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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)**

### **CONNECTED TRANSACTION IN RELATION TO THE CAPITAL CONTRIBUTION TO A NON-WHOLLY OWNED SUBSIDIARY**

The Board is pleased to announce that on 3 December 2020, Qinghui and Qinghui Shareholders entered into the Capital Contribution Agreement pursuant to which the Qinghui Shareholders agreed to increase the paid-up registered capital of Qinghui, with the additional paid-up registered capital of RMB100,000,000 (HK\$117,647,000) in aggregate being contributed by Huanye and Hongshun in proportion to their respective voting rights of 49:51 in Qinghui.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Hongshun is controlled by Ms. Zhu (an executive Director and the controller of Ever City, a substantial shareholder of the Company) and her associates. The pro-rata Capital Contribution by Hongshun (being an associate of a connected person of the Company at the issuer level) to Qinghui (being a non-wholly-owned subsidiary of the Group) is fully exempt from all announcement, reporting, circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.92(1) of the Listing Rules.

As Hongshun (being an associate of a connected person of the Company at the issuer level) exercises 10% or more of the voting right of Qinghui (excluding any indirect interest through the Company), the Capital Contribution by Huanye to Qinghui (being a connected subsidiary) constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the Capital Contribution by Huanye is conducted on normal commercial terms and the applicable percentage ratios (as defined in the Listing Rules) in respect of the Capital Contribution by Huanye are all less than 5%, under Rule 14A.76(2)(a) of the Listing Rules, the Capital Contribution by Huanye is exempt from circular (including independent financial advice) and independent shareholders' approval requirements but is only subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

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Details of the Capital Contribution Agreement are as follows:

**Date**

3 December 2020 (after trading hours)

**Parties**

(1) Qinghui

(2) Qinghui Shareholders, i.e. Huanye and Hongshun

Qinghui is a company established in the PRC with limited liability, which is principally engaged in water inspection, properties and investments holding. Immediately prior to the entering into of the Capital Contribution Agreement, the paid-up registered capital of Qinghui was RMB410,000,000, and the voting rights of Qinghui were 49% and 51% owned by Huanye and Hongshun, respectively.

Huanye is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company whose scope of business includes the provision of consultancy services on information technology, investment, financial management, business information and enterprise marketing and planning services.

Hongshun is a company established in the PRC with limited liability whose principal activities include the investments in industrial, science and education projects. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the ultimate beneficial owners of the entire paid-up registered capital of Hongshun are Ms. Zhu (an executive Director and the controller of Ever City, a substantial shareholder of the Company) and her spouse. Hongshun is therefore an associate of a connected person of the Company at the issuer level.

**The Capital Contributions**

Under the terms of the Capital Contribution Agreement, Huanye and Hongshun agreed to make additional capital contributions in cash in the respective amounts of RMB49,000,000 (HK\$57,647,000) and RMB51,000,000 (HK\$60,000,000) to Qinghui, which are in proportion to their respective voting rights of 49:51 in Qinghui. Immediately after the completion of the Capital Contribution Agreement, the paid-up registered capital of Qinghui should increase from RMB410,000,000 to RMB510,000,000, with the voting rights in Qinghui as between Huanye and Hongshun being maintained at the pre-contribution level of 49:51.

The Capital Contribution by Huanye is intended to be funded from the internal resources of the Group. The amounts of the Capital Contributions were determined after arm's length negotiations amongst Qinghui and the Qinghui Shareholders taking into account the funding requirements of Qinghui for its business development and investment opportunities in the near term and other financing options which are available to Qinghui.

The Capital Contribution Agreement is not subject to any conditions precedent and is deemed to be completed when the capital increase is reflected in the official corporate records of Qinghui and after the Capital Contributions are duly paid in cash by Qinghui Shareholders. In the light of the Management Control Provisions (as defined below), Qinghui will continue to be accounted for as a subsidiary in the Group's financial statements whether before or after the Capital Contributions.

## **FURTHER INFORMATION ON QINGHUI**

Immediately before and after the completion of the Capital Contribution Agreement, the paid-up registered capital which carries voting rights and the rights to dividend and surplus capital of Qinghui were 49% and 51% owned by Huanye and Hongshun, respectively.

The constitution of Qinghui provides that:

- (i) No resolutions relating to the amendment of constitution, increase or decrease of the registered capital, merger, spin-off, dissolution, winding-up or changing the company form of Qinghui shall be passed without the obtaining of approval from Qinghui Shareholders representing more than two thirds of its voting rights.
- (ii) Save for the matters described above, the board of directors of Qinghui shall be delegated with the authority to deal with all other matters in relation to Qinghui and such delegation shall not be revoked without the obtaining of approval from Qinghui Shareholders representing more than two thirds of its voting rights.
- (iii) Huanye and Hongshun shall have the right to appoint two directors and one director, respectively, to the board of directors of Qinghui.
- (iv) No resolutions relating to key management and operation activities, profit distribution or return on investment shall be passed without the consent of more than 50% of the directors of Qinghui.
- (v) Any amendments to the constitution of Qinghui will require the approval from Qinghui Shareholders representing more than two thirds of its voting rights.

