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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)*

### ISSUANCE OF BILLS MAJOR TRANSACTION

iPayment China, an indirect 57.499% owned subsidiary of the Company, arranged Bills amounting to RMB20 million (equivalent to approximately HK\$18.9 million) for Shanghai Yi Mei, an independent third party in November 2001 and May 2002, respectively. iPayment China is entitled to a fee equivalent to 3% of RMB20 million for the issuance of the Bills.

Such arrangement constituted a major transaction in November 2001 under the GEM Listing Rules. The arrangement in November 2001 has not been disclosed by the Company in a timely manner and prior shareholders' approval for the arrangement has not been obtained. The arrangement therefore constituted a breach of the GEM Listing Rules. The Stock Exchange reserves its rights to take appropriate actions in respect of the arrangement.

### THE BILLS

On 14 November 2001, iPayment China entered into an agreement with a commercial bank in the PRC for the issuance of Bills of RMB20 million (equivalent to approximately HK\$18.9 million) in favour of Shanghai Yi Mei. The settlement of such Bills was fully guaranteed by Jiangxi Paper, which is an independent third party and a business partner to Shanghai Gao Yuan and Shanghai Yi Mei. The full amount of such Bills was settled on 10 May 2002. The Bills was used by Shanghai Yi Mei for trading purpose.

On 10 May 2002, Jiangxi Paper provided a guarantee in the amount of RMB14 million (equivalent to approximately HK\$13.2 million) to a commercial bank in the PRC for the settlement of Bills issued by iPayment China in favour of Shanghai Yi Mei. On the same date, iPayment China entered into an agreement with the commercial bank for issuance of Bills amounting to RMB20 million (equivalent to approximately HK\$18.9 million) in favour of Shanghai Yi Mei. Bank deposits of RMB6 million (equivalent to approximately HK\$5.7 million) of iPayment China has been pledged to the bank for the issuance of the Bills. The Bills is used by Shanghai Yi Mei for trading purpose. The Bills is to be settled by 10 November 2002. Shanghai Yi Mei will also be responsible for any expenses incurred for the issuance of the Bills. Shanghai Yi Mei will pay RMB20 million and the expense incurred in relation to the Bills to iPayment China, which will arrange settlement of the Bills with the bank, before 10 November 2002.

Jiangxi Paper is independent of the Company, the directors, the chief executive, substantial shareholders and management shareholders of the Company and their respective associates. Jiangxi Paper is also independent of Shanghai Yi Mei and Shanghai Gao Yuan.

Shanghai Yi Mei holds 8% interest in Shanghai Gao Yuan. Shanghai Gao Yuan holds an indirect effective interest of 30% in Shanghai Yi Mei. Shanghai Gao Yuan is a shareholder of iPayment China holding 40% interests. Shanghai Yi Mei is independent of the Company, the directors, the chief executive, the substantial shareholders and the management shareholders of the Company and its subsidiaries and their respective associates. So far as the Directors are aware of, none of the associates of Shanghai Yi Mei and Shanghai Gao Yuan holds any interests in the Company.

## **FEE**

In consideration of iPayment China arranging the Bills in November 2001 and May 2002, Shanghai Yi Mei will pay to iPayment China an aggregate fee amounting to RMB600,000 (equivalent to approximately HK\$570,000), which was agreed after arm's length negotiations between the relevant parties and is equivalent to 3% of RMB20 million (equivalent to approximately HK\$18.9 million) upon the settlement of the Bills, which shall take place no later than 10 November 2002.

## **REASON**

iPayment China agreed to arrange for the issuance of the Bills in November 2001 due to the request of Shanghai Gao Yuan, which is a 40% shareholder of iPayment China. Given the guarantee provided by Jiangxi Paper and that no actual cash out flow is required under the arrangement, the Shanghai office of the Group considered that the Company's exposure under the arrangement is acceptable. In addition, the fee of 3% of RMB20 million receivable by iPayment China is considered to be reasonable. The Directors consider that even without taking into account of the bank deposit of RMB6 million (equivalent to approximately HK\$5.7 million) pledged to the bank, the Group has sufficient cash flow to meet its present requirements.

The Hong Kong office of the Group was notified of such arrangement when it was discovered during the annual financial review by the auditors of the Company in June 2002. As the arrangement was not reported to the Hong Kong office of the Group in a timely manner, the arrangement has not been disclosed by the Company previously and prior shareholders' approval for the arrangement has not been obtained. The Directors have, since the discovery of such arrangement, taken the necessary procedures in preventing similar non-compliance from taking place in future. These procedures include, among other things, a briefing to the Group's staff in the Shanghai office as to the notifiable transactions requirement under the GEM Listing Rules and the compliance officer to review the financial and bank statements of the Shanghai office on a weekly basis.

As all the cost of the arrangement has been born by Shanghai Yi Mei, the arrangement had made no impact to the financial position or cash flow of the Group, and the issuance of the Bills has not resulted in any negative financial impact to the Group. No proceeds from the initial public offering of the Group had been used in this regard. The executive Directors consider that the terms of the arrangement to be fair and reasonable. The independent non-executive Directors were informed of the issue of the Bills in June 2002 and did not have the opportunity to review the terms of the arrangement in advance. Having considered the terms of the arrangement subsequent to its occurrence, the independent

non-executive Directors concur with the executive Directors' view that the terms for the Group to arrange the issuance of the Bills are fair and reasonable.

## **GENERAL**

The Group is principally engaged in the provision of enterprise solutions with a focus on online payment and logistics.

Based on the face value of the Bills and the adjusted net tangible assets of the Group as at 14 November 2001, the arrangement for such previous Bills constituted a major transaction under the GEM Listing Rules and should normally require prior shareholders' approval. The issue of the Bills in November 2001 therefore constituted a breach of the GEM Listing Rules. The Stock Exchange reserves its rights to take appropriate actions in respect of such arrangement.

A circular regarding further information relating to the issuance of the Bills will be despatched to the shareholders of the Company for further information.

## **TERMS USED IN THIS ANNOUNCEMENT**

“Bills”	master acceptance bills
“Company”	Universal Technologies Holdings Limited, a limited liability incorporated in the Cayman Islands, the shares of which are listed on GEM
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“iPayment China”	Universal iPayment China Ltd. (formerly known as iPayment China Ltd), an indirect 57.499% owned subsidiary of the Company and a sino-foreign equity joint venture enterprise established in the People's Republic of China
“Jiangxi Paper”	Jiangxi Paper Industry Co., Ltd., a company whose A shares are listed on the Stock Exchange of Shanghai and is independent of the Company, the directors, the chief executive, substantial shareholders and management shareholders of the Company and their respective associates
“PRC”	The People's Republic of China
“Shanghai Gao Yuan”	Shanghai Gao Yuan Property (Group) Co., Ltd., a domestically owned enterprise established in the People's Republic of China, together with its subsidiaries, is principally engaged in a wide range of businesses including property investment, trading and investment in high technology companies, and holds 40% of the equity interest in iPayment China

“Shanghai Yi Mei”	Shanghai Yi Mei Trading Company Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“RMB”	Renminbi

By Order of the Board of  
Universal Technologies Holdings Limited  
**Man Wing Pong**  
*Director*

Hong Kong, 28 June 2002

\*For identification purpose only

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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