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)

FINAL RESULTS ANNOUNCEMENT
For the year ended 31 December 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 announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at "www.hkgem.com" in order to obtain up-to-date information on GEM-listed issuers.

This announcement, 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 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on the basis and assumptions that are fair and reasonable.

* *for identification purpose only*

HIGHLIGHTS OF THE YEAR

- Turnover for the year ended 31 December 2008 amounted to approximately HK$75.15 million (2007: HK$72.27 million), representing an increase of approximately 4% over the last fiscal year.

- As at 31 December 2008, the Group had net current assets of approximately HK$57.38 million (2007: HK$78.30 million), including cash and bank balances of approximately HK$63.23 million (2007: HK$97.18 million).

- As at 31 December 2008, the Group had total assets of approximately HK$287.24 million (2007: HK$227.40 million).

- Net profit attributable to shareholders of the Company for the year ended 31 December 2008 was HK$22.43 million (2007: HK$12.65 million), representing an increase of approximately 77% over the last fiscal year. The main reason for the increase in net profit was attributable to the significant increase in turnover of payment services.

- Basic and diluted earning per share for the year ended 31 December 2008 amounted to approximately HK$1.52 cents and HK$1.52 cents respectively (2007: HK$1.11 cents and HK$1.09 cents).

- The board of directors does not recommend payment of any dividend for the year ended 31 December 2008 (2007: Nil).

RESULTS

The board of Directors (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2008 together with the comparative audited figures as follows:–

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Note	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*3*	**75,151**	72,265
Cost of sales/services rendered		**(8,653)**	(27,338)
Gross profit		**66,498**	44,927
Other income	*3*	**2,474**	2,796
Impairment loss on goodwill		**–**	(22)
General and administrative expenses		**(46,967)**	(33,471)
Profit from operations		**22,005**	14,230
Finance costs		**(1,235)**	(248)
Share of results of an associate		**(13)**	–
Profit before income tax	*4*	**20,757**	13,982
Income tax credit/(expense)	*6*	**1,626**	(1,334)
Profit for the year		**22,383**	12,648
Attributable to :			
Shareholders of the Company		**22,426**	12,648
Minority interests		**(43)**	–
Profit for the year		**22,383**	12,648
Dividend	*8*	**–**	–
Earnings per share (in cents)			
Basic	*9*	**1.52**	1.11
Diluted	*9*	**1.52**	1.09

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	**2008**	2007
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**13,868**	9,583
Prepaid land lease premium		**79,034**	5,063
Goodwill		**79,870**	43,050
Interest in an associate		**5**	–
Deposit paid for acquisition of a subsidiary		**–**	3,060
		172,777	60,756
CURRENT ASSETS			
Inventories		**20,634**	9,514
Debtors		**7,790**	23,862
Deposits paid to merchant		**–**	15,000
Trade deposits		**4,661**	6,006
Other deposits, prepayments and other receivables		**15,093**	9,403
Amounts due from related companies		**13**	2,889
Financial assets at fair value through profit or loss		**682**	375
Prepaid land lease premium		**1,554**	139
Tax recoverable		**4**	–
Pledged time deposits		**800**	2,000
Unpledged time deposits		**–**	280
Cash and bank balances		**63,228**	97,176
		114,459	166,644
DEDUCT :			
CURRENT LIABILITIES			
Bank overdrafts, unsecured		**3**	–
Bank loans		**9,095**	–
Trade payable		**1**	7,444
Payable to merchants		**36,456**	72,420
Deposits received, sundry creditors and accruals		**11,482**	4,829
Amount due to a director		**42**	29
Bills payable		**–**	3,623
Amount due to an associate		**5**	–
		57,084	88,345

	Note	2008 *HK$'000*	2007 *HK$'000*
NET CURRENT ASSETS		**57,375**	78,299
TOTAL ASSETS LESS CURRENT LIABILITIES		**230,152**	139,055
DEDUCT :			
NON-CURRENT LIABILITY			
Deferred tax liability	*7*	**1,798**	3,030
NET ASSETS		**228,354**	136,025
REPRESENTING :–			
CAPITAL AND RESERVES			
Share capital		**15,039**	12,869
Reserves		**208,553**	123,156
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**223,592**	136,025
MINORITY INTERESTS		**4,762**	–
TOTAL EQUITY		**228,354**	136,025

