



**TECHNOLOGIES**  
**UNIVERSAL**

Universal Technologies Holdings Limited  
*incorporated in the Cayman Island with limited liability*



# **FIRST QUARTERLY REPORT**

For the three-month period ended  
30 June 2002

## **Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)**

**GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

**The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.**

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors of Universal Technologies Holdings Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to Universal Technologies Holdings Limited. The directors of Universal Technologies Holdings Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*



## Universal Technologies Holdings Limited

*(incorporated in the Cayman Islands with limited liability)*

### **QUARTERLY REPORT** **For the three-month period ended 30 June 2002**

#### **SUMMARY**

- Turnover for the three-month period ended 30 June 2002 amounted to approximately HK\$526,000, representing a decrease of approximately 44.4% over the corresponding period in the last financial year.
- Net loss for the three-month period ended 30 June 2002 amounted to approximately HK\$4.06 million (2001: net loss of approximately HK\$0.90 million) which was primarily due to business expansion.
- Loss per share for the three-month period ended 30 June 2002 amounted to 0.66 cents (2001: loss per share amounted to 0.20 cents)
- On 6 May 2002, the Company successfully placed 16,670,000 shares in the Company at a placing price of HK\$0.9 per share to independent third parties.

## RESULTS

The board (“Board”) of directors (the “Directors”) of Universal Technologies Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the three-month period ended 30 June 2002 together with the comparative unaudited figures for the corresponding period in 2001 as follows:

	<i>Notes</i>	<b>For the three-month period ended 30 June 2002 <i>HK\$'000</i></b>	<b>For the three-month period ended 30 June 2001 <i>HK\$'000</i></b>
Turnover	2	526	946
Other revenue		49	11
		<u>575</u>	<u>957</u>
Staff costs		(1,544)	(926)
Depreciation		(93)	(56)
Minimum operating lease rental		(177)	(102)
Other operating expenses		(3,767)	(895)
Loss from operations		(5,006)	(1,022)
Finance costs		(4)	(7)
Loss from ordinary activities before taxation		(5,010)	(1,029)
Taxation	3		
– Hong Kong		–	–
– the PRC		–	–
Loss after taxation		(5,010)	(1,029)
Minority interests		952	133
Loss attributable to shareholders		<u>(4,058)</u>	<u>(896)</u>
Loss per share – Basic (in cents)	4	<u>(0.66) cents</u>	<u>(0.20) cents</u>

*Notes:*

### 1. Bases of presentation

The Company was incorporated in the Cayman Islands on 27 March 2001 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands.

Pursuant to the reorganisation to rationalise the structure of the Company and its subsidiaries in the preparation for the listing of the Company's shares on GEM operated by the Stock Exchange in October 2001 (the "Reorganisation"), the Company acquired the entire issued share capital of Universal Cyberworks (Group) Limited ("UCW") in consideration of the allotment of 59,999,990 shares of HK\$0.01 each in the share capital of the Company credited as fully paid and thereafter the Company became the holding company of the companies now comprising the Group. Prior to the Reorganisation, the business of the Group was carried on by UCW and its subsidiaries (the "UCW Group"). Details of the Reorganisation are set out in the prospectus issued by the Company dated 19 October 2001.

The income statements presented above include the combined results of the UCW Group for the three-month period ended 30 June 2001 as if the Company had been the ultimate holding company of its subsidiaries under the current structure throughout the period presented.

The income statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants and are prepared under the historical cost convention.

2. Turnover represents revenue recognised from the provision of on-line payment and logistics enterprise solution and the related services, net of value-added tax and business tax.

### 3. Taxation

- (i) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the periods presented.
- (ii) The Company's subsidiaries operating in the People's Republic of China (the "PRC") did not generate any profits assessable to the PRC's enterprise income tax during the periods presented.
- (iii) No provision for deferred taxation has been made as the Group did not have any significant unprovided deferred taxation in respect of the periods presented.

### 4. Loss per share

The calculation of basic loss per share for the three-month period ended 30 June 2002 is based on the unaudited consolidated net loss attributable to the shareholders of approximately HK\$4,058,000 and (2001: net loss of approximately HK\$896,000) and the weighted average number of 618,509,121 ordinary shares in issue throughout the three-month period ended 30 June 2002 (2001: 450,000,000 ordinary shares in issue), on the assumption that the Reorganisation (see note 1) had been completed on 1 April 2000.

