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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)

ADVANCES TO AN ENTITY

IN NOVEMBER 2001, JANUARY 2002 AND MAY 2002

As announced on 28 June 2002, 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.

In January 2002, the Group made a deposit of approximately HK\$8.5 million to Shanghai Gao Yuan relating to the possible purchase of an office premise by the Group.

The issuance of the Bills constituted a major transaction in November 2001 and a discloseable transaction in May 2002 under the GEM Listing Rules, details of which have already been set forth in the Documents.

As a result of the issuance of the Bills, the total amount of advances to Shanghai Gao Yuan and its affiliated companies exceeded 25% of net tangible assets of the Group. Further, as a result of the Deposit, the total amount of advances to Shanghai Gao Yuan and its affiliated companies increased by more than 10% of the Group's net tangible assets. The failure to disclose the particulars of the advances to Shanghai Gao Yuan and its affiliated companies at appropriate times pursuant to Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules constituted a breach of the GEM Listing Rules.

The Deposit also constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules. The failure to disclose the particulars of the Deposit pursuant to Rules 19.33 and 19.36 constituted a breach of the GEM Listing Rules.

The Stock Exchange reserves its rights to take appropriate action in respect of the Company's failure to disclose the particulars of the advances to Shanghai Gao Yuan and its affiliated companies at appropriate times pursuant to Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules and the particulars of the Deposit pursuant to Rules 19.33 and 19.36 of the GEM Listing Rules.

Reference is made to the announcement and the circular of the Company dated 28 June 2002 and 2 August 2002 (the "Documents") respectively relating to the issuance of RMB20 million Bills in November 2001 (the "First Bills") and May 2002 (the "Second Bills") for Shanghai Yi Mei. Unless defined otherwise, the terms used herein have the same meanings as defined in the Documents.

The disclosure obligation to issue an announcement pursuant to Rule 17.15 of the GEM Listing Rules arises when the relevant advance to an entity from the Group exceeds 25% of the Group's net tangible assets. The disclosure obligation to issue an announcement pursuant to Rule 17.16 of the GEM Listing Rules arises when the relevant advance to an entity from the Group increases from that previously disclosed by an amount equivalent to 10% or more of the Group's net tangible assets since last disclosed. Further, the continuing disclosure obligation to disclose information on the relevant advances in half yearly, quarterly or annual reports pursuant to Rule 17.22 of the GEM Listing Rules arises when the relevant advance to an entity from the Group exceeds 25% of the Group's net tangible assets as at the Company's half yearly or quarterly period end or annual financial year end.

Set forth below is a summary of the events relating to the Group and the relevant amounts due from related companies to the Group in November 2001, December 2001, January 2002, March 2002 and May 2002 respectively:-

	14 November 2001	31 December 2001	4 January 2002	31 March 2002	10 May 2002
<i>Shanghai Yi Mei (Note 1)</i>	Issuance of the First Bills of approximately HK\$18.9 million (Note 2)	First Bills outstanding of approximately HK\$18.9 million (Note 2)	First Bills outstanding of approximately HK\$18.9 million (Note 2)	First Bills outstanding of approximately HK\$18.9 million (Note 2)	Settlement of the First Bills and issuance of the Second Bills of approximately HK\$18.9 million (Note 3)
<i>Shanghai Yi Da Enterprise Development Co., Ltd (Note 4).</i>	-	Approximately HK\$0.4 million (Note 5)	Approximately HK\$0.4 million (Note 5)	Approximately HK\$0.4 million (Note 5)	Approximately HK\$0.4 million (Note 5)
<i>Universal eCommerce China Ltd (Note 6)</i>	Approximately HK\$0.1 million (Note 7)	Approximately HK\$0.1 million (Note 7)	Approximately HK\$0.2 million (Note 7)	Approximately HK\$0.2 million (Note 7)	Approximately HK\$0.1 million (Note 7)
<i>Shanghai Gao Yuan (Note 1)</i>	-	-	Deposit of approximately HK\$8.5 million (Note 8)	Deposit outstanding of approximately HK\$8.5 million (Note 8)	Deposit outstanding of approximately HK\$8.5 million (Note 8)
<i>Aggregate amount outstanding</i>	HK\$19.0 million	HK\$19.4 million	HK\$28.0 million	HK\$28.0 million	HK\$27.9 million
<i>% of the Group's net tangible assets</i>	59% (Note 9)	61% (Note 9)	88% (Note 9)	86% (Note 10)	86% (Note 10)
<i>Breach of the relevant GEM Listing Rules</i>	Rule 17.15 (Note 11)	Rule 17.22	Rules 17.16, 19.33 and 19.36	Rule 17.22	Rule 17.15 (Note 11)

Notes:-

- 1) 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% interest. Shanghai Yi Mei is independent of the Company, its directors, the chief executive, the substantial shareholders and the management shareholders of the Company and their respective associates.
- 2) Please refer to details under “Bills in November 2001” below.
- 3) Please refer to details under “Bills in May 2002” below.
- 4) Shanghai Yi Da Enterprise Development Co., Ltd. is the controlling shareholder of Shanghai Gao Yuan.
- 5) Such amount relates to the purchase of motor vehicles from Shanghai Yi Da Enterprise Development Co., Ltd by the Group, as agreed between the parties on 28 November 2001. Upon the transfer of relevant titles in June 2002, the motor vehicles became owned by the Group.
- 6) Universal eCommerce China Ltd is a company owned as to 49% by Shanghai Gao Yuan.
- 7) Such amount relates to B2C transaction fees for using the Group’s payment platform.
- 8) Please refer to details under “Deposit in January 2002” below.
- 9) Based on the adjusted net tangible assets of the Group of approximately HK\$32.0 million, as disclosed in the prospectus of the Company dated 19 October 2001.
- 10) Based on the audited net tangible assets of the group of approximately HK\$32.6 million as at 31 March 2002.
- 11) The failure to comply timely and properly with the announcement, disclosure and shareholders’ approval requirements pursuant to Rules 19.33, 19.36 and 19.38 of the GEM Listing Rules in relation to the major transaction in November 2001 and the announcement and disclosure requirements pursuant to Rules 19.33 and 19.36 of the GEM Listing Rules in relation to the discloseable transaction in May 2002, as disclosed subsequently in the Documents, also constituted a breach of the GEM listing Rules.

