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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)

PROPOSED PURCHASE OF PROPERTY

DISCLOSEABLE TRANSACTION

iPayment China, an indirect subsidiary of the Company, entered into a conditional sale and purchase agreement with Bai Ma, being an independent third party, on 20 September 2002, in relation to the sale and purchase of the Property.

Such arrangement constituted a discloseable transaction of the Company under the GEM Listing Rules. The deposit paid by the Group for such transaction is deemed to be an advance to an entity under the GEM Listing Rules. As the amount of the deposit exceeded 25% of the Group’s net tangible assets, the Company had a disclosure obligation pursuant to Rule 17.15 of the GEM Listing Rules and a continuing disclosure obligation under Rule 17.22 of the GEM Listing Rules.

The transaction has not been disclosed by the Company in a timely manner and, accordingly, constituted a breach of the GEM Listing Rules. The Stock Exchange reserves its rights to take appropriate actions in respect of the transaction.

THE PROPERTY

On 20 September 2002, Universal iPayment China Limited (“iPayment China”) entered into a conditional sale and purchase agreement (the “Agreement”) with Shanghai Bai Ma Investment Company Limited (“Bai Ma”). Bai Ma is a privately owned enterprise established in the People’s Republic of China (the “PRC”) which is principally engaged in property investment in Shanghai and is independent of and not connected with (1) the Company, the directors, the chief executives, the management shareholders and substantial shareholders of the Company and their respective associates; and (2) Shanghai Gao Yuan (as defined below). iPayment China is an indirect 57.499% owned subsidiary of Universal Technologies Holdings Limited (the “Company”). The other major shareholder holding 40% of iPayment China is Shanghai Gao Yuan Property (Group) Co., Ltd. (“Shanghai Gao Yuan”). Shanghai Gao Yuan is a privately owned enterprise established in the PRC which, together with its subsidiaries, are principally engaged in property investment, trading and investment in high technology companies and other businesses. The Directors understand that Bai Ma and Shanghai Gao Yuan have no business relationship or other arrangement in place.

Pursuant to the Agreement, Bai Ma agreed conditionally to sell a property located at No. 1174, Tian Yao Qiao Road, Long Hua Jie, Xu Hui Qu, Shanghai, the PRC and the relevant land use right thereof (the “Property”) to iPayment China for a cash consideration of Rmb20.8 million (equivalent to approximately HK\$19.6 million), which was determined after arm’s length negotiation. Bai Ma did not inform the Group of its cost of acquisition of the Property. As Bai Ma acquired the Property through a private tender, no public information of its purchase price is available. A deposit of Rmb20.8 million (equivalent to approximately HK\$19.6 million) was paid to Bai Ma, of which approximately Rmb4.2 million (equivalent to approximately HK\$4.0 million) was paid on 22 September 2002 and approximately Rmb16.6 million (equivalent to approximately HK\$15.7 million) was paid on 30 September 2002. The said deposit was interest-free and unsecured, and was financed by internal funds of iPayment China. The gross floor area of the four-storey building and the site area of the Property are approximately 2,489 square metres and approximately 2,445 square metres, respectively. The Directors have, in September 2002, sought preliminary opinion from 上海房地產估價師事務所有限公司 (Shanghai Real Estate Appraisal Company Limited), an independent valuer in the PRC, who verbally indicated the market value of the Property (assuming that the Property is for commercial use) to be not less than Rmb25 million (equivalent to approximately HK\$23.6 million). A written report from the independent valuer will be obtained before the completion of the purchase of the Property. Pursuant to the Agreement, the title and ownership of the Property shall be transferred to iPayment China and the transaction shall be completed on or before 31 December 2002. The transaction will become void and the full amount of the deposit shall be refunded to iPayment China without interest if the conditions are not fulfilled by then.

The payment of the deposit to Bai Ma was financed by internal funds of iPayment China. As at the date hereof, the registered capital (which was fully paid up on 23 August 2001) and the cash balances of iPayment China amount to US\$5.1 million (equivalent to approximately HK\$39.8 million) and approximately HK\$8.2 million, respectively. Save as disclosed herein, the Group has not injected any additional funds into iPayment China.

In early October 2002, the directors of the Company (the “Directors”) understood from the senior official of the Urban Development Council of Xu Hui Qu who verbally indicated that the use of the land in respect of the Property and the nearby areas might be changed from commercial purposes to establishment of a memorial museum. No public announcement has been made by the local government about such possible change. Accordingly, on 30 October 2002 and 13 November 2002, supplemental agreements were entered into between Bai Ma and iPayment China pursuant to which iPayment China shall have the right to cancel the Agreement and seek refund of the full amount of the deposit paid to Bai Ma without interest if the Urban Development Council of Xu Hui Qu concludes that the land in respect of the Property will be for non-commercial purposes or cannot conclude the use of the land in respect of the Property on or before 15 December 2002. The Directors understand that a government notice will be published for such conclusion. As at the date hereof, no conclusion has yet been reached.

