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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

INTERIM RESULTS

The Board of Directors (the "Board") of Unisplendour Technology (Holdings) Limited (the "Company") hereby announces the unaudited consolidated results (the "Results") of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019 (the "Period"). The Results have not been audited but they have been reviewed by the Company's Audit Committee on 7 August 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**Six months ended 30 June 2019 (Unaudited) *HK$'000***	Six months ended 30 June 2018 (Unaudited) *HK$'000*
Revenue	*5*	**95,777**	30,549
Cost of Sales		**(60,436)**	(72,817)
Gross profit/(loss)		**35,341**	(42,268)
Other (loss)/income	*6*	**(1,085)**	2,132
Other gains, net	*7*	**9,870**	2,761
Distribution costs		**(15,801)**	(18,832)
Administrative costs		**(23,468)**	(32,816)
Operating profit/(loss)		**4,857**	(89,023)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Notes	**Six months ended 30 June 2019 (Unaudited) *HK$'000***	Six months ended 30 June 2018 (Unaudited) *HK$'000*
Finance income	*8*	**258**	5,049
Finance costs	*8*	**(8,829)**	(5,905)
Finance costs, net	*8*	**(8,571)**	(856)
Loss before income tax		**(3,714)**	(89,879)
Income tax (expense)/credit	*10*	**(404)**	12,442
Loss for the Period attributable to equity holders of the Company		**(4,118)**	(77,437)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(164)**	(4,052)
Other comprehensive income for the Period, net of tax		**(164)**	(4,052)
Total comprehensive loss for the Period		**(4,282)**	(81,489)
Total comprehensive loss attributable to:			
equity holders of the Company		**(4,282)**	(81,489)
Basic losses per share	*11(a)*	**(0.28) Cents**	(5.32) Cents
Diluted losses per share	*11(b)*	**(0.28) Cents**	(5.32) Cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**At 30 June 2019 (Unaudited)** *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**146,024**	139,115
Land use rights		**9,098**	9,251
Intangible assets		**6,089**	5,868
Investment in associates		**233,740**	234,856
Other non-current assets		**—**	2,410
Deferred income tax assets		**13,534**	13,534
		408,485	405,034
Current assets			
Inventories		**36,891**	36,385
Trade and bills receivables	*12*	**60,234**	54,459
Less: Provision for impairment of trade receivables		**(15,025)**	(20,500)
Trade and bills receivables, net		**45,209**	33,959
Prepayments and other receivables		**10,360**	7,621
Tax reserve certificates		**7,100**	5,325
Financial assets at fair value through profit or loss (details provided in Management Discussion and Analysis – Securities Investment)		**139,787**	137,339
Security and restricted deposits		**985**	2,279
Cash and cash equivalents		**50,234**	43,305
		290,566	266,213
TOTAL ASSETS		**699,051**	671,247
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital and share premium		**240,740**	240,740
Other reserves		**673,976**	674,140
Accumulated losses		**(590,874)**	(586,756)
TOTAL EQUITY		**323,842**	328,124

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	**At 30 June 2019 (Unaudited)** *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
LIABILITIES			
Non-current liabilities			
Convertible bonds	*9*	**124,000**	118,463
Deferred income		**4,550**	4,565
Deferred income tax liabilities		**14,812**	14,410
		143,362	137,438
Current liabilities			
Trade and bills payables	*13*	**40,710**	33,304
Other payables		**41,100**	41,029
Contract liabilities		**12,536**	12,092
Borrowings	*14*	**91,000**	68,478
Current income tax liabilities		**46,501**	50,782
		231,847	205,685
TOTAL LIABILITIES		**375,209**	343,123
TOTAL EQUITY AND LIABILITIES		**699,051**	671,247

Notes:

1. GENERAL INFORMATION

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

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

These consolidated financial statements are presented in Hong Kong dollar (unless otherwise stated). These consolidated financial statements were approved for issue by the Board of Directors of the Company on 7 August 2019.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial statement should be read in conjunction with the financial statements for the year ended 31 December 2018, which were prepared in accordance with Hong Kong Financial Reporting Standards("HKFRSs").

