.

On 29 June 2016, the Board of Directors of the Company announced that the financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2016. Accordingly, the current financial period covers the twelve-month period from 1 January 2017 to 31 December 2017, and the comparative period covers the nine months from 1 April 2016 to 31 December 2016. The information of the comparative periods are not directly comparable.

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 22 March 2018.

2. **BASIS OF PREPARATION**

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards. The Group continues to adopt the going concern basis in preparing its consolidated financial statements.

3. **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of deferred tax assets for unrealised losses – Amendments to HKAS 12, and
- Disclosure initiative – Amendments to HKAS 7.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods.

(b) New standards and interpretations not yet adopted

HKFRS 9 Financial Instruments

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and expects the following impact from the adoption of the new standard on 1 January 2018:

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. According to the assessment to date, the Group does not expect significant change in the impairment provision for trade receivables.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

3. **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)**

(b) New standards and interpretations not yet adopted (continued)

HKFRS 15 Revenue from Contracts with Customers

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed that the application of the new standard has no significant impact on the Group's financial statements.

Date of adoption by the Group

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2017, the Group's aggregate future minimum lease payments under non-cancellable operating lease are HK$26,117,000 (payments within one year are HK$12,039,000, and payments over one year but within five years are HK$14,078,000)(Note 14). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for the future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) New standards and interpretations not yet adopted (continued)

Date of adoption by the Group

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Expect above standards, following new accounting standards amendents and interpretations to existing standards have been published that are relevant to the Group but were not effective in the financial years commencing from 1 January 2017 and have not been early adopted by the Group.

		Effective for the financial year beginning on or after
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4	Insurance contracts	1 January 2018
HK (IFRIC) 22	Foreign currency transactions and advance consideration	1 January 2018
Amendments to HKAS 40	Transfers of investment properties	1 January 2018
Amendments to HKAS 28	Investments in associates and joint ventures	1 January 2018
HK (IFRIC) 23	Uncertainty over income tax treatment	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The above new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

4. 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. The Executive Directors reassess the business positions from the perspective of its products and businesses. From January 2017, the Group incorporated securities investment business into the Company's daily business, and therefore classified "securities investment" as a separate segment.

During the year ended 31 December 2017, the Group's three operating segments are as follows:

(1) Production and sales of industrial products;

(2) Finance lease and factoring; and

(3) Securities investment.

The Executive Directors assess the performance of the operating segments based on the revenue and profit before tax in each segment, and they do not focus on the total liabilities of the segments. The unallocated activities primarily consist of corporate headquarter which manage and support 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.

The segment information for the year ended 31 December 2017 is presented as follows:

	Year ended 31 December 2017					
	Production and sales of industrial products	**Finance lease and factoring**	**Securities investment**	**Segment total**	**Unallocated activities**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**195,989**	**6,999**	**50,040**	**253,028**	**—**	**253,028**
Segment profit	**22,126**	**6,999**	**49,055**	**78,180**	**—**	**78,180**
Other income	**2,634**	**1,112**	**—**	**3,746**	**—**	**3,746**
Other (losses)/gains, net	**(7,167)**	**103**	**24**	**(7,040)**	**798**	**(6,242)**
Distribution costs	**33,987**	**1,057**	**—**	**35,044**	**—**	**35,044**
Administrative costs	**23,886**	**6,185**	**8,258**	**38,329**	**14,132**	**52,461**
Finance costs/(income), net	**3,325**	**(2,091)**	**(7)**	**1,227**	**7,426**	**8,653**
Share of results of an associate	**—**	**—**	**—**	**—**	**(6)**	**(6)**
Gains from changes in fair value of convertible bonds	**—**	**—**	**—**	**—**	**(78,405)**	**(78,405)**
Profit/(loss) before income tax	**(43,605)**	**3,063**	**40,828**	**286**	**57,639**	**57,925**

4. SEGMENT INFORMATION (CONTINUED)

	As at 31 December 2017					
	Production and sales of industrial products	**Finance lease and factoring**	**Securities investment**	**Segment total**	**Unallocated activities**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment total assets	**316,626**	**170,151**	**256,917**	**743,694**	**28,038**	**771,732**
Additions to non-current assets	**4,566**	**233**	**—**	**4,799**	**1,686**	**6,485**

The segment information for the nine months ended 31 December 2016 is presented as follows:

