



**TECHNOLOGIES**  
**UNIVERSAL**

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

*FIRST QUARTERLY REPORT*

2008

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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 these 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 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. GEM-listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at “[www.hkgem.com](http://www.hkgem.com)” in order to obtain up-to-date information on GEM-listed issuers.

*The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “Directors”) of Universal Technologies Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the requirement of the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on the basis and assumptions that are fair and reasonable.*



**HIGHLIGHTS**

- Turnover for the three months ended 31 March 2008 amounted to approximately HK\$16.95 million (2007: HK\$10.72 million), representing an increase of approximately 58% over the corresponding period in the last financial year. The increase in turnover was mainly attributable to the increase in operation scale.
- Net profit for the three months ended 31 March 2008 amounted to approximately HK\$5.02 million (2007: HK\$3.09 million), representing an increase of approximately 62% over the corresponding period in the last financial year. The increase in net profit was attributed to the increase in operation scale of the current business and the effective control of costs.
- Basic and diluted earnings per share for the three months ended 31 March 2008 amounted to approximately HK0.36 cents and HK0.36 cents respectively (2007: HK0.31 cents and HK0.31 cents respectively).
- The Board does not recommend payment of any dividend for the three months ended 31 March 2008 (2007: Nil).



## RESULTS

The board of Directors (the "Board") of Universal Technologies Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2008 together with the comparative unaudited figures for the corresponding period in 2007 as follows:

		<b>For the three months ended 31 March 2008 HK\$'000</b>	For the three months ended 31 March 2007 HK\$'000
	<i>Notes</i>		
Turnover	2	<b>16,948</b>	10,722
Other revenue		<u>233</u>	<u>135</u>
		<b>17,181</b>	10,857
Cost of goods and services rendered		<b>(796)</b>	(1,569)
Staff costs		<b>(5,933)</b>	(1,837)
Depreciation and amortisation of prepaid land lease premium		<b>(619)</b>	(336)
Minimum operating lease rentals		<b>(636)</b>	(688)
Other operating expenses		<u><b>(4,001)</b></u>	<u>(3,334)</u>
Profit from operations		<b>5,196</b>	3,093
Finance costs		<u><b>(172)</b></u>	<u>—</u>
Profit before taxation		<b>5,024</b>	3,093
Income tax expense	3	<u>—</u>	<u>—</u>
Profit for the period		<u><b>5,024</b></u>	<u>3,093</u>
Attributable to:			
Shareholders of the Company		<u><b>5,024</b></u>	<u>3,093</u>
Earnings per share (in HK cents)			
Basic	4	<u><b>0.36</b></u>	<u>0.31</u>
Diluted	4	<u><b>0.36</b></u>	<u>0.31</u>



Notes:

**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 first quarterly financial statements are consistent with those used in the annual audited financial statements for the year ended 31 December 2007.

**2. Turnover and Revenue**

The Group is principally engaged in investment holding, provision of online payment and related services, timber trading and furniture manufacturing, other 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 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:

	<b>Three months period ended 31 March</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Online and mobile payment and related services income	<b>15,631</b>	9,139
Timber trading, furniture manufacturing and other trading	<u><b>1,317</b></u>	<u>1,583</u>
Turnover	<b>16,948</b>	10,722
Interest on bank deposits	<b>168</b>	112
Others	<u><b>65</b></u>	<u>23</u>
Total revenue	<u><b>17,181</b></u>	<u>10,857</u>



### 3. 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 25%.
- (b) The tax expense represents the sum of the current tax and deferred tax and is made up as follows:

	Three months period ended 31 March	
	2008 HK\$'000	2007 HK\$'000
Current tax:		
Overseas taxation	-	-
Deferred taxation:		
Current period	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

### 4. Earnings per share

The calculation of earnings per share for the three months ended 31 March 2008 is based on the following data:

	Three months period ended 31 March	
	2008 HK\$'000	2007 HK\$'000
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share	<u>5,024</u>	<u>3,093</u>
<b>Number of shares</b>		
Weighted average number of shares in issue for the purpose of calculation of basic earnings per share	1,401,390,396	982,619,969
Effect of dilutive potential ordinary shares:-		
Share options	<u>2,429,119</u>	<u>883,228</u>
Weighted average number of shares in issue for the purpose of calculation of diluted earnings per share	<u>1,403,819,515</u>	<u>983,503,197</u>



## 5. Changes in shareholder's equity

	Share capital	Share premium	Capital reserve	Special reserve	Exchange reserve	Share option reserve	Statutory reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007	9,808	76,528	1,093	10,754	1,095	1,934	1,147	(43,026)	59,333
Exercise of share options	165	2,647	-	-	-	-	-	-	2,812
Transferred to accumulated loss	-	-	-	-	-	(898)	-	898	-
Profit for the period	-	-	-	-	-	-	-	3,093	3,093
At 31 March 2007	<u>9,973</u>	<u>79,175</u>	<u>1,093</u>	<u>10,754</u>	<u>1,095</u>	<u>1,036</u>	<u>1,147</u>	<u>(39,035)</u>	<u>65,238</u>
At 1 January 2008	12,869	138,025	1,093	10,754	(93)	674	2,642	(29,939)	136,025
Issue of new shares	2,170	67,270	-	-	-	-	-	-	69,440
Equity settled share-based transactions	-	-	-	-	-	1,600	-	-	1,600
Profit for the period	-	-	-	-	-	-	-	5,024	5,024
At 31 March 2008	<u>15,039</u>	<u>205,295</u>	<u>1,093</u>	<u>10,754</u>	<u>(93)</u>	<u>2,274</u>	<u>2,642</u>	<u>(24,915)</u>	<u>212,089</u>

## DIVIDEND

The Board does not recommend payment of an interim dividend for the three months ended 31 March 2008 (2007: Nil).

## BUSINESS AND FINANCIAL REVIEW

For the three months ended 31 March 2008, the Group recorded a turnover of approximately HK\$16.95 million (2007: approximately HK\$10.72 million) and net profit attributable to shareholders amounted to approximately HK\$5.02 million (2007: HK\$3.09 million). The Group has sustained remarkable growth with net profit increased tremendously compared with the same period of last year.

The Group's online payment business has achieved outstanding performance in the sector; first of all it has maintained rapid growth in the number of transactions processed, as well as volume of transaction and net profit. Secondly the layout of product line has reached maturity and maintained steady growth. In recent business expansion, e-ticket business and direct-sales are showing great sign of obtaining key customers, and it will provide great help for the development of future quarters; other services like authorized transaction, accounts transfer system and other value-added products are crucial for products distribution in the near future and further enrich our product line. For the long-run strategy arrangement, the Group has selected several key cities in China as business partners for prepaid card related cooperation. It will have fundamental influence in the development of next couple of years. Without a doubt, the Group would still focus on the general trend of the development in the industry and will actively explore the development of the entire market structure, market regulation and business innovation and certainly will maintain close collaboration with government, banks and related parties!

The result from the Group's timber business in this quarter is gratifying. As the group is well familiar with a usual slow season during the time of Chinese Lunar New Year, we offset this disadvantage by focusing on the aspect of internal control; meaning to create a high degree of unanimity in the expanding strategy. That is fully utilizing our advantage with the Indonesian strategic partnership and transforms this advantage to enhance the core of competitiveness in China. As well, we have begun timber processing in Indonesia and reduce our raw material cost significantly. In addition, through the introducing of talented staff plan, the construction of storage facilities and the brand promotion plan, the company is able to establish our brand image remarkably.

The business group in Hong Kong during this quarter has experienced very strong gains, with Hong Kong's high degree of team cohesion and outstanding promotion technique, revenue and sales have both increased simultaneously as a result. In the mean time, the expanding of customers from HK and overseas made enormous progress, and started to turn into important supplementary of group business.

The Group has completed an essential acquisition during this period. The Group has acquired a piece of land located at Xu Hui District, centre zone of Shanghai city; and the Group will establish it as its headquarters in PRC.