2.1 Going concern

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

3. ACCOUNTING POLICIES

Except as for the adoption of new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the six months ended 30 June 2019, the accounting policies applied in preparing the condensed consolidated interim financial statements are consistent with those of the financial statements for the year ended 31 December 2018, as described in the annual financial statements.

The adoption of these new standards, amendments and improvements to HKFRSs and HKAS did not have any significant impact on the Group's financial performance and position for the six months ended 30 June 2019.

4. ESTIMATES

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

4. **ESTIMATES (CONTINUED)**

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 December 2018 with the exception of changes in estimates that are required in determining the provision for income taxes and disclosure of exception items.

5. **SEGMENT INFORMATION**

The executive directors are the Group's chief decision-makers. Management has determined the operating segments based on the report reviewed by the executive directors for the purposes of allocating resources and assessing performance. During the six months ended 30 June 2019, the Group's operating segments consist of the followings:

(1) Production and sales of industrial products; and

(2) Securities investment.

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

The segment information for the six months ended 30 June 2019 is presented as follows:

	Six months ended 30 June 2019 (Unaudited)				
	Production and sales of industrial products	**Securities investment**	**Segments total**	**Unallocated activities**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue	**92,745**	**2,448**	**95,193**	**584**	**95,777**
Segment profit	**32,309**	**2,448**	**34,757**	**584**	**35,341**
Other income/(loss)	**23**	**—**	**23**	**(1,108)**	**(1,085)**
Other gains/(losses), net	**9,888**	**—**	**9,888**	**(18)**	**9,870**
Distribution costs	**15,801**	**—**	**15,801**	**—**	**15,801**
Administrative costs	**9,049**	**—**	**9,049**	**14,419**	**23,468**
Finance costs, net	**3,032**	**2**	**3,034**	**5,537**	**8,571**
Profit/(loss) before income tax	**14,338**	**2,446**	**16,784**	**(20,498)**	**(3,714)**

5. SEGMENT INFORMATION (CONTINUED)

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

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

6. OTHER (LOSS)/INCOME

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
	HK$'000	*HK$'000*
Income from sales of scraps	**23**	1,885
Other (loss)/income	**(1,108)**	247
	(1,085)	2,132

7. OTHER GAINS, NET

	Six months ended 30 June 2019 (Unaudited) *HK$'000*	Six months ended 30 June 2018 (Unaudited) *HK$'000*
Reversal of bad debt written off	**5,353**	4,051
Government grants	**1,505**	852
Gain/(loss) on disposal of property, plant and equipment	**486**	(1,813)
Compensation income	**67**	32
Inventories write-downs and inventories gain	**2**	514
Other gains/(losses)	**2,457**	(875)
	9,870	2,761

8. FINANCE COSTS, NET

	Six months ended 30 June 2019 (Unaudited) *HK$'000*	Six months ended 30 June 2018 (Unaudited) *HK$'000*
Finance income:		
– Interest income from bank deposits	**258**	682
– Exchange gains	—	4,341
– Discount gains	—	26
Finance costs:		
– Interest expenses on bank and other borrowings	**8,829**	5,905
Finance costs, net	**8,571**	856

9. CONVERTIBLE BONDS

On 30 May 2016, the Company issued 730,000,000 ordinary shares at a price of HK$0.4 per share and zero coupon convertible bonds with face value of HK$148,000,000 to Unis Technology Strategy Investment Limited. The bonds shall 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 at the special general meeting held on 9 May 2016. The management initially recognised the convertible bonds issued in whole as financial liabilities at fair value through profit or loss based on analysis and assessment on relevant terms of the agreement and in consideration of the substance of the agreement.

On 30 March 2017, the special general meeting approved the supplementary agreement for the convertible bonds signed by the Company and Unis Technology Strategy Investment Limited. The supplementary agreement removes the relevant terms in relation to the conversion price adjustment under the original agreement. Accordingly, the convertible bonds issued by the Company pursuant to the original agreement were derecognised. According to the amended terms, the convertible bonds issued by the Company 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. In 2017, the recognised gains from change in fair value of convertible bonds for the year were HK$78,405,000, the recognised interest expense was HK$7,423,000, and the recognised book value of the convertible bonds as at 31 December 2017 was HK$107,969,000. For the six months ended 30 June 2018, the recognised interest expense was HK$5,046,000 and the recognised book value of the convertible bonds was HK$113,015,000. For the six months ended 30 June 2019, the recognised interest expense was HK$5,537,000 and the recognised book value of the convertible bonds was HK$124,000,000.