	For the nine months ended 31 December 2016				
	Production and sales of industrial products	Finance lease and factoring	Segment total	Unallocated activities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	267,451	909	268,360	—	268,360
Segment (losses)/gains	(38,418)	669	(37,749)	—	(37,749)
Other income	2,201	—	2,201	726	2,927
Other losses/(gains), net	7,910	—	7,910	(7,270)	640
Distribution costs	58,706	266	58,972	—	58,972
Administrative costs	136,441	1,380	137,821	6,540	144,361
Finance costs/(income), net	6,861	(5,997)	864	1	865
Loss from changes in fair value of convertible bonds	—	—	—	341,812	341,812
(Loss)/profit before income tax	(246,135)	5,020	(241,115)	(340,357)	(581,472)

	As at 31 December 2016				
	Production and sales of industrial products	Finance lease and factoring	Segment total	Unallocated activities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment total assets	491,650	176,870	668,520	284,120	952,640
Additions to non-current assets	1,778	12	1,790	187	1,977

4. **SEGMENT INFORMATION (CONTINUED)**

For the year ended 31 December 2017 and for the nine months ended 31 December 2016, the revenue of the Group is mainly arising from Mainland China and Hong Kong.

Revenue of approximately HK$8,000,000 (for the nine months ended 31 December 2016: HK$20,854,000) was derived from a single external customer. Such revenue was derived from the production and sales of industrial products segment.

As at 31 December 2017 and 31 December 2016, except for the financial instruments, the Group's non-current assets were located in Mainland China and Hong Kong.

5. **OTHER INCOME**

	The year ended 31 December 2017	Nine months ended 31 December 2016
	HK$'000	*HK$'000*
Income from sales of scraps	**2,634**	2,053
Gains on sales of available-for-sale financial assets	**1,112**	—
Gains on sales of financial assets at fair value through profit or loss	**—**	656
Others	**—**	218
	3,746	2,927

6. **OTHER LOSSES, NET**

	The year ended 31 December 2017	Nine months ended 31 December 2016
	HK$'000	*HK$'000*
Inventories write-off	**(8,257)**	(4,465)
Loss on disposal of property, plant and equipment	**(239)**	(4,093)
Exchange gains/(losses)	**143**	(4,488)
Compensation income	**944**	188
Government grants	**1,770**	7,304
Gains on changes in fair value of financial assets at fair value through profit or loss	**—**	7,109
Compensation charges	**(35)**	(1,761)
Others	**(568)**	(434)
	(6,242)	(640)

7. FINANCE COSTS, NET

	Year ended 31 December 2017	Nine months ended 31 December 2016
	HK$'000	*HK$'000*
Finance income:		
– Interest income from bank deposits	**(779)**	(333)
– Exchange gains	**(1,660)**	(5,142)
	(2,439)	(5,475)
Finance costs:		
– Interest expenses on bank and other borrowings	**3,248**	4,582
– Interest expense on convertible bonds	**7,423**	—
– Discount interest on bills receivable	**421**	1,758
	11,092	6,340
Finance costs, net	**8,653**	865

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (nine months ended 31 December 2016: 16.5%) on the estimated assessable profit for the year/period. The applicable tax rate of the subsidiaries of the Group in Mainland China is 25% (nine months ended 31 December 2016: 25%). Taxation on overseas profits has been calculated on the estimated assessable profit for the year/period at the rates of taxation prevailing in the countries in which the Group operates.

	Year ended 31 December 2017	Nine months ended 31 December 2016
	HK$'000	*HK$'000*
Current income tax:		
Current tax on profits for the year/period	**167**	1,072
Adjustment in respect of prior years (a)	**—**	20,867
Total current income tax	**167**	21,939
Deferred income tax	**6,189**	(260)
Income tax expense	**6,356**	21,679

(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. For the nine months ended 31 December 2016, according to the available information obtained, the Group had made tax provision of HK$20,867,000.

8. INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/(loss) of the consolidated entities were as follows:

	Year ended 31 December 2017 *HK$'000*	Nine months ended 31 December 2016 *HK$'000*
Profit/(Loss) before income tax	**57,925**	(581,472)
Tax at the statutory tax rates	**6,958**	(115,007)
Tax effects of:		
– Income not subject to tax	**(12,937)**	—
– Expenses not deductible for tax purposes	**1,484**	58,427
– Utilisation of previously unrecognised tax losses	**(349)**	—
– Tax losses for which no deferred income tax asset was recognised	**11,200**	57,392
– Adjustments in respect of prior years	**—**	20,867
Income tax expense	**6,356**	21,679

9. EARNINGS/(LOSSES) PER SHARE

(a) Basic

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

	Year ended 31 December 2017 *HK$'000*	Nine months ended 31 December 2016 *HK$'000*
Earnings/(losses) attributable to equity holders of the Company	**51,569**	(603,151)
Weighted average number of ordinary shares in issue (in thousands)	**1,455,000**	1,363,270
Basic earnings/(losses) per share (in HK$ cents)	**3.54**	(44.24)

9. EARNINGS/(LOSSES) PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per share are calculated based on the weighted average number of ordinary shares in issue, assuming that all diluted potential ordinary shares are converted into ordinary shares. The diluted potential ordinary shares of the Company refer to the convertible bonds in Note 13. The convertible bonds are assumed to be converted into ordinary shares, and the net profit is adjusted to eliminate the gains from changes in fair value of convertible bonds and interest expense less the tax effect.

	Year ended 31 December 2017	Nine months ended 31 December 2016
	HK$'000	*HK$'000*
Earnings/(losses) attributable to equity holders of the Company	**51,569**	(603,151)
Gains from change in fair value and interest expense of convertible bonds	**(70,982)**	—
	(19,413)	(603,151)
Weighted average number of ordinary shares in issue (in thousands)	**1,455,000**	1,363,270
Adjustments for:		
– Assuming convertible bonds are converted into (in thousands) (i)	**370,000**	—
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**1,825,000**	1,363,270
Diluted losses per share (HK$ cents)	**(1.06)**	(44.24)

(i) In 2016, 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 nine months ended 31 December 2016.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Trade and bills receivables	**98,514**	293,294
Less: Provision for impairment of trade receivables	**(37,394)**	(99,092)
Trade and bills receivables, net	**61,120**	194,202
Factoring receivables (a)	**—**	134,052
Prepayments	**7,482**	19,655
Other receivables	**5,424**	11,488
Current portion	**74,026**	359,397

Part of the Group's sales are on acceptance bills or documents against payment. The remaining amounts are with credit terms of thirty to ninety days. As at 31 December 2017 and 31 December 2016, the aging analysis of the trade and bills receivables based on invoice date is as follows:

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
3 months or less	**31,125**	103,980
3 to 6 months	**10,341**	12,301
More than 6 months	**57,048**	177,013
	98,514	293,294

As at 31 December 2017, trade receivables of HK$19,428,000 (31 December 2016: HK$18,254,000) were past due but not impaired. These related to a number of independent clients for whom there are no significant financial difficulties, and based on past experience, the overdue amounts can be recovered. The aging analysis of such trade receivables is as follows:

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Less than 3 months	**8,899**	—
3 to 6 months	**3,040**	—
More than 6 months	**7,489**	18,254
	19,428	18,254

10. TRADE RECEIVABLES AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2017, trade receivables of HK$45,028,000 (31 December 2016: HK$127,313,000) were impaired. As at 31 December 2017, the provision was HK$37,394,000 (31 December 2016: HK$99,092,000). Impairment of trade receivables was mainly arising from the clients with deteriorating credit quality, unexpectedly difficulties in business operations or long outstanding balances. The Group assessed that a portion of the trade receivables are expected to be recovered based on the review of credit history, analysis and assessment of the latest market and business conditions. The aging analysis of such receivables is as follows:

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Less than 3 months	**—**	—
3 to 6 months	**—**	1,669
More than 6 months	**45,028**	125,644
	45,028	127,313

Movements on the Group's provision for impairment of trade receivables are as follows:

	Year ended	Nine months ended
	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
At the beginning of the year/period	**99,092**	45,986
Written-off	**(40,863)**	(7,324)
(Reversal)/provision of impairment charges	**(25,055)**	65,205
Exchange adjustments	**4,220**	(4,775)
At the end of the year/period	**37,394**	99,092

The creation and release of provision for impaired receivables were included in 'administrative costs' in the statement of income. The amount charged to the allowance account is generally written off when it is expected that no additional cash can be recovered.

