THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker or their registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Universal Technologies Holdings Limited (the "Company"), you should at once hand this circular and with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities in the Company.

UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED

環球實業科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8091)

MAJOR TRANSACTION, REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES, REFRESHMENT OF SCHEME MANDATE LIMIT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

COMMERZBANK

Commerzbank AG Hong Kong Branch

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Core Pacific – Yamaichi Capital Limited

A letter from the Independent Board Committee is set out on page 20 of this circular. A letter from CPY Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 27 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Units 231-233, Building 2, Phase 1, No. 1 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on Monday, 28 January 2008 at 11:00 a.m. is set out on pages 149 to 152 of this circular. A form of proxy for use at the EGM is enclosed. If you do not intend to attend and vote at the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Hong Kong Registrars Limited, the branch share registrar and transfer office of the Company at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular will remain on the GEM website at "www.hkgem.com" on the "Latest Company Announcements" page for 7 days and the Company's website at "www.uth.com.hk" from the date of publication.

11 January 2008

* *For identification purpose only*

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CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"2005 Group Reorganisation"	the corporate reorganisation by the Group in October 2005 which involve, among other things, the acquisition of IPS, the disposal of the Land, the assets transfer and the structure contracts with IPS, the details of which were announced by the Company on 9 September 2005
"Acquisition"	the acquisition of the entire issued share capital by Cyberworks from the Vendor pursuant to the Sale and Purchase Agreement
"AGM"	the annual general meeting of the Company held on 30 April 2007
"Articles of Association"	the articles of association of the Company
"associates"	has the same meaning ascribed in the GEM Listing Rules
"Board"	the board of Director(s)
"Business Day"	means a day other than Saturday, Sunday or public holiday or a day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong anytime between 9:00 a.m. and 5:00 p.m. on which commercial banks are open for business during their normal business hours in Hong Kong
"Company"	Universal Technologies Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
"Completion"	completion of the Sale and Purchase Agreement
"Completion Date"	the date of Completion, being the 5th Business Day after all conditions to the Sale and Purchase Agreement have been fulfilled (or waived as appropriate) or such other date as agreed by the Vendor and Cyberworks in writing
"Consideration"	the aggregate consideration of HK$72,500,000, comprising a cash payment of HK$3,060,000 and the issue of 217,000,000 Consideration Shares at the Issue Price pursuant to the Sale and Purchase Agreement
"Consideration Share(s)"	217,000,000 Shares to be issued to the Vendor pursuant to the Sale and Purchase Agreement

"CPY Capital"	Core Pacific - Yamaichi Capital Limited, a corporation licensed to conduct business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the grant of the New General Mandate
"Cyberworks"	Universal Cyberworks International Limited, a company incorporated in British Virgin Islands on 2 April 2001 and a wholly-owned subsidiary of the Company
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be held at Units 231-233, Building 2, Phase 1, No. 1 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on Monday, 28 January 2008 at 11:00 a.m. or any adjournment thereof
"Enlarged Group"	the Group as enlarged by the Acquisition
"Existing General Mandate"	the general mandate approved and granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal in up to 199,453,771 Shares, representing 20% of the issued share capital of the Company of 997,268,855 Shares as at the date of the AGM
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Committee"	the listing sub-committee of the board of the Stock Exchange with responsibility for GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising the independent non-executive Directors, namely Mr. Meng Li Hui, Mr. Wan Xie Qiu and Mr. Fong Heung Sang, established for the purpose of advising the Independent Shareholders on the New General Mandate

"Independent Shareholders"	the Shareholders other than World One Investments Limited and its respective associates
"Independent Third Party(ies)"	person(s) which is/are third party(ies) independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules) and their respective associates
"IPS"	International Payment Solutions (Shanghai) Limited (formerly known as Universal eCommerce China Limited), a domestic enterprise established in the PRC on 29 March 2001 and a deemed wholly-owned subsidiary of the Group
"Issue Price"	The issue price of HK$0.32 per Consideration Share
"Land"	the piece of land situated at 1174 Tian Yao Qiao Road, Long Hua Street, Xu Hui District, Shanghai, the PRC with an area of approximately 2,473 square metres and held by the PRC Company
"Land Use Right Certificate"	the land use right certificate of the Land issued by Shanghai Bureau of Land and Resources in respect of the use of the Land
"Last Trading Day"	6 December 2007, being the last trading day prior to the release of the announcement of the Company dated 6 December 2007
"Latest Practicable Date"	8 January 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Long Stop Date"	30 June 2008 or such other date as Cyberworks and the Vendor shall otherwise agree
"New General Mandate"	the mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company on the date of EGM
"PRC"	The People's Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region
"PRC Company"	Universal iPayment China Limited, a domestic enterprise incorporated on 6 July 2000 under the laws of the PRC

"Sale and Purchase Agreement"	the conditional agreement dated 6 December 2007 entered into between Cyberworks and the Vendor in connection with the Acquisition
"Scheme Mandate Limit"	the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group and which must not in aggregate exceed 10% of the Shares in issue as at the date of passing of relevant ordinary resolutions
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Share Option Scheme"	the share option scheme of the Company which was adopted by the Company on 12 October 2001 and expiring on 11 October 2011
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed thereto in the GEM Listing Rules
"UIHK"	Universal iPayment (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on 11 February 2004 and an indirect wholly-owned subsidiary of the Company
"UII"	Universal iPayment International Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by the Vendor as at the Latest Practicable Date
"UII Group"	UII and its subsidiaries
"Vendor"	Mr. Xiong Hai Tao, the beneficial owner of the entire issued share capital of UII and an Independent Third Party
"HK$"	Hong Kong dollars, the lawful currency in Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC; and
"%"	per cent.

All amounts in RMB have been translated in HK$ at a rate of HK$1.0526=RMB1 in this circular for illustration only

UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED
環球實業科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8091)

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

Registered Office:
Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Principal place of business in Hong Kong:
Units 231-233, Building 2, Phase One
No. 1 Science Park West Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

11 January 2008

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION, REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES, REFRESHMENT OF SCHEME MANDATE LIMIT

INTRODUCTION

On 6 December 2007, the Directors announced that Cyberworks, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor for the acquisition of the entire issued share capital of UII. The Consideration for the Acquisition amounted to HK$72,500,000 and will be satisfied as to HK$3,060,000 in cash to be financed by the Group's internal resources and as to the remaining balance of HK$69,440,000 by the issuance of 217 million Consideration Shares at the Issue Price of HK$0.32 per Consideration Share.

* *For identification purpose only*

An EGM will be convened by the Company at which resolutions will be proposed to seek approval of (i) the Shareholders for the Sale and Purchase Agreement and the Acquisition contemplated thereunder; (ii) the Independent Shareholders for the New General Mandate; and (iii) the Shareholders for the refreshment of the Scheme Mandate Limit. At such meeting, the votes of the Shareholders or the Independent Shareholders (as the case may be) will be taken on a poll.

The Independent Board Committee has been constituted to advise the Independent Shareholders in relation to the New General Mandate. CPY Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among others, (i) details of the Sale and Purchase Agreement, the New General Mandate and the refreshment of the Scheme Mandate Limit; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the granting of the New General Mandate; (iii) a letter of advice from CPY Capital to the Independent Board Committee and the Independent Shareholders in relation to the granting of the New General Mandate; (iv) an accountants' report on UII; (v) the pro forma financial information of the Enlarged Group; (vi) a property valuation report relating to the Land; and (vii) the notice convening the EGM.

THE SALE AND PURCHASE AGREEMENT

Date

6 December 2007

Parties

Purchaser : Cyberworks

Vendor : The Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

The Group disposed of the entire issued share capital of UII to the Vendor pursuant to a sale and purchase agreement dated 9 September 2005 (the "Disposal"), which constituted a very substantial disposal of the Company and the details of which were disclosed in the announcement of the Company on that same date. In addition, the Vendor was one of the subscribers in three new Shares subscriptions of the Company and had subscribed for 11,500,000 Shares, 12,000,000 Shares and 27,300,000 Shares, respectively, pursuant to the subscription agreements dated 20 January 2006 (the announcement of which was made by the Company on 23 January 2006), 30 October 2006 (the announcement of which was made by the Company on 31 October 2006) and 16 May 2007 (the announcement of which was made by the Company on 17 May 2007), respectively. The Vendor has confirmed that he had disposed of all his interests in the Shares before the announcement of the Company dated 6 December 2007. Save as disclosed above, the Group has not had any transactions or relationship with the Vendor and his associates prior to entering into of the Sale and Purchase Agreement.

Assets to be acquired

Cyberworks will acquire the entire issued share capital of UII. The Land is currently held by the PRC Company, which is owned as to 60% by UII. Pursuant to the Sale and Purchase Agreement, the Vendor will procure UII to purchase the remaining 40% equity interest in the PRC Company and UII will hold the entire interest of the PRC Company before Completion.

UII, an investment holding company, was incorporated in Hong Kong on 30 December 1996 and is wholly owned by the Vendor. Since the date of its incorporation, UII has not commenced any operations other than holding the PRC Company and UIHK, which is principally engaged in the provision of online payment enterprise solutions and related services in Hong Kong and overseas. Pursuant to the 2005 Group Reorganisation in October 2005, the entire issued share capital of UIHK was transferred to another member of the Group and the entire issued share capital of UII was disposed of by the Group to the Vendor (i.e. the Disposal). Save for the interest in the PRC Company, UII has no other material assets and liabilities and has only incurred insignificant amount of administrative expenses of approximately HK$2,700 for the year ended 31 March 2007. As at the Latest Practicable Date, the principal asset of the PRC Company is the Land. Currently, an industrial building which was principally used as warehouse is erected on the Land. Set out below is the audited financial information of the PRC Company for the two years ended 31 December 2006 prepared in accordance with the generally accepted accounting principles accepted in the PRC:

	For the year ended 31 December	
	2006	**2005**
	RMB	*RMB*
	(Audited)	*(Audited)*
Revenue	5,218,373 (equivalent to approximately HK$5,493,024)	4,828,721 (equivalent to approximately HK$5,082,864)
Net (loss)/profit before tax	(535,905) (equivalent to approximately HK$(564,111))	28,857 (equivalent to approximately HK$30,376)
Net (loss)/profit after tax	(535,905) (equivalent to approximately HK$(564,111))	28,857 (equivalent to approximately HK$30,376)

	As at 31 December	
	2006	**2005**
	RMB	*RMB*
	(Audited)	*(Audited)*
Net asset value	22,244,452 (equivalent to approximately HK$23,415,213)	22,780,358 (equivalent to approximately HK$23,979,324)

Set out below is the audited financial information of UII Group for the two years ended 31 March 2007 prepared in accordance with the generally accepted accounting principles accepted in Hong Kong:

	For the year ended 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
	(Audited)	*(Audited)*
Revenue	2,725	22,764
Net (loss)/profit before tax	(1,019)	13,780
Net (loss)/profit after tax	(1,019)	13,780

	As at 31 March	
	2007	**2006**
	HK$'000	*HK$'000*
	(Audited)	*(Audited)*
Net asset value	19,486	19,607

The Land

The Land is located at 1174 Tian Yao Qiao Road, Long Hua Street, Xu Hui District, Shanghai, the PRC, and has a total site area of approximately 2,473 square metres, which was initially approved for industrial use with a land use right term of 50 years. In December 2006, 上海市徐滙城市規劃管理局 (Urban Planning Administration Bureau of the Xuhui District of Shanghai) approved the Land to be used for education or scientific research and development purpose. The Group initially acquired approximately 60% attributable interest in the Land in February 2003 with an intention to set up its headquarters in Shanghai. However, in view of the subsequently emerged online payment and related business opportunities, the Group disposed of all of its interest in the Land to the Vendor (through the Disposal) and used the proceeds of approximately HK$12.7 million (which was based on the valuation of the Land as at 31 July 2005 appraised by DTZ Debenham Tie Leung Limited) to further acquire additional interest in IPS which to the best of the Directors' knowledge, information and belief having made all reasonable enquires, is not connected with the Vendor, as the main operating vehicle of the Group pursuant to the 2005 Group Reorganisation.

Consideration

The Consideration of HK$72,500,000 was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to the valuation of the Land amounted to approximately RMB73,300,000 (equivalent to approximately HK$77,000,000) as at 31 October 2007 reported by DTZ Debenham Tie Leung Limited, which to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party. In addition, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no material change on the aforementioned value of the Land from 1 November 2007 to the date of the Sale and Purchase Agreement. The Consideration will be satisfied as to HK$3,060,000 in cash to be financed by the Group's internal resources and as to the remaining balance of HK$69,440,000 be satisfied by the issuance of 217 million Consideration Shares at the Issue Price of HK$0.32 per Consideration Share.

Pursuant to the Sale and Purchase Agreement, Cyberworks has paid a refundable deposit of HK$3,060,000 to the Vendor upon signing of the Sale and Purchase Agreement (the "Deposit"); and the remaining balance of HK$69,440,000 be satisfied by the issuance of 217 million Consideration Shares at the Issue Price of HK$0.32 per Consideration Share upon Completion. The Deposit will be refunded in full to Cyberworks without interest if the conditions of the Sale and Purchase Agreement are not satisfied on or before the Long Stop Date. Having considered that the Land was initially disposed of at approximately HK$12.7 million which was based on the then valuation of the 60% interest in the Land appraised by an Independent Third Party and the Consideration of HK$72.5 million is determined with reference to the valuation of 100% interest on the Land appraised by the same Independent Third Party, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

As at the Latest Practicable Date, there were 1,286,928,858 Shares in issue and the 217,000,000 Consideration Shares will represent: (i) approximately 16.86% of the existing issued share capital of the Company; and (ii) approximately 14.43% of the issued share capital of the Company as enlarged by the Consideration Shares. The Consideration Shares shall be issued under the specific mandate to be sought at the EGM. There is no restriction relating to the disposal of the Consideration Shares by the Vendor. Pursuant to the Existing General Mandate, the Directors are authorized to allot and issue up to 199,453,771 Shares and as at the Latest Practicable Date, 199,330,000 Shares have been issued under the Existing General Mandate.

The Consideration Shares to be issued upon Completion shall rank pari passu with all the Shares then in issue as at the respective date of issue of the Consideration Shares. An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Consideration Shares.

The Issue Price

The Issue Price was determined after arm's length negotiation between the Company and the Vendor and represents:

(i) a discount of approximately 5.88% to the closing price of HK$0.34 per Share on the Last Trading Day;

(ii) a discount of approximately 1.84% to the average closing price of HK$0.326 per Share for the last 5 trading days up to and including the Last Trading Day;

(iii) a discount of approximately 1.84% to the average closing price of HK$0.326 per Share for the last 10 trading days up to and including the Last Trading Day;

(iv) a discount of approximately 3.03% to the average closing price of HK$0.33 per Share for the last 20 trading days up to and including the Last Trading Day; and

(v) nil premium or discount to the closing price of HK$0.32 per Shares as at the Latest Practicable Date.

The Issue Price was arrived at after arm's length negotiations between the Company and the Vendor with reference to the recent trading prices of the Shares as shown above. Given the fact that the Issue Price is at a discount to the relevant average closing prices of the Shares, the Directors (including the independent non-executive Directors) consider that the Issue Price and the issue of the Consideration Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional on the following conditions precedent:

(i) UII being interested in the entire equity interest of the PRC Company, (which include, but not limited to, (a) the transformation of the PRC Company into a wholly foreign owned enterprise of the PRC; (b) all the relevant assets and title of the Land shall remain legal and valid, intact or not withdrawn from the relevant government authority after the change in company status of the PRC Company);

(ii) a legal opinion as to PRC laws, in the form and substance satisfactory to Cyberworks, as to, inter alia, (a) the valid existence and good standing of the PRC Company as a wholly foreign owned enterprise; (b) the legality and validity on the title of the Land which is vested on the PRC Company will not be affected after the PRC Company becomes a wholly foreign owned enterprise; (c) the legality of the PRC Company in the development of the Land will not be affected after the PRC Company becomes a wholly foreign owned enterprise of the PRC; and (d) the obtaining and possession of all necessary government approvals and licenses stating that UII is the legal and beneficial owner of 100% equity interest of the PRC Company;

(iii) the GEM Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in the Consideration Shares;

(iv) the approval of the respective board of directors of Cyberworks and the Company for the transactions contemplated under the Sale and Purchase Agreement;

(v) the approval of the respective shareholders of Cyberworks and the Company for the transactions contemplated under the Sale and Purchase Agreement;

(vi) Cyberworks and/or the representative(s) of Cyberworks (acting reasonably) being satisfied with the results of due diligence (including legal and financial due diligence) on UII and its subsidiaries and their businesses;

(vii) a valuation report of the Land in form and substance to the satisfaction of Cyberworks and the market value of which shall not be less than RMB72,500,000; and

(viii) between the date of the Sale and Purchase Agreement and the date of Completion, there being no material adverse change or deterioration having occurred in the business, assets, financial or trading position or values of UII and the PRC Company, or in the laws and regulations applicable to UII and the PRC Company.

Cyberworks may, at its sole discretion, waive (to the extent that Cyberworks may do so) any of the conditions set out in the Sale and Purchase Agreement other than conditions (i), (ii), (iii) and (v) above.

Completion shall take place on the Completion Date. If the conditions set out in the Sale and Purchase Agreement are not satisfied or waived by the Long Stop Date, or such later date as agreed by the parties in writing, the Sale and Purchase Agreement shall terminate and the Vendor shall forthwith refund the Deposit (without interest) to Cyberworks and no party thereto shall have any claim whatsoever against the other party save for antecedent breaches.

Upon Completion, UII and the PRC Company will become a direct wholly-owned subsidiary and an indirect wholly-owned subsidiary of the Company, respectively, and, accordingly, the consolidated financial statements of UII will be consolidated into the Group's consolidated financial statements. In addition, all liabilities owed to the Vendor by UII, if any will be waived by the Vendor upon Completion. UII has no liabilities owed to the Vendor as at the Latest Practicable Date.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Save for the outstanding share options, the Directors have confirmed that there are no other outstanding warrants or convertible securities that are dilutive to the shareholding structure of the Company. Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the issue of the Consideration Shares; and (iii) immediately after the issue of the Consideration Shares and assuming the exercise of outstanding share options of the Company:

Shareholders	**As at the Latest Practicable Date**		**Immediately after the issue of the Consideration Shares**		**Immediately after the issue of the Consideration Shares and assuming the exercise of outstanding share options of the Company**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Substantial Shareholders						
World One Investments Limited *(Note 1)*	144,150,000	11.2	144,150,000	9.58	144,150,000	9.42
Vendor *(Note 2)*	0	0	217,000,000	14.43	217,000,000	14.19
Directors						
Madam Luan Yu Min	0	0	0	0	200,000	0.01
Mr. Fong Heung Sang	0	0	0	0	900,000	0.06
Sub-total	**144,150,000**	**11.2**	**361,150,000**	**24.01**	**362,250,000**	**23.68**
Public Shareholders	1,142,778,858	88.8	1,142,778,858	75.99	1,167,508,858	76.32
Total:	**1,286,928,858**	**100**	**1,503,928,858**	**100**	**1,529,758,858**	**100**

Notes:

(1) World One Investments Limited is wholly and beneficially owned by Mr. Lau Yeung Sang, an initial management Shareholder and the father of Mr. Lau Sik Suen, the chairman of the Board. Other than being an executive director of certain subsidiaries of the Group, Mr. Lau Yeung Sang does not hold any directorship of the Company.

(2) The Vendor is a party not acting in concert with World One Investments Limited and its associates. Save for the holding of the Consideration Shares, the Vendor or any of its associates will not hold any directorship or position in the Group upon Completion.

Issue of the Consideration Shares will not result in a change of control of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of online payment and related business in the PRC provision of internet content and timber trading and processing.

Pursuant to the Group Reorganisation in October 2005, the Group disposed of its interest in the Land so as to allow additional resources for the Group to focus on and expand its online payment business in the PRC through IPS. Since then, the Group's online payment business, which significantly improved the Group's financial results and turned around the Group's business in 2006, has become the core business and income source of the Group. In 2006, the turnover from online payment and related services amounted to approximately HK$27.16 million and the Group started to record a net profit of approximately HK$5.6 million from a loss in the previous year. With the successful operations of IPS in the PRC, the Group's operation scale also expanded significantly and the number of staff was increased by approximately 25% as at 31 December 2006 from a year ago. Presently, the Group has three offices in the PRC, namely Beijing, Shanghai and Shenzhen. Due to the continual development of the online payment business and the development of new business opportunities, the Directors consider that the present office spaces would not be sufficient to cater for expansion of the Group's business in the PRC, particularly the Shanghai office which is the main operation centre of the Group in the PRC. In addition, the office rental in Shanghai has been on an upward trend. Accordingly, the Company intends to acquire the Land back from the Vendor and establish it as its headquarters in the PRC for business development. The Directors consider that the Acquisition will increase office space for additional staff recruitment and will also save the Group's rental costs in the long term.

The Company expects to incur capital expenditure of approximately HK$40 million, which will be financed by equity or debt financing, to develop the Land into a 6-storey building occupying a gross floor area of approximately 7,000 square metres, of which the Group will initially occupy 2 storeys and lease the rest to third parties.

In view of the above-mentioned benefits of the Acquisition to the Company, the Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE ACQUISITION

Upon Completion, UII will become a direct wholly-owned subsidiary and the PRC Company will become an indirect wholly-owned subsidiary of the Company. As at 30 June 2007, the unaudited consolidated total assets and liabilities of the Group were approximately HK$155.12 million and HK$44.17 million, respectively, with an unaudited net asset value of approximately HK$110.95 million. According to the unaudited pro forma consolidated financial information of the Enlarged Group as disclosed in Appendix III to this circular, assuming the Acquisition took place on 30 June 2007, the unaudited pro forma consolidated total assets and total liabilities of the Enlarged Group would have been approximately HK$233.34 million and HK$45.16 million, respectively, resulting in a net asset value of approximately HK$188.18 million. It is expected that the Acquisition will not have any impact on the profit and loss accounts of the Group.

VALUATION OF THE LAND

For the purpose of the Acquisition, the Land was valued at RMB73,300,000 (equivalent to approximately HK$77,000,000) as at 31 October 2007 by DTZ Debenham Tie Leung Limited, details of which are summarised in Appendix V to this circular. As a result, there is a net valuation surplus, representing the excess market value of the Land over its book value, of approximately HK$59,000,000 which is not included in the audited accounts of the UII Group for the nine-month period ended 30 September 2007 as set out in Appendix II to this circular.

Disclosure of the reconciliation of the property interests of UII Group and the valuation of the Land as required under Rule 8.30 of the GEM Listing Rules is set out below.

	HK$'000	*HK$'000*
Valuation of the Land as at 31 October 2007 as set out in the valuation report included in Appendix V to this circular		77,000
Net book value of the Land as at 30 September 2007 as set out in the accountants' report on UII Group included in Appendix II to this circular	18,129	
Less: Amortisation of prepaid land lease expenses during the period from 1 October 2007 to 31 October 2007 (unaudited)	(33)	
Net book value of the Land as at 31 October 2007 subject to valuation as set out in the valuation report included in Appendix V to this circular		18,096
Net valuation surplus		58,904

FINANCIAL AND TRADING PROSPECTS

As stated in the annual report of the Company for the year ended 31 December 2006, the Group recorded a net profit of approximately HK$5.56 million mainly due to the outstanding performance of the Group's online payment business. With the continuous growth of the PRC economy, the Group's online payment business is expected to have the potential for further significant achievements by leveraging on the expertise and the well-established network of the Group in the PRC. The Group intends to widen its online payment services by identifying certain business sectors (e.g. traveling ticket, insurance and telemarketing) and develop online payment derivative products to current account holders. In 2007, the Group has diversified into timber trading and processing business in order to capture the booming market opportunities. In order to accommodate for the above business expansion, the Directors are of the view that establishing the headquarters in Shanghai will provide an effective foothold for the Group to further expand its business in the PRC. The headquarters will help to boost the Group's operating efficiency with more additional spaces, thereby enabling the staff to achieve high performance standard to its customers. It will further upgrade the Group's image in the PRC, which may attract new customers or increase the demand from its existing customers for its online payment services. The Directors are optimistic about the future prospects of the Group's business and consider that the Acquisition provides a good opportunity to strengthen its future business expansion.

