



TECHNOLOGIES
UNIVERSAL

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

THIRD 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 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 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.



SUMMARY

- Turnover for the nine-month period ended 30 September 2007 amounted to approximately HK\$39.44 million (2006: HK\$28.75 million), representing an increase of approximately 37% over the corresponding period in the last financial year.
- Net profits attributable to shareholders of the Company for the nine-month period ended 30 September 2007 amounted to approximately HK\$9.88 million (2006: HK\$4.84 million), representing an increase of approximately 104% over the corresponding period in the last financial year.
- Basic and diluted earnings per share for the nine-month period ended 30 September 2007 amounted to approximately HK0.90 cent and HK\$0.89 cent respectively (2006: HK0.65 cents).
- The Board does not recommend payment of any dividend for the nine-month period ended 30 September 2007 (2006: Nil).



UNAUDITED RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three-month and nine-month periods ended 30 September 2007 together with the comparative unaudited figures for the corresponding periods in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		For the nine-month period ended 30 September 2007 HK\$'000	For the nine-month period ended 30 September 2006 HK\$'000	For the three-month period ended 30 September 2007 HK\$'000	For the three-month period ended 30 September 2006 HK\$'000
Turnover	2	39,440	28,747	12,972	13,067
Other revenue	2	504	542	222	177
		39,944	29,289	13,194	13,244
Cost of sales		(10,007)	(9,403)	(3,377)	(4,165)
Staff costs		(7,483)	(3,052)	(3,211)	(972)
Depreciation		(1,082)	(639)	(393)	(215)
Minimum operating lease rentals		(2,341)	(1,224)	(820)	(521)
Other operating expenses		(9,147)	(9,982)	(2,490)	(3,709)
Profits from operations	3	9,884	4,989	2,903	3,662
Finance costs		-	(145)	-	(41)
Loss on disposal of fixed assets		-	(5)	-	-
Profits before taxation		9,884	4,839	2,903	3,621
Income tax expense	4	-	-	-	-
Profits for the period		9,884	4,839	2,903	3,621
Attributable to:					
Shareholders of the Company		9,884	4,839	2,903	3,621
		9,884	4,839	2,903	3,621
Earnings per share (in HK cent)					
Basic	5	0.90	0.65	0.23	0.46
Diluted	5	0.89	0.65	0.23	0.46



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2007

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 ("HKFRS") 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 third 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 and mobile payment and related services, timber manufacturing and 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 manufacturing and 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:

	For the nine-month period ended 30 September 2007 HK\$'000	For the nine-month period ended 30 September 2006 HK\$'000	For the three-month period ended 30 September 2007 HK\$'000	For the three-month period ended 30 September 2006 HK\$'000
Online and mobile payment and related services income	27,008	18,895	8,584	8,770
Timber manufacturing and trading	12,432	9,013	4,388	4,297
System integration and related technical support services	–	839	–	–
Turnover	39,440	28,747	12,972	13,067
Interest on bank deposits	468	164	211	59
Others	36	378	11	118
Total revenue	39,944	29,289	13,194	13,244



3. PROFITS FROM OPERATIONS

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profits from operations are stated after charging:-				
Cost of sales	10,007	9,403	3,377	4,165
Depreciation	1,082	639	393	215
Minimum operating lease rentals				
– Land and buildings	2,341	1,224	820	521
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. 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:

	For the nine-month period ended 30 September 2007 <i>HK\$'000</i>	For the nine-month period ended 30 September 2006 <i>HK\$'000</i>	For the three-month period ended 30 September 2007 <i>HK\$'000</i>	For the three-month period ended 30 September 2006 <i>HK\$'000</i>
Current tax:				
Overseas taxation	-	-	-	-
Deferred taxation:				
Current period	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	-	-	-



5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the periods is based on the following data:–

