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UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED

環球實業科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1026)

DISCLOSEABLE TRANSACTION REGARDING THE FORMATION OF A JOINT VENTURE

The Board announces that on 14 January 2020, Listco Subsidiary and the JV Partner entered into the JV Agreement, pursuant to which the JV Parties agreed to jointly establish the Joint Venture to participate in land auctions and property development in Guangdong-Hong Kong-Macao Greater Bay Area and first and second-tier cities in the PRC.

After the Initial Subscriptions, the JV Company will be owned as to 30% by Listco Subsidiary and 70% by the JV Partner. Under the terms of the JV Agreement, the maximum contribution committed by Listco Subsidiary in the JV Company is capped at RMB219,000,000 (HK\$245,241,000).

Given that all the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the formation of the Joint Venture under the JV Agreement (i.e. the maximum contribution amount of RMB219 million by Listco Subsidiary) are more than 5% but less than 25%, the transactions contemplated by the JV Agreement constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 14 January 2020, Listco Subsidiary and the JV Partner entered into the JV Agreement, pursuant to which the JV Parties agreed to jointly establish the Joint Venture to participate in land auctions and property development in Guangdong-Hong Kong-Macao Greater Bay Area and first and second-tier cities in the PRC.

THE JV AGREEMENT

The principal terms of the JV Agreement are set out below:

Date: 14 January 2020 (after trading hours)

Parties: (1) Listco Subsidiary; and
(2) JV Partner.

Purposes: Under the terms of the JV Agreement, the JV Parties agreed to jointly establish the Joint Venture to participate in land auctions and property development in Guangdong-Hong Kong-Macao Greater Bay Area and first and second-tier cities in the PRC.

Initial Subscriptions: Following the signing of the JV Agreement, the JV Parties will jointly establish a new project company (or acquire an inactive shell company) to become the vehicle of the Joint Venture. Under the terms of the JV Agreement, the JV Company shall have a registered capital of RMB10,000,000 (HK\$11,198,000), and Listco Subsidiary and the JV Partner shall respectively acquire 30% equity and 70% of the JV Company (the “**Initial Subscriptions**”) at the consideration of RMB3,000,000 (HK\$3,359,000) and RMB7,000,000 (HK\$7,839,000), respectively. After the Initial Subscriptions, the JV Company will be booked in the Group’s financial statements as a 30%-owned associated company using the equity method of accounting.

Contribution Limits: When there is a need to fund any property project undertaken by the Joint Venture, the funding shall be borne by all shareholders of the JV Company in proportion to their equity interests. Under the terms of the JV Agreement, the maximum total amount of contribution (whether by way of registered capital, shareholders' loans, shareholders' guarantee or other nature) committed by the JV Parties to the JV Company is currently capped at RMB730,000,000 (HK\$817,469,000) (the "**Total Contribution Limit**"), which shall be borne as to 30% or RMB219,000,000 (HK\$245,241,000) (the "**Listco Subsidiary's Contribution Limit**") by Listco Subsidiary and as to 70% or RMB511,000,000 (HK\$572,228,000) (the "**JV Partner's Contribution Limit**") by the JV Partner. To the extent that any shareholders' loans are provided by the JV Parties in proportion to their equity holding in the JV Company which are within the Total Contribution Limit, such shareholders' loans must be interest-free, unsecured and repayable-on-demand and any repayment of such shareholders' loans must also be made to the shareholders of the JV Company on a pro-rata basis in proportion to the equity holding.

The Total Contribution Limit was arrived at after arm's length negotiation between the JV Parties with reference to the starting price of the first batch of land plots which are offered for auction and intended to be participated at the initial stage of establishment of the Joint Venture. The Listco Subsidiary's Contribution Limit and the JV Partner's Contribution Limit are determined by reference to their equity holding proportions in the JV Company. It is intended that Listco Subsidiary's commitment to the JV Company of up to the Contribution Limit will be satisfied by the internal financial resources of the Group.

Further funding: The total investment amount of the JV Company is not bound by the Total Contribution Limit. Under the terms of the JV Agreement, the JV Company may obtain its own financing (the "**JV Own Financing**") from banks or other third parties (the "**External Financiers**") for the further funding needs of its development projects. If the Listco Subsidiary is called upon by any External Financiers to fortify any JV Own Financing, it will only provide several (but not joint and several) guarantee (the "**Several Guarantee**") to the extent of the proportion of the JV Own Financing as is pro-rated to Listco Subsidiary's shareholding proportion in the JV Company. Under the terms of the JV Agreement, any Several Guarantee given by Listco Subsidiary will be treated as satisfying part of the Listco Subsidiary's Contribution Limit.

Any funding requirements of the JV Company over and above the Total Contribution Limit can be participated by the JV Parties on a voluntary basis. Under the terms of the JV Agreement, any equity issue of the JV Company which may result in a dilution of the equity holding of the JV Company will first be offered to the shareholders of the JV Company on a pro rata basis. The Company will re-comply with the Listing Rules if it decides to increase the Listco Subsidiary's Contribution Limit to the JV Company.

Board composition: Under the terms of the JV Agreement, the board of directors of the JV Company shall comprise three directors, of which one shall be nominated by Listco Subsidiary and two by the JV Partner. The chairman, legal representative and managing director of the JV Company are nominated by the JV Partner.

Dividend policy: With effect from three years after the commencement of development of the first project, it is the existing dividend policy of the JV Company that it shall distribute not less than 40% of its profit for the year provided that it has sufficient distributable profits, can satisfy its working capital requirements and can fully settle its external loans.