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital reserve	Special reserve	Exchange reserve	Share options 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*
At 1.1.2007	9,808	76,528	1,093	10,754	1,095	1,934	1,147	(43,026)	59,333	–	59,333
Issue of new shares	1,993	38,026	–	–	–	–	–	–	40,019	–	40,019
Equity settled share-based transactions	–	–	–	–	–	2,642	–	–	2,642	–	2,642
Exercise of share options	1,068	23,471	–	–	–	(1,968)	–	–	22,571	–	22,571
Transferred to accumulated losses	–	–	–	–	–	(1,934)	–	1,934	–	–	–
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	–	–	–	–	(1,188)	–	–	–	(1,188)	–	(1,188)
Profit for the year	–	–	–	–	–	–	–	12,648	12,648	–	12,648
Transferred to statutory reserve	–	–	–	–	–	–	1,495	(1,495)	–	–	–
At 31.12.2007	12,869	138,025	1,093	10,754	(93)	674	2,642	(29,939)	136,025	–	136,025
At 1.1.2008	**12,869**	**138,025**	**1,093**	**10,754**	**(93)**	**674**	**2,642**	**(29,939)**	**136,025**	**–**	**136,025**
Issue of new shares	**2,170**	**67,270**	**–**	**–**	**–**	**–**	**–**	**–**	**69,440**	**–**	**69,440**
Issue of shares to a minority shareholder	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,805**	**4,805**
Equity settled share-based transactions	**–**	**–**	**–**	**–**	**–**	**4,317**	**–**	**–**	**4,317**	**–**	**4,317**
Transferred to accumulated losses	**–**	**–**	**–**	**–**	**–**	**(460)**	**–**	**460**	**–**	**–**	**–**
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	**–**	**–**	**–**	**–**	**(8,616)**	**–**	**–**	**–**	**(8,616)**	**–**	**(8,616)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**22,426**	**22,426**	**(43)**	**22,383**
Transferred to statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**2,297**	**(2,297)**	**–**	**–**	**–**
At 31.12.2008	**15,039**	**205,295**	**1,093**	**10,754**	**(8,709)**	**4,531**	**4,939**	**(9,350)**	**223,592**	**4,762**	**228,354**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

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 Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

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

Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets
Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets – Effective Date and Transition
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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, except that reclassification of certain held-for trading financial assets is now permitted by Amendments to HKAS 39 and HKFRS 7.

2(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2008. 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 represent the results and net assets of the subsidiaries attributable to equity interests not owned, directly or indirectly, by the Company.

3. TURNOVER AND REVENUE

The Group is principally engaged in investment holding, provision of payment solutions and related services, timber trading and furniture manufacturing, other trading, system integration and related technical support services. Turnover for the year represents revenue recognised from the provision of 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:–

	2008	2007
	HK$'000	*HK$'000*
Payment solutions and related services income	**66,484**	37,398
Timber trading and furniture manufacturing	**8,665**	24,102
Other trading, system integration and related technical support services	**2**	10,765
Turnover	**75,151**	72,265
Interest on bank deposits	**774**	767
Exchange gain	**114**	1,415
Others	**1,586**	614
	77,625	75,061

4. PROFIT BEFORE INCOME TAX

	2008	2007
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):–		
Auditor's remuneration		
– Current year	**450**	400
– Under-provision for previous year	**12**	–
	462	400
Cost of inventories recognised as expenses	**6,922**	26,116
Staff costs (including directors' remuneration)		
– Salaries and other benefits	**14,938**	9,163
– Pension scheme contributions	**3,082**	1,344
– Equity settled share-based payment expenses	**4,317**	2,642
	22,337	13,149
Depreciation	**2,132**	1,650
Amortisation of prepaid land lease premium	**1,155**	9
Sale proceeds of property, plant and equipment and prepaid land lease premium	**(403)**	(5)
Less: Carrying amounts of property, plant and equipment and prepaid land lease premium	**1,108**	6
Loss on disposal of property, plant and equipment and prepaid land lease premium	**705**	1
Bad debts written off	**–**	109
Gain on disposal of financial assets	**(21)**	–
Loss on change in fair value of financial assets	**204**	–
Minimum operating lease rentals	**4,511**	2,915
Interest on bank loans and overdraft wholly repayable within five years	**185**	1

5. 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 solutions

Provision of payment solutions and ongoing technical support services.

(b) Timber trading and furniture manufacturing

Trading of timber and manufacturing of furniture.

