



**TECHNOLOGIES**  
**UNIVERSAL**

Universal Technologies Holdings Limited  
*(Incorporated in the Cayman Islands with limited liability)*  
Stock code: 8091

*FIRST QUARTERLY REPORT*

2007

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at “[www.hkgem.com](http://www.hkgem.com)” in order to obtain up-to-date information on GEM-listed issuers.

*The Stock Exchange 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 (the “Directors”) of Universal Technologies Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the requirement of the Rules Governing the Listing of Securities on the GEM (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 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 the basis and assumptions that are fair and reasonable.*



**HIGHLIGHTS**

- Turnover for the three months ended 31 March 2007 amounted to approximately HK\$10,722,000 (2006: HK\$6,994,000), representing an increase of approximately 53% over the corresponding period in the last financial year. The increase in turnover was mainly attributable to the increase in operation scale.
- Net profit for the three months ended 31 March 2007 amounted to approximately HK\$3,093,000 (2006: net loss of HK\$1,821,000). The increase in net profit was attributed to the increase in operation scale of the current business and the effective control of costs.
- Basic and diluted earnings per share for the three months ended 31 March 2007 amounted to approximately HK0.3 cents and HK0.3 cents respectively (2006: loss per share approximately HK0.26 cents).
- The Board does not recommend payment of any dividend for the three months ended 31 March 2007 (2006: Nil).



## RESULTS

The board of Directors (the “Board”) of Universal Technologies Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2007 together with the comparative unaudited figures for the corresponding period in 2006 as follows:

		<b>For the three months ended 31 March 2007</b>	For the three months ended 31 March 2006
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Turnover	2	<b>10,722</b>	6,994
Other revenue		<b>135</b>	161
		<b>10,857</b>	7,155
Cost of goods and services rendered		<b>(1,569)</b>	(2,951)
Staff costs		<b>(1,837)</b>	(1,014)
Depreciation		<b>(336)</b>	(160)
Minimum operating lease rentals		<b>(688)</b>	(290)
Other operating expenses		<b>(3,334)</b>	(4,473)
Profit/(loss) from operations		<b>3,093</b>	(1,733)
Finance costs		–	(88)
Profit/(loss) before taxation		<b>3,093</b>	(1,821)
Income tax expense	3	–	–
Profit/(loss) for the period		<b>3,093</b>	(1,821)
Attributable to:			
Equity holders of parent		<b>3,093</b>	(1,821)
		<b>3,093</b>	(1,821)
Earning/(loss) per share (in HK cents)			
Basic	4	<b>0.31</b>	(0.26)
Diluted	4	<b>0.31</b>	N/A



Notes:

**1. GENERAL INFORMATION AND BASIS OF PREPARATION**

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. The address of the registered office is Unit 231-233, Building 2, Phase I, No. 1 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

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 The Growth Enterprise Market ("GEM") operated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in October 2001, the Company became the holding company of the companies now comprising the Group. The shares of the Company were listed on GEM on 26 October 2001.

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations approved by the HKICPA, and are prepared under the historical cost convention.

The principal accounting policies and methods of computation used in the preparation of the first quarterly financial statements are consistent with those used in the annual audited financial statements for the year ended 31 December 2006.

**2. Turnover and Revenue**

The Group is principally engaged in investment holding, provision of online payment and related services, trading, system integration and related technical support services. Turnover for the period represents revenue recognised from the provision of online payment handling income net of business tax, net invoiced amount from trading, system integration and the related consultancy services at net invoice amount. An analysis of the Group's turnover and other revenue is set out below:

	<b>Three months period ended 31 March</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Online and mobile payment and related services income	<b>9,139</b>	3,811
Trading	<b>1,583</b>	2,445
System integration and related technical support services	<u>—</u>	<u>738</u>
Turnover	<b>10,722</b>	6,994
Interest on bank deposits	<b>112</b>	38
Others	<u>23</u>	<u>123</u>
Total revenue	<b><u>10,857</u></b>	<u>7,155</u>



### 3. Income tax expense

- (a) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the period. The Company's subsidiaries operating in the PRC are subject to Mainland China enterprise income tax at a rate of 27% or 33%.
- (b) The tax expense represents the sum of the current tax and deferred tax and is made up as follows:

	<b>Three months period ended 31 March</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax:		
Overseas taxation	-	-
Deferred taxation:		
Current period	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