No diluted loss per share is shown as there were no dilutive potential shares.

## 5. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1.4.2001	-	-	-	14	(1,406)	(1,392)
Exchange differences arising on translation of financial statements of the PRC subsidiaries	-	-	-	4	-	4
Loss for the period	-	-	-	-	(896)	(896)
At 30.6.2001	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>(2,302)</u>	<u>(2,284)</u>
At 1.4.2002	20,477	1,093	10,754	50	(5,856)	26,518
Premium arising on placing of shares	14,836	-	-	-	-	14,836
Share issue expenses	(321)	-	-	-	-	(321)
Premium arising on exercise of share options	7	-	-	-	-	7
Exchange differences arising on translation of financial statements of the PRC subsidiaries	-	-	-	7	-	7
Loss for the period	-	-	-	-	(4,058)	(4,058)
At 30.6.2002	<u>34,999</u>	<u>1,093</u>	<u>10,754</u>	<u>57</u>	<u>(9,914)</u>	<u>36,989</u>

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three-month period ended 30 June 2002 (2001: Nil).

### FINANCIAL ASSISTANCE TO AN ENTITY

As announced on 28 June 2002, the Group has arranged bills amounting to RMB20 million (equivalent to approximately HK\$18.9 million) for Shanghai Yi Mei Trading Company Limited, an independent third party to the Group, in May 2002. As a result of the issuance of the bills in May 2002, the Group's amounts due from related companies, which were interest-free and unsecured, increased by approximately HK\$18.9 million and its bills payable increased by approximately HK\$18.9 million. Such amounts represent approximately 58% of the net tangible assets of the Group as at 31 March 2002.

### BUSINESS REVIEW AND PROSPECTS

The business development of the Group in the first quarter was partly affected by worldwide sluggish economic in which the Group's clients became more cautious in capital investments and upgrading its existing payment and logistics systems. However, even under such harsh environment, the Group was still able to engage in certain contract negotiations, some of which are at final stages. Hopefully, these contracts can be concluded and revenue can be recognised in the second quarter.

In May 2002, the Group had successfully signed an agreement with China Shipping Container Lines Co. Ltd., a wholly-owned subsidiary of the second largest shipper in the PRC – China Shipping Group, to provide logistics solutions and consultancy services. This cooperation demonstrates the recognition of the Group’s supply chain management and related services and further arouse the brand name of the Group in the PRC’s logistics industry.

Apart from online payment and logistics enterprise solutions businesses, the Group also engaged in the provision of enterprise and related technical solutions as well as consulting and support services with a focus on mobile payment system and advertising agency services, production, distribution, provision and exhibition of entertainment and advertising programs in the PRC through the newly established subsidiary companies, namely Universal mPayment China Limited (“mPayment China”) and Universal Media (Shanghai) Limited (“Media Shanghai”) respectively. Both companies commenced their operations in April 2002 and are expected to have revenue contribution to the Group in the second quarter.

As a result of the above, the Group recorded a turnover of approximately HK\$526,000 for the three-month period ended 30 June 2002, representing approximately 44.4% decrease as compared to the corresponding period in last financial year.

The net loss attributable to shareholders amounted to approximately HK\$4.06 million for the three-month period ended 30 June 2002, representing approximately 353% increase as compared to the same period in last financial year. Significant increase in net loss attributable to shareholders was mainly due to expansion of the Group and the commencement of operations of mPayment China and Media Shanghai which incurred an operating loss amounted to approximately HK\$0.7 million in aggregate in the first quarter.

As announced on 30 April 2002, a placing agreement dated 30 April 2002 was entered into between DBS Asia Capital Limited (“DBS Asia”) and World One Investments Limited (“World One”) whereby World One agreed to sell and DBS Asia agreed to procure placees to purchase 16,670,000 shares in the Company at a price of HK\$0.90 per placing share subject to the terms and conditions contained therein. A subscription agreement dated 30 April 2002 was entered into between the Company and World One whereby World One agreed to subscribe for and the Company agreed to allot and issue 16,670,000 shares in the Company at a price of HK\$0.90 per share in the Company. The placing was completed on 6 May 2002.