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

10. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 30 June 2018: 16.5%) on the estimated assessable profit for the Period. The applicable tax rate of the subsidiaries of the Group in Mainland China is 25% (six months ended 30 June 2018: 25%). Taxation on overseas profits has been calculated on the estimated assessable profit for the Period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June 2019 (Unaudited) ***HK$'000***	Six months ended 30 June 2018 (Unaudited) *HK$'000*
Current income tax:		
Current tax on profits for the Period	**404**	374
Total current income tax	404	374
Deferred income tax	—	(12,816)
Income tax expense/(credit)	**404**	(12,442)

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

11. LOSSES PER SHARE

(a) Basic

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

	Six months ended 30 June 2019 (Unaudited) ***HK$'000***	Six months ended 30 June 2018 (Unaudited) *HK$'000*
Losses attributable to equity holders of the Company	**4,118**	77,437
Weighted average number of ordinary shares in issue *(in thousands)*	**1,455,000**	1,455,000
Basic losses per share	**(0.28) Cents**	(5.32) Cents

(b) Diluted

As it is assumed that the conversion of the Company's outstanding convertible bonds will result in a decrease in loss per share for the Period, it is not assumed that the Company's outstanding convertible bonds have been exercised in the calculation of the diluted losses per share for the six months ended 30 June 2019.

12. TRADE AND BILLS RECEIVABLES

At 30 June 2019 and 31 December 2018, the ageing analysis of the trade and bills receivables based on invoice date is as follows:

	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Less than 3 months	**30,218**	16,750
3 to 6 months	**8,232**	9,815
More than 6 months	**21,784**	27,894
	60,234	54,459

13. TRADE AND BILLS PAYABLES

At 30 June 2019 and 31 December 2018, the ageing analysis of trade and bills payables based on the invoice dates is as follows:

	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Within 90 days	**34,083**	24,732
91 to 120 days	**1,052**	1,568
Over 120 days	**5,575**	7,004
	40,710	33,304

14. BORROWINGS

	At **30 June 2019** **(Unaudited)** ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Current		
Secured bank loans due for repayment within one year (a)	**91,000**	68,478
	91,000	68,478

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

At 30 June 2019, all bank and other borrowings are due for repayment within one year. At 30 June 2019, the average annual borrowing rate was 5.87%.

15. COMMITMENTS

(a) Operating lease commitments – the Group as lessee

The Group leases certain office premises or staff quarter under non-cancellable operating lease arrangements. 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:

	At **30 June 2019** **(Unaudited)** ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Within one year	**5,727**	8,260
	5,727	8,260

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Period, the Group is principally engaged in SMT equipment manufacturing and related business, and securities investment business.

In the first half of 2019, the overall performance of the global manufacturing industry was weak, and the economic and trade environment was shrouded in risk aversion, which suppressed the business development of the Group. In view of this, the Group continued to deeply expand its existing advantages in the field of SMT equipment manufacturing, and continuously launched new SMT equipment that caters to market demand as well as middle to high-end enterprise positioning, while further strengthening risk control and internal management, resulting in a significant year-on-year decrease in operating costs. In general, benefiting from a floating profit of approximately HK$2,448,000 recorded in the securities investment business and a year-on-year decrease by approximately 16% and 28% in distribution costs and administrative costs respectively, the loss for the Period attributable to the equity holders of the Company was significantly reduced by approximately 95% year on year, and the earning performance was improved significantly. In the long run, new industrial trends such as 5G communication technology, smart wearable devices, and intelligent automobile electronics will drive a new round of industrial upgrading in the electronics manufacturing industry, and the Group will adhere to the fundamental development strategy of "one orientation, two key drivers, three breakthroughs and four initiatives", focusing on the aspects such as equipment development, promotion, sales and internal control, fully grasp the precious opportunities of industry development, and make unremitting efforts to become the world's leading supplier of SMT intelligent equipment.