	Nine-month period ended 30 September		Three-month period ended 30 September	
	2007	2006	2007	2006
Earnings for the periods used in the calculation of basic and diluted earnings per share (in HK\$'000)	<u>9,884</u>	<u>4,839</u>	<u>2,903</u>	<u>3,621</u>
<i>Number of shares</i>				
Weighted average number of shares in issue, used for the purpose of calculation of basic earnings per share	<u>1,093,984,499</u>	<u>745,257,466</u>	<u>1,252,286,141</u>	<u>790,677,119</u>
<i>Effect of dilutive potential ordinary shares:</i>				
share options	<u>10,692,293</u>	<u>–</u>	<u>18,250,389</u>	<u>–</u>
Weighted average number of shares in issue for calculation of diluted earnings per share	<u>1,104,676,792</u>	<u>745,257,466</u>	<u>1,270,536,530</u>	<u>790,677,119</u>



6. CHANGES IN SHAREHOLDER'S EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Convertible bonds reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Total 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
Conversion of convertible bonds	800	7,200	-	-	-	-	(534)	-	-	7,466
Profits for the period	-	-	-	-	-	-	-	-	4,839	4,839
At 30 September 2006	8,172	56,011	1,093	10,754	128	1,122	134	-	(42,922)	34,492
At 1 January 2007	9,808	76,528	1,093	10,754	1,095	1,934	-	1,147	(43,026)	59,333
Issue of new shares	1,993	38,026	-	-	-	-	-	-	-	40,019
Exercise of share options	1,056	22,827	-	-	-	(1,586)	-	-	-	22,297
Transferred to accumulated losses	-	-	-	-	-	(348)	-	-	348	-
Equity settled share-based transaction	-	-	-	-	-	428	-	-	-	428
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	-	-	-	-	(69)	-	-	-	-	(69)
Profit for the period	-	-	-	-	-	-	-	-	9,884	9,884
At 30 September 2007	12,857	137,381	1,093	10,754	1,026	428	-	1,147	(32,794)	131,892

7. INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the nine-month period ended 30 September 2007 (2006: Nil).



BUSINESS REVIEW AND PROSPECTS

REVIEW

For the nine months period ended 30 September 2007, the Group sustained tremendous growth with net profit obtained already surpass the net profit of the whole year of 2006, and all sorts of financial indicators reach high record accordingly.

Group online payment business is growing gradually in line with the business trend. On the other hand, our business team is adapting to prepare for the growth of the coming year. During this period, the development of online payment industry is still in the status of two extreme. Smaller payment services providers walk with difficulties because of keen competition. On the other hand, larger payment services providers or portal site are increasing their investment in online payment business. Being one of the leading online payment services providers in mainland China, our Group will enhance the quality of our services and strengthen our market propaganda in order to sustain maturity of our product's development and maintain our competitiveness within the market. During this period, we have strengthened our development in several business segments such as online games, education and e-ticket etc. Through our investment of capital and re-allocation of resources, we have obtained satisfactory results in these key business segments. The Group also emphasizes the enhancement of internal strength, which includes our products variety, working team construction, employee continuous training and service flow optimization etc. Moreover, the Group continues to carry on certain arrangement in online payment business, and solid foundation for future development has been layout.

Performance of the Group timber manufacturing and trading business is encouraging. Both sales turnover and market recognition of our products have been enhanced. Since the timber business overcome the breakeven point during the year, it generates considerable profit for several consecutive months. Through our strategy alliance with our business partners, business chain has been established to co-ordinate the timber supply, manufacturing and sales, which is fundamental for future large-scale development. Besides the business chain, several innovation measures have been implemented by the Group, which include recruiting new talents, expanding our storage facilities and promoting our own brand name.

The business in Hong Kong also sustained stable growth during this period, especially in term of new business segments and overseas cooperation development. The Group has participated in several exhibitions and co-operated with several strategy partners to extend our marketing occupancy and the coverage of our overseas business gradually.

During this period, especially within the third quarter, our Group foresees the future dynamic development; hence, we have emphasized the importance of internal management to cope with the larger and more complicated market in the future.