REFRESHMENT OF THE GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Existing General Mandate

At the AGM, Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot and issue not exceeding 199,453,771 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company of 997,268,855 Shares as at the date of the AGM.

During the period from the date of grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate was utilised as follows:

(i) 153,330,000 new Shares were issued at the subscription price of HK$0.198 per new Share pursuant to the subscription agreement dated 16 May 2007 (details of which are set out in the announcement of the Company dated 17 May 2007). As mentioned in the aforesaid announcement, the net proceeds from the subscription were approximately HK$30 million. As stated in the announcement of the Company dated 12 June 2007, the funds raised were intended to finance the future expansion of the online payment business of the Group; as to approximately HK$5 million would be used for the remuneration to recruit high caliber IT professionals; as to approximately HK$3 million would be used as the improvement and renovation work of the offices in Shenzhen, Shanghai and Beijing; as to approximately HK$3 million would be used for the upgrading and advancement of the hardware facilities and software of online payment system; as to approximately HK$8 million would be used for potential business development in the areas of telecommunication business, electronic invoice system business and other types of electronic pubic utilities business which may have synergetic effect with the existing online payment system of the Group; as to approximately HK$6 million for the marketing, advertising, brand building and participation in exhibitions so as to strengthen the marketing strategy of the Group's client-to-client online payment; as to approximately HK$1.5 million would be used for the maintenance of the online payment platform with the financial institutions; and as to approximately HK$3.5 million would be reserved as general working capital for the online payment business to cater for the future expansion. The entire amount was used as intended as described in such announcement of the Group; and

(ii) 46,000,000 new Shares were issued at the subscription price of HK$0.21 per new Share pursuant to the subscription agreement dated 11 June 2007 (details of which are set out in the announcement of the Company dated 12 June 2007). As mentioned in the aforesaid announcement, the net proceeds from the placing were approximately HK$9.5 million, which would be used to finance the future expansion of the timber trading and furniture manufacturing of the Group. The entire amount was used as intended as described in aforesaid announcement.

Accordingly, the Existing General Mandate has been utilised as to an aggregate of 199,330,000 Shares, representing approximately 99.9% of the maximum number of Shares which may be allotted and issued pursuant to the Existing General Mandate. As a result of the above utilisation of the Existing General Mandate, the balance of new Shares which are allowed to be allotted and issued are 123,771 Shares.

Proposed grant of the New General Mandate

The Board will convene an EGM at which an ordinary resolution will be proposed to the Independent Shareholders that the Directors be granted the New General Mandate to allot and issue not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution. As at the Latest Practicable Date, the Company had an aggregate of 1,286,928,858 Shares in issue. Subject to passing of the ordinary resolution for approving the New General Mandate and on the basis that no further Shares will be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed to allot and issue a maximum of 257,385,771 new Shares pursuant to the New General Mandate.

Reasons for the New General Mandate

As explained above, the Existing General Mandate has been utilised as to an aggregate of 199,330,000 Shares, representing approximately 99.9% of the maximum number of Shares which may be allotted and issued pursuant to the Existing General Mandate, and the balance of new Shares which are allowed to be allotted and issued thereunder are 123,771 Shares.

In order to maintain the financial flexibility for the Enlarged Group so that it is able to proceed with any equity financing exercise at any time should that be required, in particular the financing for the development of the Land, the Directors propose to seek approval by the Independent Shareholders at the EGM for the New General Mandate. Although there is currently no immediate funding need for the operation of the Group, and no definite investment plan which may require equity financing by issuing Shares, the Directors consider that given its interest-free and collateral-free nature, equity financing is important to Group's development especially after completion of the Acquisition and the Group may need financing on the development of the Land. As at the Latest Practicable Date, the Directors could not perceive whether or not there would be any issue of Shares and the amount thereof and the application of such proceeds. In the event that future funding needs for the development of the Land arise or attractive terms for investment in the Shares from potential investors become available, the New General Mandate could provide the flexibility to the Group to respond to the market promptly. Accordingly, the Directors consider that the New General Mandate is in the interests of the Company and the Shareholders as a whole. In appropriate circumstances, the Directors would also consider debt financing, internally generated resources or other financings as appropriate should financing be required for the operation and/or the development of the Land in the future.

REFRESHMENT OF SCHEME MANDATE LIMIT

The Board also proposes to seek the approval of the Shareholders to refresh the Scheme Mandate Limit. Under the existing limit of the Share Option Scheme, the Directors were authorized to grant options to subscribe for up to 99,726,885 Shares, representing 10% of the issued share capital of the Company as at the date of the AGM at which the existing scheme limit was refreshed. During the period from 30 April 2007 to the Latest Practicable Date, 99,720,000 options have been granted by the Company and 74,310,000 options have been exercised. As at the Latest Practicable Date, a total of 25,830,000 options were outstanding, of which 25,410,000 options were granted during the period from 30 April 2007 to the Latest Practicable Date.

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Company and to facilitate the Company to recruit and retain high-calibre employees and attract human resources that are valuable to the Company. In order to provide the Company with more flexibility in granting share options to eligible person under the Share Option Scheme, upon the approval of the refreshment of the Scheme Mandate Limit, the Directors will be authorized to grant options to subscribe for a total of 128,692,886 Shares, representing 10% of the total number of Shares in issue on or before the EGM date.

The refreshment of the Scheme Mandate Limit is conditional upon:

(a) the Shareholders passing an ordinary resolution to approve the refreshment of the Scheme Mandate Limit at the EGM; and

(b) the GEM Listing Committee of Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme under the refreshed Scheme Mandate Limit of the Share Option Scheme not exceeding 10% of the number of Shares in issue as at the date of the EGM.

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, any Shares, representing 10% of the total number of Shares in issue as at the date of the EGM, but in any event the Company shall comply with the Rule 23.03(3) that the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares of the Company (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the Company (or the subsidiary) if this will result in the limit being exceeded.

IMPLICATION UNDER THE GEM LISTING RULES

The Acquisition

As the assets ratio exceeds 25% but is less than 100% under Chapter 19 of the GEM Listing Rules, the entering into of the Sale and Purchase Agreement and the transactions contemplated therein constitute a major transaction for the Company, which is subject to the Shareholders' approval at the EGM. The Company will, in compliance with the GEM Listing Rules, convene the EGM to seek the approval of the Shareholders on the Acquisition. An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party and the Directors are not aware of any Shareholder having any interest in the transaction mentioned in this circular which is different from the interests of other Shareholders and therefore no Shareholder is required to abstain from voting for the approval of the Acquisition at the EGM.

Proposed grant of the New General Mandate

Pursuant to Rule 17.42A(1) of the GEM Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the EGM at which any of the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions. Since the Company has no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting. As at the Latest Practicable Date, World One Investments Limited (being wholly and beneficially owned by Mr. Lau Yeung Sang, an initial management shareholder and the father of Mr. Lau Sik Suen), being an associate of Mr. Lau Sik Suen, the chairman of the Board, is holding 144,150,000 Shares, representing approximately 11.2% of the total issued Shares. Accordingly, World One Investments Limited and its associates will abstain from voting in favour of the relevant resolution. Save from the above, no Shareholder is required to abstain from voting in connection with the New General Mandate. The Board was advised by World One Investments Limited that it has no intention to vote against the grant of the New General Mandate. Other than World One Investments Limited, no other Directors or their respective associates had any interests in the Shares as at the Latest Practicable Date. Further, pursuant to Rule 17.47(4)(b) of the GEM Listing Rules, any vote of the Independent Shareholders at the EGM will be taken by way of poll and an announcement on the results of the EGM will be made after the EGM.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Meng Li Hui, Mr. Wan Xie Qiu and Mr. Fong Heung Sang, all being independent non-executive Directors, has been established to advise the Independent Shareholders is to whether the proposed grant of the New General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole and whether to vote for the proposed grant of the New General Mandate.

CPY Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New General Mandate.

EGM

Set out on pages 149 to 152 of this circular is a notice convening the EGM which will be held on Monday, 28 January 2008 at 11:00 a.m. at Units 231-233, Building 2, Phase 1, No. 1 Science Park West Avenue, Hong Kong Science Park, Shatin, Net Territories, Hong Kong. At the EGM, ordinary resolutions will be proposed to approve (i) the Sale and Purchase Agreement and the transaction contemplated thereunder (including but not limited to allot and issue of the Consideration Shares); (ii) the proposed grant of the New General Mandate; and (iii) the 10% Scheme Mandate Limit.

Any vote exercised by the Independent Shareholders at the EGM shall be taken by way of poll.

A form of proxy of the EGM is enclosed with this circular. Whether or not you are able to attend and vote at the EGM, you are requested to complete and return the same to the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of EGM. Completion and return of the form of proxy will not preclude you from attending and voting at EGM or any adjournment thereof if you so wish.

VOTING ON POLL

Pursuant to article (66) of the Articles of Association, a poll can be demanded:

(i) by the chairman of the meeting; or

(ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

(iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

The Company will procure the chairman of the EGM to demand for voting on a poll. Hong Kong Registrars Limited (the Hong Kong branch share registrar of the Company) will serve as the scrutineer for the vote-taking.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 20 of this circular which contains its recommendation to the Independent Shareholders on the New General Mandate. Your attention is also drawn to the letter from CPY Capital as set out on pages 21 to 27 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the above.

The Directors (including the independent non-executive Directors) consider that the resolutions as proposed in this circular, namely (i) the approval of the Sale and Purchase Agreement and the transaction contemplated thereunder (including but not limited to allot and issue of the Consideration Shares); (ii) the proposed grant of the New General Mandate; and (iii) the refreshment of the 10% Scheme Mandate Limit are in the best interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolutions referred to above to be proposed at the EGM.

The Independent Board Committee, having taken into account the advice of CPY Capital, considers the New General Mandate is fair and reasonable and in the interests of the Group and the Shareholders so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the relevant resolution to be proposed at the EGM to approve the grant of the New General Mandate.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Universal Technologies Holdings Limited
Lau Sik Suen
Chairman

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the proposed grant of the New General Mandate:

UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED
環球實業科技控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8091)

11 January 2008

To the Independent Shareholders

Dear Sir or Madam,

PROPOSAL FOR REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

We refer to the circular of Universal Technologies Holdings Limited (the "Company") dated 11 January 2008 (the "Circular"), of which this letter forms part. Unless specified otherwise, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee in connection with the New General Mandate. CPY Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 21 to 27 of this Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the New General Mandate and the advice of CPY Capital, in particular the principal factors and reasons taken into consideration by them in arriving at their advice, we consider that the New General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the granting of the New General Mandate.

Yours faithfully,
for and on behalf of
the Independent Board Committee

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

Independent non-executive Directors

* *for identification purpose only*

The following is the letter of advice from CPY Capital, the independent financial adviser, to the Independent Board Committee and the Independent Shareholders in respect of the grant of the New General Mandate for inclusion in this circular.

Core Pacific – Yamaichi Capital Limited
36th Floor, Cosco Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

11 January 2008

To the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed granting of the New General Mandate. Details of New General Mandate are set out in the letter from the Board (the "Letter") as contained in the circular of the Company to the Shareholders dated 11 January 2008 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the GEM Listing Rules, our role is to give an independent opinion and recommendation as to whether the proposed granting of the New General Mandate is fair and reasonable so far as the Independent Shareholders generally are concerned.

Pursuant to Rule 17.42A of the GEM Listing Rules, the granting of the New General Mandate is subject to the approval of the Independent Shareholders by way of poll at the EGM. The controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution. Since the Company has no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting. As at the Latest Practicable Date, World One Investments Limited (being wholly and beneficially owned by Mr. Lau Yeung Sang, an initial management Shareholder and the father of Mr. Lau Sik Suen), being an associate of Mr. Lau Sik Suen (the Chairman of the Board), held 144,150,000 Shares, representing approximately 11.20% of the total issued share capital of the Company. Accordingly, World One Investments Limited and its associates will abstain from voting in favour of the relevant resolution. Save from the above, no Shareholder is required to abstain from voting in connection with the grant of the New General Mandate. The Board was advised by World One Investments Limited that it has no intention to vote against the grant of the New General Mandate. Other than World One Investments Limited, no other Directors or their respective associates had any interests in the Shares as at the Latest Practicable Date.

The Independent Board Committee has been established to advise whether the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders generally are concerned and whether the proposed granting of the New General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

In formulating our opinion and recommendation, we have relied on the accuracy of the information and facts supplied, and the opinions and representations expressed, to us by the Directors, the Company and its management. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and are based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations referred to in the Circular and provided to us by the Company and the Directors, and have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the Circular. We have also assumed that all statements of intention of the Company or its Directors as set out in the Circular will be implemented. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have assumed that all information and representations made or referred to in the Circular and provided to us by the Company and the Directors were true, complete and accurate at the time they were made and continue to be true, complete and accurate at the date of the EGM. We have not, however, carried out any independent verification of the information and representations provided to us nor have we conducted any form of independent investigation into the businesses and affairs, financial position or the future prospects of the Group.

Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of, the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention after the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the proposed granting of the New General Mandate, we have taken the following principal factors and reasons into consideration:

Background

The Group is principally engaged in the provision of online payment and related business in the PRC, as an internet content provider and in timber trading and processing.

At the AGM held on 30 April 2007, the Directors were granted the Existing General Mandate to allot and issue up to 199,453,771 new Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company then in issue. The Existing General Mandate has almost been fully utilized following the completion of the placement of 153,330,000 Shares and 46,000,000 Shares on 5 June 2007 and 29 June 2007, respectively. As such, only 123,771 new Shares can be issued and allotted by the Directors under the Existing General Mandate.

Although the general mandate can be refreshed at the forthcoming annual general meeting which is expected by the Directors to be held in or around April 2008, the Directors intend to maintain the financial flexibility for the Group so that it is able to proceed with any equity financing at any time before the forthcoming annual general meeting. Accordingly, the Board proposes to seek approval of the Independent Shareholders for the refreshment of the Existing General Mandate so that the Directors will be granted the authority to issue, allot and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant ordinary resolution at the EGM.

As at the Latest Practicable Date, the Company had an aggregate of 1,286,928,858 Shares in issue. On the basis that no further Shares are issued and/or repurchased by the Company and no exercise of any outstanding share options of the Company between the Latest Practicable Date and the date of the EGM (both dates inclusive), the Company would be able to allot and issue up to 257,385,771 Shares, being approximately 20% of the total number of issued shares of the Company under the New General Mandate.

Reasons for the New General Mandate

As mentioned above, although the general mandate can be refreshed at the forthcoming annual general meeting which is expected by the Directors to be held in or around April 2008, the Directors intend to maintain the financial flexibility for the Group so that it is able to proceed with any equity financing at any time before the forthcoming annual general meeting.

As mentioned in the third quarterly report of the Company for the nine months ended 30 September 2007, the Group is considering to acquire related business opportunities through acquisition or introduction of strategic partners. In addition, as stated in the Letter, the Company expects to incur capital expenditure of approximately HK$40 million, which will be financed by equity or debt financing, to develop the Land into a 6-storey building. As such, although the Board has not identified any specific acquisition opportunities as at the Latest Practicable Date, the Directors believe that the New General Mandate would offer the Group additional financing alternatives (i) to capture any suitable investment opportunities identified as decisions may have to be made within a short period of time; and (ii) to finance any business expansion and development plans, such as the development of the Land, in the future.

Given that the Existing General Mandate has almost been fully utilized as mentioned above, the Directors consider that the New General Mandate would provide the Company with the maximum flexibility allowed under the GEM Listing Rules to raise additional capital for the general working capital of the Group. As advised by the Directors, the Company currently does not have immediate funding need for the Group's current operations and present investment requirements, and does not have concrete proposal presented by potential investors for investment in Shares. Notwithstanding the aforesaid, should any attractive terms for investment in the Shares become available from potential investors, the Board will be able to take advantage of the favourable equity capital market conditions to raise funds by issuing new Shares.

In light of the above, we are of the view that the New General Mandate would provide the Company with (i) the flexibility for fulfilling any possible funding needs for future business development and/or investment opportunities in a timely manner; and (ii) an additional financing alternative. As such, we are of the view that the grant of the New General Mandate will be in the interests of the Company and the Shareholders as a whole.

Other financing alternatives

According to the interim report of the Company for the six months ended 30 June 2007, the cash and bank balances of the Group were approximately HK$57.40 million as at 30 June 2007. The Company has not conducted any fund raising activities during the past twelve months save and except for the subscriptions of new Shares as announced by the Company on 17 May 2007 and 12 June 2007, and as confirmed by the Company, all the net proceeds from such two subscriptions of new Shares have been fully utilized.

Other than raising fund by way of issuing equity capital, the Directors will consider other financing methods such as debt financing or internal cash resources to fund its future business development, depending on the then financial position, capital structure and cost of funding of the Group as well as the then market condition. Although the Company currently does not have immediate funding need for the Group's present investment requirements, there is no certainty that such cash resources will be adequate or other financing alternatives will be available for appropriate investment that may be identified by the Company in the future. In addition, debt financing may incur interest burden to the Group and may be subject to lengthy due diligence and negotiations with the banks. Due to these reasons, the Directors consider that equity financing, such as issuance of new Shares for cash, may be an appropriate means to obtain additional funding. Given that the Company will make reference to the then financial position, capital structure, cost of funding of the Group and market condition, we are of the view that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

Potential dilution to shareholdings of the Shareholders

Based on the information in the Letter, the following table illustrates the respective shareholding structures of the Company before and upon full utilization of the New General Mandate, immediately after the issue of the Consideration Shares and full exercise of outstanding share options of the Company:

Shareholders	**As at the Latest Practicable Date**		**Upon full utilization of the New General Mandate**		**Immediately after the issue of the Consideration Shares and upon full utilization of the New General Mandate**		**Immediately after the issue of the Consideration Shares and upon full exercise of outstanding share options of the Company and full utilization of the New General Mandate**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Substantial Shareholders								
World One Investments Limited *(Note 1)*	144,150,000	11.20	144,150,000	9.33	144,150,000	8.19	144,150,000	8.07
Vendor *(Note 2)*	0	0	0	0	217,000,000	12.32	217,000,000	12.14
Directors								
Madam Luan Yu Min	0	0	0	0	0	0	200,000	0.01
Mr. Fong Heung Sang	0	0	0	0	0	0	900,000	0.05
Sub-total	144,150,000	11.20	144,150,000	9.33	361,150,000	20.51	362,250,000	20.27
Public Shareholders	1,142,778,858	88.80	1,142,778,858	74.00	1,142,778,858	64.88	1,167,508,858	65.33
Shares to be issued under the New General Mandate	–	–	257,385,771	16.67	257,385,771	14.61	257,385,771	14.40
Total	1,286,928,858	100.00	1,544,314,629	100.00	1,761,314,629	100.00	1,787,144,629	100.00

Notes:

1. World One Investments Limited is wholly and beneficially owned by Mr. Lau Yeung Sang, an initial management Shareholder and the father of Mr. Lau Sik Suen, the chairman of the Board. Other than being an executive director of certain subsidiaries of the Group, Mr. Lau Yeung Sang does not hold any directorship of the Company.

2. The Vendor is a party not acting in concert with World One Investments Limited and its associates. Save for the holding of the Consideration Shares, the Vendor or any of its associates will not hold any directorship or position in the Group upon Completion.

As shown in the above table, the aggregate shareholding of the existing public Shareholders would decrease from approximately 88.80% as at the Latest Practicable Date to approximately 74.00% upon full utilization of the New General Mandate, and to approximately 64.88% immediately after the issue of the Consideration Shares and upon full utilization of the New General Mandate, and to approximately 65.33% immediately after the issue of the Consideration Shares and upon full exercise of outstanding share options of the Company and full utilization of the New General Mandate, assuming no Shares are issued and/or repurchased by the Company and no share options are granted prior to the EGM. Taking into account the benefits of the New General Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted proportionately, we consider that such dilution or potential dilution of shareholding is acceptable. Independent Shareholders are, however, advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the New General Mandate is utilized.

Terms of the New General Mandate

As mentioned above, the granting of the New General Mandate is subject to the approval of the Independent Shareholders by way of poll at the EGM. The controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution. Since the Company has no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting. As at the Latest Practicable Date, World One Investments Limited (being wholly and beneficially owned by Mr. Lau Yeung Sang, an initial management Shareholder and the father of Mr. Lau Sik Suen), being an associate of Mr. Lau Sik Suen (the Chairman of the Board), held 144,150,000 Shares, representing approximately 11.20% of the total issued share capital of the Company. Accordingly, World One Investments Limited and its associates will abstain from voting in favour of the relevant resolution. Save from the above, no Shareholder is required to abstain from voting in connection with the grant of the New General Mandate. The Board was advised by World One Investments Limited that it has no intention to vote against the grant of the New General Mandate. Other than World One Investments Limited, no other Directors or their respective associates had any interests in the Shares as at the Latest Practicable Date.

As mentioned in the notice of the EGM, the New General Mandate will be and continue to be effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and (iii) the revocation or variation of the authority given under the relevant resolution to be proposed by an ordinary resolution of the Shareholders in general meeting. Such duration is in compliance with Rule 17.42 of the GEM Listing Rules.

In light of the above, we believe that there are sufficient control and measures to guide the refreshment of the Existing General Mandate and the continuity of the New General Mandate. In this respect, we consider that the terms of the New General Mandate are fair and reasonable so far as the Independent Shareholders generally are concerned.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the granting of the New General Mandate is fair and reasonable so far as the Independent Shareholders generally are concerned and is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders, and the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New General Mandate.

Yours faithfully,
For and on behalf of
Core Pacific – Yamaichi Capital Limited
Griffin Tse
Director

I. SUMMARY FINANCIAL INFORMATION

Set out blow is a summary of the financial information on the Group for the nine-month period ended 30 September 2007 and 30 September 2006, the year ended 31 December 2006, the nine-month period ended 31 December 2005 and the year ended 31 March 2005 and as at 30 June 2007, 31 December 2006, 31 December 2005 and 31 March 2005.