The Urban Development Council of Xu Hui Qu is a governmental institution and is independent of and not connected with (1) the Company, the directors, the chief executives, the management shareholders and substantial shareholders of the Company and their respective associates; and (2) Bai Ma.

PURPOSE

The Company and its subsidiaries (together, the “Group”) are principally engaged in the provision of enterprise solutions with a focus on online payment and logistics.

The Directors are of the view that the purchase of the Property will allow the Group to have more space for its operations and will enhance the Group’s image in Shanghai with a building of its own. In particular, the Directors have taken into account the following (1) the Property is located at a good location in Shanghai; (2) it is the Group’s plans to strengthen its headquarter operations in Shanghai as soon as possible; (3) the Group’s existing office space, with a gross floor area of approximately 300 square metres, is unable to cope with the rapid expansion of the Group in Shanghai, which has an aggregate of 81 staff members as at the date hereof; and (4) the discount of the purchase price of the Property to the market value as preliminarily indicated by an independent valuer in the PRC. The Property is expected to be used as the headquarters of the Group in Shanghai. The Directors expect that the Group would initially occupy at least two-thirds of the floor area of the Property. The remaining area could be used for the Group’s further expansion or for leasing to an outside party. As at the date hereof, no specific plan has been drawn.

Although there is a possibility that the usage of the land use right of the Property may be changed to the establishment of a memorial museum and that the Urban Development Council of Xu Hui Qu may make subsequent changes to its conclusion, the Directors consider that the terms of the Agreement (as subsequently amended) are fair and reasonable and the entering into the Agreement (as subsequently amended) is in the interests of the Group, after taking into account the benefits of the proposed purchase of the Property as mentioned above. In the event that the land use right of the Property is subsequently changed to the establishment of a memorial museum or for other purposes, the Group will have to identify another office premise for its headquarters and seek, as stipulated under the PRC laws, compensation from the local government.

The Directors are of the view that it may not be usual practice to pay an up-front deposit equivalent to the amount of the consideration for the purchase of a property in Shanghai. However, given the discount of the consideration as compared to the indicative market value of the Property, the location of the Property and the conditions imposed under the Agreement (as subsequently amended), the Directors consider the arrangements to be acceptable.

DISCLOSURE REQUIREMENTS

The transaction contemplated under the Agreement constituted a discloseable transaction of the Company under the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange (the “GEM Listing Rules”). The deposit paid by the Group of Rmb20.8 million (equivalent to approximately HK\$19.6 million) for such arrangement is deemed to be an advance to an entity under the GEM Listing Rules and represented approximately 60% of the Group’s audited net tangible assets of approximately HK\$32.6 million as at 31 March 2002. As the amount of the deposit exceeded 25% of the Group’s net tangible assets, the Company had a disclosure obligation pursuant to Rule 17.15 of the GEM Listing Rules.

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. The failure to disclose the details of the advances to Bai Ma of approximately Rmb20.8 million in the interim report of the Company for the six months ended 30 September 2002 constituted a breach of the GEM Listing Rules.

The transaction has not been disclosed by the Company in a timely manner as the staff member who is responsible for communicating the relevant information to the continuing sponsor has mistakenly missed the timing of informing the continuing sponsor of the proposed transaction and making the relevant disclosure. The late disclosure of the transaction constituted a breach of the GEM Listing Rules. The Stock Exchange reserves its rights to take appropriate actions in respect of the transaction.

A circular in respect of further details of the Agreement will be despatched to the shareholders of the Company for their information.

OTHER INFORMATION ON THE GROUP

The Directors confirm that none of the proceeds of the Company's initial public offering in October 2001 has been used for the purchase of the Property and there has been no material change in the use of proceeds and the business objectives of the Group as stated in the prospectus of the Company dated 19 October 2001. As at the date hereof, the Group has cash balances of approximately HK\$21 million, comprising unused proceeds from the Company's initial public offering in October 2001 of approximately HK\$11.5 million and unused proceeds from the Company's subsequent placing in May 2002 of approximately HK\$9.5 million.

In addition, as stated in the announcement of the Company on 28 June 2002, the Group has arranged bills amounting to Rmb20 million (equivalent to approximately HK\$18.9 million) for a related company of Shanghai Gao Yuan. The bills were subsequently settled on 11 November 2002. Save as disclosed herein, the Group does not have any other business relationship or arrangement with Shanghai Gao Yuan and / or Bai Ma.

By order of the board of Directors
Universal Technologies Holdings Limited
Man Wing Pong
Director

Hong Kong, 18 November 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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