### 4. Earnings/(Loss) per share

The calculation of basic earnings per share for the three months ended 31 March 2007 is based on the following data:

	<b>Three months period ended 31 March</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earning/(loss) per share	<u>3,093</u>	<u>(1,821)</u>
<b>Number of shares</b>		
Weighted average number of shares in issue for the purpose of calculation of basic earnings/(loss) per share	<b>982,619,969</b>	705,765,525
Effect of dilutive potential ordinary shares:- Share options	<u>883,228</u>	<u>-</u>
Weighted average number of shares in issue for the purpose of calculation of diluted earnings/(loss) per share	<u>983,503,197</u>	<u>705,765,525</u>



## 5. Changes in shareholder's equity

	Share capital	Share premium	Capital reserve	Special reserve	Exchange reserve	Share option reserve	Convertible bonds reserve	Statutory reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	6,682	37,426	1,093	10,754	128	1,122	668	-	(47,761)	10,112
Issue of new shares	690	11,385	-	-	-	-	-	-	-	12,075
Loss for the period	-	-	-	-	-	-	-	-	(1,821)	(1,821)
At 31 March 2006	7,372	48,811	1,093	10,754	128	1,122	668	-	(49,582)	(20,366)
At 1 January 2007	9,808	76,528	1,093	10,754	1,095	1,934	-	1,147	(43,026)	59,333
Exercise of share options	165	2,647	-	-	-	-	-	-	-	2,812
Transferred to accumulated loss	-	-	-	-	-	(898)	-	-	898	-
Profit for the period	-	-	-	-	-	-	-	-	3,093	3,093
At 31 March 2007	9,973	79,175	1,093	10,754	1,095	1,036	-	1,147	(39,035)	65,238



## ***DIVIDEND***

The Board does not recommend payment of an interim dividend for the three months ended 31 March 2007 (2006: Nil).

## ***BUSINESS AND FINANCIAL REVIEW***

The Group recorded an unaudited turnover of approximately \$10,722,000 for the three months ended 31 March 2007, an 53% increase over the same period of last year. The Group achieved a net profit of \$3,093,000 for the three months ended 31 March 2007.

Online payment business of the Group sustained robust growth during the first quarter of 2007. The number of new merchant increased rapidly as well as the transaction volume growth steadily during the period. The tendency is mainly attributed to the expected regulatory policies that will be promulgated by the government. Besides the changes in the business pattern, merchants are willing to select those payment service providers with huge market influence. The Group is seizing the market opportunities and the performance is satisfied although under more challenges. In order to cope with the expected changes in future, we have adjusted the Group's structure and our market strategy during this quarter. We have established a special department to cater for several important clients who have huge transaction volume or create more gross profit for us; and positive feedback have been received from these clients after couples of months' operation. Moreover, the number of employees and revenue in Beijing office are increasing gradually, and the Group's market share in Northern China also enhances rapidly. For the aspect of market strategy, we have promoted several marketing campaigns and attracted extensive media attention successfully.

The development of the Group's timber trading and furniture manufacturing is satisfactory. We set up strategy partnerships with several well-known timber trading companies in Shanghai to promote our high quality timber imported from Indonesia. In order to cope with the explosive growth resulted from the potential market demand; we have further enhanced the capability of Group's manpower, production scale and marketing channel, etc. The Group has set up a retail store in a famous furniture plaza in Shanghai, and our production and sale channel has initially come into being. Our management also realizes the importance of establishing the brand name for our high quality timber product, thus our Group has commenced to promote our own designed product by using the trade mark "Hyle Maestro" through the way of marketing, advertising, designers' recommendation and so on.

The Group's business in Hong Kong also achieved a good performance for this quarter. The number of new merchants from Hong Kong and overseas is increasing rapidly as a result of our remarkable services and comprehensive products line. In spite of the continuous appreciation of RMB, the operation performance in Hong Kong still maintains outstanding in term of the rapid growth of transaction volume and number of new merchants.

During this quarter, the Group further explores the feasibility of business diversification. In order to identify and evaluate new business opportunities with high gross margin, the Group has recruited certain new staff with substantial business experience. Meanwhile, the Group admits the importance of obtaining the professional support and assistance from the industry. Our consultant structure has been adjusted during this quarter, although some consultant agreement, say Mr. Li Di, has been expired, the Group will keep looking for new consultants who will contribute lots of help for the Group's current development.