(i) RESULTS

	Nine months ended		Year ended	Nine months ended	(Restated) Year ended
	30 September 2007	30 September 2006	31 December 2006	31 December * 2005	31 March 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Turnover	39,440	28,747	40,546	7,750	5,043
Profit/(loss) before income tax	9,884	4,839	6,360	(10,839)	(9,817)
Income tax expense	–	–	(798)	(307)	(1,418)
Profit/(loss) for the period/year	9,884	4,839	5,562	(11,146)	(11,235)
Attributable to:					
– Shareholders of the Company	9,884	4,839	5,562	(9,380)	(9,060)
– Minority interests	–	–	–	(1,766)	(2,175)
	9,884	4,839	5,562	(11,146)	(11,235)
Earnings/(loss) per share (in cents)					
Basic	0.90	0.65	0.71	(1.40)	(1.37)
Diluted	0.89	0.65	0.68	N/A	N/A

* *On 25 November 2005, the Company announced that the financial year end date was changed from 31 March to 31 December commencing from the financial year 2005.*

(ii) ASSETS AND LIABILITIES

	As at 30 June 2007	As at 31 December 2006	As at 31 December * 2005	(Restated) As at 31 March 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Audited)	(Audited)
Non-current assets	49,858	48,580	45,946	29,301
Current assets	105,264	65,770	31,547	15,965
Total assets	155,122	114,350	77,493	45,266
Current liabilities	(20,202)	(31,045)	(32,199)	(9,357)
Non-current liabilities	(23,972)	(23,972)	(35,182)	(10,000)
Net assets	110,948	59,333	10,112	25,909
Capital and reserves:				
Share capital	12,072	9,808	6,682	6,682
Reserves	98,876	49,525	3,430	11,043
Total equity attributable to shareholders of the Company	110,948	59,333	10,112	17,725
Minority interests	–	–	–	8,184
Total equity	110,948	59,333	10,112	25,909

* *On 25 November 2005, the Company announced that the financial year end date was changed from 31 March to 31 December commencing from the financial year 2005.*

II. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2006

Set out below are the audited consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the balance sheet of the Company and notes to the financial statements reproduced from the audited financial statements published in the Company's annual report for the year ended 31 December 2006.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	Note	Year ended 31.12.2006 HK$'000	Period from 1.4.2005 to 31.12.2005 HK$'000
Turnover	4	40,546	7,750
Other revenue	4	2,157	235
		42,703	7,985
Cost of computer hardware and software/services rendered		(11,404)	(2,971)
Staff costs		(6,756)	(3,159)
Depreciation		(1,027)	(1,291)
Amortisation of prepaid lease premium		–	(265)
Minimum operating lease rentals		(1,847)	(603)
Bad debts written off		(378)	(15)
Cost of reorganisation		–	(1,698)
Impairment loss of property, plant and equipment		–	(2,824)
Other operating expenses		(14,704)	(4,366)
Profit/(loss) from operations		6,587	(9,207)
Finance costs		(227)	(423)
Loss on disposal of subsidiaries		–	(1,716)
Share of results of an associate		–	507
Profit/(loss) before income tax	5	6,360	(10,839)
Income tax expense	7	(798)	(307)
Profit/(loss) for the year/period		5,562	(11,146)
Attributable to:			
– Shareholders of the Company	9	5,562	(9,380)
– Minority interests		–	(1,766)
		5,562	(11,146)
Dividend	10	–	–
Earnings/(loss) per share (in cents)			
Basic	11	0.71	(1.40)
Diluted	11	0.68	N/A

CONSOLIDATED BALANCE SHEET
As at 31 December 2006

	Note	At 31.12.2006 HK$'000	At 31.12.2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13(a)	5,530	2,896
Prepaid land use right	14	–	–
Goodwill	15	43,050	43,050
		48,580	45,946
CURRENT ASSETS			
Inventories	17	2,207	77
Prepaid land use right	14	–	–
Amounts due from related companies		–	612
Debtors	18	2,970	3,286
Deposits, prepayments and other receivables	19	2,397	5,603
Pledged time deposits	20	104	204
Unpledged time deposits	20	2,000	–
Cash and bank balances	21	56,092	21,765
		65,770	31,547
DEDUCT:			
CURRENT LIABILITIES			
Deposits received, sundry creditors and accruals	22	31,045	23,344
Other payables	27	–	8,038
Tax payable		–	817
		31,045	32,199
NET CURRENT ASSETS/(LIABILITIES)		34,725	(652)
TOTAL ASSETS LESS CURRENT LIABILITIES		83,305	45,294
DEDUCT:			
NON-CURRENT LIABILITIES			
Convertible bonds	26	–	9,566
Deferred tax liability	8(a)	1,692	–
Other payables	27	22,280	25,616
		23,972	35,182
NET ASSETS		59,333	10,112
REPRESENTING:–			
CAPITAL AND RESERVES			
Share capital	23	9,808	6,682
Reserves	25(a)	49,525	3,430
TOTAL EQUITY		59,333	10,112

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	Attributable to shareholders of the Company											
	Share capital	**Share premium**	**Capital reserve**	**Special reserve**	**Exchange reserve**	**Share options reserve**	**Convertible bonds reserve**	**Statutory reserve**	**Accumulated losses**	**Total**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.4.2005, as previously reported	6,682	37,426	1,093	10,754	60	–	–	–	(38,290)	17,725	8,184	25,909
Opening balance adjustment in respect of financial instruments	–	–	–	–	–	–	668	–	(91)	577	–	577
At 1.4.2005, as restated	6,682	37,426	1,093	10,754	60	–	668	–	(38,381)	18,302	8,184	26,486
Equity settled share-based transactions	–	–	–	–	–	1,122	–	–	–	1,122	–	1,122
Release on disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(8,184)	(8,184)
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	–	–	–	–	68	–	–	–	–	68	–	68
Loss for the period	–	–	–	–	–	–	–	–	(9,380)	(9,380)	–	(9,380)
At 31.12.2005	6,682	37,426	1,093	10,754	128	1,122	668	–	(47,761)	10,112	–	10,112
At 1.1.2006	6,682	37,426	1,093	10,754	128	1,122	668	–	(47,761)	10,112	–	10,112
Issue of new shares	1,996	29,016	–	–	–	–	–	–	–	31,012	–	31,012
Conversion of convertible bonds	1,000	9,000	–	–	–	–	(668)	–	–	9,332	–	9,332
Exercise of share options	130	1,086	–	–	–	–	–	–	–	1,216	–	1,216
Transferred to accumulated losses	–	–	–	–	–	(320)	–	–	320	–	–	–
Equity settled share-based transactions	–	–	–	–	–	1,132	–	–	–	1,132	–	1,132
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	–	–	–	–	967	–	–	–	–	967	–	967
Profit for the year	–	–	–	–	–	–	–	–	5,562	5,562	–	5,562
Transferred to statutory reserve	–	–	–	–	–	–	–	1,147	(1,147)	–	–	–
At 31.12.2006	9,808	76,528	1,093	10,754	1,095	1,934	–	1,147	(43,026)	59,333	–	59,333

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	Note	Year ended 31.12.2006 HK$'000	Period from 1.4.2005 to 31.12.2005 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before income tax		6,360	(10,839)
Adjustments for:–			
Time deposits pledged for banking facilities		100	(104)
Interest income		(489)	(17)
Interest expenses		227	423
Impairment loss of property, plant and equipment		–	2,824
Depreciation		1,027	1,291
Amortisation of prepaid lease premium		–	265
Loss on disposal of property, plant and equipment		239	600
Share of results of an associate		–	(507)
Bad debts written off		378	15
Equity settled share-based payment expenses		1,132	1,122
Loss on disposal of subsidiaries		–	1,716
Impairment loss of available-for-sale financial assets		–	189
Operating profit/(loss) before working capital changes		8,974	(3,022)
(Increase)/decrease in inventories		(2,130)	331
Increase in debtors		(62)	(1,577)
Decrease in deposits, prepayments and other receivables		3,206	2,623
Decrease in amounts due from related companies		612	13
Increase in deposits received, sundry creditors and accruals		7,241	1,564
Decrease in amounts due to related companies		–	(2,163)
Decrease in amount due to an associate		–	(1,189)
Effect of foreign exchange rate changes		941	9
Cash generated from/(used in) operations		18,782	(3,411)
Interest received		489	17
Tax refunded		62	–
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		19,333	(3,394)

	Note	Year ended 31.12.2006 HK$'000	Period from 1.4.2005 to 31.12.2005 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		(4,415)	(136)
Sale proceeds of property, plant and equipment		555	35
Instalments paid for acquisition of subsidiaries		(11,374)	–
Net cash inflow on disposal of subsidiaries	28	–	12,516
Net cash outflow on acquisition of a subsidiary	29	–	(813)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(15,234)	11,602
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		1,216	–
Proceeds from issue of new shares		31,012	–
NET CASH FROM FINANCING ACTIVITIES		32,228	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,327	8,208
CASH AND CASH EQUIVALENTS AT 1 JANUARY/1 APRIL		21,765	13,557
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		58,092	21,765
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Unpledged time deposits		2,000	–
Cash and bank balances		56,092	21,765
		58,092	21,765

COMPANY BALANCE SHEET

As at 31 December 2006

	Note	At 31.12.2006 HK$'000	At 31.12.2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13(b)	1,119	750
Interests in subsidiaries	16	89,487	77,540
		90,606	78,290
CURRENT ASSETS			
Deposits and prepayments	19	359	434
Cash and bank balances		3,621	358
		3,980	792
DEDUCT:			
CURRENT LIABILITIES			
Accruals	22	220	946
Other payables	27	–	8,038
		220	8,984
NET CURRENT ASSETS/(LIABILITIES)		3,760	(8,192)
TOTAL ASSETS LESS CURRENT LIABILITIES		94,366	70,098
DEDUCT:			
NON-CURRENT LIABILITIES			
Convertible bonds	26	–	9,566
Other payables	27	22,280	25,616
		22,280	35,182
NET ASSETS		72,086	34,916
REPRESENTING:–			
CAPITAL AND RESERVES			
Share capital	23	9,808	6,682
Reserves	25(b)	62,278	28,234
TOTAL EQUITY		72,086	34,916

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:–

(a) Basis of preparation

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.

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards:–

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKAS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests arising from Decommissioning and Environmental Rehabilitation Funds

The initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2006. The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated income statement from the dates of acquisition or to the dates of disposal respectively. All significant intra-group transactions and balances have been eliminated on consolidation.

Minority interests represents the results and net assets of the subsidiaries attributable to equity interests not owned, directly or indirectly, by the Company.

(c) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(d) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in provision of products or services (business segment), or in provision of products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before inter-segment balances and inter-segment transactions are eliminated as part of the consolidation.

(e) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:–

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is calculated to write off the cost of property, plant and equipment less any estimated residual value, on a straight-line basis over their estimated useful lives as follows:–

Leasehold improvement	–	Shorter of 5 years and the unexpired leases' terms
Office equipment, computer and other equipment	–	5 years
Furniture and fixtures	–	5 years
Motor vehicles	–	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gain or loss arising from the retirement or disposal of a plant and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the income statement on the date of retirement or disposal.

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(i) Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available for- sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value represents the estimated selling price less direct selling costs.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(p) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the People's Republic of China (the "PRC") central pension scheme, are recognised as an expense in the income statement as incurred.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or nonoccurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(r) Recognition of revenue

Revenue from the provision of enterprise solutions services is recognised on a straight-line basis over the period in which the work is performed.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Handling income from online payment platform transaction is recognised when the transaction is authorised and completed.

Annual fee income of online payment platform services is recognised on a straight-line basis over the years of the services.

Set up fee income of online payment platform services is recognised at the time when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised at the time when the shareholders' right to receive payment has been established.

(s) Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the periods of the respective leases.

(t) Related parties

An entity is related to the Company if the entity (i) has, directly or indirectly, control or joint control or significant influence over the Company, or (ii) is controlled by or under common control with the Company, or (iii) is an associate or jointly controlled entity of the Company, or (iv) is controlled, jointly controlled or significantly influenced by an individual related to the Company.

An individual is related to the Company if the individual (i) has, directly or indirectly, control or joint control or significant influence over the Company, or (ii) is member of the key management personnel of the Company, or (iii) if the individual is a close member of the family of the individuals in (i) or (ii).

(u) Recently issued accounting standards

The following Hong Kong Financial Reporting Standards in issue at 31 December 2006 have not been applied in the preparation of the consolidated financial statements for the year ended 31 December 2006 since they were not yet effective for the annual period beginning on 1 January 2006:–

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The Group is required to initially apply these standards in its annual consolidated financial statements beginning on 1 January 2007.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2 to the financial statements, management had made the following estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements.

(i) Inventories

Note 2 to the financial statements describes that inventories are stated at the lower of cost and net realisable value. Net realisation value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

The Group does not have a general provisioning policy on inventory based on ageing given the nature of inventories that are not subject to frequent wear and tear and frequent technological changes. However, operational procedures have been in place to monitor this risk as majority of working capital is devoted to inventories. The sales and marketing managers review the inventory ageing listing on a periodical basis for those aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical count on all inventories are carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regards, the directors of the Group are satisfied that this risk is minimal and adequate provision for obsolete and slow-moving inventories has been made in the financial statements.

(ii) Depreciation

The management determines the estimated useful lives and related depreciation of the property, plant and equipment as set out in note 2 to the financial statements. The estimate is based on projected lifecycles of the assets. Management will increase the depreciation expense where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using straight-line method.

(b) Critical judgements

In the process of applying the Group's accounting policies, judgements that can significantly affect the amounts recognised in the financial statements are made in determining:–

(i) whether the significant risks and rewards of ownership of goods have been transferred to the buyer;

(ii) whether there is an indication of impairment of assets;

(iii) the expected manner of recovery of the carrying amount of assets;

(iv) the discount rates used to calculate the recoverable amount of goodwill and other assets for the purpose of impairment review; and

(v) the valuation method used to calculate the fair value of share options at the measurement date.

4. TURNOVER AND REVENUE

The Group is principally engaged in investment holding, provision of online and mobile payment and related services, trading, system integration and related technical support services. Turnover for the year/period represents revenue recognised from the provision of online payment handling income net of business tax, the net invoiced value of goods sold, 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:–

	Year ended 31.12.2006 *HK$'000*	**Period from 1.4.2005 to 31.12.2005** *HK$'000*
Online and mobile payment and related services income	27,159	3,099
Trading, system integration and related technical support services	13,387	4,651
Turnover	40,546	7,750
Interest on bank deposits	489	15
Others	1,668	220
Total revenue	42,703	7,985

5. PROFIT/(LOSS) BEFORE INCOME TAX

	Year ended 31.12.2006 *HK$'000*	Period from 1.4.2005 to 31.12.2005 *HK$'000*
Profit/(loss) before income tax is arrived at after charging:–		
Auditor's remuneration	325	265
Staff costs (including directors' remuneration – *Note 6*)		
– Salaries and other benefits	4,838	1,964
– Pension scheme contributions	786	73
– Equity settled share-based payment expenses	1,132	1,122
	6,756	3,159
Depreciation	1,027	1,291
Amortisation of prepaid lease premium	–	265
Impairment loss of available-for-sale financial assets	–	189
Impairment loss of property, plant and equipment	–	2,824
Sale proceeds of property, plant and equipment	(555)	(35)
Less: carrying amounts of property, plant and equipment	794	635
Loss on disposal of property, plant and equipment	239	600
Bad debts written off	378	15
Minimum operating lease rentals		
– Land and buildings	1,847	570
– Servers	–	33
	1,847	603

6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors

The remuneration of each director for the year ended 31 December 2006 and the period from 1 April 2005 to 31 December 2005 are set out below:–

	Year ended 31 December 2006				
Name of director	Fees	Salaries, allowances and other benefits in kind	Bonuses	Pension scheme contributions	Total
	HK$'000	*HK$'000* *(Note i)*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Lau Sik Suen	–	180	–	9	189
Mr. Liu Rui Sheng	20	–	–	–	20
Madam Luan Yumin *(Note iii)*	12	113	–	29	154
Mr. Meng Li Hui	24	–	–	–	24
Mr. Wan Xie Qiu	24	–	–	–	24
Mr. Wong Wai Man *(Note ii)*	10	–	–	–	10
Mr. Fong Heung Sang *(Note iii)*	22	–	–	–	22
Mr. Zhang Wen Bing *(Note iv)*	–	–	–	–	–
Madam Zhou Zhiyun *(Note iii)*	6	–	–	–	6
	118	293	–	38	449

	Period from 1 April 2005 to 31 December 2005				
Name of director	Fees	Salaries, allowances and other benefits in kind	Bonuses	Pension scheme contributions	Total
	HK$'000	*HK$'000* *(Note i)*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Lau Sik Suen	–	128	–	7	135
Mr. Liu Rui Sheng	–	9	–	–	9
Mr. Meng Li Hui	13	–	–	–	13
Mr. Wan Xie Qiu	13	–	–	–	13
Mr. Wong Wai Man	18	–	–	–	18
Mr. Lo Wing Hung *(Note v)*	29	–	–	–	29
Mr. Zhang Wen Bing	–	–	–	–	–
	73	137	–	7	217

Notes:–

i. Salaries, allowances and other benefits in kind included basic salaries, housing and other allowances, benefits in kind and employee share option benefits. The employee share option benefits represent fair value at the date the share options were granted and accepted under the scheme amortised to the income statement during the period disregarding whether the options have been exercised or not.

ii. Appointed on 21 March 2005 and resigned on 2 July 2006.

iii. Appointed on 1 July 2006.

iv. Resigned on 2 July 2006.

v. Resigned on 28 April 2005.

No share option was granted to executive directors in respect of their services to the Group for the year ended 31 December 2006 and the period ended 31 December 2005.

No directors waived any emolument during the year/period.

(b) Five highest paid individuals

Among the five highest paid individuals of the Group, one is a director of the Company and the details of their remuneration has already been disclosed above.

The emoluments and designated band of the remaining four non-director, highest paid employees (one is ex-independent non-executive director) were as follows:–

	Year ended 31.12.2006 *HK$'000*	**Period from 1.4.2005 to 31.12.2005** *HK$'000*
Salaries, allowances and other benefits in kind	886	781
Pension scheme contributions	28	27
Equity settled share-based payment expenses	–	129
	914	937

The emoluments of the four non-directors, highest paid employees fell within the band of nil to HK$1,000,000.

During the year, no share options was granted to the above four non-directors in respect of their services to the Group.

During the year, no emoluments were paid by the Group to the five highest paid employees, including the director of the Company, as an inducement to join, or upon joining the Group.

7. 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 year/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:–

	Year ended 31.12.2006 *HK$'000*	Period from 1.4.2005 to 31.12.2005 *HK$'000*
Current tax:–		
Overseas taxation		
– Provision for the year/period	–	307
– Over-provision in previous period	(856)	–
	(856)	307
Deferred taxation *(Note 8(a))*:–		
Current year	1,654	–
	798	307

(c) The income tax expense for the year/period can be reconciled to the profit/(loss) per income statement as follows:–

	Hong Kong		PRC		Total	
	Year ended 31.12.2006 *HK$'000*	Period from 1.4.2005 to 31.12.2005 *HK$'000*	Year ended 31.12.2006 *HK$'000*	Period from 1.4.2005 to 31.12.2005 *HK$'000*	Year ended 31.12.2006 *HK$'000*	Period from 1.4.2005 to 31.12.2005 *HK$'000*
Profit/(loss) before income tax	(6,001)	(3,100)	12,361	(7,739)	6,360	(10,839)
Applicable tax rate (%)	17.5	17.5	27/33	33	N/A	N/A
Tax on profit/(loss) before income tax, calculated at the applicable tax rate	(1,050)	(543)	3,029	(2,554)	1,979	(3,097)
Tax effect of non-deductible expenses in determining taxable profit	810	2,248	596	–	1,406	2,248
Tax effect of non-taxable revenue in determining taxable profit	(516)	(2,632)	(1,304)	(167)	(1,820)	(2,799)
Tax effect of unrecognised accelerated depreciation allowances	(41)	(1)	–	–	(41)	(1)
Tax effect of unrecognised tax losses	797	957	245	3,028	1,042	3,985
Tax effect of utilisation of tax losses	–	(29)	(1,614)	–	(1,614)	(29)
Tax effect on 100% tax free concession	–	–	(3,371)	–	(3,371)	–
Over-provision of income tax in previous period	–	–	(856)	–	(856)	–
Under-provision of deferred tax in previous years	–	–	4,073	–	4,073	–
Income tax expense	–	–	798	307	798	307

8. DEFERRED TAXATION

(a) The Group

The following is deferred tax assets/(liability) recognised by the Group and movements thereon during the current year and prior period:–

	Unutilised tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1.4.2005	–	–	–
Charged to income statement for the period	–	–	–
At 31.12.2005 and 1.1.2006	–	–	–
Credited/(charged) to income statement for the year *(Note 7(b))*	2,419	(4,073)	(1,654)
Exchange adjustments	54	(92)	(38)
At 31.12.2006	2,473	(4,165)	(1,692)

At the balance sheet date, the Group has unused tax losses of HK$22,939,000 (At 31.12.2005: HK$60,957,000) available for offset against future profits. No deferred tax asset has been recognised of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$2,672,000 (At 31.12.2005: HK$30,552,000) that will expire within five years from the date of incurrence. Other losses can be carried forward indefinitely.

(b) The Company

At the balance sheet date, the Company has unused tax losses of HK$19,661,000 (At 31.12.2005: HK$15,414,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

9. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit/(loss) attributable to shareholders of the Company includes a loss of HK$5,522,000 (Period ended 31.12.2005: HK$6,286,000) which has been dealt with in the financial statements of the Company.

10. DIVIDEND

No dividend has been paid or declared by the Company since the date of its incorporation.

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share for the year/period is based on the following data:–

Earnings	Year ended 31.12.2006 *HK$'000*	Period from 1.4.2005 to 31.12.2005 *HK$'000*
Earnings for the purposes of basic earnings/(loss) per share	5,562	(9,380)
Effect of dilutive potential ordinary shares:–		
Interest on convertible bonds	227	–
Earnings for the purposes of diluted earnings/(loss) per share	5,789	(9,380)

Number of shares	Year ended 31.12.2006	Period from 1.4.2005 to 31.12.2005
Weighted average number of shares in issue for the purpose of calculation of basic earnings/(loss) per share	779,454,474	668,198,858
Effect of dilutive potential ordinary shares:–		
Share options	12,796,576	–
Convertible bonds	64,493,150	–
Weighted average number of shares in issue for the purpose of calculation of diluted earnings/(loss) per share	856,744,200	668,198,858

12. RETIREMENT BENEFIT COSTS

Since 1 December 2000, the Group had joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with rules of MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's contribution to such scheme for the year ended 31 December 2006 amounted to approximately HK$86,000 (Period ended 31.12.2005: HK$80,000).

The Company's subsidiaries in the PRC have participated in a central pension scheme. Contributions are made by the subsidiaries to the scheme based on 25.5% of the applicable payroll costs. The Group has no obligation other than the above-mentioned contributions.

The Group's contribution to the state-sponsored retirement plan for the year ended 31 December 2006 amounted to approximately HK$738,000 (Period ended 31.12.2005: HK$306,000).

13. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Properties held under medium-term lease in the PRC	Leasehold improvement	Office equipment, computer and other equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.4.2005						
Cost	–	1,443	8,368	221	1,518	11,550
Aggregate depreciation	–	(911)	(3,840)	(81)	(365)	(5,197)
Net book value	–	532	4,528	140	1,153	6,353
For the period ended 31.12.2005						
Opening net book value, as previously reported	19,095	532	4,528	140	1,153	25,448
Reclassified to prepaid land use right	(19,095)	–	–	–	–	(19,095)
Opening net book value, as restated	–	532	4,528	140	1,153	6,353
Acquisition of subsidiary	–	–	938	–	219	1,157
Additions	–	–	135	1	–	136
Disposals	–	(163)	(420)	–	(52)	(635)
Depreciation	–	(171)	(900)	(20)	(200)	(1,291)
Impairment loss	–	–	(2,824)	–	–	(2,824)
Closing net book value	–	198	1,457	121	1,120	2,896
At 31.12.2005						
Cost	–	276	3,051	222	1,637	5,186
Aggregate depreciation	–	(78)	(1,594)	(101)	(517)	(2,290)
Net book value	–	198	1,457	121	1,120	2,896
For the year ended 31.12.2006						
Opening net book value	–	198	1,457	121	1,120	2,896
Exchange adjustments	–	–	35	(1)	6	40
Additions	–	2	1,076	–	3,337	4,415
Disposals	–	–	(85)	(1)	(708)	(794)
Depreciation	–	(55)	(592)	(41)	(339)	(1,027)
Closing net book value	–	145	1,891	78	3,416	5,530
At 31.12.2006						
Cost	–	278	3,297	167	3,643	7,385
Aggregate depreciation	–	(133)	(1,406)	(89)	(227)	(1,855)
Net book value	–	145	1,891	78	3,416	5,530

(b) The Company

	Leasehold improvement	Office equipment, computer and other equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.4.2005					
Cost	276	43	106	328	753
Aggregate depreciation	(37)	(5)	(13)	(5)	(60)
Net book value	239	38	93	323	693
For the period ended 31.12.2005					
Opening net book value	239	38	93	323	693
Additions	–	100	2	80	182
Disposals	–	(7)	–	–	(7)
Depreciation	(41)	(12)	(16)	(49)	(118)
Closing net book value	198	119	79	354	750
At 31.12.2005					
Cost	276	136	108	408	928
Aggregate depreciation	(78)	(17)	(29)	(54)	(178)
Net book value	198	119	79	354	750
For the year ended 31.12.2006					
Opening net book value	198	119	79	354	750
Additions	–	10	–	660	670
Disposals	–	(36)	–	(66)	(102)
Depreciation	(55)	(21)	(21)	(102)	(199)
Closing net book value	143	72	58	846	1,119
At 31.12.2006					
Cost	276	104	108	988	1,476
Aggregate depreciation	(133)	(32)	(50)	(142)	(357)
Net book value	143	72	58	846	1,119

14. PREPAID LAND USE RIGHT

The Group's interests in land use right represents prepaid operating lease payments and its net book value is analysed as follows:–

	The Group At 31.12.2006 *HK$'000*	At 31.12.2005 *HK$'000*
Outside Hong Kong, held on medium lease term	–	–
Less: Current portion	–	–
Non-current portion	–	–
Representing:–		
Opening net book value	–	19,095
Disposal of subsidiaries	–	(18,830)
Amortisation of prepaid operating lease payment	–	(265)
Closing net book value	–	–

15. GOODWILL

	The Group At 31.12.2006 *HK$'000*	At 31.12.2005 *HK$'000*
Cost	43,050	43,050
Representing:–		
Opening net book value	43,050	1,849
Transfer from interest in an associate	–	228
Acquisition of a subsidiary	–	42,822
Disposal of subsidiaries	–	(1,849)
Closing net book value	43,050	43,050

Impairment tests for cash-generating units containing goodwill:–

At the balance sheet date, all goodwill is identified to the cash-generating units ("CGU") of platform payment services operated in the PRC.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated discount rates of 7.75% and growth rate of 20%.