The other classes within trade and bills receivables do not contain impaired assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES (CONTINUED)

(a) Factoring receivables

On 28 December 2016, the Company's subsidiary Unisplendour Si-Cloud Financial Leasing Co., Ltd.,（紫光芯雲融資租賃有限公司）entered into a factoring agreement with a company in Mainland China, pursuant to which Unisplendour Si-Cloud Financial Leasing Co., Ltd.,（紫光芯雲融資租賃有限公司）provides factoring service of trade receivables (with recourse) with total amount no more than RMB120,000,000 (equivalent to approximately HK$134,052,000) with terms of six months.

As at 31 December 2017, the aforementioned factoring agreement expired and the Group has not continued to enter into a factoring agreement with other companies.

The carrying amounts of the Group's trade and other receivables denominated in the following currencies:

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Renminbi	**103,654**	416,919
Hong Kong dollar	**5,981**	10,113
US dollar	**1,780**	31,279
Others	**5**	178
	111,420	458,489

11. TRADE PAYABLES AND OTHER PAYABLES

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Trade payables	**48,294**	58,974
Bills payables	**1,319**	2,457
Employee salaries payables	**25,590**	5,070
Other taxes payables	**18,458**	38,968
Advances from customers	**17,109**	44,443
Other payables	**3,515**	10,277
Accrued expenses	**8,080**	42,747
	122,365	202,936

11. TRADE PAYABLES AND OTHER PAYABLES (CONTINUED)

As at 31 December 2017 and 31 December 2016, the aging analysis of trade and bills payables based on the invoice date was as follows:

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Within 90 days	**35,440**	40,679
91 to 120 days	**1,734**	1,947
Over 120 days	**12,439**	18,805
	49,613	61,431

The carrying value of the Group's trade payables, bills payables and other payables are denominated in the following currencies:

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Renminbi	**48,715**	60,621
US dollar	**—**	8,423
Hong Kong dollar	**4,413**	2,664
	53,128	71,708

12. BORROWINGS

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Current		
Secured bank loans due for repayment within one year (a)	**—**	122,881

(a) As at 31 December 2017, there was no bank loans balance. (31 December 2016: The secured bank loans are secured by the properties and, land use rights of the Group and corporate guarantees provided by the Company and its subsidiaries.).

As at 31 December 2017, the average annual borrowing interest rate was 4.49% (31 December 2016: 4.74%).

The above borrowings are carried at amortised cost. The fair value approximated to its carrying amount as the term is short.

12. BORROWINGS (CONTINUED)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Renminbi	**—**	122,881

13. 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 Strategy Investment Company. The bonds shall be matured in five years from the date of issue at their face value of HK$148,000,000 or 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 in the special general meeting held on 9 May 2016. The above convertible bonds are classified as financial liabilities at fair value through profit or loss.

On 30 March 2017, the special general meeting approved the supplementary agreement for the convertible bonds signed by the Company and Unis Strategy Investment Company. 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 derecognised. According to the supplementary agreement, the convertible bonds were recognised 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 derecognised. Pursuant to the amended terms and the fair value at the date, the Company has recognised the convertible bond 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$577,941,000, and the liability component of the compound financial instruments were subsequently measured by the cost method. The recognised gains from change in fair value of convertible bonds for the year were HK$78,405,000, and the interest expense was HK$7,423,000 (Note 7).

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

14. COMMITMENTS

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:

	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Within one year	**12,039**	10,506
More than one year but not more than five years	**14,078**	17,449
	26,117	27,955

As at 31 December 2017 and 31 December 2016, the Group had no non-cancellable contracted capital commitments.

15. RELATED PARTY TRANSACTIONS

Key management compensation

Key management includes Directors (Executive Director and Non-executive Director), Company Secretary and executives in key departments such as operations. The remuneration paid or payable to key management personnel for employee services is as follows:

	The year ended	Nine months ended
	31 December 2017	31 December 2016
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**7,023**	6,779
Post-employment benefits	**237**	71
	7,260	6,850

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS REVIEW

During the reporting period, adhering to the development strategy of "one orientation, two key drivers, three breakthroughs and four initiatives" and centering on the SMT and related business, the Group made vigorous efforts to expand the securities investment segment, firmly capture the opportunities arising from market development and give full play to its own advantages, thus achieving an improvement in its overall profitability. For the twelve months ended 31 December 2017, the Group recorded a total net profit of approximately HK$51,569,000, mainly attributable to the change in the fair value of convertible bonds and profit from the securities investment segment.