Realizing personnel is the most important asset to any corporation, our group emphasize on personnel training program, performance appraisal and refining management plan, to enhance the Group's management standard in respond to the increasingly large scale and more complex market structure.

## **PROSPECTS**

In the Group's business strategy layout, our directors believe that with the continuous development of the group, the group must maintain the diversified business investment in order to retain long term stability and sustainable development. In addition to the future development of the existing payment and timber business; the Group will continue to explore other potential profitable business area. Through mergers and acquisitions, will enrich the group's diversity and achieve greater development.

For in-depth business strategic development, the Group will further refine the existing product line, including payment and timber sectors, to ensure further development and strengthen our foundation; we emphasize our core competitive strength through the in-depth cooperation with our vendors and customers. The Group will also continue to adapt to the external environment, including the political environment and user awareness, the spending habits of consumers and competitors and many other areas. Changes in the external environment is both a challenge and opportunity, the Group's internal management will continue to monitor the trend, and conform to be ahead of the changes in the external environment at the same time, we will achieve this goal by implementing with a more accurate sense for consumer needs together with better quality service.

The Group will focus on the development of the Group's overall and brand name in future. The Group's image will be further enhanced through the construction of the PRC headquarters which will provide solid support for the long term development of the Group.

The Group's management will be further enhanced through our management refinement, corporate culture construction and operational efficiency improvement etc.

Our Board believes that the Group's rapid growth has confirmed our strategy implementation as well as our Group's growth capacity and strength. In the foreseeable future, the Group will inherit its current success and will continue to explore, to create a bright, prosperous future for the Group and our investors.





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

As at 31 March 2008, the interests or short positions of the directors and chief executives or their associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO") which (i) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

Name of Director	Interests in ordinary shares			Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	% of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	ordinary shares	underlying shares		
(Note 1)							
<b>Executive Directors:</b>							
Mr. Lau Sik Suen	-	-	-	-	-	-	-
Mr. Liu Rui Sheng	-	-	-	-	5,100,000	5,100,000	0.34%
Madam Luan Yu Min	-	-	-	-	7,400,000	7,400,000	0.49%
<b>Non-executive Director:</b>							
Mr. Chow Cheuk Lap (Note 2)	-	-	67,540,000	67,540,000	-	67,540,000	4.49%
<b>Independent Non-executive Directors:</b>							
Mr. Wan Xie Qiu	-	-	-	-	-	-	-
Mr. Meng Li Hui	-	-	-	-	-	-	-
Mr. Fong Heung Sang	-	-	-	-	900,000	900,000	0.06%

### Notes:

- The interests of Madam Luan Yu Min, Mr. Liu Rui Sheng and Mr. Fong Heung Sang in underlying shares of the Company represent the interests in share options granted to them under the share option schemes of the Company.  
Details of the interests in the share options of the Company are separately disclosed in the section headed "Share options" below.
- Total interest of Mr. Chow Cheuk Lap in issued ordinary shares of the Company include 67,540,000 shares held by Top Nation International Limited ("Top Nation"). Mr. Chow owns 50% beneficial interests in Top Nation and he is deemed to be interested in these ordinary shares held by Top Nation.
- There were no debt securities nor debentures issued by the Group at any time during the period ended 31 March 2008.



Save as disclosed above, as at 31 March 2008, none of the directors or chief executives or their associates of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

The directors confirmed that as at 31 March 2008 and for the period ended 31 March 2008,

- (i) the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings according to Rules 5.48 to 5.67 of the GEM Listing Rules; and
- (ii) all the directors complied with the required standard of dealings and the Company's code of conduct regarding directors' securities transactions.

### **PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING**

So far as is known to any director or chief executive of the Company, as at 31 March 2008, persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:

#### **(a) Long positions in the shares of the Company**

Name of Shareholders	Type of interests	Number of shares	Approximate percentage of interests
Mr. Xiong Hai Tao	Beneficial owner	215,210,000	14.31%
World One Investments Limited ( <i>Note 1</i> )	Beneficial owner	153,160,000	10.18%
Ever City Industrial Limited ( <i>Note 2</i> )	Beneficial owner	106,000,000	7.05%

*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.