16. INTERESTS IN SUBSIDIARIES

	The Group	
	At 31.12.2006	At 31.12.2005
	HK$'000	*HK$'000*
Unlisted shares, at cost	65,800	47,196
Amounts due from subsidiaries – *Note 16(b)*	23,687	30,344
	89,487	77,540

Notes:–

(a) The details of the subsidiaries as at 31 December 2006 are as follows:–

Name of company	Place of incorporation/ establishment and operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
Universal Cyberworks International Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	–	Investment holding
Universal Enterprise Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Investment holding
iLogistics China Limited	Hong Kong	500,000 ordinary shares of US$1 each	–	60%	Investment holding
Hyle Maestro Wooding (Shanghai) Limited (Formerly known as "Universal iLogistics (Shanghai) Limited")*	People's Republic of China	US$780,000	–	100%	Production and sales of timber furniture and fixtures
International Payment Solutions (Shanghai) Limited ("IPSSH")[#]	People's Republic of China	RMB20,000,000	–	100%	Provision of online payment enterprise solutions and related services
Universal i-Payment Holdings Limited	Hong Kong	1,000,000 ordinary shares of HK$1 each	–	100%	Investment holding
Universal i-Payment (Shanghai) Limited ("UPSH")*	People's Republic of China	US$880,000	–	100%	Investment holding

Name of company	Place of incorporation/ establishment and operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Company Directly	Indirectly	Principal activities
Universal Technologies (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Sales of LCD monitors and provision of system integration and related technical support services
Universal iPayment (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Provision of online payment enterprise solutions and related services

* *The subsidiaries are registered as Wholly Foreign Owned Enterprises under PRC Laws.*

\# *As explained in prior period's financial statements, the Company lacks equity ownership in this subsidiary. Nevertheless, under the Exclusive Purchase Right Contract and the Pledge Contract entered into between UPSH and Mr. Liu and Madam Luan, UPSH became the registered holder of IPSSH upon the exercise of their respective terms.*

(b) The amounts are interest-free, unsecured and have no fixed terms of repayment. The directors consider the carrying amounts of amounts due from subsidiaries approximate their fair values.

17. INVENTORIES

	The Group	
	At 31.12.2006	**At 31.12.2005**
	HK$'000	*HK$'000*
At cost	2,207	95
Less: Provision for slow moving inventories	–	(18)
	2,207	77

18. DEBTORS

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with debtors, credit evaluations of customers are performed periodically. An aging analysis of debtors is set out below:–

	The Group	
	At 31.12.2006	**At 31.12.2005**
	HK$'000	*HK$'000*
0 – 6 months	2,970	3,286

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	The Group		**The Company**	
	At 31.12.2006	**At 31.12.2005**	**At 31.12.2006**	**At 31.12.2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits	295	826	194	284
Prepayments	1,161	728	165	150
Other receivables	941	4,049	–	–
	2,397	5,603	359	434

The directors consider the carrying amounts of the deposits, prepayments and other receivables approximate their fair values.

20. TIME DEPOSITS – THE GROUP

The deposits included an amount of approximately HK$104,000 (At 31.12.2005: HK$204,000) which had been pledged to a bank to secure the general banking facilities granted to a subsidiary of the Group.

The effective interest rate on short-term bank deposits was 2.8% (At 31.12.2005: 3.77% and 2.9%); these deposits have a maturities of 31 days.

21. CASH AND BANK BALANCES – THE GROUP

At 31 December 2006, cash and bank balances of the Group denominated in Renminbi amounted to approximately HK$48,850,000 (At 31.12.2005: HK$18,615,000). Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

22. DEPOSITS RECEIVED, SUNDRY CREDITORS AND ACCRUALS

	The Group		The Company	
	At 31.12.2006	**At 31.12.2005**	**At 31.12.2006**	**At 31.12.2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits received and receipts in advance	1,636	1,022	–	–
Payable to merchants	27,158	20,257	–	–
Accruals	2,251	2,065	220	946
	31,045	23,344	220	946

The directors consider the carrying amounts of the deposits received, sundry creditors and accruals approximate their fair values.

23. SHARE CAPITAL

	The Group and the Company	
	Number of shares	*HK$'000*
Authorised:–		
Ordinary shares of HK$0.01 each		
At 31 December 2005 and 2006	2,000,000,000	20,000
Issued and fully paid:–		
At 1 April 2005 and 1 January 2006	668,198,858	6,682
Issue of shares upon placing of shares *(Note a)*	199,600,000	1,996
Issue of shares upon the conversion of convertible bonds *(Note b)*	100,000,000	1,000
Issue of shares upon the exercise of share options *(Note c)*	12,990,000	130
At 31 December 2006	980,788,858	9,808

Notes:–

(a) On 10 February 2006 and 23 November 2006, 69,000,000 and 130,600,000 new shares of HK$0.01 each were issued at a premium of HK$0.165 and HK$0.135 per share respectively upon the placing arrangement. The excess of the issue price over the par value of the shares amounted to approximately HK$11,385,000 and HK$17,631,000 respectively was credited to the share premium account of the Company.

(b) On 30 June 2006, 31 August 2006 and 30 November 2006, totalling 100,000,000 new shares of HK$0.01 each were allotted and issued at a premium of HK$0.09 per share upon the conversion of HK$10,000,000 convertible bonds. The excess of the issue price over the par value of the shares amounted to HK$9,000,000 was credited to the share premium account of the Company.

(c) On 22 December 2006, 5,150,000 and 7,840,000 new shares of HK$0.01 each were allotted and issued at a premium of HK$0.098 and HK$0.074 per share respectively upon the exercise of 12,990,000 share options granted under the Share Option Schemes as stated in note 24 to the financial statements. The excess of the issue price over the par value of the shares amounted to approximately HK$505,000 and HK$581,000 respectively was credited to the share premium account of the Company.

24. SHARE OPTIONS

The Company operates three Share Option Schemes (including two Pre-IPO Share Option Schemes) adopted on 12 October 2001 under which the board of directors (the "Board") are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, and other eligible persons, to take up options to subscribe for shares of the Company. For the two Pre-IPO Share Option Schemes, the exercise prices were determined by the Board to be HK$0.010 and HK$0.084 respectively. The exercise price of the Share Option Scheme (other than the Pre-IPO Share Option Schemes) shall be determined by the Board in its absolute discretion, but in any event 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.

None of the options granted under the Pre-IPO Share Option Schemes can be exercised during the first six months after 26 October 2001 (the "Listing Date"). The period within which the shares must be taken up under the Pre-IPO Share Option Schemes must be within a period of ten years commencing on the expiry of six months after the Listing Date and expiring on the last day of such ten-year period.

The vesting period and exercisable period of the Share Option Scheme (other than the Pre-IPO Share Option Schemes) are determined by the Board but in any case no option can be exercised later than ten years from the date of grant.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

(a) A summary of the movements of share options granted under the Company's share option schemes during the year is as follows:–

				Number of share options				
Option scheme adopted on	**Date of grant**	**Exercise period**	**Exercise price**	**Outstanding as at 1 January 2006**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at 31 December 2006**
12 October 2001	7 February 2002	7 February 2002 to 6 February 2012	HK$1.300	350,000	–	–	–	350,000
12 October 2001	17 October 2001	26 April 2002 to 25 April 2012	HK$0.084	7,840,000	–	(7,840,000)	–	–
12 October 2001	9 April 2002	9 April 2002 to 8 April 2012	HK$1.400	150,000	–	–	(80,000)	70,000
12 October 2001	23 December 2002	23 December 2002 to 22 December 2012	HK$0.108	3,500,000	–	(3,500,000)	–	–
12 October 2001	23 December 2002	Maximum 50%: 1 July 2003 to 22 December 2012 Remaining 50%: 1 January 2004 to 22 December 2012	HK$0.108	1,860,000	–	(1,650,000)	(150,000)	60,000

Option scheme adopted on	Date of grant	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 December 2006
12 October 2001	10 April 2003	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
12 October 2001	10 April 2003	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
29 December 2005	29 December 2005	Maximum 50%: 29 December 2005 to 28 December 2015 Remaining 50%: 29 June 2006 to 28 December 2015	HK$0.176	41,720,000	–	–	(11,920,000)	29,800,000
				63,420,000	–	(12,990,000)	(12,150,000)	38,280,000

(b) The number and weighted average exercises prices of share options are as follows:–

	Year ended 31.12.2006 Weighted average of exercise price *HK$*	Year ended 31.12.2006 Number of options	Period from 1.4.2005 to 31.12.2005 Weighted average of exercise price *HK$*	Period from 1.4.2005 to 31.12.2005 Number of options
Outstanding at the beginning of the year/period	0.166	63,420,000	0.158	27,120,000
Granted during the year/period	–	–	0.176	41,720,000
Exercised during the year/period	0.094	(12,990,000)	–	–
Lapsed during year/period	0.183	(12,150,000)	0.197	(5,420,000)
Outstanding at the end of year/period	0.186	38,280,000	0.166	63,420,000
Exercisable at the end of year/period	0.186	38,280,000	0.161	42,560,000

(c) Fair value of share options granted during the year/period:–

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Black-Scholes option pricing model.

	Year ended 31.12.2006 *HK$'000*	**Period from 1.4.2005 to 31.12.2005** *HK$'000*
Fair value at measurement date	N/A	HK$2,708,000
Share price	N/A	HK$0.170
Exercise price	N/A	HK$0.176
Expected volatility	N/A	81.14%
Expected dividend	N/A	Nil
Risk-free interest rate	N/A	3.92% – 4.1%

The expected volatility is based on the historic volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumptions could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. However, the management has taken into consideration of historical staff turnover pattern for the estimation of expected option life.

25. RESERVES

(a) The Group

	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 1.4.2005, as previously reported	37,426	1,093	10,754	60	–	–	–	(38,290)	11,043
Opening balance adjustment in respect of financial instruments	–	–	–	–	–	668	–	(91)	577
At 1.4.2005, as restated	37,426	1,093	10,754	60	–	668	–	(38,381)	11,620
Equity settled share-based transactions	–	–	–	–	1,122	–	–	–	1,122
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	–	–	–	68	–	–	–	–	68
Loss for the period	–	–	–	–	–	–	–	(9,380)	(9,380)
At 31.12.2005	37,426	1,093	10,754	128	1,122	668	–	(47,761)	3,430
At 1.1.2006	37,426	1,093	10,754	128	1,122	668	–	(47,761)	3,430

	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
Issue of new shares *(Note 23(a))*	29,016	–	–	–	–	–	–	–	29,016
Conversion of convertible bonds *(Note 23(b))*	9,000	–	–	–	–	(668)	–	–	8,332
Exercise of share options *(Note 23(c))*	1,086	–	–	–	–	–	–	–	1,086
Transferred to accumulated losses	–	–	–	–	(320)	–	–	320	–
Equity settled share-based transactions	–	–	–	–	1,132	–	–	–	1,132
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	–	–	–	967	–	–	–	–	967
Profit for the year	–	–	–	–	–	–	–	5,562	5,562
Transferred to statutory reserve	–	–	–	–	–	–	1,147	(1,147)	–
At 31.12.2006	76,528	1,093	10,754	1,095	1,934	–	1,147	(43,026)	49,525

Notes:–

(i) The special reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the share capital of a subsidiary acquired pursuant to the reorganisation completed in 2001.

(ii) The subsidiary established in PRC was required by PRC Company Law to appropriate 10% of its statutory aftertax profit to a general reserve fund until the balance of the fund reached 50% of share capital and thereafter any further appropriation was optional. The general reserve fund could be utilised to offset prior years' losses or to increase share capital on the condition that the general reserve fund must be maintained at a maximum of 25% of the share capital after such issuance. During the year, the board of directors of the subsidiary resolved to appropriate approximately HK$1,147,000 from retained profits to general reserve fund.

(b) The Company

	Share premium *HK$'000*	Share options reserve *HK$'000*	Convertible bonds reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1.4.2005, as previously reported	44,990	–	–	(12,169)	32,821
Opening balance adjustment in respect of financial instruments	–	–	668	(91)	577
At 1.4.2005, as restated	44,990	–	668	(12,260)	33,398
Equity settled share-based transactions	–	1,122	–	–	1,122
Loss for the period	–	–	–	(6,286)	(6,286)
At 31.12.2005	44,990	1,122	668	(18,546)	28,234
At 1.1.2006	44,990	1,122	668	(18,546)	28,234
Issue of new shares *(Note 23(a))*	29,016	–	–	–	29,016
Conversion of convertible bonds *(Note 23(b))*	9,000	–	(668)	–	8,332
Exercise of share options *(Note 23(c))*	1,086	–	–	–	1,086
Transferred to accumulated losses	–	(320)	–	320	–
Equity settled share-based transactions	–	1,132	–	–	1,132
Loss for the year	–	–	–	(5,522)	(5,522)
At 31.12.2006	84,092	1,934	–	(23,748)	62,278

Notes:–

(i) The share premium of the Company includes (i) shares issued at premium and (ii) the difference between the nominal value of the ordinary shares issued by the Company and the net asset values of the subsidiaries at the date they were acquired through an exchange of shares pursuant to the reorganisation completed in 2001. Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) At 31 December 2006, in the opinion of the directors, the reserves of the Company available for distribution to shareholders amounted to HK$60,344,000 (At 31.12.2005: HK$26,444,000) subject to the restrictions as stated above.

26. CONVERTIBLE BONDS

On 24 June 2004, the Company and a subscriber entered into a subscription agreement in relation to the subscription of the convertible bond in the principal amount of HK$4,000,000. The convertible bond is unlisted, interest bearing at the rate of 3.5% per annum and with maturity on 28 June 2007. The interest is payable on the first business day following each anniversary date of the issue date of the bond.

The subscriber may convert the whole or any part of the principal amount of the bond into new shares of the Company at a conversion price of HK$0.10 per share, subject to adjustment in the event of share consolidation, sub-division and capital reorganisation, during the period from 29 June 2005 to 28 June 2007 in multiples of HK$1,000,000 on each conversion. The Company may at any time early redeem the outstanding principal amount of the bond prior to the maturity date. If the Company redeems the whole or any part of the bond before the maturity date, the subscriber shall be entitled to an additional interest, at the rate of 10% per annum, in respect of such part or whole of the principal amount redeemed before the maturity date.

On 1 March 2005, the Company and two subscribers entered into subscription agreements in relation to the subscription of the convertible bonds in the principal amount of HK$4,000,000 and HK$2,000,000 respectively. The convertible bonds are unlisted, interest bearing at the rate of 3.5% per annum and with maturity on three years from the date of issue. The interest is payable on the first business day following each anniversary date of the issue date of the bonds.

The subscribers may convert the whole or any part of the principal amount of the bonds into new shares of the Company at a conversion price of HK$0.10 per share, subject to adjustment in the event of share consolidation, sub-division and capital reorganisation, during the three years, in multiples of HK$1,000,000 on each conversion. The Company may at any time early redeem the outstanding principal amount of the bonds prior to the maturity date. If the Company redeems the whole or any part of the bonds before the maturity date, the subscribers shall be entitled to an additional interest, at the rate of 10% per annum, in respect of such part or whole of the principal amount redeemed before the maturity date.

The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves net of deferred income taxes.

During the year ended 31 December 2006, all the convertible bonds were converted into new shares of the Company as stated in note 23(b) to the financial statements.

The convertible bonds recognised in the balance sheet is calculated as follows:–

	The Group and the Company	
	At 31.12.2006	**At 31.12.2005**
	HK$'000	*HK$'000*
Face value of convertible bonds on the dates of issue	10,000	10,000
Equity component	(668)	(668)
Liability component on initial recognition	9,332	9,332
Interest charged	227	619
Interest paid	–	(385)
	9,559	9,566
Conversion into new shares	(9,559)	–
Liability component	–	9,566

27. OTHER PAYABLES

The amount represents the purchase consideration payable for the acquisition of IPSSH as follows:–

	The Group and the Company	
	At 31.12.2006	**At 31.12.2005**
	HK$'000	*HK$'000*
Amount payable for acquisition of 70.6% equity interest of IPSSH by five instalments within five years	22,280	33,654
Amount payable within one year	–	(8,038)
Non-current portions	22,280	25,616

28. DISPOSAL OF SUBSIDIARIES

On 18 October 2005, the Group disposed of all its equity interests in a wholly-owned subsidiary, Universal iPayment International Limited, an investment holding company incorporated in Hong Kong and its 60% directly owned subsidiary, Universal iPayment China Limited. The disposed subsidiaries did not have significant operations materially affect the Group.

The assets and liabilities arising from the disposal are as follows:–

	The Group and the Company	
	At 31.12.2006	**At 18.10.2005**
	HK$'000	*HK$'000*
Cash and cash equivalents	–	176
Prepaid land use right	–	18,830
Intragroup balances	–	115
Receivables	–	16
Payables	–	(982)
	–	18,155
Minority interests	–	(5,596)
Net assets disposed	–	12,559
Loss on disposal	–	(1,716)
Carrying amount of goodwill	–	1,849
Total consideration	–	12,692
Cash and cash equivalents in subsidiaries disposed	–	(176)
Net cash inflow on disposal	–	12,516

29. BUSINESS COMBINATION

On 18 October 2005, the Group acquired a further 70.6% of equity interest in an associate, IPSSH, an online payment platforms provider operating in Shanghai, the PRC. The acquired business contributed revenues of HK$3,099,000 and net profit of HK$623,000 to the Group for the period from 18 October 2005 to 31 December 2005.

The assets and liabilities arising from the acquisition are as follows:–

	The Group and the Company	
	At 31.12.2006	**At 18.10.2005**
	HK$'000	*HK$'000*
Cash and cash equivalents	–	11,879
Property, plant and equipment	–	1,157
Intragroup balances	–	70
Amount due from a related company	–	625
Receivables	–	8,546
Payables	–	(16,432)
Tax payable	–	(510)
	–	5,335
Minority interests	–	(1,811)
Net assets acquired	–	3,524
Goodwill arising on acquisition	–	42,822
Total purchase consideration	–	46,346
Cash and cash equivalents in subsidiary acquired	–	(11,879)
Other payables	–	(33,654)
Net cash outflow on acquisition	–	813

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of IPSSH.

30. COMMITMENTS

(a) Operating leases arrangements

(i) The Group

At 31 December 2006, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:–

	At 31.12.2006 *HK$'000*	**At 31.12.2005** *HK$'000*
Within one year	766	587
After one year but within five years	1,202	120
	1,968	707

Operating lease payments represent rentals payable by the Group for the use of servers and office premises. Leases are negotiated for a term ranging from one to two years with fixed monthly rentals.

(ii) The Company

At 31 December 2006, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating lease which falls due as follows:–

	At 31.12.2006 *HK$'000*	**At 31.12.2005** *HK$'000*
Within one year	234	453
After one year but within five years	–	120
	234	573

Operating lease payments represent rentals payable by the Company for the use of office premises. Lease is negotiated for a term of two years with fixed monthly rentals.

(b) Capital commitments

At 31 December 2006, the Group had capital commitments in respect of the acquisition of property, plant and equipment, which are contracted but not provided for in the financial statements amounted to HK$313,000 (At 31.12.2005: Nil).

31. RELATED PARTY TRANSACTIONS

(a) The Group had no material transactions with its related parties during the year/period.

(b) Key management compensation

	Year ended 31.12.2006 *HK$'000*	Period from 1.4.2005 to 31.12.2005 *HK$'000*
Fees for key management personnel	32	–
Salaries, allowances and other benefits in kind	867	520
Pension scheme contributions	52	13
Equity settled share-based payment expenses	–	54
	951	587

32. FINANCIAL INSTRUMENTS

The Group's policy is to prudently manage daily operations and invest surplus funds managed by the Group in a manner which satisfy liquidity requirements, safeguard financial assets, manage risks while optimising the returns.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and equity price risk), credit risk, liquidity risk, cash flow and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong and PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. At present, the Group does not intend to seek to hedge its exposure to foreign exchange risk profile as there were insignificant fluctuation in exchange rate between Hong Kong dollar and Renminbi.

(ii) Equity price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets. The Group is not exposed to commodity price risk.

All investments are subject to a maximum concentration limit predetermined by the Board.

(b) Credit risk

The Group is exposed to credit risk, which is irrecoverable the full amount of the debtors and other receivables. Impairment provisions are made for losses that have been incurred at the balance sheet date.

The Group minimise the risk exposure by tight credit policies over the transactions with customers and selection of appropriate credit history's customers. The Group was not exposed to significant risk from debtors arising from online platform, the transactions of which are made in cash or via reliable major credit cards by limiting the amount of credit exposure to these financial institutions and the merchants.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its liquidity requirements.

(d) Cash flow and fair value interest rate risk

Other than the cash maintained to pay the creditors in a short period of time, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

33. SEGMENT REPORTING

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:–

(a) Payment enterprise solutions

Provision of payment enterprise solutions and ongoing technical support services.

(b) Trading and system integration

Trading, provision of system integration and related technical support services.

Other operating segment represents the operating segment which does not meet the quantitative threshold for determining reportable segment. It represents investment holding activities.

In determining the Group's geographical segments, revenues are attributable to the segments based on the location of the customers, and assets are attributable to the segments based on the location of the assets.

(a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments:–

	Payment enterprise solutions		Trading and system integration		Others		Consolidated	
	Year ended 31.12.2006	Period from 1.4.2005 to 31.12.2005	Year ended 31.12.2006	Period from 1.4.2005 to 31.12.2005	Year ended 31.12.2006	Period from 1.4.2005 to 31.12.2005	Year ended 31.12.2006	Period from 1.4.2005 to 31.12.2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
Revenue from external customers	30,745	4,650	9,801	3,100	–	–	40,546	7,750
Other revenue	1,704	222	320	6	133	7	2,157	235
Total revenue	32,449	4,872	10,121	3,106	133	7	42,703	7,985
Segment results	13,950	(2,831)	(1,082)	(347)	(6,770)	(6,044)	6,098	(9,222)
Interest income							489	15
Profit/(loss) from operations							6,587	(9,207)
Finance costs							(227)	(423)
Loss on disposal of subsidiaries							–	(1,716)
Share of results of an associate							–	507
Profit/(loss) from ordinary activities before income tax							6,360	(10,839)
Income tax expense							(798)	(307)
Profit/(loss) for the year/period							5,562	(11,146)
Attributable to								
– Shareholders of the Company							5,562	(9,380)
– Minority interests							–	(1,766)
							5,562	(11,146)
Depreciation for the year/period	739	1,076	27	14	261	201	1,027	1,291
Impairment loss of property, plant and equipment	–	2,824	–	–	–	–	–	2,824
Segment assets	103,768	73,524	5,256	2,191	5,326	1,778	114,350	77,493
Unallocated assets	–	–	–	–	–	–	–	–
Total assets	103,768	73,524	5,256	2,191	5,326	1,778	114,350	77,493
Segment liabilities	30,233	23,066	523	45	22,569	44,270	53,325	67,381
Unallocated liabilities	1,692	–	–	–	–	–	1,692	–
Total liabilities	31,925	23,066	523	45	22,569	44,270	55,017	67,381
Capital expenditure incurred during the year/period	3,439	65	306	13	670	58	4,415	136

(b) Geographical segments

	PRC		Hong Kong		Consolidated	
	At 31.12.2006 *HK$'000*	**At 31.12.2005** *HK$'000*	**At 31.12.2006** *HK$'000*	**At 31.12.2005** *HK$'000*	**At 31.12.2006** *HK$'000*	**At 31.12.2005** *HK$'000*
Revenue from external customers	27,159	3,739	13,387	4,011	40,546	7,750
Other revenue	1,324	219	833	16	2,157	235
Total revenue	28,483	3,958	14,220	4,027	42,703	7,985
Segment assets	103,100	71,747	11,250	5,746	114,350	77,493
Capital expenditure incurred during the year/period	3,724	27	691	109	4,415	136

III. UNAUDITED CONDENSED FINANCIAL STATEMENTS OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

Set out below are the unaudited financial information of the Group, together with the accompanying notes as extracted from the third quarterly report of the Company for the nine months ended 30 September 2007.