SMT equipment manufacturing and related business

During the reporting period, SMT equipment manufacturing remained as the principal business segment of the Group and contributed a revenue of HK$195,989,000, accounting for 77% of the Group's total revenue, of which the sales revenue from the SMT equipment researched and developed by the Group amounted to approximately HK$135,749,000, representing an increase of 35% compared to the reporting period last year. In addition, the Group recorded significant year-on-year increases in the revenue from the main products such as wave soldering machine, reflow oven, screen printing machine and dispenser.

The Group is well aware that product quality and strengths form the foundation for the long lasting and stable development of the Group. During the reporting period, the Group input significant resources on own-brand SMT equipment, focusing on enhancing the advantages in R&D capabilities, to continuously launch new products that were in line with the positioning of the Group as a provider of middle and high-end products and catered to the market demand, and phase out outmoded production capacity with a low degree of automation and high energy consumption, so as to keep abreast of the development trend of the industry. During the year, the high-end selective wave soldering machine launched by the Group won the Award for Innovative Achievements in SMT in China and the Gold Award under the Fourth Session of the "Red Sail Award" for Industrial Design by virtue of the better performance in such aspects as stability, precision and informatization and the capability of reducing energy consumption significantly, e.g. reducing the consumption of flux, tin slag and Nitrogen by over 95% and the power consumption by 55%. The Group has also launched an energy-saving lead-free vertical reflow oven, which is featured by a compact structure and a small footprint and offers production efficiency far higher than that of traditional solidification oven, and thus saving the work space and shorten the production time to the greatest extent.

In order to serve the new production modes of JIT (Just in Time) and BTO (Build to Order), etc., the Group independently developed the BIMS intelligent manufacturing system, an information-based management and control solution for the all-process data in the SMT industry which incorporates various application modules such as data collection, data processing, data exchange and intelligent manufacturing, to ensure consistent soldering quality and monitor equipment operation on a real-time basis, thus satisfying the fundamental desire of the customers and the market for lower manufacturing cost, higher production efficiency, better product quality and faster response to market demand, and making the Group the ultimate solver and pacesetter for the information-based management and control of all-process data on SMT.

The Group attaches importance to the investment in market development and brand building. During the reporting period, the Group further upgraded the sales system, invested plenty of resources in the sales market, actively built a sales network covering domestic and overseas markets with multiple channels and established a motivational sales incentive mechanism to facilitate the R&D, production and sales of own-brand SMT equipment. In the meanwhile, the Group put the "Go Out" strategy in practice by participating in nearly ten large-scale industry exhibitions of great influence at home and abroad to vigorously promote the own-brand hit products of the Group such as selective wave soldering machine and BIMS manufacturing system, so as to strengthen the brand image of the Group as a provider of middle and high-end products and enhance its popularity overseas.

In respect of internal control, the Group refined its operation management to improve operation quality and continuously improve operating cash flows, so as to lay a solid foundation for the long-term development. The Group implemented brand new sales credit policies to accelerate capital turnover. The balance of trade and bill receivables of the Group decreased by 69% on a year-on-year basis from approximately HK$194,202,000 as at the end of 2016 to approximately HK$61,120,000 as at the end of 2017.

Looking back into the year 2017, the Group could not have made all such progress in the SMT equipment manufacturing segment without the relentless efforts made on the implementation of the development strategy of "one orientation, two key drivers, three breakthroughs and four initiatives". In the future, the Group will keep abreast of Industry 4.0, focus on strengthening its advantages in R&D capabilities, continue to exert diligent efforts on SMT equipment manufacturing, and continuously launch automatic equipment of high efficiency, low cost and great intelligence that caters to the demand from the market, so as to get well prepared to adapt to the industrial upgrade and transformation and capture preemptive opportunities.

Finance lease and factoring business

The Group set footprint on the finance lease and factoring business segment in 2015, which is under stable operation. During the reporting period, the finance lease and factoring business contributed a revenue of approximately HK$6,999,000.

Securities investment business

The Group included securities investment into the ordinary and usual course of business during the reporting period. The Group implements a low-frequency trading strategy and mainly invests in the high-tech companies listed on Hong Kong Stock Exchange, with a particular focus on the outstanding enterprises in such industries as telecommunication equipment, semiconductor, Internet, computer and software. For the twelve months ended 31 December 2017, the revenue from the securities investment segment was approximately HK$50,040,000, and recorded a pre-tax profit of HK$40,828,000.

The Group has established a strict reporting mechanism to ensure that the management can monitor all the investments in real time, so as to protect the safety of investment while diversifying the sources of revenue of the Group.