Reserved matters: The following matters regarding the JV Company shall require the unanimous consent of the Shareholders: (1) any decisions on the operating policies and investment plans; (2) the formulation of the annual budget; (3) any changes to its dividend policy; (4) any increase or reduction of registered capital; (5) any financing to be obtained by the JV Company from External Financiers or any provision of guarantee or asset charge by the JV Company; (6) any transactions with related parties; (7) matters such as merger, division, dissolution, liquidation or change in corporate form of the JV Company; (8) amendments of the constitution of the JV Company; and (9) the formulation of any request for shareholders' loans.

INFORMATION REGARDING THE JV PARTNER

The JV Partner is a company established in the PRC with limited liability with its scope of business being property investment, wholesale and retail trading. Based on the information provided by the JV Partner, as at the date of this announcement, the ultimate beneficial owner of the JV Partner is Mr. Gu.

Mr. Gu is a merchant experienced in property development and investment. Based on the information provided by the JV Partner, as at the date of this announcement, Mr. Gu owns 250,000,000 Shares (representing approximately 4.53% of the issued share capital of the Company). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the JV Partner and its ultimate beneficial owner (i.e. Mr. Gu) is an Independent Third Party.

REASONS OF AND BENEFITS FOR THE TRANSACTIONS

The Group is principally engaged in investment holding, property investment and development, building management and water supply and related services. The Company has been looking for opportunities of land plots which are suitable for residential, commercial or comprehensive development with a view to maximizing investment return. By joining force with the JV Partner which is experienced in property development, the Joint Venture enables the Company to leverage on a larger scale of capital and bigger development size, thereby achieving better scale of economy. It is the intention of the JV Parties to participate in land auctions with profitable opportunities, particularly those with starting prices which are below the land value. The Joint Venture is intended to focus on property development in Guangdong-Hong Kong-Macao Greater Bay Area and first and second-tier cities in the PRC due to the JV Parties' optimism over the market demand of properties of residential and commercial uses in these areas, which is in turn due to the constant population inflow and mature city infrastructure in these areas.

The Directors (including the independent non-executive Directors) considered that the formation of the Joint Venture and the terms of the JV Agreement (including the Listco Subsidiary's Contribution Limit and the pro-rata contribution by the JV Parties in equal terms) are fair and reasonable, under normal commercial terms and in the interest of the Company and its shareholders as a whole. No Director has any material interest in the transactions contemplated by the JV Agreement, nor is any director required to abstain from voting on the Board's decision on the formation of the Joint Venture.

CHANGE IN USE OF PROCEEDS OF THE RIGHTS ISSUE AND PLACING

As disclosed in the Company's announcement dated 18 June 2019 (the "**Equity Fund-raising Completion Announcement**"), the Company successfully raised net proceeds in an aggregate amount of approximately HK\$767.99 million from the Rights Issue and the Placing (as those terms are defined in the Equity Fund-raising Completion Announcement) (collectively, the "**Equity Fund-raising**") which are intended to be used: (i) as to approximately HK\$673.29 million for settlement of the consideration of the acquisition of Chevalier Earth Group Limited as disclosed in the Company's announcement dated 15 February 2019 (the "**Acquisition**"); and (ii) as to the balance of approximately HK\$94.7 million for fund investment and management in Hong Kong and the PRC. Up to the date of this announcement, approximately HK\$574.63 million was already utilized for settlement of the consideration payable on completion of the Acquisition and net proceeds of the Equity Fund-raising in the approximate amount of HK\$193.36 million remained unutilized (the "**Unutilized Proceeds**").

The Company intends to finance the Listco Subsidiary’s Contribution Limit by its internal financial resources, which are principally comprised of the Unutilized Proceeds. The Board is of the view that the use of the Unutilized Proceeds in the Listco Subsidiary’s Contribution Limit of the Joint Venture is in the best interests of the Company and is largely in line with the original purposes of the Equity Fund-raising, namely, to expand the property development and investment portfolio of the Group and to join force with co-investors with the view to investing in non-controlling interests in bigger projects in China with synergy with the Group’s principal business activities (which includes property development and investment).

LISTING RULES IMPLICATIONS

Given that all the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the formation of the Joint Venture under the JV Agreement (i.e. the maximum contribution amount of RMB219 million by Listco Subsidiary) are more than 5% but less than 25%, the transactions contemplated by the JV Agreement constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements but exempt from shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	Universal Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1026)
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Joint Venture”	the joint venture agreed to be established by the JV Parties under the JV Agreement for the purpose of participating in land auctions and property development in Guangdong-Hong Kong-Macao Greater Bay Area and first and second-tier cities in the PRC

“JV Agreement”	the joint venture agreement dated 14 January 2020 entered into between Listco Subsidiary and the JV Partner regarding the formation of the Joint Venture
“JV Company”	a new project company to be established (or an inactive shell company to be acquired) by the JV Parties following the signing of the JV Agreement to become the vehicle of the Joint Venture
“JV Parties”	collectively, Listco Subsidiary and the JV Partner
“JV Partner”	Dongguan Zhaoyu Real Estate Co., Ltd. (東莞市鈞譽置業有限公司), a company established in the PRC with limited liability which is wholly, legally and beneficially owned by Mr. Gu
“Listco Subsidiary”	Shenzhen Huanye Universal Technologies Co., Ltd. (深圳市環業環球科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Gu”	Mr. Gu Jianping (顧劍平)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

In this announcement, amounts denominated in RMB are translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.893 for illustration purposes only. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

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

Hong Kong, 14 January 2020

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