SMT Equipment Manufacturing and Related Business

SMT equipment manufacturing and related business are at the core of the Group's development.

During the Period, the management actively responded to the slowdown in market growth and the reduction of downstream customer demand caused by the uncertain business environment, with an aim to consolidate the dominant position in the industry and enhance the profitability. Benefiting from the continuous introduction of new SMT equipment which were well-received by the market and the adoption of effective cost control measures, the gross profit margin of the segment was further increased to approximately 35% from approximately 11% for the same period in 2017 and approximately 31% for the same period in 2018, and the profitability was further enhanced. However, due to macro adverse factors, the revenue of the segment was approximately HK$92,745,000, representing a slight decrease from approximately HK$104,742,000 for the same period last year.

In respect of product R&D, the Group currently has a full range of SMT solutions covering a range of hardware equipment such as the selective wave soldering machine, wave soldering machine, reflow soldering machine (ovens), solder paste printer and dispenser, as well as intelligent manufacturing management system BIMS, LOA system and other software systems, and can help downstream customers to establish new production modes such as JIT (Just in Time) and BTO (Build to Order), so as to improve production efficiency and reduce production cost under the new trend of slower capacity growth and faster iteration of consumer demand. During the Period, the Group launched a number of new equipment featuring intelligence, high precision and high flexibility to meet the market demand, including the selective wave soldering machine with intelligent identification function, which can be equipped with a recognition camera and can automatically capture and identify position reference points for precise positioning of welding points. In addition, the Group also introduced a new type of reflow soldering machine that can monitor the thermal profile of a single board in real time, a high-speed dispenser that can be embedded with flying camera function, and a silver solder paste printer for the silver paste printing industry, striving to continuously improve and perfect equipment chain construction, and strengthen customer stickiness and brand pricing strength.

The management is well aware that marketing is an important part of brand building. During the period under review, the Group continued to adhere to the "Go Out" strategy and participated in many well-known industry exhibitions including the 7th China Information Technology Expo, NEPCON ASIA, and Integrated Automation, Motion & Drives Shenzhen. Taking advantage of these opportunities, the Group brought various newly launched intelligent equipment and main products to the public, and arranged core R&D personnel to introduce the product features and answer questions to potential customers at the exhibition site, thereby promoting the close integration of product R&D and sales market and strengthening the brand image as a middle to high-end SMT equipment manufacturer.

In view of the short-term weakness of the macro economy, the management focused on cost control and credit policy in operational management. During the Period, the distribution costs and administrative costs of the segment decreased to approximately HK$15,801,000 and approximately HK$9,049,000, respectively, which were further reduced on the basis of the same period last year. As far as credit management is concerned, on the basis of continuing to implement the original credit policy, the management appropriately adjusted its credit policy in response to the reasonable demand of high-quality customers with high credit levels, so as to strengthen the business cooperation with high-quality customers on the premise of ensuring the stable operating cash flow. Moreover, most of the new trade receivables and bills receivables have a credit period of less-than three months, and the trade receivables and bills receivables with a credit period of three to six months or more than six months decreased by approximately 16% and 22% respectively as compared with the same period of the previous year. As a result, the total amount of trade receivables and bills receivables increased only slightly over the same period of the previous year.

The management believes that although the current macro market headwinds may temporarily weigh down the business development and profitability of the Group, the underlying demands of the downstream industries still hold great potential. With the gradual release of the industrial chain effect related to 5G communication technology, the increasing popularity of the automotive electronics industry with artificial intelligence as the development prospect, and the steady growth of downstream consumer electronics such as mini LED displays and smart wearable devices, SMT equipment manufacturing will certainly benefit from the continuous and stable development of the electronics industry for a long term. The Group will adhere to the business strategy of moving steadily, working conscientiously and seeking improvement in stability, pay close attention to market trends, and give full play to its product advantages in the field of SMT equipment manufacturing for decades, to capture and fully grasp the opportunities of industry development.