## PROSPECTS

For the online payment business, the Group will firmly push forward its development in greater depth. In order to create greater value for the Group and its shareholders, the Group will adopt vigorous measures to cope with the changing political environment and fierce market competition.

For the timber trading and furniture manufacturing business, the Group will continue its investment project. The business is expected to be profit making in the future half year.

For other business segments, the Group will allocate additional resources and efforts to ensure its further development and to enhance its overall proportion within the Group.

The Board is confident of the future prospects of the Group and believes that the Group can maintain its rapid growth momentum in future.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2007, the interests or short positions of the directors and chief executives or their associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO") which (i) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Interests in ordinary shares			Total interests in ordinary shares	Total interests in underlying shares (Note 1)	Aggregate interests	% of the Company's issued share capital
	Personal interests	Family interests	Corporate interests				
<b>Executive Directors:</b>							
Mr. Lau Sik Suen	6,980,000	-	-	6,980,000	-	6,980,000	0.7%
Mr. Liu Rui Sheng	-	-	-	-	-	-	-
Madam Luan Yu Min	-	-	-	-	200,000	200,000	0.02%
<b>Non-executive Director:</b>							
Madam Zhou Zhi Yun	-	-	-	-	-	-	-
<b>Independent Non-executive Directors:</b>							
Mr. Wan Xie Qiu	-	-	-	-	-	-	-
Mr. Meng Li Hui	-	-	-	-	-	-	-
Mr. Fong Heung Sang	-	-	-	-	-	-	-



*Notes:*

1. The interests of Madam Luan Yu Min in underlying shares of the Company represent the interests in share options granted to Madam Luan Yu Min under the share option schemes of the Company.

Details of the interests in the share options of the Company are separately disclosed in the section headed "Share options" above.

2. There were no debt securities nor debentures issued by the Group at any time during the period ended 31 March 2007.

Save as disclosed above, as at 31 March 2007, none of the directors or chief executives or their associates of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

The directors confirmed that as at 31 March 2007 and for the period ended 31 March 2007,

- (i) the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings according to Rules 5.48 to 5.67 of the GEM Listing Rules; and
- (ii) all the directors complied with the required standard of dealings and the Company's code of conduct regarding directors' securities transactions.



**PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING**

So far as is known to any director or chief executive of the Company, as at 31 March 2007, persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

**(a) Long positions in the shares of the Company**

Name of Shareholders	Type of interests	Number of shares	Approximate percentage of interests
World One Investments Limited (Note 1)	Beneficial owner	218,100,000	21.87%
Mr. Lau Yeung Sang (Note 2)	Beneficial owner	224,100,000	22.47%
East Concord (Note 3)	Beneficial owner	130,000,000	13.04%
Calico Development Limited (Note 4)	Beneficial owner	106,000,000	10.63%
Anhui Investments Limited (Note 5)	Beneficial owner	67,540,000	6.77%
Link Silver International Limited (Note 6)	Beneficial owner	56,160,000	5.63%
Mr. Zheng Quan	Beneficial owner	51,500,000	5.16%

Notes:

- (1) World One Investments Limited ("World One") is wholly and beneficially owned by Mr. Lau Yeung Sang.
- (2) Total interests of Mr. Lau Yeung Sang in issued ordinary shares of the Company of 224,100,000 shares include 218,100,000 shares held by World One. Mr. Lau Yeung Sang is deemed to be interested in these ordinary shares held by World One.
- (3) East Concord is wholly and beneficially owned by Mr. Zhang Wen Bing.
- (4) Calico Development Limited is equally and beneficially owned by Mr. Wen Jin Jian and Madam Liu Qi Lan.
- (5) Anhui Investments Limited is equally and beneficially owned by Mr. Zhou Jian Hui and Mr. Chen Jiu Ming.
- (6) Link Silver International Limited is equally and beneficially owned by Mr. Pan Bin Lin and Madam Zou Yun Yu.

**(b) Short positions in the shares and underlying shares of equity derivatives of the Company**

So far as the directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.