## **Prospects**

The Directors anticipate that despite of the worldwide sluggish economy, there are still opportunities in the PRC for developing the Group’s online payment and logistics businesses following the entry into the World Trade Organisation. The Group’s logistics business will also expand significantly in the second half of the year due to increasing demand in transportation; warehouse and shipping management systems in the PRC. With the growing popularity of usage of mobile phones, the Group’s mobile payment system and related value-added services also have great potential in the PRC.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2002, the interests of the Directors and chief executives of the Company in the share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) as recorded in the register maintained under Section 29 of the SDI Ordinance or as notified to the Company and the Stock Exchange were as follows:

Name	Personal interests	Number of shares of the Company			Total
		Family interests	Corporate interests	Class of shares	
Mr. Lau Yeung Sang	–	4,800,000 (Note 1)	359,570,000 (Note 2)	Ordinary	364,370,000
Mr. Lau Sik Suen	5,800,000	–	–	Ordinary	5,800,000
Mr. Man Wing Pong	6,810,000	–	–	Ordinary	6,810,000

### Notes:

1. These shares are held by Madam Wu Wai Lai, the wife of Mr. Lau Yeung Sang. Mr. Lau Yeung Sang is therefore deemed to be interested in these shares by virtue of the SDI Ordinance.
2. These shares are held by World One. The entire issued share capital of World One is beneficially owned by Mr. Lau Yeung Sang. Mr. Lau Yeung Sang is therefore deemed to be interested in these shares by virtue of the SDI Ordinance.

Mr. Lau Sik Suen and Mr. Man Wing Pong, being executive Directors, have been granted certain share options under the pre-IPO share option scheme A (“Pre-IPO Share Option Scheme A”) and the pre-IPO share option scheme B (“Pre-IPO Share Option Scheme B”) of the Company (collectively referred to herein as the “Pre-IPO Share Option Schemes”), both adopted by the shareholders of the Company on 12 October 2001. The principal terms of the Pre-IPO Share Option Schemes are set out in the prospectus of the Company dated 19 October 2001 (the “Prospectus”). Details of the options granted under the Pre-IPO Share Option Schemes are set out in the paragraph headed “Outstanding share options” below.

Save as disclosed herein, as at 30 June 2002, none of the Directors or chief executives of the Company had any interests in the share capital or any securities of the Company or its associated corporations as recorded in the register maintained under Section 29 of the SDI Ordinance or as notified to the Company and the Stock Exchange.

## DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed herein, as at 30 June 2002, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors and/or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their respective spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.



## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following persons (other than a Director or chief executive of the Company) were interested in 10% or more of the issued share capital of the Company:

Name	Number of shares	Percentage of issued share capital
World One ( <i>Note</i> )	359,570,000	57.24

*Note:* World One is wholly and beneficially owned by Mr. Lau Yeung Sang. As Mr. Lau Yeung Sang is entitled to exercise or control the exercise of one-third or more of the voting rights of World One, he is deemed by virtue of the SDI Ordinance to be interested in the same 359,570,000 shares held by World One.

## OUTSTANDING SHARE OPTIONS

### (a) Pre-IPO Share Option Schemes

As at 30 June 2002, options to subscribe for an aggregate of 15,600,000 shares and 16,240,000 shares in the Company were granted under the Pre-IPO Share Option Scheme A and the Pre-IPO Share Option Scheme B, respectively to the following persons:

Name of grantee	Date granted	Exercise period	No. of shares Eligible for subscription under the share options	Exercise price
<b>Scheme A</b>				
<i>Executive Directors</i>				
Mr. Lau Sik Suen <sup>Δ</sup>	17 October 2001	26 April 2002 to 25 April 2012	4,200,000	HK\$0.01
Mr. Man Wing Pong <sup>Δ</sup>	17 October 2001	26 April 2002 to 25 April 2012	1,800,000	HK\$0.01
<i>Other participants</i>				
Senior management of the Company	17 October 2001	26 April 2002 to 25 April 2012	9,600,000	HK\$0.01
			<hr/>	
			<u>15,600,000</u>	