Securities Investment Business

The Group is engaged in securities investment business with a low-frequency trading strategy, focusing on the upstream and downstream companies having synergy effect with the Company's main SMT equipment manufacturing business. At present, the investment is concentrated in high-tech companies listed on the Stock Exchange, mainly including the outstanding enterprises in such industries as semiconductor, computer and software. For the six months ended 30 June 2019, the securities investment segment recorded a floating profit of approximately HK$2,448,000.

In view of the risk characteristics of the investment market, the Group has established a strict reporting mechanism to ensure that the management can promptly monitor all the investment activities, so as to mitigate the investment risks and ensure investment security.

Name of investee	Total investment gain/(loss) for the six months ended 30 June 2019 (Unaudited)
	HK$'000
SMIC (stock code: 981.hk)	11,981
GOME FIN TECH (stock code: 628.hk)	33
GUODIAN TECH (stock code: 1296.hk)	(5)
LEGEND HOLDINGS (stock code: 3396.hk)	(9,561)
	2,448

The Group's investments in the listed shares were recorded as financial assets at fair value through profit or loss on the consolidated balance sheet, which was approximately HK$139,787,000 as at 30 June 2019:

Name of investee	Financial assets at fair value through profit or loss as at 30 June 2019 (Unaudited)	Approximate percentage of total financial assets at fair value through profit or loss
	HK$'000	*%*
SMIC	**56,341**	**40.31**
GOME FIN TECH	**272**	**0.19**
GUODIAN TECH	**280**	**0.20**
LEGEND HOLDINGS	**82,894**	**59.30**
	139,787	**100**

FINANCIAL REVIEW

Income

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

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
	HK$'000	*HK$'000*
SMT equipment manufacturing and related business	**92,745**	104,742
Finance lease and factoring	—	24
Securities investment	**2,448**	(75,394)
Comprehensive services	**584**	1,177
	95,777	30,549

Other gains

During the Period, the Group recorded other gains of approximately HK$9,870,000, which included reversal of bad debt written off of approximately HK$5,353,000, government grants of approximately HK$1,505,000, gain on disposal of property, plant and equipment of approximately HK$486,000.

Distribution costs

During the Period, benefited from the effective cost control policy, the Group recorded distribution costs of approximately HK$15,801,000, representing a decrease of approximately 16% as compared with the six months ended 30 June 2018.

Administrative costs

Benefited from the integration and optimisation of human resource structure in the SMT equipment manufacturing and related business segment during the last financial period, the Group recorded administrative costs of approximately HK$23,468,000 during the Period, representing a decrease of approximately 28% as compared with the six months ended 30 June 2018.

Finance costs

During the Period, finance costs amounted to approximately HK$8,829,000, representing an increase of approximately HK$2,924,000 as compared with the six months ended 30 June 2018, which mainly generated from interest expenses on bank borrowings.

Loss for the Period

As a result of the foregoing, the loss attributable to the equity holders of the Company for the Period was approximately HK$4,118,000, while the loss attributable to the equity holders of the Company for the six months ended 30 June 2018 was approximately HK$77,437,000.

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 periods. The Group's profit ratio before interest, tax, depreciation and amortisation was approximately 7.47% for the Period.

	Six months ended 30 June 2019 (Unaudited)	Six months ended 30 June 2018 (Unaudited)
	HK$'000	*HK$'000*
Loss for the Period attributable to equity holders of the Company	**(4,118)**	(77,437)
Finance costs, net	**8,571**	856
Income tax expense/(credit)	**404**	(12,442)
Depreciation and amortisation	**2,296**	2,563
Profit/(loss) before interest, tax, depreciation and amortisation	**7,153**	(86,460)

Liquidity, financial resources and gearing ratio

The Group had sufficient operating capital and maintained a high level of net current assets at approximately HK$290,566,000 and a healthy current ratio at 1.25 times. The total equity ratio attributable to the equity holders of the Company was calculated with reference to the total borrowings as at 30 June 2019, and the gearing ratio of the Group was 28.10%.