Name of investee		**Total investment gain/(loss) for the twelve months ended 31 December 2017** *HK$'000*
SMIC	(stock code: 981.hk)	19,513
SMIT	(stock code: 2239.hk)	1,937
GOME FIN TECH	(stock code: 628.hk)	(113)
GUODIAN TECH	(stock code: 1296.hk)	(32)
ZTE	(stock code: 763.hk)	(521)
LEGEND HOLDINGS	(stock code: 3396.hk)	26,446
LENOVO GROUP	(stock code: 992.hk)	590
KINGSOFT	(stock code: 3888.hk)	908
TENCENT	(stock code: 700.hk)	1,312
		50,040

During the reporting period, the Group: (i) purchased an aggregate of 12,913,500 shares and sold 8,448,500 shares of SMIC; (ii) purchased an aggregate of 1,276,000 shares and sold 39,000 shares of SMIT; (iii) purchased an aggregate of 418,000 shares of GOME FIN TECH; (iv) purchased an aggregate of 1,000,000 shares of GUODIAN TECH; (v) purchased an aggregate of 323,200 shares and sold 1,320,000 shares of ZTE; (vi) purchased an aggregate of 4,510,000 shares of LEGEND HOLDINGS; (vii) purchased an aggregate of 1,000,000 shares and sold 2,030,000 shares of LENOVO GROUP; (viii) sold an aggregate of 1,295,000 shares of KINGSOFT; and (ix) sold an aggregate of 61,600 shares of TENCENT.

The Group's investments in listed shares were recorded as financial assets at fair value through profit or loss on the consolidated balance sheet, which amounted to approximately HK$256,563,000 as at 31 December 2017:

Name of investee	**Financial assets at fair value through profit or loss as at 31 December 2017**	**Percentage of total financial assets at fair value through profit or loss**
	HK$'000	***%***
SMIC	87,556	34.13
SMIT	6,192	2.41
GOME FIN TECH	376	0.15
GUODIAN TECH	530	0.21
LEGEND HOLDINGS	161,909	63.10
	256,563	100

FINANCIAL REVIEW

Income

In 2017, the Group recorded a total income of approximately HK$253,028,000 and gross profit margin of approximately 31%. An analysis of the income by business segment is as follows:

	Twelve months ended 31 December 2017 (Audited)	Nine months ended 31 December 2016 (Audited)
	HK$'000	*HK$'000*
SMT and related	**195,989**	267,451
Finance lease and factoring	**6,999**	909
Securities investment	**50,040**	—
Total	**253,028**	268,360

Other gains

During the period, the Group recorded other gains of approximately HK$3,746,000, including revenue from scraps of approximately HK$2,634,000, and gains from sales of available-for-sale financial assets of HK$1,112,000.

Distribution costs

During the period, the Group recorded distribution costs of approximately HK$35,044,000, representing a decrease of approximately 41% compared to the reporting period last year, mainly attributable to the significant decline in technical service fees.

Administrative costs

During the reporting period, the administrative costs amounted to approximately HK$52,461,000,including labor costs of approximately HK$36,689,000 and rent of approximately HK$13,093,000.

Finance cost

During the period, the net finance costs amounted to approximately HK$8,653,000, representing an increase of approximately HK$7,788,000 compared to the reporting period last year, mainly attributable to the amortization of interest expense on convertible bond of approximately HK$7,423,000.

Gains from change in fair value of convertible bonds

On 30 May 2016, the Company issued zero coupon convertible bonds with face value of HK$148,000,000 to Unis Technology Strategy Investment Limited. During the reporting period, the gains from change in fair value of convertible bonds amounted to approximately HK$78,405,000.

Profit for the period

As a result of the foregoing, the profit attributable to the equity holders of the Company for the period was approximately HK$51,569,000.

Profit/(Loss) before interest, tax, depreciation and amortisation

The following table illustrates the Group's profit/(loss) before interest, tax, depreciation and amortisation for the respective year/period. The Group's profit before interest, tax, depreciation and amortisation ratio was approximately 30% for the year.