## **SHARE OPTIONS**

Pursuant to the written resolutions passed by all the shareholders of the Company on 12 October 2001, the Company adopted the following share option schemes:-

### **(A) Share Option Scheme**

The purpose of the Share Option Scheme is to advance the interests of the Company and its shareholders by enabling the Company to grant options to attract, retain and reward all the directors (whether executive or non-executive and whether independent or not), the employees (whether full-time or part-time), any consultants or advisers of or to any company in the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid ("Eligible Persons")), and any other persons who, in the absolute opinion of the Board, have contributed to the Group and to provide to the Eligible Persons a performance incentive for continued and improved service with the Group and by enhancing such persons' contribution to increase profits by encouraging capital accumulation and share ownership. The directors may at their discretion, invite any Eligible Persons to take up options to subscribe for shares.

The maximum entitlement for any one participant (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The period within which the shares must be taken up under the option must not be more than ten years from the date of grant of the option. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for shares in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion may determine save that such price shall not be less than the higher of (i) the closing price per share on GEM as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average of the closing prices per share on GEM as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option.



A summary of the movements of the share options granted under the Share Option Scheme during the period is as follows:

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share options				
					Outstanding as at 1 January 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2007
Initial management shareholders and employees	7 February 2002	Fully vested on 7 February 2002	7 February 2002 to 6 February 2012	HK\$1.300	350,000	-	-	-	350,000
Senior management and staff of the Group	9 April 2002	Fully vested on 9 April 2002	9 April 2002 to 8 April 2012	HK\$1.400	70,000	-	-	-	70,000
Senior management and staff of the Group	23 December 2002	1 July 2003 to 1 January 2004 (inclusive)	Maximum 50%: 1 July 2003 to 22 December 2012 Remaining 50%: 1 January 2004 to 22 December 2012	HK\$0.108	60,000	-	-	-	60,000
Executive director	10 April 2003	10 October 2003 to 10 April 2004 (inclusive)	Maximum 50%: 10 October 2003 to 9 April 2013 Remaining 50%: 10 April 2004 to 9 April 2013	HK\$0.165	2,000,000	-	2,000,000	-	-

  

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share options				
					Outstanding as at 1 January 2006	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 March 2006
Senior management of the Group	10 April 2003	10 October 2003 to 10 April 2004 (inclusive)	Maximum 50%: 10 October 2003 to 9 April 2013 Remaining 50%: 10 April 2004 to 9 April 2013	HK\$0.165	6,000,000	-	6,000,000	-	-
Senior management of the Group	29 December 2005	29 December 2005 to 29 June 2006 (inclusive)	Maximum 50%: 29 December 2005 to 28 December 2015 Remaining 50%: 29 June 2006 to 28 December 2015	HK\$0.176	29,800,000	-	8,480,000	5,360,000	15,960,000
					38,280,000	-	16,480,000	5,360,000	16,440,000



The Company received a consideration of HK\$1.00 from each of the grantees of the share option schemes.

As at 31 March 2007, the number of shares in respect of which options had been granted and outstanding of under the share option schemes was 16,440,000, representing approximately 1.65% of the issued share capital of the Company.

### **COMPETING INTERESTS**

During the period, none of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.

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

During the three months ended 31 March 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **AUDIT COMMITTEE**

The Company has established an audit committee on 12 October 2001 with written terms of reference in compliance with Rules 5.28 of the GEM Listing Rules. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal control systems.

The audit committee currently comprises three independent non-executive directors, namely Mr. Wan Xie Qiu and Mr. Meng Li Hui and Mr. Fong Heung Sang, Mr. Meng Li Hui is the chairman of the audit committee.

The Group's unaudited results for the three months ended 31 March 2007 have been reviewed by the audit committee, who was of the opinion that the preparation of such results complied with the applicable accounting standard and the requirements of GEM Listing Rules and adequate disclosures had been made.



## **COMPLIANCE**

In the opinion of the directors, the Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the three months ended 31 March 2007.

By Order of the Board  
**Universal Technologies Holdings Limited**  
**Lau Sik Suen**  
*Chairman*

Hong Kong, 11 May 2007

As at the date of this report, the Board comprises the following members:

*Executive Directors*

Mr. Lau Sik Suen (*Chairman*)

Mr. Liu Rui Sheng

Madam Luan Yu Min

*Non-Executive Director*

Madam Zhou Zhi Yun

*Independent Non-Executive Directors*

Mr. Meng Li Hui

Mr. Wan Xie Qiu

Mr. Fong Heung Sang