All the amounts mentioned above were interest-free, unsecured and repayable on demand.

Bills in November 2001

On 14 November 2001, iPayment China entered into an agreement with a commercial bank in the PRC for an initial term of one year for the issuance of the First Bills of RMB20 million (equivalent to approximately HK\$18.9 million) in favour of Shanghai Yi Mei. The settlement of the First 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. Bank deposits of RMB6 million (equivalent to approximately HK\$5.7 million) of iPayment China has been pledged with the bank for the issuance of the First Bills. Shanghai Yi Mei paid iPayment China the full amount of the First Bills, which in turn settled the First Bills on 10 May 2002. The First Bills was used by Shanghai Yi Mei for trading of computer software. Apart from Shanghai Yi Mei’s relationship with Shanghai Gao Yuan as stated in note 1 to the table above, neither Jiangxi Paper nor Shanghai Yi Mei has any business relationship with the Group.

As, after the issuance of the First Bills, the total amount of advances to Shanghai Gao Yuan and its affiliated companies exceeded 25% of the net tangible assets of the Group, a disclosure obligation to issue an announcement arises pursuant to Rule 17.15 of the GEM Listing Rules. The failure to disclose the particulars of the advances to Shanghai Gao Yuan and its affiliated companies including the First Bills in November 2001 constituted a breach of the GEM Listing Rules.

Quarterly report for the nine months ended 31 December 2001

As the total amount of advances to Shanghai Gao Yuan and its affiliated companies still exceeded 25% of the Group's net tangible assets as at 31 December 2001, a continuing obligation to disclose the relevant information in the quarterly report of the Company arises pursuant to Rule 17.22 of the GEM Listing Rules. The failure to disclose the particulars of the details of the advances to Shanghai Gao Yuan and its affiliated companies of approximately HK\$19.4 million in the quarterly report of the Company for the nine months ended 31 December 2001 constituted a breach of the GEM Listing Rules.

Deposit in January 2002

On 4 January 2002, the Group made a deposit (the "Deposit") of approximately HK\$8.5 million to Shanghai Gao Yuan relating to the possible purchase of an office premise by the Group. Such amount was interest-free, unsecured and repayable on demand. As a result of the Deposit, the total amount of advances to Shanghai Gao Yuan and its affiliated companies increased by more than 10% of the Group's net tangible assets. Accordingly, a disclosure obligation to issue an announcement arises pursuant to Rule 17.16 of the GEM Listing Rules.

The Deposit also constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules. The failure to disclose the particulars of the Deposit pursuant to Rules 19.33 and 19.36 of the GEM Listing Rules constituted a breach of the GEM Listing Rules.

Subsequently, the Group decided not to proceed with the purchase of the office premise and the Deposit was fully repaid by Shanghai Gao Yuan on 31 May 2002.

Annual report for the year ended 31 March 2002

As the total amount of advances to Shanghai Gao Yuan and its affiliated companies still exceeded 25% of the Group's audited net tangible assets as at 31 March 2002, a continuing obligation to disclose the relevant information in the annual report of the Company arises pursuant to Rule 17.22 of the GEM Listing Rules. The failure to disclose the particulars of the advances to Shanghai Gao Yuan and its affiliated companies of approximately HK\$28.0 million in the annual report of the Company for the year ended 31 March 2002 constituted a breach of the GEM Listing Rules.

Bills in May 2002

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 the Second 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 the Second 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 with the bank for the issuance of the Second Bills. The Second Bills is used by Shanghai Yi Mei for trading of computer software. The Second 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 Second Bills. Shanghai Yi Mei will pay RMB20 million and the expense incurred in relation to the Second Bills to iPayment China, which will arrange settlement of the Second Bills with the bank, before 10 November 2002.

As, after the issuance of the Second Bills, the total amount of advances to Shanghai Gao Yuan and its affiliated companies exceeded 25% of the net tangible assets of the Group, a disclosure obligation to issue an announcement arises pursuant to Rule 17.15 of the GEM Listing Rules. The failure to disclose the particulars of the advances to Shanghai Gao Yuan and its affiliated companies including the Second Bills in May 2002 constituted a breach of the GEM Listing Rules.

General

The Company's failure to disclose the particulars of the advances to Shanghai Gao Yuan and its affiliated companies including the First Bills and the Second Bills and the particulars of the Deposit at appropriate times constituted breaches of the GEM Listing Rules.

The Stock Exchange reserves its rights to take appropriate action in respect of the Company's failure to disclose the particulars of the advances to Shanghai Gao Yuan and its affiliated companies at appropriate times pursuant to Rules 17.15, 17.16 and 17.22 of the GEM Listing Rules and the particulars of the Deposit pursuant to Rules 19.33 and 19.36 of the GEM Listing Rules..

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

Hong Kong, 22 August 2002

*For identification purpose only

This announcement, for which the directors of the Company 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.

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.uth.com.hk.