	Twelve months ended 31 December 2017	Nine months ended 31 December 2016
	HK$'000	*HK$'000*
Profit/(loss) for the period/year attributable to equity holders of the Company	**51,569**	(603,151)
Finance costs	**8,653**	865
Income tax expense/(credit)	**6,356**	21,679
Depreciation and amortisation	**8,821**	7,839
Profit/(loss) before interest, tax, depreciation and amortisation	**75,399**	(572,768)

Liquidity, financial resources and gearing ratio

The Group has maintained sufficient operating capital. As at 31 December 2017, the net current assets of the Group amounted to approximately HK$441,038,000, and the liquidity ratio of the Group was maintained at a reasonably high level of 3.52, which was sufficient to support the ordinary operation of the Group.

As of 31 December 2017, the Group had no balances of bank borrowings.

Operating capital management

As at 31 December 2017, the Group held cash and cash equivalents of approximately HK$234,003,000, representing a decrease of approximately HK$60,049,000 compared with HK$294,052,000 as at the beginning of the period, which was mainly due to the repayment of borrowings of approximately HK$122,881,000.

Capital expenditure on property, plant and equipment

During the period, total capital expenditure was approximately HK$6,485,000, in which approximately HK$1,574,000 was on the purchase of machinery and equipment, approximately HK$3,550,000 on the renovation and decoration of office and approximately HK$1,027,000 on the purchase of computer software and approximately HK$334,000 on the purchase of transportation equipment.

Charges on the Group's assets

As at 31 December 2017, the Group's banking facilities including its import/export loan, letter of credit, documentary credits, trust receipt and bank borrowings were secured by:

(i) security deposits of approximately HK$6,656,000; and

(ii) No cross guarantee provided by subsidiaries of the Group.

Equity and liabilities

As at 31 December 2017, the Group's net assets amounted to HK$462,581,000. The increase in net assets during the reporting period as compared with the net liabilities of HK$195,763,000 as at 31 December 2016 was mainly due to the change of the measurement method of convertible bonds to compound financial instrument.

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 fluctuation risk, etc.

Credit risk

In order to minimise 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 reporting 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 Japanese yen. During the period, the Group did not utilise 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.

PURCHASE, REDEEM OR SELL THE COMPANY'S LISTED SECURITIES

The Company or any of its subsidiaries had not purchased, sold or redeemed any of the Company' listed securities during the period.

DIVIDENDS

The Board did not recommend a final dividend for the twelve months ended 31 December 2017 (31 December 2016: Nil).

HUMAN RESOURCES

As at 31 December 2017, the Group employed approximately 382 full-time employees and workers in Mainland China, and employed approximately 21 employees 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 the industry's practice. In Mainland China, the Group provides employee benefits and bonuses to its employees in accordance with the prevailing labor law. In Hong Kong, the Group provides staff benefits including retirement scheme and performance related bonuses.

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 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 twelve months ended 31 December 2017, except for the following deviations.

Code Provision A.6.7

Pursuant to Code Provision A.6.7, independent non-executive directors and other non-executive directors shall attend general meetings. However, (i) the independent non-executive directors of the Company were absent from the special general meeting held on 30 March 2017; and (ii) the independent non-executive directors and non-executive directors failed to attend the annual general meeting held on 1 June 2017, all due to other business commitments. To ensure compliance with the Code in the future, the Company has arranged and will continue to arrange to furnish all directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule in such a cautious way that all directors can attend the general meetings.

Code Provision E.1.2

Pursuant to Code Provision E.1.2, the chairman of the board of directors shall attend the annual general meeting. Mr. WANG Huixuan, the chairman of the Board at that time failed to attend the annual general meeting held on 1 June 2017 due to other business commitments. The Company had provided Mr. WANG with relevant meeting materials, and made explanations on the details of the meeting and the matters that needed attention after the meeting to enhance the communication between the chairman of the Board and the shareholders.

Audit Committee

The Audit Committee of the Company has been established in accordance with the requirements of the Code for the purpose of reviewing and monitoring the internal control and financial reporting matters of the Group, including reviewing the annual results for the twelve months ended 31 December 2017. The Audit Committee comprises one non-executive director and two independent non-executive directors of the Company, and is chaired by an independent non-executive director.

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 of the Listing Rules as the code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that they had complied with the required standard as set out in the Model Code for the year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this announcement and within the knowledge of the directors, the Company's securities have a sufficient public float as required under the Listing Rules.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (www.unistech.com.hk). The annual report of the Company for the twelve months ended 31 December 2017 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

CAUTION STATEMENT

This announcement 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.

By Order of the Board
Unisplendour Technology (Holdings) Limited
Zhang Yadong
Chairman

Hong Kong, 22 March 2018

* *For identification purposes only*

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