PROSPECTS

From the aspect of the depth of business development, the Group will adapt effective measures with the idea of internal business arrangement to be fit into the changing marketing environment. The Group must be able to recognize the change in external factors such as government policy, marketing recognition, consumer's behavior and competitors etc. For example, if the related rule and regulation of online payment becomes consummate, it will have a long lasting and in-depth impact on our business development. Another factor which will greatly influence our business development is the market acceptability of new resources in timber business. These external factors are both challenging as well as providing opportunities to us. The internal development of the Group must foresee, comply with and go in front of the changing external environment. In the mean time, the Group should be able to work out reaction rapidly with high quality since it is the key to be a leader of the industry.

From the aspect of the width of business development, the Group is considering to acquire related business opportunities through acquisition or introduction of strategic partners in order to achieve breakthrough development in our existing business.

From the aspect of internal management, the Group continues to emphasize the internal strength in term of enhancement of corporate culture, working team construction and efficiency of policy execution.

The Board believes that our existing business strategy conforms to our realistic situation. Through our enhanced internal management, practical and effective business plan, we must be able to achieve greater progress and to maximize our shareholders' interest.

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

As at 30 September 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				
<i>Executive Directors:</i>							
Mr. Lau Sik Suen	-	-	-	-	-	-	-
Mr. Liu Rui Sheng	-	-	-	-	-	-	-
Madam Luan Yumin	-	-	-	-	200,000	200,000	0.02%
<i>Independent Non-executive Directors:</i>							
Mr. Wan Xie Qiu	-	-	-	-	-	-	-
Mr. Meng Li Hui	-	-	-	-	-	-	-
Mr. Fong Heung Sang	-	-	-	-	900,000	900,000	0.07%

Notes:

- The interests of Madam Luan Yumin and Mr. Fong Heung Sang in underlying shares of the Company represent the interests in share options granted to them 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" below.

- There were no debt securities nor debentures issued by the Group at any time during the period ended 30 September 2007.

Save as disclosed above, as at 30 September 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 30 September 2007 and for the period ended 30 September 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 30 September 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
East Concord (<i>Note 1</i>)	Beneficial owner	130,000,000	10.11%
Ever City Industrial Limited (<i>Note 2</i>)	Beneficial owner	106,000,000	8.24%

Notes:

- (1) East Concord is wholly and beneficially owned by Mr. Zhang Wen Bing.
- (2) Ever City Industrial Limited is equally and beneficially owned by Mr. Choi Hung Fai and Mr. Zhou Hang.

(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 30 September 2007
					Outstanding as at 1 January 2007	Granted during the year	Exercised during the year	Lapsed during the year	
Initial management shareholders, executive director 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, executive director 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	-	-
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	-	24,440,000	5,360,000	-
Director, Senior management and staff of the Group	21 May 2007	Fully vested on 21 May 2007	21 May 2007 to 20 May 2009	HK\$0.228	-	99,720,000	73,110,000	-	26,610,000
					38,280,000	99,720,000	105,610,000	5,360,000	27,030,000

Notes:

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



As at 30 September 2007, the number of shares in respect of which options had been granted and outstanding under the share option schemes was 27,030,000, representing approximately 2.10% of the issued share capital of the Company.

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

During the nine-month period ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

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

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's Article 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 Rule 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. Meng Li Hui, Mr. Wan Xie Qiu and Mr. Fong Heung Sang. Mr. Meng Li Hui is the chairman of the audit committee.

The Group's unaudited results for the nine-month period ended 30 September 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.

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

Hong Kong, 5 November 2007

As at the date of this report, the Directors are as follows:

Executive Directors:

Mr. Lau Sik Suen (*Chairman*)
Mr. Liu Rui Sheng
Madam Luan Yumin

Independent Non-executive Directors:

Mr. Meng Li Hui
Mr. Wan Xie Qiu
Mr. Fong Heung Sang