#### **(b) Short positions in the shares and underlying shares of equity derivatives of the Company**

So far as the directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.



## **SHARE OPTIONS**

Pursuant to the written resolutions passed by all the shareholders of the Company on 12 October 2001, the Company adopted the following share option schemes:-

### **(A) Share Option Scheme**

The purpose of the Share Option Scheme is to advance the interests of the Company and its shareholders by enabling the Company to grant options to attract, retain and reward all the directors (whether executive or non-executive and whether independent or not), the employees (whether full-time or part-time), any consultants or advisers of or to any company in the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid ("Eligible Persons")), and any other persons who, in the absolute opinion of the Board, have contributed to the Group and to provide to the Eligible Persons a performance incentive for continued and improved service with the Group and by enhancing such persons' contribution to increase profits by encouraging capital accumulation and share ownership. The directors may at their discretion, invite any Eligible Persons to take up options to subscribe for shares.

The maximum entitlement for any one participant (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The period within which the shares must be taken up under the option must not be more than ten years from the date of grant of the option. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The subscription price for shares in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion may determine save that such price shall not be less than the higher of (i) the closing price per share on GEM as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average of the closing prices per share on GEM as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option.



A summary of the movements of the share options granted under the Share Option Scheme during the period is as follows:

Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of share options				
					Outstanding as at 1 January 2008	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 March 2008
Initial management shareholders and employees	7 February 2002	Fully vested on 7 February 2002	7 February 2002 to 6 February 2012	HK\$1.300	350,000	-	-	-	350,000
Senior management and staff of the Group	9 April 2002	Fully vested on 9 April 2002	9 April 2002 to 8 April 2012	HK\$1.400	70,000	-	-	-	70,000
Director, Senior management and staff of the Group	21 May 2007	Fully vested on 21 May 2007	21 May 2007 to 20 May 2009	HK\$0.228	25,410,000	-	-	-	25,410,000
Director, Senior management and staff of the Group	22 February 2008	22 February 2008	33 $\frac{1}{3}$ %: 22 February 2008 to 22 February 2010 to 21 February 2011 33 $\frac{1}{3}$ %: 22 February 2009 to 21 February 2011 Remaining 33 $\frac{1}{3}$ %: 22 February 2010 to 21 February 2011	HK\$0.30	-	90,000,000	-	-	90,000,000
					<u>25,830,000</u>	<u>90,000,000</u>	<u>-</u>	<u>-</u>	<u>115,830,000</u>

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

As at 31 March 2008, the number of shares in respect of which options had been granted and outstanding of under the share option schemes was 115,830,000, representing approximately 7.70% of the issued share capital of the Company.

### COMPETING INTERESTS

During the period, none of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.



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

During the three months ended 31 March 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **AUDIT COMMITTEE**

The Company has established an audit committee on 12 October 2001 with written terms of reference in compliance with Rules 5.28 of the GEM Listing Rules. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal control systems.

The audit committee currently comprises three independent non-executive directors, namely Mr. Wan Xie Qiu and Mr. Meng Li Hui and Mr. Fong Heung Sang, Mr. Meng Li Hui is the chairman of the audit committee.

The Group's unaudited results for the three months ended 31 March 2008 have been reviewed by the audit committee, who was of the opinion that the preparation of such results complied with the applicable accounting standard and the requirements of GEM Listing Rules and adequate disclosures had been made.

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

Hong Kong, 13 May 2008

As at the date of this report, the Board comprises the following members:

*Executive Directors*

Mr. Lau Sik Suen (*Chairman*)

Mr. Liu Rui Sheng

Madam Luan Yu Min

*Non-Executive Director*

Mr. Chow Cheuk Lap

*Independent Non-Executive Directors*

Mr. Meng Li Hui

Mr. Wan Xie Qiu

Mr. Fong Heung Sang