Name of grantee	Date granted	Exercise period	No. of shares Eligible for subscription under the share options	Exercise price
<b>Scheme B</b>				
<i>Executive Director</i>				
Mr. Lau Sik Suen <sup>Δ</sup>	17 October 2001	26 April 2002 to 25 April 2012	7,840,000	HK\$0.084
<i>Other participants</i>				
Senior management/ consultants of the Company	17 and 18 October 2001	26 April 2002 to 25 April 2012	8,400,000	HK\$0.084
			16,240,000	
Grand total under the Pre-IPO Share Option Schemes			31,840,000	

<sup>Δ</sup> *director and initial management shareholder of the Company*

Details of the Pre-IPO Share Option Schemes have been disclosed in the Prospectus.

As at 30 June 2002, options to subscribe for 2,900,000 shares and 100,000 shares granted under the Pre-IPO Share Option Scheme A and the Pre-IPO Share Option Scheme B respectively have been exercised by certain senior management and consultants of the Company. Save as disclosed herein, none of the options granted under any of the Pre-IPO Share Option Schemes have been exercised, cancelled or lapsed during the period from the date of grant of such options to 30 June 2002.

## **(b) Share Option Scheme**

On 12 October 2001, the shareholders of the Company adopted a share option scheme (the "Share Option Scheme"), the principal terms of which were set out in the Prospectus. Under the terms of the Share Option Scheme, the Board may, at their discretion, invite any Director (whether executive, non-executive and whether independent or not), any employees (whether full-time or part-time), any consultants or advisers (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) and any other persons who, in the absolute opinion of the Board, have contributed to the Group to take up options to subscribe for shares in the Company.

On 8 April 2002, the shareholders of the Company approved the refreshment of the limit under the Share Option Scheme pursuant to which the Board may grant options for subscription of up to a total of 60,830,000 shares, representing 10% of the issued share capital of the Company as at the date of approval of the refreshment.

## Share options granted under the Share Option Scheme

On 7 February 2002 and 9 April 2002, options to subscribe for an aggregate of 6,000,000 shares and 11,030,000 shares respectively were granted under the Share Option Scheme to the following persons:

Name of grantee	Date granted	Exercise period	No. of shares eligible for subscription under the share options	Exercise price
<i>Executive Director</i>				
Man Wing Pong	9 April 2002	9 April 2002 to 8 April 2012	1,500,000	HK\$1.40
	9 April 2002	9 October 2002 to 8 April 2012	1,500,000	HK\$1.40
<i>Other participants</i>				
Senior management and staff of the Group	7 February 2002	7 February 2002 to 6 February 2012	3,000,000	HK\$1.30
Senior management and staff of the Group	7 February 2002	7 August 2002 to 6 February 2012	3,000,000	HK\$1.30
Senior management and staff of the Group	9 April 2002	9 April 2002 to 8 April 2012	4,015,000	HK\$1.40
Senior management and staff of the Group	9 April 2002	9 October 2002 to 8 April 2012	4,015,000	HK\$1.40
Grand total under the Share Option Scheme			<u>17,030,000</u>	

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company was listed on 26 October 2001 and up to 30 June 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

## COMPETING INTERESTS

During the period under review, none of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had any interest in a business that competed or might compete with the business of the Group.

## **INTERESTS OF SPONSOR**

DBS Asia has been appointed as the continuing sponsor of the Company for the purpose of the GEM Listing Rules. Pursuant to the sponsorship agreement between the Company and DBS Asia, for a fee, DBS Asia acts as the Company's continuing sponsor for the period up to 31 March 2004.

As updated and notified by DBS Asia, DBS Asia, its directors, employees and associates (as defined in the GEM Listing Rules), as at 30 June 2002, did not have any interest in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

## **AUDIT COMMITTEE**

As required by Rule 5.23 of the GEM Listing Rules, the Company has established an audit committee on 12 October 2001 with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems. The audit committee comprises of the two independent non-executive Directors, namely Mr. Lee Yee Bun and Dr. Lo Wing Yan, William, and the company secretary of the Group, Mr. Chor Ngai.

By order of the Board  
**Lau Yeung Sang**  
*Director*

Hong Kong, 12 August 2002

*This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the day of its publication and on the website of the Company at [www.uth.com.hk](http://www.uth.com.hk).*