Operating capital management

At 30 June 2019, the Group held cash and bank balances of approximately HK$51,219,000, representing an increase of HK$5,635,000 comparing with HK$45,584,000 as at the beginning of the Period. During the Period, relying on strictly managing trade receivables and effectively activating the utilisation efficiency of capital, the Group recorded the average debtors turnover days further shortened to approximately 61 days (31 December 2018: 70 days), the average creditors turnover days decreased to approximately 110 days (31 December 2018: 114 days), while the average inventory turnover days was slightly increased to approximately 109 days (31 December 2018: 106 days).

Capital expenditure on property, plant and equipment

During the Period, total capital expenditure was approximately HK$4,203,000, in which approximately HK$2,493,000 was on the renovation and decoration of office, approximately HK$1,710,000 was on the purchase of mechanical equipment.

Charges on the Group's assets

At 30 June 2019, the Group's banking facilities including its import/export loan, letter of credit, documentary credits, trust receipt and bank borrowings were secured by:

(i) a first legal charge on certain of the Group's land use rights and properties, which had an aggregate net carrying value at the reporting date of HK$85,375,000;

(ii) security deposits of approximately HK$985,000; and

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

Equity and liabilities

At 30 June 2019, the Group's net assets was approximately of HK$323,842,000, compared with the net assets of approximately HK$328,124,000 at 31 December 2018. The decrease on equity was mainly attributed to the loss of approximately HK$4,118,000 for the Period and the loss from the translation of foreign currency financial statements of approximately HK$164,000.

Employees

At 30 June 2019, the Group employed approximately 333 staff and workers in mainland China and approximately 17 staff in Hong Kong. The Group continues to maintain and enhance the capability of its employees by providing sufficient regular training to them. The Group remunerates its employees based on industry's practice. In mainland China, the Group provides staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, the Group provides employee benefits including retirement scheme and performance bonuses.

PRINCIPAL RISKS AND UNCERTAINTIES

Operational risk

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

The Group emphasises 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, foreign exchange risk, and price 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 Period to ensure that adequate impairment losses have been made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk has been significantly reduced.

Liquidity risk

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

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency risks as its certain business, assets and liabilities are denominated in Renminbi, Hong Kong dollar, US dollar and so on. During the Period, the Group did not 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.

Price risk

Since the business of the Group's securities investment segment is derived from the investment in stocks listed on the Main Board of the Stock Exchange, the price fluctuations of the shares held by the Group will affect the Group's after-tax profits. In order to manage the risk of fluctuations of securities price, the Group will diversify its investment portfolio according to the historical fluctuations of the stocks held and the risk control policies of the Company to avoid or reduce the risks arising from stock price fluctuations.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied, with the required standards set out in the Model Code throughout the six months ended 30 June 2019.

CORPORATE GOVERNANCE PRACTICES

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

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. The Company was in compliance with the Code for the six months ended 30 June 2019, except for the following deviation from the Code Provision A.6.7 as disclosed below.

Code Provision A.6.7

Pursuant to the Code Provision A.6.7, generally independent non-executive directors and other non-executive directors should attend general meetings. The independent non-executive directors, including Mr. Cui Yuzhi, Mr. Bao Yi, and Mr. Ping Fan, and the non-executive directors, including Mr. Li Zhongxiang and Qi Lian, were absent from the annual general meeting held on 30 May 2019 due to other business commitments. To ensure compliance with the Code in the future, the Company had provided directors who did not attend the meeting with relevant meeting documents and specified to them the details of the meeting and the matters that need to be brought to the attention subsequent to the meeting in support of their understanding of the views of the shareholders of the of the Company. The Company will also 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.

Audit Committee

The Company has established the Audit Committee (the "Committee") in accordance with the requirements of the Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Committee comprises one non-executive director and two independent non-executive directors of the Company. The Group's interim results for the six months ended 30 June 2019 has been reviewed by the Committee. The Committee is of the opinion that these statements comply with the applicable accounting standards, regulations and the Stock Exchange's requirements, and that adequate disclosures have been made.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

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

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited interim financial results and operational statistics for the six months ended 30 June 2019 and the six months ended 30 June 2018 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. Investors are advised to exercise caution when dealing in the securities of the Company.

This 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 of Directors
Unisplendour Technology (Holdings) Limited
Zhang Yadong
Chairman

Hong Kong, 7 August 2019

* *For identification purpose 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.