Consolidated Income Statement
For the nine months ended 30 September 2007

	Notes	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 ("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 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	For the nine-month period ended 30 September 2006	For the three-month period ended 30 September 2007	For the three-month period ended 30 September 2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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 2007 HK$'000	Nine-month period ended 30 September 2006 HK$'000	Three-month period ended 30 September 2007 HK$'000	Three-month period ended 30 September 2006 HK$'000
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

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 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
Current tax:				
Overseas taxation	–	–	–	–
Deferred taxation:				
Current period	–	–	–	–
	–	–	–	–

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

6. CHANGES IN SHAREHOLDER'S EQUITY

	Share capital	Share premium	Capital reserve	Special reserve	Exchange reserve	Share options 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
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).

3. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Group for the year ended 31 March 2005, nine months ended 31 December 2005 and the year ended 31 December 2006 extracted from the respective annual reports of the Company. References to page and note numbers in this section are to the page and note numbers of the relevant annual reports of the Company.

For the year ended 31 March 2005

BUSINESS OVERVIEW

The Group is principally engaged in the provision of internet payment solutions to enterprises and individuals, system integration and the related consultancy services. The Board believes that the Group will continue to capture opportunities arising from the booming commercial market and the increasing popularity of e-commerce in China.

FINANCIAL OVERVIEW

During the current fiscal year, the Group recorded a turnover of approximately HK$5,043,000, representing a decrease of approximately 55% as compared to the last fiscal year. The decrease in turnover was mainly attributable to the fierce competition in the system integration market and the scale of operation in that business segment has been reduced during the year. The revenue generated from the internet payment services provided by the Group's associate has been significantly increased during the year. Its effect on the Group results has, however, been substantially offset by the decrease in revenue generated from the system integration business.

The change in business activities has resulted in the decrease in the turnover of the low profit margin system integration business and the increase in the turnover of the high profit margin internet payment service business. Although there was a substantial decrease in the turnover of the system integration business, the amount of gross profit for the year was only reduced by 10% and the gross margin has increased from 15% in last year to 29% in the current year.

The loss attributable to shareholders of HK$9,060,000 in the current year had taken into account the write back of deferred tax assets recognised in prior fiscal years totaling HK$1,418,000, as compared to the loss attributable to shareholders of HK$10,694,000 in the last fiscal year. The main reason for the decrease in loss in the current year was the increase in profit derived from internet payment services and the effective control of costs.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2005, the Group had net current assets of approximately HK$6,128,000. Current assets comprised inventories of approximately HK$408,000, debtors of approximately HK$293,000, deposits, prepayments and other receivables of approximately HK$1,127,000, pledged time deposits of $100,000, and cash and bank balances of approximately HK$13,557,000.

Current liabilities comprised deposits received, accruals and other payables of approximately HK$6,050,000, amounts due to related companies of approximately HK$2,163,000, amount due to an associate of approximately HK$1,144,000.

The Group's primary source of financing is from the initial placing proceeds of the listing in October 2001 and the placing proceeds in May 2002. The Group had issued interest bearing convertible bonds on 29 June 2004 and 1 March 2005 totaling $10,000,000.

The gearing ratio of the Group was 56% as at 31 March 2005 (2004: Nil). The calculation is based on the Group's interest bearing debt or borrowing over the shareholders' equity.

The Board considers that the Group has sufficient cash to cope with its future expansion and development. However, for a more massive scale of expansion and development, debt financing may be required. In the long run, the Directors believe that the Group will continue to fund its foreseeable expenditures through cash flow from operations and, if necessary, additional equity financing or bank borrowing.

EMPLOYEES

As at 31 March 2005, the total number of employees of the Group was 77 (2004: 54 staff). The dedication and contribution of the Group's staff during the year ended 31 March 2005 are greatly appreciated and recognised.

Employees (including directors) are remunerated according to their performance and working experience. On top of basic salaries, discretionary bonus and share option may be granted to eligible employee by reference to the Group's performance as well as the individual's performance. In addition, the Group also provides social security benefits to its staff such as the mandatory provident fund scheme in Hong Kong and the pension scheme in China.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity of the Group's assets can meet the repayments of the Group's liabilities and commitments.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

There was no significant investments, acquisitions or disposals during the year ended 31 March 2005.

CHARGES ON GROUP'S ASSETS

Time deposits in a bank totaling HK$100,000 as at 31 March 2005 (2004: Nil) had been pledged to that bank to secure the bank guarantee granted to a subsidiary in its ordinary operation. The related bank guarantee expired in April 2005 and the pledged time deposit had been released at the same time.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no detailed future plans for material investment or capital assets as at 31 March 2005.

EXCHANGE RISK

The Group's payment enterprise solution services are mainly transacted in Renminbi and significant portions of the Group's net assets are denominated in Renminbi. The exchange rate between the Hong Kong dollars (the reporting currency) and Renminbi was stable during the year ended 31 March 2005. The exposure of the Group's risk from exchange rate fluctuation was minimal. Currently, the market does not anticipate any material devaluation pressure on Renminbi in the near future and therefore the Board believes the Group has no significant currency exposure.

The Board will, however, continue to monitor the exposure of exchange risk closely and will engage in appropriate hedging activities, if required.

CONTINGENT LIABILITIES

The Directors consider that the Group had no contingent liabilities as at 31 March 2005.

For the nine months ended 31 December 2005

BUSINESS OVERVIEW

The Group is principally engaged in the provision of internet payment solutions to enterprises, individuals and payment gateways, system integration and related consultancy services. The Board believes that the Group will continue to capture opportunities arising from the booming commercial market and the increasing popularity of e-commerce in the PRC.

FINANCIAL OVERVIEW

During the current fiscal period, the Group recorded a turnover of HK$7,750,000, representing an increase of 54% as compared to the last fiscal year. The increase in turnover was mainly attributable to the revenues of HK$3,099,000 contributed by the acquired business for the period from 18 October 2005 to 31 December 2005.

The loss attributable to shareholders of the Company of HK$9,380,000 for the current fiscal period had taken into account major non-recurrent items such as cost of reorganisation of HK$1,698,000, impairment loss of fixed assets of HK$2,824,000, loss on disposal of subsidiaries of HK$1,716,000, and stock option charge of HK$1,122,000; and, net profit of HK$623,000 contributed by the acquired business for the period from 18 October 2005 to 31 December 2005.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2005, the Group had net current liabilities of HK$652,000. Current assets comprised inventories of HK$77,000, amounts due from related companies of HK$612,000, debtors of HK$3,286,000, deposits, prepayments and other receivables of HK$5,603,000, pledged time deposits of HK$204,000, and cash and bank balances of HK$21,765,000. Current liabilities comprised deposits received, sundry creditors and accruals of HK$23,344,000, other payables of HK$8,038,000, and tax payable of HK$817,000.

The Group's primary source of financing was from the initial placing proceeds of the listing in October 2001 and the placing proceeds in May 2002. The Group had issued interest bearing convertible bonds on 29 June 2004 and 1 March 2005 totaling HK$10,000,000.

The gearing ratio of the Group was 95% as at 31 December 2005 (31 March 2005: 56%). The calculation is based on the Group's interest bearing debt or borrowing over the shareholders' equity.

As at 23 February 2006, the Company completed a private issue of 69,000,000 new ordinary shares of HK$0.01 with placing proceeds of HK$12,075,000.

The Board considers that the Group has sufficient cash to cope with its future expansion and development. However, for a more massive scale of expansion and development, debt financing may be required. In the long term, the Board believes that the Group will continue to fund its foreseeable expenditures through cash flow from operations and, if necessary, additional equity financing or bank borrowing.

EMPLOYEES

As at 31 December 2005, the total number of employees of the Group was 81 (31 March 2005: 77). The dedication and contribution of the Group's staff during the period are greatly appreciated and recognized.

Employees (including directors) are remunerated according to their performance and working experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employee by reference to the Group's performance as well as the individual's performance. In addition, the Group also provides social security benefits to its staff such as mandatory provident fund scheme in Hong Kong and the pension scheme in China.

TREASURY POLICIES

The Group adopted a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 18 October 2005, the Group acquired a further 70.6% of equity interest in an associate, IPSSH, an online payment platforms provider operating in Shanghai, the PRC. Details of the revenue and net profit contributed by this acquired business amounted to HK$3,099,000 and HK$623,000 respectively for the period from 18 October 2005 to 31 December 2005. Details of the assets and liabilities arising from the acquisition are set out in note 33 to the financial statements.

On 18 October 2005, the Group disposed of all its equity interests in a wholly-owned subsidiary Universal iPayment International Limited, an investment holding company incorporated in Hong Kong and its 60% directly owned subsidiary, Universal iPayment China Limited. The disposed subsidiaries did not have significant operations materially affect the Group. Details of the assets and liabilities arising from the disposal are set out in note 32 to the financial statements.

CHARGES ON GROUP'S ASSETS

Time deposits totaling HK$204,000 as at 31 December 2005 (31 March 2005: HK$100,000) were pledged a bank to secure general banking facilities granted to a subsidiary.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no detailed future plans for material investment or capital assets as at 31 December 2005.

EXCHANGE RISK

The Group's enterprise solution services were mainly transacted in Renminbi. Since the exchange rate fluctuation between the Hong Kong dollars and Renminbi was minimal, the Board considered that the Group's exposure to the exchange risk was very low and, accordingly, no hedging transactions were entered into during the period.

CONTINGENT LIABILITIES

The Directors consider that the Group had no contingent liabilities as at 31 December 2005.

For the year ended 31 December 2006

OVERVIEW

The Group continues to capture the market opportunities of the existing business, while, in the mean time, develop and promote new business aggressively. During the year, the Group gradually transforms into a conglomerate which engaged in different business sectors, which includes: providing online payment solutions to individual and enterprise customers, system integration and related consultancy services, and timber trading and processing business. The Boards believes that the Group must be able to grasp the opportunities arising from the speedy growth of China economy to realize greater development.

FINANCIAL OVERVIEW

During the current fiscal year, the Group recorded a turnover of approximately HK$40,546,000, representing an increase of approximately 423% as compared to the last fiscal period.

The profit attributable to shareholders of HK$5,562,000 in the current year while comparing with net loss attributable to shareholders of HK$9,380,000 in the last fiscal period. The significant growth in turnover and profit was mainly attributable to the booming internet payment business, as well as the results from the business diversification.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2006, the Group had net current assets of approximately HK$34,725,000. Current assets comprised inventories of approximately HK$2,207,000, debtors of approximately HK$2,970,000, deposits, prepayments and other receivables of approximately HK$2,397,000, pledged time deposits of HK$104,000, unpledged time deposits of HK$2,000,000 and cash and bank balances of approximately HK$56,092,000. Current liabilities comprised deposits received, sundry creditors and accruals of approximately HK$31,045,000.

The Group's primary source of financing is from the initial placing proceeds of the listing in October 2001 and the placing proceeds in May 2002. The Group had issued interest bearing convertible bonds on 29 June 2004 and 1 March 2005 totaling HK$10,000,000. All of these convertible bonds have been converted into ordinary shares during the current fiscal year.

As at 10 February 2006 and 23 November 2006, the Company completed private issue of 69,000,000 and 130,600,000 new ordinary shares with placing proceeds of total HK$31,012,000.

The gearing ratio (defined as a percentage of total liabilities over total assets) of the Group as at 31 December 2006 was 48% (2005: 87%).

The Board considers that the Group's existing financial resources are sufficient to fulfill its commitments, current working capital requirements and further development. In the long term, the Board believes that the Group will continue to fund its foreseeable expenditures through cash flow from operations. However, for a more massive scale of expansion and development, debt or equity financing may be required.

EMPLOYEES

As at 31 December 2006, the total number of employees of the Group was 112 (31 December 2005: 81). The dedication and contribution of the Group's staff during the year are greatly appreciated and recognized.

Employees (including directors) are remunerated according to their performance and working experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employee by reference to the Group's performance as well as the individual's performance. In addition, the Group also provides social security benefits to its staff such as mandatory provident fund scheme in Hong Kong and the pension scheme in China.

TREASURY POLICIES

The Group adopted a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the current fiscal year, the Group injected capital of RMB19,000,000 to International Payment Solutions (Shanghai) Limited ("IPSSH"), a subsidiary of the Group to enlarge its share capital. The registered capital of IPSSH increased from RMB1,000,000 to RMB20,000,000. The Group believes the registered capital increment is in line with the growth of online payment business, and the investment will enhance the competitiveness of IPSSH.

During the year, the Group further acquired 40% equity interest in a subsidiary, Hyle Maestro Wooding (Shanghai) Limited (originally, Universal iLogistics (Shanghai) Limited). After the acquisition, Hyle Maestro Wooding (Shanghai) Limited became the wholly owned subsidiary of the Group. The Group further injected approximately HK$3,900,000 in the company to carry on its timber trading and processing business.

CHARGES ON GROUP'S ASSETS

Time deposit of HK$104,000 as at 31 December 2006 (31 December 2005: HK$204,000) was pledged to a bank to secure general banking facilities granted to a subsidiary.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no detailed future plans for material investment or capital assets as at 31 December 2006.

EXCHANGE RISK

Currently, the market anticipates moderate appreciation pressure on Renminbi. After the Group's re-structuring on 18 October 2005, purchase consideration of approximately RMB22 million for acquisition of a subsidiary was still payable as at 31 December 2006. The Group has not implemented any formal policy in dealing with this foreign exchange risk. However, in view of the Group's core business is mainly transacted in Renminbi and significant portion of assets are denominated in Renminbi, the exposure of the Group's risk from exchange rate fluctuation was minimal. For the year ended 31 December 2006, the Group did not enter into any arrangement to hedge its foreign exchange exposure.

CONTINGENT LIABILITIES

The Directors consider that the Group had no contingent liabilities as at 31 December 2006.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants, PKF Certified Public Accountants:

大信梁學濂(香港)會計師事務所

PKF
Accountants &
business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

11 January 2008

The Board of Directors
Universal Technologies Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") relating to Universal iPayment International Limited ("UII") and its subsidiaries (collectively referred to as the "UII Group") for each of three years ended 31 March 2005, 2006 and 2007 and for the six months ended 30 September 2007 (the "Relevant Periods") for inclusion in the circular of Universal Technologies Holdings Limited (the "Company") dated 11 January 2008 issued by the Company (the "Circular") in connection with the acquisition of the entire issued share capital of UII.

UII was established in Hong Kong on 30 December 1996 with an authorised share capital of HK$10,000,000 divided into 10,000,000 ordinary shares of HK$1 each. During the Relevant Periods, the principal activity of UII was investment holding.

As at the date of this report, UII has interests in the following subsidiary:

Name of subsidiary	Place and date of establishment	Registered capital	Attributable equity interest held by the UII directly	Principal activities
Universal iPayment China Limited (the "PRC Company")	People's Republic of China ("PRC") 6 July 2000	US$5,100,000	100% *(Note)*	Provision of online payment enterprise solution and related services

Note: The PRC Company was initially owned as to 60% by UII. In November 2007, UII further acquired 40% equity interest from the minority shareholder of the PRC Company. As at the date of this report, the PRC Company has become a wholly-owned subsidiary of UII.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of UII are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA and carried out additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountants" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of UII, as well as evaluating to overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, and prepared on the basis set out in Section II below, a true and fair view of the state of affairs of the UII Group as at 31 March 2005, 2006 and 2007 and 30 September 2007 and of the results and cash flows of the UII Group for the Relevant Periods.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, the income statement, statement of changes in equity and cash flow statement for the six months ended 30 September 2006, together with the notes thereon (the "Comparative Financial Information"), for which the directors of UII are responsible, has been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. Our review consisted principally of making enquiries of UII's management and applying analytical procedures to the financial information for the six months ended 30 September 2006 and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information for the six months ended 30 September 2006.

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the unaudited financial information presented for the six months ended 30 September 2006.

I FINANCIAL INFORMATION OF THE UII GROUP

The Financial Information of the UII Group for the Relevant Periods and the Comparative Financial Information on the basis set out in Note 3(a) to the Financial Information is as follows:–

(a) Consolidated income statements

		Six months ended 30 September		Year ended 31 March		
		2007	**2006**	**2007**	**2006**	**2005**
	Note	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	*5*	–	878	1,544	7,197	1,174
Other income		254	626	1,181	15,567	96
		254	1,504	2,725	22,764	1,270
Staff costs		(25)	(25)	(43)	(434)	(1,349)
Depreciation		(22)	(19)	(39)	(1,056)	(2,158)
Amortisation of lease premium for land		(198)	(188)	(380)	(368)	(363)
Minimum operating lease rentals		(233)	(130)	(355)	(43)	(989)
Bad debts written off		(14)	–	–	(288)	(127)
Impairment loss on plant and equipment		–	–	–	(2,905)	–
Impairment loss on available-for-sale financial assets		–	–	–	(191)	(283)
Other operating expenses		(303)	(916)	(2,927)	(1,496)	(3,004)
(Loss)/profit from operations		(541)	226	(1,019)	15,983	(7,003)
Share of results of an associate		–	–	–	513	1,865
Profit on disposal of a subsidiary	*29*	–	–	–	92	–
Loss on disposal of an associate		–	–	–	(2,808)	–
(Loss)/profit from ordinary activities before income tax	*6*	(541)	226	(1,019)	13,780	(5,138)
Income tax expense/(credit)	*8(a)*	–	–	–	–	(1,400)
(Loss)/profit for the period/year		(541)	226	(1,019)	13,780	(6,538)
Attributable to:						
– Shareholders of UII	*9*	(325)	136	(613)	13,546	(4,363)
– Minority interests		(216)	90	(406)	234	(2,175)
		(541)	226	(1,019)	13,780	(6,538)
Dividends	*10*	–	–	–	–	–
(Loss)/earnings per share attributable to shareholders of UII (in cents)						
Basic	*11*	(3.49)	1.46	(6.58)	145.55	(46.88)
Diluted	*11*	N/A	N/A	N/A	N/A	N/A

(b) Consolidated balance sheets

	Note	As at 30 September 2007 HK$'000	As at 31 March 2007 HK$'000	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS					
Plant and equipment	13(a)	1,711	1,684	1,642	7,057
Prepaid land lease expenses	14	17,729	17,497	17,111	17,037
Interest in an associate	16	–	–	–	2,295
Available-for-sale financial assets	17	–	–	–	189
Deferred tax assets	8(b)	–	–	–	–
		19,440	19,181	18,753	26,578
CURRENT ASSETS					
Debtors	18	–	47	398	1,284
Deposits, prepayments and other receivables	19	520	615	60	684
Amount due from a fellow subsidiary	23	–	–	–	307
Prepaid land lease expenses	14	400	390	373	363
Pledged time deposits	20	–	–	–	100
Cash and bank balances	21	61	400	166	6,775
		981	1,452	997	9,513
DEDUCT: CURRENT LIABILITIES					
Payable to merchants		–	–	–	1,448
Deposits received, accruals and other payables	22	980	1,147	143	5,281
Amounts due to fellow subsidiaries	23	–	–	–	5,176
Amount due to a related company	24	–	–	–	2,163
Amount due to an associate	25	–	–	–	1,144
		980	1,147	143	15,212
NET CURRENT ASSETS/(LIABILITIES)		1	305	854	(5,699)
TOTAL ASSETS LESS CURRENT LIABILITIES		19,441	19,486	19,607	20,879
DEDUCT:					
NON-CURRENT LIABILITIES					
Amount due to Universal Technologies Holdings Limited ("UTH")	26	–	–	–	15,563
NET ASSETS		19,441	19,486	19,607	5,316
REPRESENTING:–					
CAPITAL AND RESERVES					
Share capital	27	9,307	9,307	9,307	9,307
Reserves	28	2,338	2,167	1,882	(12,175)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF UII		11,645	11,474	11,189	(2,868)
MINORITY INTERESTS		7,796	8,012	8,418	8,184
TOTAL EQUITY		19,441	19,486	19,607	5,316

(c) Company balance sheets

	Note	As at 30 September 2007 HK$'000	As at 31 March 2007 HK$'000	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS					
Plant and equipment	13(b)	–	–	–	206
Interests in subsidiaries	15	18,872	18,872	18,872	18,882
		18,872	18,872	18,872	19,088
CURRENT ASSETS					
Amount due from a subsidiary	23	–	–	–	37
Deposits and prepayments	19	–	–	–	3
Cash and bank balances		–	–	–	41
		–	–	–	81
DEDUCT:					
CURRENT LIABILITIES					
Accruals	22	5	5	2	27
Amount due to a fellow subsidiary	23	–	–	–	55
		5	5	2	82
NET CURRENT LIABILITIES		(5)	(5)	(2)	(1)
TOTAL ASSETS LESS CURRENT LIABILITIES		18,867	18,867	18,870	19,087
DEDUCT:					
NON-CURRENT LIABILITIES					
Amount due to Universal Technologies Holdings Limited	26	–	–	–	15,192
NET ASSETS		18,867	18,867	18,870	3,895
REPRESENTING:–					
CAPITAL AND RESERVES					
Share capital	27	9,307	9,307	9,307	9,307
Reserves	28	9,560	9,560	9,563	(5,412)
TOTAL EQUITY		18,867	18,867	18,870	3,895

(d) Consolidated cash flow statements

	Six months ended 30 September 2007	Six months ended 30 September 2006	Year ended 31 March 2007	Year ended 31 March 2006	Year ended 31 March 2005
	HK$'000	*HK$'000* (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit from ordinary activities before income tax	(541)	226	(1,019)	13,780	(5,138)
Adjustments for:					
Interest income	(1)	(1)	(2)	(4)	(4)
Reversal of provision for bad debts	–	–	–	(66)	–
Waive of amount due to UTH	–	–	–	(15,246)	–
Depreciation	22	19	39	1,056	2,158
Amortisation of lease premium for land	198	188	380	368	363
Loss on disposal of plant and equipment	–	–	–	625	89
Share of results of an associate	–	–	–	(513)	(1,865)
Profit on disposal of a subsidiary	–	–	–	(92)	–
Loss on disposal of an associate	–	–	–	2,808	–
Bad debts written off	14	–	–	288	127
Impairment loss on plant and equipment	–	–	–	2,905	–
Impairment loss on available-for-sale financial assets	–	–	–	191	283
Operating (loss)/profit before working capital changes	(308)	432	(602)	6,100	(3,987)
Decrease/(increase) in debtors	33	398	351	446	(1,393)
Decrease/(increase) in deposits, prepayments and other receivables	95	(1,911)	(555)	621	254
Decrease in amount due from a fellow subsidiary	–	–	–	307	–
(Decrease)/increase in payable to merchants	–	–	–	(1,274)	1,448
(Decrease)/increase in deposits received, accruals and other payables	(167)	1,019	1,004	(4,914)	2,616
(Decrease)/increase in amounts due to fellow subsidiaries	–	–	–	(4,232)	152
(Decrease)/increase in amount due to a related company	–	–	–	(2,163)	1,333
(Decrease)/increase in amount due to an associate	–	–	–	(1,144)	266
Net cash (used in)/generated from operations	(347)	(62)	198	(6,253)	689
Interest received	1	1	2	4	4
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(346)	(61)	200	(6,249)	693

	Six months ended 30 September		Year ended 31 March		
	2007	**2006**	**2007**	**2006**	**2005**
	HK$'000	*HK$'000* (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments to acquire plant and equipment	(7)	–	(9)	(57)	(90)
Sales proceeds on disposal of plant and equipment	–	–	–	35	37
Net cash outflow on disposal of a subsidiary *(Note 29)*	–	–	–	(547)	–
NET CASH USED IN INVESTING ACTIVITIES	(7)	–	(9)	(569)	(53)
CASH FLOWS FROM FINANCING ACTIVITIES					
Time deposits pledged for banking facilities	–	–	–	100	(100)
Repayments to a director	–	–	–	–	(728)
Advances from UTH	–	–	–	162	1,210
NET CASH FROM FINANCING ACTIVITIES	–	–	–	262	382
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(353)	(61)	191	(6,556)	1,022
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	400	166	166	6,775	5,753
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	14	31	43	(53)	–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	61	136	400	166	6,775
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	61	136	400	166	6,775

(e) Consolidated statements of changes in equity

	Attributable to shareholders of UII							
	Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2004	9,307	7,041	1,140	54	(16,047)	1,495	10,359	11,854
Loss for the year	–	–	–	–	(4,363)	(4,363)	(2,175)	(6,538)
At 31 March 2005	9,307	7,041	1,140	54	(20,410)	(2,868)	8,184	5,316
At 1 April 2005	9,307	7,041	1,140	54	(20,410)	(2,868)	8,184	5,316
Exchange difference arising from translation of financial statements of a subsidiary established in the PRC	–	–	–	511	–	511	–	511
Profit for the year	–	–	–	–	13,546	13,546	234	13,780
At 31 March 2006	9,307	7,041	1,140	565	(6,864)	11,189	8,418	19,607
At 1 April 2006	9,307	7,041	1,140	565	(6,864)	11,189	8,418	19,607
Exchange difference arising from translation of financial statements of a subsidiary established in the PRC	–	–	–	898	–	898	–	898
Loss for the year	–	–	–	–	(613)	(613)	(406)	(1,019)
At 31 March 2007	9,307	7,041	1,140	1,463	(7,477)	11,474	8,012	19,486
At 1 April 2007	9,307	7,041	1,140	1,463	(7,477)	11,474	8,012	19,486
Exchange difference arising from translation of financial statements of a subsidiary established in the PRC	–	–	–	496	–	496	–	496
Loss for the period	–	–	–	–	(325)	(325)	(216)	(541)
At 30 September 2007	9,307	7,041	1,140	1,959	(7,802)	11,645	7,796	19,441

II NOTES TO FINANCIAL INFORMATION

1. COMPANY INFORMATION

UII was established in Hong Kong on 30 December 1996 as a limited liability company and its registered address is Unit 231-233, 2/F., Building 2, Phase I, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

The principal activity of UII was investment holding and those of the subsidiaries are set out in Note 15 to the Financial Information.

2. COMPLIANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards" or "HKFRSs").

Hong Kong Financial Reporting Standards that were issued during the Relevant Periods up to 30 September 2007 have been early adopted for the Relevant Periods, except for the following:–

HKAS 1 (Amendment)	Capital Disclosures [1]
HKFRS 7	Financial Instruments: Disclosures [1]
HK(IFRIC)-Int 12	Service Concession Arrangements [2]
HK(IFRIC)-Int 13	Customer Royalty Programmes [3]
HK(IFRIC)-Int 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction [3]
HKAS 23 (Revised)	Borrowing Costs [4]
HKFRS 8	Operating Segments [4]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2008
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 January 2009

3. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Information are set out below:–

(a) Basis of preparation

The measurement basis used in the preparation of the Financial Information is the historical cost basis.

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the prevailing circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements with significant effect on the Financial Information and estimates with significant risk of material adjustment are discussed in Note 4 to the Financial Information.

The accounting policies set out below have been applied consistently to each year/period presented in these Financial Information.

(b) Basis of consolidation

The Financial Information incorporates the Financial Information of UII and its subsidiaries.

The results of subsidiary acquired or disposed of during the Relevant Periods are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Recognition of revenue

Revenue from the provision of enterprise solutions services is recognised on a straight-line basis over the period in which the work is performed.

Handling income from online payment platform transaction is recognised when the transaction is authorised and completed.

Annual fee income of online payment platform services is recognised on a straight-line basis over the years of the services.

Set up fee income of online payment platform services is recognised at the time when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income is recognised on a straight-line basis over the period of the respective leases.

(d) Subsidiaries and minority interests

Subsidiaries are entities controlled by the UII Group. Control exists when the UII Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by UII, whether directly or indirectly through subsidiaries. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of UII. Minority interests in the results of the UII Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of UII.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the UII Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the UII Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the UII Group has been recovered.

In UII's balance sheet, an investment in a subsidiary is stated at cost less impairment losses.

(e) Segment reporting

A segment is a distinguishable component of the UII Group that is engaged either in provision of products or services (business segment), or in provision of products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before inter-segment balances and inter-segment transactions are eliminated as part of the consolidation.

(f) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the UII Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is UII's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:–

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

(g) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is calculated to write off the cost of property, plant and equipment less any estimated residual value, on a straight-line basis over their estimated useful lives as follows:–

Buildings	– 40 years
Leasehold improvement	– Shorter of 5 years and the unexpired leases' terms
Office equipment, computer and other equipment	– 5 years
Furniture and fixtures	– 5 years
Motor vehicles	– 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gain or loss arising from the retirement or disposal of a property, plant and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the income statement on the date of retirement or disposal.

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(i) Available-for-sale financial assets

For unlisted investment:–

As the fair value of the available-for-sale financial assets cannot be reliably measured, the available-for-sale financial assets are stated at cost less identified impairment loss.

The carrying amount of individual investment is reviewed at each balance sheet date to assess whether the fair value has declined below the carrying amount. When a decline other than temporary has occurred, the carrying amount of such investment should be reduced to its fair value. The amount of the reduction is recognised as an expense in the income statement.

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the UII Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(k) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the UII Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where UII is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(o) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the UII Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the UII Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the PRC central pension scheme, are recognised as an expense in the income statement as incurred.

Termination benefits are recognised when, and only when, the UII Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the UII Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(q) Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the periods of the respective leases.

(r) Related parties

An entity is related to UII if the entity (i) has, directly or indirectly, control or joint control or significant influence over UII, or (ii) is controlled by or under common control with UII, or (iii) is an associate or jointly controlled entity of UII, or (iv) is controlled, jointly-controlled or significantly influenced by an individual related to UII.

An individual is related to UII if the individual (i) has, directly or indirectly, control or joint control or significant influence over UII, or (ii) is member of the key management personnel of UII, or (iii) if the individual is a close member of the family of the individuals in (i) or (ii).

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying UII's accounting policies, which are described in Note 3 to the Financial Information, management had made the following judgments that have the most significant effect on the amounts recognised in the Financial Information.

(a) Useful lives of plant and equipment

UII's management determines the estimated useful lives and the related depreciation charge for UII's plant and equipment. This estimate is based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

(b) Impairment of other receivables and amounts due from related parties

UII's management estimates the provision of impairment of other receivables and amounts due from related parties by assessing their recoverability based on credit history and prevailing market condition. This requires the use of estimates and judgements. Management reassesses the provision at each balance sheet date.

(c) Income taxes

The UII Group is primarily subject to income taxes in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain. Where the final outcome of tax assessment is different from the carrying amounts of tax provision, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. TURNOVER AND REVENUE

The UII Group is principally engaged in investment holding, provision of online payment and related services. Turnover for the Relevant Periods represents revenue recognised from the provision of online payment handling income and the related consultancy services, net of business tax. An analysis of the UII Group's turnover and other major revenue is as follows:–

	Six months ended 30 September		**Year ended 31 March**		
	2007	**2006**	**2007**	**2006**	**2005**
	HK'000	*HK'000* (unaudited)	*HK'000*	*HK'000*	*HK'000*
Online payment and related services income	–	878	1,544	7,197	1,174
Turnover	–	878	1,544	7,197	1,174
Rental income	253	563	1,079	111	68
Interest on bank deposits	1	1	2	4	4
Total revenue	254	1,442	2,625	7,312	1,246

6. (LOSS)/PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

	Six months ended 30 September		Year ended 31 March		
	2007	**2006**	**2007**	**2006**	**2005**
	HK'000	*HK'000*	*HK'000*	*HK'000*	*HK'000*
		(unaudited)			
(Loss)/profit from ordinary activities before income tax is arrived at after charging:–					
Auditors' remuneration	–	–	–	–	32
Directors' remuneration – *Note 7(a)*	–	–	–	–	–
Staff costs					
– Salaries and other benefits	18	17	28	407	1,089
– Pension scheme contributions	7	8	15	27	259
	25	25	43	434	1,348
Depreciation	22	19	39	1,056	2,158
Amortisation of lease premium for land	198	188	380	368	363
Minimum operating lease rentals	233	130	355	43	989
Sales proceeds of plant and equipment	–	–	–	(979)	(37)
Less: Carrying value of plant and equipment	–	–	–	1,604	126
Loss on disposal of plant and equipment	–	–	–	625	89
Bad debts written off	14	–	–	288	127
Impairment loss on plant and equipment	–	–	–	2,905	–
Impairment loss on available-for-sale financial assets	–	–	–	191	283

7. DIRECTORS' REMUNERATION

(a) Directors' emoluments

The remuneration of each director for the Relevant Periods and the six months ended 30 September 2006 are set out below:–

	Year ended 31 March 2007				
Name of director	**Fees**	**Salaries, allowances and other benefits in kind**	**Bonuses**	**Pension scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Xiong Hai Tao	–	–	–	–	–
Mr. Huang Xiao	–	–	–	–	–
	–	–	–	–	–

	Year ended 31 March 2006				
Name of director	**Fees**	**Salaries, allowances and other benefits in kind**	**Bonuses**	**Pension scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Lau Sik Suen *(Note (i))*	–	–	–	–	–
Mr. Lau Yeung Sang *(Note (i))*	–	–	–	–	–
Mr. Xiong Hai Tao *(Note (ii))*	–	–	–	–	–
Mr. Huang Xiao *(Note (ii))*	–	–	–	–	–
	–	–	–	–	–

	Year ended 31 March 2005				
Name of director	**Fees**	**Salaries, allowances and other benefits in kind**	**Bonuses**	**Pension scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Lau Sik Suen	–	–	–	–	–
Mr. Lau Yeung Sang	–	–	–	–	–
	–	–	–	–	–

	Six months ended 30 September 2007				
Name of director	Fees	Salaries, allowances and other benefits in kind	Bonuses	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Xiong Hai Tao	–	–	–	–	–
Mr. Huang Xiao	–	–	–	–	–
	–	–	–	–	–

	Six months ended 30 September 2006 (unaudited)				
Name of director	Fees	Salaries, allowances and other benefits in kind	Bonuses	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Xiong Hai Tao	–	–	–	–	–
Mr. Huang Xiao	–	–	–	–	–
	–	–	–	–	–

Notes:–

(i) Mr. Lau Sik Suen and Mr. Lau Yeung Sang resigned on 7 December 2005.

(ii) Mr. Xiong Hai Tao and Mr. Huang Xiao were appointed on 7 December 2005.

(b) Five highest paid individuals

Among the five highest paid individuals of the UII Group, none is a director of UII.

The emoluments and designated band of the five non-director, highest paid employees were as follows:–

	Six months ended 30 September		Year ended 31 March		
	2007	2006	2007	2006	2005
	HK'000	*HK'000* (unaudited)	*HK'000*	*HK'000*	*HK'000*
Salaries, allowances and other benefits in kind	18	17	28	397	491
Pension scheme contributions	7	8	15	15	22
	25	25	43	412	513

The emoluments of the five non-directors, highest paid employees fell within the band of nil to HK$1,000,000.

During the Relevant Periods, no emoluments were paid by the UII Group to the five highest paid employees, including the director of UII, as an inducement to join, or upon joining the UII Group.

8. INCOME TAX EXPENSE/(CREDIT)

(a) Income tax expense/(credit) in the income statement represents:–

	Six months ended 30 September		**Year ended 31 March**		
	2007	**2006**	**2007**	**2006**	**2005**
	HK'000	*HK'000*	*HK'000*	*HK'000*	*HK'000*
		(unaudited)			
Income tax	–	–	–	–	–
Deferred tax – *Note 8(b)*	–	–	–	–	(1,400)
	–	–	–	–	(1,400)

No provision for Hong Kong profits tax has been made as the UII Group did not generate any assessable profits in Hong Kong during the Relevant Periods and the six months ended 30 September 2006. UII's subsidiary operating in the PRC did not generate any profits assessable to Corporate Income Tax in the PRC during the Relevant Periods and the six months ended 30 September 2006.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT Law reduces the corporate income tax rate for domestic enterprises from 33% to 25% with effect from 1 January 2008. The tax rate reduction will also impact the carrying value of deferred tax assets as a result of the new tax rate.

The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, UII will assess their impact, if any, and this change in accounting estimate will be accounted for prospectively.

The income tax credit for the Relevant Periods and the six months ended 30 September 2006 can be reconciled to the (loss)/profit per income statement as follows:–

	Six months ended 30 September		Year ended 31 March		
	2007	**2006**	**2007**	**2006**	**2005**
	HK'000	*HK'000* (unaudited)	*HK'000*	*HK'000*	*HK'000*
(Loss)/profit from ordinary activities before income tax	(541)	226	(1,019)	13,780	(5,138)
Tax effect at the income tax rate of 17.5%	(95)	40	(178)	2,412	(899)
Tax effect of non-deductible expenses in determining taxable profit	215	–	174	1,910	570
Tax effect of non-taxable revenue in determining taxable profit	(245)	(210)	(452)	(3,042)	(615)
Tax effect of accelerated depreciation allowances	–	–	–	29	–
Tax effect of unrecognised tax losses	208	135	613	1	1,570
Tax effect of utilisation of unrecognised tax losses	–	–	–	(1,321)	–
Tax effect of derecognition of previous years' recognised tax losses	–	–	–	–	1,400
Effect of different tax rate of subsidiary and associate	(83)	35	(157)	11	(626)
Income tax credit	–	–	–	–	1,400

(b) (i) The UII Group

The components of deferred tax assets are as follows:–

	Tax loss
	HK'000
At 1 April 2004	1,400
Credit for the year	(1,400)
At 31 March 2005, 31 March 2006, 31 March 2007 and 30 September 2007	–

At 30 September 2007, 31 March 2007, 2006 and 2005, the UII Group has unused tax losses of approximately HK$14,929,000, HK$14,275,000, HK$25,406,000 and HK$29,229,000 available for offset against future profits respectively. No deferred tax asset has been recognised of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses at 30 September 2007, 31 March 2007, 2006 and 2005 are losses of HK$1,396,000, HK$742,000, HK$11,873,000 and HK$15,520,000 that will expire within five years from the date of incurrence respectively. Other losses can be carried forward indefinitely.

(ii) UII

At 30 September 2007, 31 March 2007, 2006 and 2005, UII has unused tax losses of approximately HK$13,533,000, HK$13,533,000, HK$13,533,000 and HK$13,528,000 available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

9. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF UII

(Loss)/profit attributable to shareholders of UII for the years ended 31 March 2007, 2006 and 2005 and for the six months ended 30 September 2007 and 2006 includes a loss of HK$3,000, profit of HK$14,975,000, loss of HK$924,000, HK$Nil and HK$Nil respectively which has been dealt with in the financial statements of UII.

10. DIVIDENDS

No dividend has been paid or declared by UII since the date of its incorporation.

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the Relevant Periods and the six months ended 30 September 2006 is based on the following data:–

	Six months ended 30 September		**Year ended 31 March**		
	2007	**2006**	**2007**	**2006**	**2005**
	HK'000	*HK'000*	*HK'000*	*HK'000*	*HK'000*
		(unaudited)			
(Loss)/earnings attributable to shareholders of UII	(325)	136	(613)	13,546	(4,363)
Weighted average number of shares in issue for the purpose of calculation of basic (loss)/earnings per share	9,306,470	9,306,470	9,306,470	9,306,470	9,306,470

No diluted (loss)/earnings per share is shown as there were no dilutive potential shares.

12. RETIREMENT BENEFIT COSTS

Since 1 December 2000, the UII Group had joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with rules of MPF Scheme. The assets of the MPF Scheme are held separately from those of the UII Group in an independently administered fund. The UII Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The UII Group's contribution to such scheme for the years ended 31 March 2007, 2006 and 2005 and for the six months ended 30 September 2007 and 2006 amounted to HK$Nil, HK$26,000, HK$29,000, HK$Nil and HK$Nil respectively.

UII's subsidiary in the PRC has participated in a central pension scheme. Contributions are made by the subsidiary to the scheme based on 25.5% of the applicable payroll costs. The UII Group has no obligation other than the above-mentioned contributions.

The UII Group's contribution to the state-sponsored retirement plan for the years ended 31 March 2007, 2006 and 2005 and for the six months ended 30 September 2007 and 2006 amounted to HK$15,000, HK$1,000, HK$230,000, HK$7,000 and HK$8,000 respectively.

13. PLANT AND EQUIPMENT

(a) The UII Group

	Buildings *HK$'000*	Leasehold improvement *HK$'000*	Office equipment, computer and other equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:–						
At 1 April 2004	1,939	1,434	8,179	73	890	12,515
Additions	–	–	90	–	–	90
Disposals	–	(267)	(68)	–	–	(335)
At 31 March 2005	1,939	1,167	8,201	73	890	12,270
At 1 April 2005	1,939	1,167	8,201	73	890	12,270
Exchange difference	51	15	194	1	7	268
Additions	–	–	57	–	–	57
Disposals	–	(1,182)	(1,483)	(74)	(897)	(3,636)
Disposals of a subsidiary	–	–	(19)	–	–	(19)
At 31 March 2006	1,990	–	6,950	–	–	8,940
At 1 April 2006	1,990	–	6,950	–	–	8,940
Exchange difference	90	–	315	–	–	405
Additions	–	–	9	–	–	9
At 31 March 2007	2,080	–	7,274	–	–	9,354
At 1 April 2007	2,080	–	7,274	–	–	9,354
Exchange difference	51	–	180	–	–	231
Additions	–	–	7	–	–	7
At 30 September 2007	2,131	–	7,461	–	–	9,592
Aggregate depreciation:–						
At 1 April 2004	128	796	2,173	46	121	3,264
Charge for the year	115	251	1,614	15	163	2,158
Written back on disposals	–	(173)	(36)	–	–	(209)
At 31 March 2005	243	874	3,751	61	284	5,213
At 1 April 2005	243	874	3,751	61	284	5,213
Exchange difference	7	11	99	1	2	120
Charge for the year	109	129	735	7	76	1,056
Written back on disposals	–	(1,014)	(587)	(69)	(362)	(2,032)
Disposals of a subsidiary	–	–	(2)	–	–	(2)
At 31 March 2006	359	–	3,996	–	–	4,355
At 1 April 2006	359	–	3,996	–	–	4,355
Exchange difference	17	–	182	–	–	199
Charge for the year	37	–	2	–	–	39
At 31 March 2007	413	–	4,180	–	–	4,593
At 1 April 2007	413	–	4,180	–	–	4,593
Exchange difference	10	–	103	–	–	113
Charge for the period	19	–	3	–	–	22
At 30 September 2007	442	–	4,286	–	–	4,728

	Buildings	Leasehold improvement	Office equipment, computer and other equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Impairment loss:–						
At 1 April 2004 and 2005	–	–	–	–	–	–
Exchange difference	–	–	38	–	–	38
Charge for the year	–	–	2,905	–	–	2,905
At 31 March 2006	–	–	2,943	–	–	2,943
At 1 April 2006	–	–	2,943	–	–	2,943
Exchange difference	–	–	134	–	–	134
At 31 March 2007	–	–	3,077	–	–	3,077
At 1 April 2007	–	–	3,077	–	–	3,077
Exchange difference	–	–	76	–	–	76
At 30 September 2007	–	–	3,153	–	–	3,153
Net book value:–						
At 30 September 2007	1,689	–	22	–	–	1,711
At 31 March 2007	1,667	–	17	–	–	1,684
At 31 March 2006	1,631	–	11	–	–	1,642
At 31 March 2005	1,696	293	4,450	12	606	7,057

(b) UII

	Leasehold improvement	Office equipment, computer and other equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:–					
At 1 April 2004	267	201	4	314	786
Disposals	(267)	(6)	–	–	(273)
At 31 March 2005	–	195	4	314	513
At 1 April 2005	–	195	4	314	513
Disposals	–	(195)	(4)	(314)	(513)
At 31 March 2006, 31 March 2007 and 30 September 2007	–	–	–	–	–
Aggregate depreciation:–					
At 1 April 2004	155	103	1	102	361
Charge for the year	18	39	1	63	121
Written back on disposals	(173)	(2)	–	–	(175)
At 31 March 2005	–	140	2	165	307
At 1 April 2005	–	140	2	165	307
Charge for the year	–	13	–	15	28
Written back on disposals	–	(153)	(2)	(180)	(335)
At 31 March 2006, 31 March 2007 and 30 September 2007	–	–	–	–	–
Net book value:–					
At 30 September 2007	–	–	–	–	–
At 31 March 2007	–	–	–	–	–
At 31 March 2006	–	–	–	–	–
At 31 March 2005	–	55	2	149	206

14. PREPAID LAND LEASE EXPENSES

	As at 30 September 2007 HK$'000	As at 31 March 2007 HK$'000	2006 HK$'000	2005 HK$'000
Opening net book value	17,887	17,484	17,400	17,763
Exchange difference	440	783	452	–
Amortisation	(198)	(380)	(368)	(363)
Closing net book value	18,129	17,887	17,484	17,400
Current portion shown under current assets	(400)	(390)	(373)	(363)
Non-current portion shown under non-current assets	17,729	17,497	17,111	17,037

The land is situated in the PRC under medium-term leases.

15. INTERESTS IN SUBSIDIARIES

	As at 30 September 2007 HK$'000	As at 31 March 2007 HK$'000	2006 HK$'000	2005 HK$'000
Unlisted shares, at cost	–	–	–	10
Unlisted equity, at cost	23,872	23,872	23,872	23,872
Less: Impairment loss	(5,000)	(5,000)	(5,000)	(5,000)
	18,872	18,872	18,872	18,882

The details of the subsidiaries are as follows:–

Name of company	Place of incorporation/ establishment and operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by UII directly	Principal activities
Universal iPayment (Hong Kong) Limited *	Hong Kong	10,000 ordinary shares of HK$1 each	100%	Provision of online payment enterprise solutions and related services
Universal iPayment China Limited#	People's Republic of China	US$5,100,000	60%	Provision of online payment enterprise solutions and related services

* *The subsidiary was disposed of on 18 October 2005.*

\# *The subsidiary is registered as Equity Joint Venture under PRC Laws.*

16. INTEREST IN AN ASSOCIATE

	As at 30 September 2007 HK$'000	As at 31 March 2007 HK$'000	2006 HK$'000	2005 HK$'000
Share of net assets other than goodwill	–	–	–	2,067
Goodwill arising on acquisition	–	–	–	228
	–	–	–	2,295

The details of the associate are as follows:–

Name of company	Place of establishment and operation	Attributable equity interest held by the UII Group	Principal activities
International Payment Solutions (Shanghai) Limited (formerly known as Universal eCommence China Limited) ("IPSSH") *	People's Republic of China	29.4%	Operation of online payment platform

* *The associate was disposed of to a third party at a total consideration of RMB1 on 18 October 2005.*

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 September 2007 HK$'000	As at 31 March 2007 HK$'000	2006 HK$'000	2005 HK$'000
Unlisted equity, at cost	–	–	472	472
Less: Impairment loss	–	–	(472)	(283)
	–	–	–	189

18. DEBTORS

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with debtors, credit evaluations of customers are performed periodically.

