



THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

3 March 2005

**The GEM Listing Committee of The Stock Exchange of Hong Kong Limited
censures Universal Technologies Holdings Limited,
Mr Lau Sik Suen and Mr Lau Yeung Sang (Resigned effective 22 April 2003)
for breaching the GEM Listing Rules**

At a disciplinary hearing held on 28 December 2004, the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “GEM Listing Committee”) conducted a hearing into possible breaches by, among others, Universal Technologies Holdings Limited (the “Company”), Mr Lau Sik Suen (“Mr Lau”) and Mr Lau Yeung Sang of their obligations under the GEM Listing Rules. The GEM Listing Committee concluded that:

- (1) the Company breached: (a) the then Rule 17.15, Rule 17.22, the then Rules 19.33, 19.36 and 19.38 of the GEM Listing Rules in Case 1; (b) the then Rule 17.16, Rule 17.22 and the then Rules 19.33 and 19.36 of the GEM Listing Rules in Case 2; and (c) the then Rules 19.33 and 19.36 of the GEM Listing Rules in Case 3;
- (2) Mr Lau breached: (a) the then Rule 5.15 of the GEM Listing Rules and the Director's Declaration, Undertaking and Acknowledgement given by a director of listed issuer to the Exchange in the form set out in Appendix 6A to the GEM Listing Rules (the “Director's Undertaking”) in Cases 1 to 3; and (b) the then Rules 5.51 and 5.53 of the GEM Listing Rules and the Director's Undertaking in Case 4; and
- (3) Mr Lau Yeung Sang breached the Director's Undertaking in Cases 1 to 3.

The GEM Listing Committee decided to impose the following sanctions on the parties:

- a public censure on the Company for the said breaches in (1) above; and
- a public censure on Mr Lau and Mr Lau Yeung Sang for their respective breaches mentioned in (2) and (3) above.

The Company was required under:

- the then Rule 17.15 of the GEM Listing Rules to disclose where the relevant advance to an entity from the Company or its subsidiaries exceeds 25 per cent of the Company's net tangible assets ("NTA");
- the then Rule 17.16 of the GEM Listing Rules to disclose when the relevant advance to an entity increases from that previously disclosed by 10 per cent or more of the Company's NTA since last disclosed;
- Rule 17.22 of the GEM Listing Rules to disclose requisite information in the half-year, quarterly or annual report where the disclosure obligation under Rule 17.15 continues to exist at the Company's half-yearly or quarterly period end or annual financial year end;
- the then Rule 19.33 of the GEM Listing Rules to disclose, among other things, a discloseable transaction and a major transaction by a press announcement and notify the Exchange of the same as soon as possible;
- the then Rule 19.36 of the GEM Listing Rules to despatch a circular relating to the transaction to the Company's shareholders; and
- the then Rule 19.38 of the GEM Listing Rules to obtain shareholders' approval of the transaction.

Mr Lau was required under:

- the then Rule 5.15 of the GEM Listing Rules, as the compliance officer of the Company, to advise and assist the board of directors in implementing procedures to ensure the Company's compliance with the GEM Listing Rules or other laws and regulation as applicable to the Company;
- the then Rule 5.51 of the GEM Listing Rules not to deal in the shares of the issuer during the blackout period (i.e. the period commencing one month immediately preceding the earlier of: (i) the date of the board meeting for the approval of the issuer's results for any year, half-year or quarter-year period; and (ii) the deadline for the issuer to publish its results announcement for any year, half-year or quarter-year period, and ending on the date of the results announcement) unless the circumstances were exceptional; and
- the then Rule 5.53 of the GEM Listing Rules not to deal in any securities of the listed issuer without first notifying the chairman (or other director(s) appointed for the specific purpose), and receiving a dated written acknowledgement.

Mr Lau and Mr Lau Yueng Sang were required under the Director's Undertaking to comply to the best of their ability with the GEM Listing Rules and to use their best endeavours to procure that the Company shall so comply.

Case 1

iPayment China, a subsidiary of the Company, entered into an agreement with a bank for the issuance of a bill for RMB20 million in favour of Shanghai Yi Mei on 14 November 2001 and 10 May 2002 respectively. The bills were financial assistance provided by the Company to a third party. The first and the second bills were equivalent to 65 per cent and 39 per cent of the Company's relevant NTA. The first bill and the second bill constituted a major transaction and a discloseable transaction under the GEM Listing Rules respectively. The Company notified the Exchange on 25 June 2002 and published an announcement on 28 June 2002.

As at 14 November 2001, the aggregate sum due from Shanghai Gao Yuan, its subsidiaries, its controlling shareholders and affiliates including Shanghai Yi Mei (collectively the "Entities") was equivalent to 59 per cent of the Company's relevant NTA. As at 31 December 2001 being the end of the Company's third quarterly period of the financial year 2001, the aggregate sum due from the Entities was equivalent to 61 per cent of the Company's relevant NTA. As at 10 May 2002, the second bill exceeded 25 per cent of the Company's relevant NTA. The Company did not make disclosure at the relevant time.

Case 2

iPayment China paid a sum of RMB9 million (the "Deposit") to Shanghai Gao Yuan on 4 January 2002 for purchase of property in Shanghai. The purchase did not materialise and the Deposit was refunded without interest to iPayment China on 31 May 2002. The Deposit was equivalent to 28 per cent of the Company's relevant NTA. The payment of the Deposit constituted a discloseable transaction. The Listing Division became aware of the Deposit in August 2002 and the Company published an announcement on 22 August 2002.

As a result of the payment of the Deposit, the total amount of advances to the Entities increased by more than 10 per cent of the Company's relevant NTA. As at 31 March 2002 being the end of the Company's financial year end for 2001, the aggregate sum due from the Entities was equivalent to 86 per cent of the Company's relevant NTA. The Company did not make disclosure at the relevant time.

Case 3

iPayment China entered into a sale and purchase agreement on 20 September 2002 to purchase office premises in Shanghai from an independent third party at a consideration of RMB20.8 million. The consideration of RMB20.8 million exceeded 15 per cent of the Company's relevant NTA and the purchase of the property constituted a discloseable transaction. The purchase of the property was reported to the Listing Division in November 2002 and the Company published an announcement on 18 November 2002.

Case 4

The Company's 2002 third quarterly results for the period ended 31 December 2002 were approved by the board meeting on 11 February 2003 and announced later the same day. Mr Lau sold 800,000 shares in the Company on 21 January 2003. The share disposal took place within the blackout period. Mr Lau had also failed to comply with the prescribed internal procedures for director's dealings in the Company's shares.

The Company, Mr Lau and Mr Lau Yeung Sang admitted the breaches of the GEM Listing Rules.

For the avoidance of doubt, the Exchange confirms that this public censure applies only to the Company, Mr Lau and Mr Lau Yeung Sang and not to any other past or present members of the Board of Directors of the Company.

The Head of Listing Richard Williams said:

“It is a matter of grave concern that the Company repeatedly breached the GEM Listing Rules (“GLR”) within one year of its listing. Listed issuers are subject to the GLR from the time they are listed on the GEM and must have adequate and effective internal controls in place to ensure compliance with the GLR from the time of their listing and directors must have a working understanding of the GLR requirements. Separately, directors are required to strictly comply with the restrictions on their dealings in the shares of the listed issuer as laid down in the GLR, the aim of which is to ensure that directors do not abuse, and do not place themselves under suspicion of abusing, price sensitive information that they may have or are thought to have.”