In the light of the above terms of the constitution of Qinghui (the “**Management Control Provisions**”) and given that the management power is vested with the board of directors of Qinghui over which Huanye has majority control, the Group (through Huanye) has power over Qinghui, enjoys variable returns from its involvement with Qinghui and can use Huanye's power over Qinghui to affect the amount of the returns. Accordingly, the Group controls Qinghui, which is regarded as a subsidiary of the Company and the accounts of which are consolidated into the accounts of the Company.

Based on the audited financial statements of Qinghui prepared under generally accepted accounting principles of the PRC, (a) the audited shareholders' equity attributed to shareholder of Qinghui as at 31 December 2019 was RMB193,243,000; (b) the audited profit before taxation of Qinghui for the year ended 31 December 2018 and 2019 amounted to RMB45,950,000 and RMB39,614,000, respectively; and (c) the audited net profit after taxation of Qinghui for the year ended 31 December 2018 and 2019 amounted to RMB34,123,000 and RMB30,419,000, respectively.

## **REASONS FOR THE CAPITAL CONTRIBUTIONS**

The Group is principally engaged in investment holding, property investment and development, building management and water supply and related services.

The Capital Contribution Agreement serves to provide additional capital to strengthen the capital position of Qinghui and support its business development, financing options and investment opportunities. The Directors are of the view that the terms of the Capital Contributions are fair and reasonable as they are made on pro-rata basis in proportion to the voting rights as between Huanye and Hongshun in Qinghui.

In the light of the reasons above and given that the Capital Contributions are to be paid-up on a pro-rata basis, the Directors (including the independent non-executive Directors but excluding Ms. Zhu who abstained in voting at Board level) considered that the Capital Contributions and the terms of the Capital Contribution Agreement (including the contribution ratio and amounts) are fair and reasonable, on normal commercial terms and in the interest of the Company and its Shareholders as a whole. Ms. Zhu and her associates are the controlling shareholders of Hongshun and have a material interest in the Capital Contribution Agreement. Accordingly, Ms. Zhu abstained from voting on Board level regarding the Capital Contribution Agreement. Apart from Ms. Zhu, no other Director considered himself/herself as having any material interest in the Capital Contribution Agreement or being required to abstain from voting on the Board's decision regarding the Capital Contribution Agreement.

## **LISTING RULES IMPLICATIONS OF THE CAPITAL CONTRIBUTIONS**

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Hongshun is controlled by Ms. Zhu (an executive Director and the controller of Ever City, a substantial shareholder of the Company) and her associates. The pro-rata Capital Contribution by Hongshun (being an associate of a connected person of the Company at the issuer level) to Qinghui (being a non-wholly-owned subsidiary of the Group) is fully exempt from all announcement, reporting, circular (including independent financial advice) and independent shareholders' approval requirements under Rule 14A.92(1) of the Listing Rules.

As Hongshun (being an associate of a connected person of the Company at the issuer level) exercises 10% or more of the voting right of Qinghui (excluding any indirect interest through the Company), the Capital Contribution by Huanye to Qinghui (being a connected subsidiary) constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the Capital Contribution by Huanye is conducted on normal commercial terms and the applicable percentage ratios (as defined in the Listing Rules) in respect of the Capital Contribution by Huanye are all less than 5%, under Rule

14A.76(2)(a) of the Listing Rules, the Capital Contribution by Huanye is exempt from circular (including independent financial advice) and independent shareholders' approval requirements but is only subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

<b>“associate(s)”</b>	having the meaning ascribed thereto under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Capital Contribution Agreement”</b>	the capital contribution agreement entered into between Qinghui and Qinghui Shareholders dated 3 December 2020 in relation to the Capital Contributions by Qinghui Shareholders to Qinghui
<b>“Capital Contribution by Hongshun”</b>	the capital contribution of RMB51,000,000 (HK\$60,000,000) agreed to be paid up by Hongshun to Qinghui under the Capital Contribution Agreement
<b>“Capital Contribution by Huanye”</b>	the capital contribution of RMB49,000,000 (HK\$57,647,000) agreed to be paid up by Huanye to Qinghui under the Capital Contribution Agreement
<b>“Capital Contributions”</b>	collectively, the Capital Contribution by Huanye and the Capital Contribution by Hongshun
<b>“Company”</b>	Universal Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 1026
<b>“connected person(s)”</b>	having the meaning ascribed thereto under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Ever City”</b>	Ever City Industrial Development Limited, a substantial shareholder of the Company holding 1,561,140,000 Shares (representing approximately 28.32% of the issued share capital of the Company)
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong Dollars, the lawful currency of Hong Kong
<b>“Hongshun”</b>	東莞市弘舜實業發展有限公司 (Dongguan Hongshun Shiye Development Co., Ltd.), a company established in the PRC with limited liability and the 51% shareholder of Qinghui

“Huanye”	深圳市環業環球科技有限公司 (Shenzhen Huanye Universal Technologies Co., Ltd.), 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
“Ms. Zhu”	Ms. Zhu Fenglian, an executive Director
“PRC”	the People’s Republic of China
“Qinghui”	東莞市擎璿置業有限公司 (Qinghui Properties Limited), a company established in the PRC with limited liability and a 49%-owned subsidiary of the Group
“Qinghui Shareholders”	collectively, Huanye and Hongshun (or, where the context requires as in the case of the provisions of Qinghui’s constitution, meaning the shareholders of Qinghui from time to time)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules

*In this announcement, amounts denominated in RMB are translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.85 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, 3 December 2020

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