An aging analysis of debtors is set out below:–

	As at 30 September	As at 31 March		
	2007	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 6 months	–	47	398	1,284

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) The UII Group

	As at 30 September	As at 31 March		
	2007	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits	20	16	16	21
Prepayments	332	554	–	594
Other receivables	168	45	44	69
	520	615	60	684

(b) UII

Prepayments	–	–	–	3

20. PLEDGED TIME DEPOSITS

The deposits had been pledged to a bank to secure the general banking facilities granted to a subsidiary of UII.

21. CASH AND BANK BALANCES

At 30 September 2007, 31 March 2007, 2006 and 2005, cash and bank balances of the UII Group denominated in Renminbi amounted to approximately HK$61,000, HK$399,000, HK$166,000 and HK$6,354,000 respectively. Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the UII Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

22. DEPOSITS RECEIVED, ACCRUALS AND OTHER PAYABLES

(a) The UII Group

	As at 30 September 2007	As at 31 March 2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits received and receipts in advance	358	654	–	661
Other payables	547	418	70	4,373
Accruals	75	75	73	247
	980	1,147	143	5,281

(b) UII

	As at 30 September 2007	As at 31 March 2007	2006	2005
Accruals	5	5	2	27

23. AMOUNTS DUE FROM A SUBSIDIARY/FELLOW SUBSIDIARY/TO FELLOW SUBSIDIARIES

The amounts are interest-free, unsecured and repayable on demand. The directors consider the carrying amounts of amounts due from a subsidiary/fellow subsidiary/to fellow subsidiaries approximate their fair values.

24. AMOUNT DUE TO A RELATED COMPANY

The amount is interest-free, unsecured and repayable on demand. The directors consider the carrying amount of amount due to a related company approximates its fair value.

25. AMOUNT DUE TO AN ASSOCIATE

The amount is interest-free, unsecured and repayable on demand. The directors consider the carrying amount of amount due to an associate approximates its fair value.

26. AMOUNT DUE TO UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED

The amount is interest-free, unsecured and fully waived during the year ended 31 March 2006. The directors consider the carrying amount of amount due to Universal Technologies Holdings Limited approximates its fair value.

27. SHARE CAPITAL

	As at 30 September 2007	As at 31 March 2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised:–				
10,000,000 ordinary shares of HK$1 each	10,000	10,000	10,000	10,000
Issued and fully paid:–				
9,306,470 ordinary shares of HK$1 each	9,307	9,307	9,307	9,307

28. RESERVES

(a) The UII Group

	Share premium *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2004	7,041	1,140	54	(16,047)	(7,812)
Loss for the year	–	–	–	(4,363)	(4,363)
At 31 March 2005	7,041	1,140	54	(20,410)	(12,175)
At 1 April 2005	7,041	1,140	54	(20,410)	(12,175)
Exchange difference arising from translation of financial statements of a subsidiary established in the PRC	–	–	511	–	511
Profit for the year	–	–	–	13,546	13,546
At 31 March 2006	7,041	1,140	565	(6,864)	1,882
At 1 April 2006	7,041	1,140	565	(6,864)	1,882
Exchange difference arising from translation of financial statements of a subsidiary established in the PRC	–	–	898	–	898
Loss for the year	–	–	–	(613)	(613)
At 31 March 2007	7,041	1,140	1,463	(7,477)	2,167
At 1 April 2007	7,041	1,140	1,463	(7,477)	2,167
Exchange difference arising from translation of financial statements of a subsidiary established in the PRC	–	–	496	–	496
Loss for the period	–	–	–	(325)	(325)
At 30 September 2007	7,041	1,140	1,959	(7,802)	2,338

(b) UII

	Share premium *HK$'000*	**(Accumulated losses)/ retained profits** *HK$'000*	**Total** *HK$'000*
At 1 April 2004	7,041	(11,529)	(4,488)
Loss for the year	–	(924)	(924)
At 31 March 2005	7,041	(12,453)	(5,412)
At 1 April 2005	7,041	(12,453)	(5,412)
Profit for the year	–	14,975	14,975
At 31 March 2006	7,041	2,522	9,563
At 1 April 2006	7,041	2,522	9,563
Loss for the year	–	(3)	(3)
At 31 March 2007	7,041	2,519	9,560
At 1 April 2007	7,041	2,519	9,560
Loss for the period	–	–	–
At 30 September 2007	7,041	2,519	9,560

29. DISPOSAL OF A SUBSIDIARY

On 18 October 2005, UII disposed of all its equity interest in a wholly-owned subsidiary, UIHK, to Universal i-Payment Holdings Limited (formerly known as Universal Media (China) Limited) at a total consideration of HK$1.

The carrying values of the assets and liabilities disposed of at the date of disposal are as follows:–

	HK$'000
Plant and equipment	17
Debtors	218
Deposits, prepayments and other receivables	3
Payable to merchants	(174)
Deposits received, accruals and other payables	(224)
Amount due to UTH	(479)
Cash and cash equivalents	547
Net liabilities disposed	(92)
Profit on disposal	92
Total consideration	–
Cash and cash equivalents in UIHK disposed	(547)
Net cash outflow on disposal of UIHK	(547)

30. COMMITMENTS

(a) Operating leases arrangements

(i) The UII Group

At 30 September 2007, 31 March 2007, 2006 and 2005, the future minimum leases payments to be received by the UII Group under non-cancellable operating leases for each of the following periods are as follows:–

	As at 30 September	**As at 31 March**		
	2007	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	–	–	161
After one year but within five years	–	–	–	27
	–	–	–	188

At 30 September 2007, 31 March 2007, 2006 and 2005, the UII Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:–

	As at 30 September 2007 HK$'000	As at 31 March 2007 HK$'000	2006 HK$'000	2005 HK$'000
Within one year	–	–	–	68
After one year but within five years	–	–	–	28
	–	–	–	96

Operating lease payments represent rentals payable by the UII Group for the use of office premises. Leases are negotiated for an average term of two years with fixed monthly rentals.

(ii) UII

At 30 September 2007, 31 March 2007, 2006 and 2005, UII had no outstanding leases commitments.

(b) Capital commitments

At 30 September 2007, 31 March 2007, 2006 and 2005, the UII Group and UII had no capital commitments.

31. RELATED PARTY TRANSACTIONS

(a) Apart from the transactions as disclosed in notes 23 to 26 to the financial statements, the UII Group had the following material transactions with its related parties during the Relevant Periods and the six months ended 30 September 2006:–

	Note	Six months ended 30 September 2007 HK$'000	2006 HK$'000 (unaudited)	Year ended 31 March 2007 HK$'000	2006 HK$'000	2005 HK$'000
Office premises rental paid to Madam Wu Wai Lai	*(i)*	–	–	–	–	26
Service charges paid to IPSSH	*(ii)*	–	–	–	–	59

Notes:–

(i) Pursuant to a tenancy agreement dated 20 March 2003 between UII and Madam Wu Wai Lai, UII agreed to pay a monthly rental of HK$7,500 for office use. The rental amount was determined by reference to the market value.

(ii) Pursuant to a resale agreement dated 15 January 2004 and a supplementary agreement dated 20 January 2004 between IPSSH and UIHK, IPSSH appointed UIHK as its non-exclusive reseller for the marketing and resale of the services to the merchants. In return, IPSSH was entitled to receive a charge from UIHK which was determined at 1% and 2.8% of the domestic card transaction amount and international card transaction amount respectively.

(b) Key management personnel

	Six months ended 30 September		**Year ended 31 March**		
	2007	**2006**	**2007**	**2006**	**2005**
	HK$'000	*HK$'000* (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Fees	–	–	–	–	–
Other emoluments					
– Salaries, allowances and other benefits in kind	–	–	–	–	–
– Pension scheme contributions	–	–	–	–	–
	–	–	–	–	–

32. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2006, pursuant to an Assets Transfer Agreement dated 9 September 2005 entered into between the PRC Company and Universal i-Payment (Shanghai) Limited (formerly known as Universal Media (Shanghai) Limited) ("UPSH"), the PRC Company agreed to transfer certain assets to UPSH at a total consideration of RMB987,500 (equivalent to approximately of HK$944,000) (for tangible assets) and RMB1 (equivalent to approximately of HK$0.96) (for intangible assets) which was settled through the current account with UPSH.

(b) During the year ended 31 March 2006, pursuant to a technical service agreement dated 25 October 2005 entered into between the PRC Company and UPSH, the PRC Company agreed to provide technical support services in respect of the online payment enterprise solutions to UPSH at a total consideration of approximately RMB4,478,000 which was settled through the current account with UPSH.

(c) During the year ended 31 March 2006, UTH, the former ultimate holding company of UII, completed a corporate reorganisation and the amount of approximately HK$15,157,000 due by UII to UTH was waived.

33. FINANCIAL INSTRUMENTS

The UII Group's policy is to prudently manage daily operations and invest surplus funds managed by the UII Group in a manner which satisfy liquidity requirements, safeguard financial assets, manage risks while optimising the returns.

The UII Group's activities expose it to a variety of financial risks: market risk (including currency risk, and equity price risk), credit risk, liquidity risk, cash flow and fair value interest rate risk. The UII Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the UII Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The UII Group operates in Hong Kong and PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The UII Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. At present, the UII Group does not intend to seek to hedge its exposure to foreign exchange risk profile as there were insignificant fluctuation in exchange rate between Hong Kong dollar and Reminbi.

(ii) Equity price risk

The UII Group is exposed to equity securities price risk because investments held by the UII Group are classified on the consolidated balance sheet as available-for-sale financial assets. The UII Group is not exposed to commodity price risk.

All investments are subject to a maximum concentration limit predetermined by the Board.

(b) Credit risk

The UII Group is exposed to credit risk, which is irrecoverable the full amount of the debtors and other receivables. Impairment provisions are made for losses that have been incurred at the balance sheet date.

The UII Group minimises the risk exposure by tight credit policies over the transactions with customers and selection of appropriate credit history's customers. The UII Group was not exposed to significant risk from debtors arising from online platform, the transactions of which are made in cash or via reliable major credit cards by limiting the amount of credit exposure to these financial institutions and the merchants.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its liquidity requirements.

(d) Cash flow and fair value interest rate risk

Other than the cash maintained to pay the creditors in a short period of time, the UII Group has no significant interest-bearing assets. The UII Group's income and operating cash flows are substantially independent of changes in market interest rates.

34. SEGMENT REPORTING

(a) Business segment

During the Relevant Periods and the six months ended 30 September 2006, the UII Group has only one business segment, payment enterprise solution, which was solely engaged in the provision of online payment and related services and all of its interests were acquired for its principal activity as at 31 March 2005, 2006 and 2007 and 30 September 2007.

(b) Geographical segment

(i) During the Relevant Periods and the six months ended 30 September 2006, the UII Group's operations are located in both the PRC and Hong Kong. The following table provides an analysis of the UII Group's revenue by geographical market.

	Six months ended 30 September		**Year ended 31 March**		
	2007	**2006**	**2007**	**2006**	**2005**
	HK$'000	*HK$'000* (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*
Revenue by geographical markets:–					
The PRC	–	878	1,544	6,465	648
Hong Kong	–	–	–	732	526
	–	878	1,544	7,197	1,174

(ii) The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located.

	Segment assets				**Capital expenditure**			
	As at 30 September	**As at 31 March**			**As at 30 September**	**As at 31 March**		
	2007	**2007**	**2006**	**2005**	**2007**	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The PRC	20,421	20,633	19,750	34,008	7	9	38	90
Hong Kong	–	–	–	2,083	–	–	19	–
	20,421	20,633	19,750	36,091	7	9	57	90

35. SUBSEQUENT EVENT

On 20 November 2007, UII entered into an equity transfer agreement with the minority shareholder of the PRC Company, an independent third party, to acquire the remaining 40% equity interest of the PRC Company. After the acquisition and at the date of this report, the PRC Company has become a wholly-owned subsidiary of UII.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by UII in respect of any period subsequent to 30 September 2007.

Yours faithfully,

PKF
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, PKF Certified Public Accountants:

大信梁學濂(香港)會計師事務所

PKF
Accountants & business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

11 January 2008

The Board of Directors
Universal Technologies Holdings Limited

Dear Sirs,

We report on the unaudited pro forma statement of assets and liabilities of Universal Technologies Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), Universal iPayment International Limited ("UII") and its subsidiaries (collectively referred to as the "UII Group") (together with the Group hereinafter referred to as the "Enlarged Group") set out on pages 121 to 126 under the heading of "Unaudited pro forma financial information of the Enlarged Group" (the "Unaudited Pro Forma Financial Information") in Appendix III to the Company's circular dated 11 January 2008 (the "Circular") in connection with the acquisition of the entire issued share capital of UII (the "Acquisition"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Acquisition, which will result in the formation of the Enlarged Group, might have affected the historical financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in page 123 to this Circular.

RESPONSIBILITIES

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 30 June 2007 or at any future date.

OPINION

In our opinion:

(a) the accompanying Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the principal accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

PKF
Certified Public Accountants
Hong Kong

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

For illustrative purpose only, set out below is the Unaudited Pro Forma Financial Information of the Enlarged Group after the completion of the Acquisition. The Unaudited Pro Forma Financial Information is prepared in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules for the purpose of providing investors with information to illustrate the effect of the Acquisition on the financial position of the Enlarged Group.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group as at 30 June 2007 illustrative the effect of the Acquisition as if the Acquisition had been completed on 30 June 2007.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group as at 30 June 2007 has been prepared using accounting policies materially consistent with that of the Group and based upon the historical unaudited consolidated balance sheet of the Group as at 30 June 2007 as per the published interim report included in the financial information set out in Appendix I of this Circular and the consolidated balance sheet of the UII Group as shown in the Accountants' Report set out in Appendix II of this Circular, after giving effect to the pro forma adjustments described in the accompanying notes. A narrative description of the pro forma adjustments of the Acquisition that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) expected to have a continuing impact on the Enlarged Group; and (ii) factually supportable, are summarised in the accompanying notes.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group is based on a number of assumptions, estimate, uncertainties and currently available information. As a result, the accompanying Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed. The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group is prepared for illustrative purpose only, and because of its nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 June 2007 or any future date.

The accompanying Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the audited information and unaudited interim result of the Group as set out in Appendix I of this Circular and the Accountants' Report of the UII Group as set out in Appendix II of this Circular.

B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

	The Group as at 30 June 2007 HK$'000 (Note 1)	The UII Group as at 30 September 2007 HK$'000 (Note 2)	Pro forma combined HK$'000	Note	Pro forma adjustment HK$'000	Unaudited pro forma assets and liabilities of the Enlarged Group HK$'000
ASSETS AND LIABILITIES						
Non-current assets						
Property, plant and equipment	6,808	1,711	8,519			8,519
Prepaid land lease expenses	–	17,729	17,729	4	57,790	75,519
Goodwill	43,050	–	43,050	4	1,984	45,034
	49,858	19,440	69,298			129,072
Current assets						
Inventories	6,257	–	6,257			6,257
Debtors	2,322	–	2,322			2,322
Deposits, prepayments, other receivables	39,010	520	39,530			39,530
Prepaid land lease expenses	–	400	400	4	1,081	1,481
Unpledged time deposits	275	–	275			275
Cash and bank balances	57,400	61	57,461	4	(3,060)	54,401
	105,264	981	106,245		(3,060)	104,266
Current liabilities						
Deposits received, sundry creditors and accruals	20,202	980	21,182			21,182
	20,202	980	21,182			21,182
Net current assets	85,062	1	85,063			83,084
TOTAL ASSETS LESS CURRENT LIABILITIES	134,920	19,441	154,361			212,156
Non-current liabilities						
Deferred tax liability	1,692	–	1,692			1,692
Other payables	22,280	–	22,280			22,280
	23,972	–	23,972			23,972
NET ASSETS	110,948	19,441	130,389			188,184
Capital and reserves						
Share capital	12,072	9,307	21,379	4	2,170	14,242
				5	(9,307)	
Reserves	98,876	2,338	101,214	3	7,796	173,942
				4	67,270	
				5	(2,338)	
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF UTH	110,948	11,645	122,593			188,184
MINORITY INTERESTS	–	7,796	7,796	3	(7,796)	–
TOTAL EQUITY	110,948	19,441	130,389			188,184

C. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Notes:

(1) The financial results of the Group as at 30 June 2007 are extracted from the unaudited financial information of the Group as set out in Appendix I of the Circular.

(2) The financial results of the UII Group as at 30 September 2007 are extracted from the audited financial information of the UII Group as set out in Appendix II of the Circular.

(3) This adjustment represents purchase of the remaining 40% equity interest in Universal iPayment China Limited (the "PRC Company") by UII as procured by the Vendor (as defined in the Circular) pursuant to the Sale and Purchase Agreement (as defined in the Circular) dated 6 December 2007 and the details of which is disclosed in the announcement made by the Company on 6 December 2007.

(4) Pursuant to the announcement made by the Company on 6 December 2007, Universal Cyberworks International Limited, a wholly-owned subsidiary of the Company, intends to acquire the entire issued share capital of UII at a total consideration of HK$72,500,000. The total consideration is to be satisfied by (i) cash of HK$3,060,000 and (ii) the issuance of 217 million Consideration Shares (as defined in the Circular) at the Issue Price (as defined in the Circular) of HK$0.32 per Consideration Share.

The estimated goodwill is computed, based on the financial information of the UII Group as set out in Appendix II of the Circular, as follows:–

	HK$'000	*HK$'000*
Consideration payable by the Group		72,500
Net assets of the UII Group	19,441	
Less: Acquisition of the remaining 40% equity interest in the PRC Company *(Note 3)*	7,796	
	11,645	
Add : Fair value adjustment of the land *(Note (i))*	58,871	
Adjusted identifiable net assets of the UII Group		70,516
Estimated goodwill *(Note (ii))*		1,984

Notes:

(i) The fair value of the land of RMB73,300,000 (equivalent to approximately HK$77,000,000) was determined with reference to a valuation report performed by DTZ Debenham Tie Leung Limited, an independent qualified professional valuers.

(ii) For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the estimated goodwill is based on the adjusted identifiable net assets of the UII Group of HK$70,516,000 as at 30 June 2007.

The final amount of goodwill (or negative goodwill) will be determined based on the final consideration paid by the Group and the Group's interest in the fair value of the identifiable assets and liabilities of the UII Group on the date of completion in accordance with Hong Kong Financial Reporting Standard 3 "Business Combinations" ("HKFRS 3") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Group will apply the purchase method to account for the Acquisition in the consolidated financial statements of the Group.

Any fair value adjustments arising from the Acquisition will affect the carrying amounts of the relevant assets and liabilities of the UII Group to be consolidated in the Group upon the completion of the Acquisition.

The final amount of goodwill, which may be different to the amount presented above, will be recorded by the Group on completion of the Acquisition.

Goodwill arising from the Acquisition will be subject to annual impairment testing under HKFRS3.

(5) This adjustment represents the elimination of UII's share capital and pre-acquisition reserves of approximately HK$9,307,000 and HK$2,338,000 respectively after the Acquisition.

1. MANAGEMENT DISCUSSION AND ANALYSIS OF UII GROUP

The followings are the management discussion and analysis of the UII Group for the three years ended 31 March 2005, 2006, 2007 and for the six months period ended 30 September 2007, respectively.

For the year ended 31 March 2005

BUSINESS OVERVIEW AND FINANCIAL OVERVIEW

The UII Group is mainly engaged in online payment and related technical support services. During the current financial year, the UII Group recorded a turnover of approximately HK$1,174,000. The net loss attributable to shareholder amounted to approximately HK$4,363,000 for the year ended 31 March 2005.

LIQUIDITY AND FINANCIAL RESOURCES

UII Group generally financed its business with internally generated cash flows and financial support from the shareholders. As at 31 March 2005, the UII Group has net current liabilities of approximately HK$5,699,000. The current ratio of the UII Group was 63%.

The gearing ratio of the UII Group was 85% as at 31 March 2005. The calculation was based on the UII Group's total liabilities of approximately HK$30,775,000 divided by total assets of HK$36,091,000.

EMPLOYEES

As at 31 March 2005, the total number of employees of the UII Group was 6 and the total amount of staff cost was approximately HK$1,348,000. Employees were remunerated according to the nature of their jobs and the annual increment or bonus payments were based on the individual performance of staff. The UII Group also provided other benefits to the employees including retirement benefits and medical scheme.

TREASURY POLICIES

UII Group adopted a conservative approach towards its treasury policies. The UII Group strived to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the UII Group closely monitors it's liquidity position to ensure that the liquidity structure of the UII Group's assets, liabilities and commitments can meet its funding requirement.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

UII Group made no significant investment nor any material acquisition or disposals during the year ended 31 March 2005.

CHARGES ON UII GROUP'S ASSET

Time deposit in a bank totaling HK$100,000 as at 31 March 2005 had been pledged to the bank to secure the bank guarantee granted to a subsidiary in its ordinary operation.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The UII Group had no detailed future plans for material investment or capital assets as at 31 March 2005.

EXCHANGE RISK

There was no material exposure to exchange rate fluctuation risk although part of the UII Group business operation was carried out in the PRC. Since the exchange rate fluctuation between the Hong Kong dollars and Renminbi was minimal, the UII Group considered that the exposure to the exchange risk was low.

UII Group did not enter any foreign forward contracts to hedge against exchange rate fluctuation.

CONTINGENT LIABILITIES

UII Group has no contingent liabilities as at 31 March 2005.

For the year ended 31 March 2006

BUSINESS OVERVIEW AND FINANCIAL OVERVIEW

During the current financial year, the UII Group recorded a turnover of approximately HK$7,197,000 representing an increase of approximately 513% as compared to the previous financial year. The increase in turnover was mainly attributable to the expanding of the online payment business.

The net profit attributable to shareholder amounted to approximately HK$13,546,000 for the year ended 31 March 2006. (2005: loss of HK$4,363,000). The increase in profit was mainly attributable to the waiver of amount HK$15,246,000 due to UTH after the 2005 Group Reorganisation.

LIQUIDITY AND FINANCIAL RESOURCES

UII Group generally financed its business with internally generated cash flows and financial support from the shareholders. As at 31 March 2006, the UII Group has net current assets of approximately HK$854,000. The current ratio of the UII Group was 697%.

The gearing ratio of the UII Group was 1% as at 31 March 2006. The calculation was based on the UII Group's total liabilities of approximately HK$143,000 divided by total assets of HK$19,750,000.

EMPLOYEES

As at 31 March 2006, the total number of employees of the UII Group was 1 and the total amount of staff cost was approximately HK$434,000. Employees were remunerated according to the nature of their jobs and the annual increment or bonus payments were based on the individual performance of staff. The UII Group also provided other benefits to the employees including retirement benefits and medical scheme.

TREASURY POLICIES

UII Group adopted a conservative approach towards its treasury policies. The UII Group strived to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the UII Group closely monitors its liquidity position to ensure that the liquidity structure of the UII Group's assets, liabilities and commitments can meet its funding requirement.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

The UII Group completed the disposal of its entire interest of Universal iPayment (Hong Kong) Limited at a consideration of HK$1 and International Payment Solutions (Shanghai) Limited at a consideration of RMB1 on October 2005 pursuant to the 2005 Group Reorganisation. Save as above, the UII Group made no significant investment nor any material acquisition during the year ended 31 March 2006.

CHARGES ON UII GROUP'S ASSET

None of the UII Group's assets was pledged as at 31 March 2006.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The UII Group had no detailed future plans for material investment or capital assets as at 31 March 2006.

EXCHANGE RISK

There was no material exposure to exchange rate fluctuation risk although part of the UII Group business operation was carried out in the PRC. Since the exchange rate fluctuation between the Hong Kong dollars and Renminbi was minimal, the UII Group considered that the exposure to the exchange risk was low.

UII Group did not enter any foreign forward contracts to hedge against exchange rate fluctuation.

CONTINGENT LIABILITIES

UII Group has no contingent liabilities as at 31 March 2006.

For the year ended 31 March 2007

BUSINESS OVERVIEW AND FINANCIAL OVERVIEW

During the current financial year, the UII Group recorded a turnover of approximately HK$1,544,000 representing a decrease of approximately 79% as compared to the previous financial year. The decrease in turnover was mainly attributable to the disposal of the Universal iPayment (Hong Kong) Limited in the last financial year.

The net loss attributable to shareholder amounted to approximately HK$613,000 for the year ended 31 March 2007. (2006: profit of HK$13,546,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2007, the UII Group has net current assets of approximately HK$305,000. The current ratio of the UII Group was 127%.

The gearing ratio of the UII Group was 6% as at 31 March 2007. The calculation was based on the UII Group's total liabilities of approximately HK$1,147,000 divided by total assets of HK$20,633,000

EMPLOYEES

As at 31 March 2007, the total number of employees of the UII Group was 1 and the total amount of staff cost was approximately HK$43,000. Employees were remunerated according to the nature of their jobs and the annual increment or bonus payments were based on the individual performance of staff. The UII Group also provided other benefits to the employees including retirement benefits and medical scheme.

TREASURY POLICIES

UII Group adopted a conservative approach towards its treasury policies. The UII Group strived to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the UII Group closely monitors it's liquidity position to ensure that the liquidity structure of the UII Group's assets, liabilities and commitments can meet its funding requirement.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

UII Group made no significant investment nor any material acquisition or disposals during the year ended 31 March 2007.

CHARGES ON UII GROUP'S ASSET

None of the UII Group's assets was pledged as at 31 March 2007.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The UII Group had no detailed future plans for material investment or capital assets as at 31 March 2007.

EXCHANGE RISK

There was no material exposure to exchange rate fluctuation risk although the UII Group business operation was carried out in the PRC. Since the exchange rate fluctuation between the Hong Kong dollars and Renminbi was minimal, the UII Group considered that the exposure to the exchange risk was low.

UII Group did not enter any foreign forward contracts to hedge against exchange rate fluctuation.

CONTINGENT LIABILITIES

UII Group has no contingent liabilities as at 31 March 2007.

For the six months ended 30 September 2007

BUSINESS OVERVIEW AND FINANCIAL OVERVIEW

During the six months period ended 30 September 2007, the UII Group has ceased its online payment and related technical support services and did not recorded any turnover.

The net loss attributable to shareholder amounted to approximately HK$325,000 for the six months period ended 30 September 2007.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2007, the UII Group has net current assets of approximately HK1,000. The current ratio of the UII Group was 100%.

The gearing ratio of the UII Group was 5% as at 30 September 2007. The calculation was based on the UII Group's total liabilities of approximately HK$980,000 divided by total assets of HK$20,421,000.

EMPLOYEES

As at 30 September 2007, the total number of employees of the UII Group was 1 and the total amount of staff cost was approximately HK$25,000. Employees were remunerated according to the nature of their jobs and the annual increment or bonus payments were based on the individual performance of staff. The UII Group also provided other benefits to the employees including retirement benefits and medical scheme.

TREASURY POLICIES

UII Group adopted a conservative approach towards its treasury policies. The UII Group strived to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the UII Group closely monitors it's liquidity position to ensure that the liquidity structure of the UII Group's assets, liabilities and commitments can meet its funding requirement.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSALS

UII Group made no significant investment nor any material acquisition or disposals during the period ended 30 September 2007.

CHARGES ON UII GROUP'S ASSET

None of the UII Group's assets was pledged as at 30 September 2007.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The UII Group had no detailed future plans for material investment or capital assets as at 30 September 2007.

EXCHANGE RISK

There was no material exposure to exchange rate fluctuation risk although the UII Group business operation was carried out in the PRC. Since the exchange rate fluctuation between the Hong Kong dollars and Renminbi was minimal, the UII Group considered that the exposure to the exchange risk was low.

UII Group did not enter any foreign forward contracts to hedge against exchange rate fluctuation.

CONTINGENT LIABILITIES

UII Group has no contingent liabilities as at 30 September 2007.

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 November 2007, being the latest practicable date for the purpose of this indebtednesses statement prior to the printing of this circular, the borrowings, commitments and contingent liabilities of the Enlarged Group are as follows:–

Borrowings

As at 30 November 2007, the Enlarged Group had secured bank borrowings of approximately HK$2,370,000.

Capital commitments

As at 30 November 2007, the Enlarged Group had commitments in respect of contracts for acquisition of plant and equipment in the amount of approximately HK$342,000 which was not provided for in the consolidated financial statements.

Operating lease commitments

As at 30 November 2007, the Enlarged Group had commitments for future minimum lease payment of approximately HK$4,946,000 under non-cancellable operating leases in respect of rented office premises and warehouse, of which approximately HK$2,545,000 will fall due within one year and approximately HK$2,401,000 will fall due after one year but within five years.

Finance lease

As at 30 November 2007, the Enlarged Group had no obligation under finance lease.

Contingent liabilities

As at 30 November 2007, the Enlarged Group had no material contingent liabilities.

Securities and guarantees

As at 30 November 2007, the banking facilities of the Enlarged Group were secured by a fixed deposits of HK$2,000,000 and a corporate guarantee of HK$4,000,000.

Disclaimers

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Enlarged Group did not have any outstanding debt securities, bank overdrafts and liabilities under acceptances, acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees at the close of business on 30 November 2007.

The Directors have confirmed that there have not been any material adverse changes in the indebtedness and contingent liabilities of the Enlarged Group since 30 November 2007.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30 November 2007.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2006, being the date to which the latest audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL

Taking account of the Enlarged Group's internal resources, presently available banking and other facilities, and the placings of new Shares as announced by the Company on 17 May 2007 and 12 June 2007, the Directors are of the opinion that the Enlarged Group shall have sufficient working capital for a period of twelve months from the date of this circular.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interest in the PRC as at 31 October 2007.

DTZ 戴德梁行

10th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

11 January 2008

The Directors
Universal Technologies Holdings Limited
Units 231-233, Building 2 Phase One,
No. 1 Science Park West Avenue,
Hong Kong Science Park,
Shatin,
New Territories,
Hong Kong

Dear Sirs,

Re: The Land situated at No. 1174 Tianyaoqiao Road, Xuhui District, Shanghai, the People's Republic of China

Instructions, Purpose & Date of Valuation

In accordance with the instruction for us to value the property interest held in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing Universal Technologies Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") with our opinion of the market value of the property interest as at 31 October 2007.

Basis of Valuation

Our valuation of the property interest represents the market value which in accordance with The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Assumptions

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the property interest which is situated in the PRC, we have assumed that transferable land use rights in respect of the property interest for a specific land use term at nominal annual land use fee have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group and the opinion of the legal adviser to as to PRC laws, Zhenghan Law Firm (上海虹橋正瀚律師事務所), regarding the title to the property and have valued the entire interest of the property.

In valuing the property interest, we have assumed that the grantee of the property interest has free and uninterrupted rights to use or to assign the property interest for the whole of the unexpired term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interest nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Method of Valuation

In valuing the property interest in existing state, which is held for future development in the PRC, we have valued the property interest on a market basis by Direct Comparison Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

In valuing the property interest, we have complied with the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on GEM on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Source of Information

We have relied to a considerable extent on the information provided by the Group and the opinion of the legal adviser to the Group as to PRC laws, regarding the title to the property interest in the PRC. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development scheme, site and floor areas, and all other relevant matters.

Dimension, measurements and areas included in this valuation certificate are based on the information provided to us by the Group and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised that no material facts have been omitted from the information provided to us.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with extracts of the title documents relating to the property interest in the PRC. However, we have not searched the original documents to ascertain ownership or to verify any amendments which may not appear on the copies handed to us. We have therefore relied on the advice given by the Group and the opinion of the legal adviser regarding the property interest.

Site Inspection

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation on site to determine the suitability of the ground conditions and the services etc. of the property for the future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no unexpected extraordinary expenses or delays will be incurred during the construction period.

We have not carried out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the site and floor areas shown on the copies of documents handed to us are correct.

Currency Unless otherwise stated, all money amounts stated in our valuation are in Renminbi ("RMB"), the official currency of the PRC.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C.Y. Tsang
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S.
Senior Associate Director

Note: Mr. Philip C. Y. Tsang is a Registered Professional Surveyor who has over 15 years of experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property interest held for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 October 2007
The land situated at No. 1174 Tianyaoqiao Road, Xuhui District, Shanghai, the PRC	The property currently comprises a plot of land with a site area of 2,473 sq.m. (26,619 sq.ft.) with an existing 4-storey industrial building with a total gross floor area of 2,489 sq.m. (26,792 sq.ft.) completed in 1979. As advised by the Group, the industrial building will be demolished in due course to re-develop as 6-storey Universal Science & Technology Center with an approved total gross floor of approximately 7,603 sq.m. (81,839 sq.ft.). The proposed development scheme is summarized as follows:–	The demolishment works of the existing industrial building have not been commenced yet. In the course of our valuation, we have disregarded the existing industrial building and valued the property as a site.	RMB73,300,000 (Please see Note 1 below) (Please note that we have also issued a Valuation Report dated 30 November 2007 in respect of the property as at 31 October 2007 at the same value.)

Portion	Planned Gross Floor Area (sq.m.)
Office (1-6/F)	6,115
Car Park & Ancillary (B1)	1,488
Total:	**7,603**

The land use rights of the property have been granted for a term due to expire on 12 February 2053 for industrial use.

According to Reply letter No. XGY(2006)193 issued by Shanghai Municipal Xuhui District Urban Planning Administration Bureau on 12 December 2006, the land usage of the property is for education and research use. In the course of our valuation, we have valued the property as education and research use and assumed that the extra land premium, if any, has been fully settled.

Notes:

(1) According to Shanghai Certificate of Real Estate Ownership No. HFDXZ(2006)002710 issued by Shanghai Housing and Land Resources Administration Bureau on 10 February 2006, the land use rights of the property comprising a site area of 2,473 sq.m. and building ownership of the property, comprising a total gross floor area of 2,489 sq.m. have been vested in Universal iPayment China Limited (上海環滙實業有限公司) for a term due to expire on 12 February 2053 for industrial use.

In the course of our valuation, we made the assumption that the land use rights of the property have been changed to education and research use and the extra land premium payable, if any, has been fully settled.

(2) According to Reply Letter No. XGY(2006)193 issued by Shanghai Municipal Xuhui District Urban Planning Administration Bureau on 12 December 2006, making reference to the detail planning of Longhua Area, the land usage of the property is planned for education and research use and the plot ratio is not exceeding 2.5. The final planning criteria are subject to the final approval.

(3) According to Universal Science & Technology Center Project Proposal Approval No. XFGTJ(2007)3 issued by Shanghai Municipal Xuhui District Development and Reform Committee on 5 January 2007, the proposed construction of Universal Science & Technology Center was approved with a total gross floor area of 7,603 sq.m. (6,115 sq.m. above ground and 1,488 sq.m. basement).

(4) According to Business Licence No. 310000400241493 dated 21 November 2007 pending new business license, Universal iPayment China Limited (上海環滙實業有限公司) was established as a joint-venture company with a registered capital of USD5,100,000 (with a paid-up capital of USD5,100,000) for an operating period from 6 July 2000 to 6 July 2030.

(5) According to the information provided by the Group, the estimated construction costs to complete the re-development of the property is about RMB38,500,000. Based on the proposed development scheme, our opinion of the Capital Value When Completed of the property as at 31 October 2007, assuming the property has been erected with the proposed 6-storey plus basement Universal Science & Technology Center, was RMB131,000,000.

(6) According to the PRC legal opinion prepared by Zhenghan Law Firm:

(i) Universal iPayment China Limited (上海環滙實業有限公司) is a legally established and existing enterprise.

(ii) Universal iPayment China Limited (上海環滙實業有限公司) held the Shanghai Certificate of Real Estate Ownership of the property. The site area is 2,473 sq.m. and is granted with a land use term due to expire on 12 February 2053 for industrial use. The total gross floor area of the existing industrial building is 2,489 sq.m.

(iii) The property is free of mortgage or encumbrances.

(iv) As Shanghai Municipal Xuhui District Urban Planning Administration Bureau has issued Reply Letter No. XGY(2006)193 on 12 December 2006 stating that the land usage of the property is planned for education and research use and the plot ratio is not exceeding 2.5; and Shanghai Municipal Xuhui District Development and Reform Committee has issued Universal Science & Technology Center Project Proposal Approval No. XFGTJ(2007)3 on 5 January 2007, the proposed construction of Universal Science & Technology Center was approved with a total gross floor area of 7,603 sq.m.; there is no legal obstacle to change the land use from industrial use to education and research use.

(v) The land use rights can be legally handled according to the relevant PRC laws.

(7) The status of title and grant of major approvals and licences in accordance with the information provided by the Group and the PRC legal opinion are as follows:–

Shanghai Certificate of Real Estate Ownership	Yes
Reply Letter	Yes
Project Proposal	Yes
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

This circular, 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 issuer. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:–

a. the information contained in this circular is accurate and complete in all material respects and not misleading;

b. there are no other matters the omission of which would make any statement in this document misleading; and

c. all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

(a) Authorised and issued share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon Completion are and will be as follows:

As at Latest Practicable Date

Authorised:		*HK$*
2,000,000,000	Shares	20,000,000
Issued and fully paid:		
1,286,928,858	Shares	12,869,289

Upon Completion

Authorised:		*HK$*
2,000,000,000	Shares	20,000,000
Issued and fully paid:		
1,286,928,858	Shares	12,869,289
217,000,000	Consideration Shares	2,170,000
1,503,928,858		15,039,289

All the Shares and Consideration Shares in their fully paid form to be issued rank and will rank pari passu in all respects with each other including as regards to dividends, voting and return of capital.

The Shares are listed on GEM. No part of the share or loan capital of the Company is listed or dealt in, nor is listing or permission to deal in the share or loan capital of the Company being or proposed to be sought, on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(i) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their associates in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were 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 were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors and which were required to be entered into the register pursuant to section 352 of the SFO; and the interests and short positions of the Directors in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, are as follows:

Name of the Director	Interests in Shares			Total interests in Shares	Total interest in underlying Shares *(Note 1)*	Aggregate interests	Approximate % of the Company's issued share capital
	Personal Interests	Family Interests	Corporate Interests				
Executive Directors:							
Mr. Lau Sik Suen	–	–	–	–	–	–	–
Mr. Liu Rui Sheng	–	–	–	–	–	–	–
Madam Luan Yu Min	–	–	–	–	200,000	200,000	0.02%
Independent Non-executive Directors:							
Mr. Wan Xie Qiu	–	–	–	–	–	–	–
Mr. Meng Li Hui	–	–	–	–	–	–	–
Mr. Fong Heung Sang	–	–	–	–	900,000	900,000	0.07%

Notes:

1. The interests of Madam Luan Yu Min 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.

2. There were no debt securities nor debentures issued by the Group as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, 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.

(ii) 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

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

(a) Long positions in the Shares of the Company

Name of shareholder	Type of interests	Number of Shares	Approximate % of interests
World One Investments Limited *(Note 1)*	Beneficial owner	144,150,000	11.20%
Ever City Industrial Limited *(Note 2)*	Beneficial owner	106,000,000	8.24%
Top Nation International Limited *(Note 3)*	Beneficial owner	67,540,000	5.25%

Notes:

1. World One Investments Limited ("World One") is wholly and beneficially owned by Mr. Lau Yeung Sang.

2. Ever City Industrial Limited is equally and beneficially owned by Mr. Choi Hung Fai and Mr. Zhou Hang.

3. Top Nation International Limited is equally and beneficially owned by Mr. Chow Cheuk Lap and Mr. Lam Yongqiang.

(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.

Save as disclosed above, the Directors and the chief executives of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or had any options in respect of such capital.

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

(a) the Sale and Purchase Agreement;

(b) the 3 subscription agreements all dated 20 January 2006 entered into between the Company and each of Calico Development Limited, Mr. Zheng Quan and the Vendor, pursuant to which each of Calico Development Limited, Mr. Zheng Quan and the Vendor has conditionally agreed to subscribe for 46,000,000 new Shares, 11,500,000 new Shares and 11,500,000 new Shares, respectively at a price of HK$0.175 per new Share (the announcement of which was issued on 23 January 2006);

(c) the 10 subscription agreements all dated 30 October 2006 entered into between the Company and each of the 10 individual subscribers (including the Vendor as one of the subscribers), pursuant to which the 10 individual subscribers have conditionally agreed to subscribe for an aggregate of 130,600,000 new Shares at a price of HK$0.145 per Share (the announcement of which was issued on 31 October 2006);

(d) the 17 subscription agreements all dated 16 May 2007 entered into between the Company and each of the 17 individual subscribers (including the Vendor as one of the subscribers), pursuant to which the 17 individual subscribers have conditionally agreed to subscribe for an aggregate of 153,330,000 new Shares at a price of HK$0.198 per Share (the announcement of which was issued on 17 May 2007); and

(e) the 7 subscription agreements all dated 11 June 2007 entered into between the Company and each of the 7 individual subscribers, pursuant to which the 7 individual subscribers have conditionally agreed to subscribe for an aggregate of 46,000,000 new Shares at a price of HK$0.21 per Share (the announcement of which was issued on 12 June 2007).

5. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
DTZ Debenham Tie Leung Limited ("DTZ")	Independent property valuers
PKF ("PKF")	Certified Public Accountants
CPY Capital	a corporation licensed to conduct business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

DTZ, PKF and CPY Capital have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion herein of their respective letters and reports (as the case may be) and references to their respective names, in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of DTZ, PKF and CPY Capital was beneficially interested in the share capital of any member of the Group, nor did they have any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either direct or indirect, in any assets which had been since 31 December 2006 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Company or any member of the Group which were not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be arbitration pending or threatened against any member of the Group.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been since 31 December 2006, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there were no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

10. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2006, being the date of the latest published audited financial statements of the Company.

11. MISCELLANEOUS

(a) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The principal place of business of the Company is at Units 231-233, Building 2, Phase 1, No. 1 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong. The branch share registrar and the transfer office of the Company in Hong Kong is Hong Kong Registrars Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(b) The compliance officer is Mr. Lau Sik Suen.

(c) The company secretary and the qualified accountant is Mr. Wong Wai Man. Mr. Wong, aged 38, he joined the Group as its financial controller in July 2006. Mr. Wong is a fellow member of the Hong Kong Institute of Certificate Public Accountants, an associate member of the American Institute of Certificate Public Accountants. Mr. Wong has over 10 years experience in accounting and auditing.

(d) The audit committee comprise Mr. Meng Li Hui, Mr. Wan Xie Qin, Mr. Fong Heung Sang, who are all the independent non-executive Directors Mr. Meng Li Hui is the Chairman of the audit committee. Set out below are the background of the above independent non-executive Directors.

Mr. Meng Li Hui, aged 45, is currently a General Manager of a company jointly established by several professors of Fudan University in Shanghai, the PRC. The principal activity of that company is the provision of consultancy services on ecological environmental protection to both private companies and local government authorities in various cities in the PRC. Mr. Meng holds a Bachelor of Arts degree from Shanghai Fudan University.

Mr. Wan Xie Qiu, aged 52, is currently a Professor and Dean of School of Finance in Suzhou University. Mr. Wan also acts as a committee member of the Economics Committee of Jiangsu Province, the Financial Committee of Jiangsu Province and the Taxation Committee of Jiangsu Province.

Mr. Fong Heung Sang, aged 48, holds a Master Degree in Business Administration and a Master Degree in Accountancy from two famous universities in the United States of America. Mr. Fong is a Certified Public Accountant in the United States of America. Mr. Fong has extensive experience in corporate finance, accounting and auditing field. Mr. Fong worked for international accounting firms and a number of public listed companies for more than 20 years. Mr. Fong is a director of Iceberg Investment Consultants at present.

The audit committee reviews and provides supervision over the financial reporting process and internal control of the Group.

(e) The English text of this circular and the accompanying proxy form shall prevail over its Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company from the date of this circular up to and including 28 January 2008.

(i) the memorandum and the Articles of Association;

(ii) the annual reports of the Company for the two years ended 31 December 2005 and 2006;

(iii) the interim report and quarterly report of the Company for the period ended 30 June 2007 and 30 September 2007, respectively;

(iv) the accountants' report of UII Group issued by PKF, the text of which is set out in Appendix II to this circular;

(v) the letter from PKF in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which as set out in Appendix III to this circular;

(vi) the working capital comfort letter as provided by PKF to the Board;

(vii) the letter from the Independent Board Committee, the text of which is set out on page 20 of this circular; the letter of advice from CPY Capital, the text of which is set out on pages 21 to 27 of this circular;

(viii) the property valuation report of the Land from DTZ, the text of which is set out in Appendix V to this circular;

(ix) the material contracts referred to in paragraph 4 headed "Material contracts" of this appendix; and

(x) the written consents referred to in paragraph 5 headed "Experts and consents" of this appendix.

UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED
環球實業科技控股有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8091)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Universal Technologies Holdings Limited (the "**Company**") will be held at Units 231-233, Building 2, Phase One, No. 1 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on Monday, 28 January 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company with votes on resolutions no. 1 and no. 3 to be taken by show of hands and resolution no. 2 to be taken by poll (as the case may be):

ORDINARY RESOLUTION 1

"**THAT** conditional upon the conditions set out in the conditional sale and purchase agreement (the "**Agreement**") dated 6 December 2007 entered into between Universal Cyberworks International Limited, a wholly owned subsidiary of the Company, as purchaser and Mr. Xiong Hai Tao as vendor (the "**Vendor**") in in relation to the sale and purchase of the entire issued share capital of Universal iPayment International Limited at a total consideration of HK$72,500,000, a copy of the Agreement has been produced to the meeting marked "A" and signed for the purpose of identification by the chairman of the Meeting,

(a) the Agreement and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(b) the allotment and issue of an aggregate of 217,000,000, new ordinary shares (the "**Consideration Shares**" and each a "**Consideration Share**") of HK$0.01 each in the share capital of the Company credited as fully paid at an issue price of HK$0.32 per Consideration Share to the Vendor pursuant to the Agreement be and is hereby approved;

(c) the unconditional specific mandate granted to the Directors to exercise the power of the Company to allot, issue and deal in the Considerations Shares be and is hereby approved.

(d) any one or more directors of the Company (the "**Directors**") be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal) which he/she/they consider necessary or expedient to give effect to the Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares."

* *For identification purpose only*

ORDINARY RESOLUTION 2

"THAT:

(a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares (each a "**Share**") of HK$0.01 each in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

   (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

   (bb) the nominal amount of any share capital of the Company repurchased by the Company pursuant to the general mandate to repurchase Shares granted to the Directors at the annual general meeting of the Company held on 30 April 2007 (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of such resolution), and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

"**Relevant Period**" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and articles of association of the Company or any other applicable laws of the Cayman Islands to be held; and

(iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution.

"**Rights Issue**" means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong)."

ORDINARY RESOLUTION 3

"**THAT** subject to and conditional upon the granting by the GEM Listing Committee of the Stock Exchange of the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of option to be granted under the refreshed scheme mandate limit (the "**Scheme Mandate Limit**") under the share option scheme adopted on 12 October 2001, which entitles the directors of the Company to grant options after the listing of Shares on the Stock Exchange, in the manner as set out in paragraph (a) of this resolution,

(a) the refreshment of the Scheme Mandate Limit of up to 10 per cent. of the Shares in issue as at the date of passing of this resolution be and is hereby approved; and

(b) the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangement."

On behalf of the Board
Universal Technologies Holdings Limited
Mr. Wong Wai Man
Company Secretary

Hong Kong, 11 January 2008

Registered Office:
Century Yard, Cricket Square
Hutchins Drive, P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Principal place of business in Hong Kong:
Units 231-233, Building 2, Phase One
No. 1 Science Park West Avenue
Hong Kong Science Park
Shatin
New Territories
Hong Kong

Notes:

(1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, in the event of, a poll, vote instead of him. A proxy need not be a member of the Company but must attend the meeting in person to represent you.

(2) In order to be valid, the form of proxy must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, 46/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, together with the power of attorney or other authority (if any), under which it is signed, or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

(3) Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.