(c) 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 solutions		Timber trading and furniture manufacturing		Trading and system integration		Others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue										
Revenue from external customers	**66,484**	42,028	**8,665**	24,102	**2**	6,135	**–**	–	**75,151**	72,265
Other revenue	**723**	1,869	**1,719**	637	**–**	38	**32**	252	**2,474**	2,796
Total revenue	**67,207**	43,897	**10,384**	24,739	**2**	6,173	**32**	252	**77,625**	75,061
Segment results	**40,874**	22,004	**2,012**	1,362	**1**	(352)	**(21,656)**	(9,551)	**21,231**	13,463
Interest income									**774**	767
Profit from operations									**22,005**	14,230
Finance costs									**(1,235)**	(248)
Share of results of an associate									**(13)**	–
Profit before income tax									**20,757**	13,982
Income tax credit/ (expense)									**1,626**	(1,334)
Profit for the year									**22,383**	12,648
Attributable to:										
– Shareholders of the Company									**22,426**	12,648
– Minority interests									**(43)**	–
									22,383	12,648

	Payment solutions		Timber trading and furniture manufacturing		Trading and system integration		Others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation for the year	**1,378**	1,234	**242**	121	**–**	–	**512**	295	**2,132**	1,650
Amortisation	**111**	–	**26**	9	**–**	–	**1,018**	–	**1,155**	9
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	22	**–**	22
Segment assets	**110,311**	175,541	**37,198**	35,630	**–**	1	**139,727**	16,228	**287,236**	227,400
Unallocated assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total assets	**110,311**	175,541	**37,198**	35,630	**–**	1	**139,727**	16,228	**287,236**	227,400
Segment liabilities	**46,881**	75,685	**5,788**	12,044	**–**	–	**4,415**	616	**57,084**	88,345
Unallocated liabilities	**1,798**	3,030	**–**	–	**–**	–	**–**	–	**1,798**	3,030
Total liabilities	**48,679**	78,715	**5,788**	12,044	**–**	–	**4,415**	616	**58,882**	91,375
Capital expenditure incurred during the year	**1,141**	2,494	**532**	2,044	**–**	–	**4,235**	6,372	**5,908**	10,910

(b) Geographical segments

	PRC		Hong Kong		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**56,423**	48,481	**18,728**	23,784	**75,151**	72,265
Other revenue	**2,328**	908	**146**	1,888	**2,474**	2,796
Total revenue	**58,751**	49,389	**18,874**	25,672	**77,625**	75,061
Segment assets	**219,499**	145,337	**67,737**	82,063	**287,236**	227,400
Capital expenditure incurred during the year	**5,658**	8,043	**250**	2,867	**5,908**	10,910

6. INCOME TAX (CREDIT)/EXPENSE

(a) On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the year ended 31 December 2008. The tax rate used is 16.5% (2007: 17.5%) for the year ended 31 December 2008.

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 from 27% or 33% to 25% with effect from 1 January 2008. The effect of such decrease has been reflected in measuring the current and deferred tax for the year ended 31 December 2008. The Company's subsidiaries operating in the PRC are subject to the tax rate at 25% (2007: 27% or 33%).

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong for the year.

During the year, certain subsidiaries in the PRC are entitled to preferential tax treatments. Certain subsidiaries are entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the applicable tax rate ("Five-year tax holiday"). Other subsidiaries in the PRC did not generate any assessable profits subject to Mainland China corporate income tax.

(b) The income tax (credit)/expense represents the sum of the current tax and deferred tax and is made up as follows:–

	2008	2007
	HK$'000	*HK$'000*
Current tax:–		
Current year	**–**	–
Deferred taxation – *Note 7*:–		
Current year	**(1,626)**	2,304
Reduction of PRC tax rate	**–**	(970)
	(1,626)	1,334
	(1,626)	1,334

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

	Hong Kong		PRC		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before income tax	**(356)**	(9,197)	**21,113**	23,179	**20,757**	13,982
Applicable tax rate (%)	**16.5**	17.5	**25**	27/33	**N/A**	N/A
Tax on (loss)/profit before income tax, calculated at the applicable tax rate	**(59)**	(1,609)	**5,278**	6,580	**5,219**	4,971
Tax effect of non-deductible expenses in determining taxable profit	**189**	2,460	**948**	646	**1,137**	3,106
Tax effect of non-taxable revenue in determining taxable profit	**(19)**	(1,890)	**(68)**	(1,083)	**(87)**	(2,973)
Tax effect of unrecognised decelerated depreciation allowances	**31**	9	**–**	–	**31**	9
Tax effect of unrecognised tax losses	**346**	1,030	**1,005**	–	**1,351**	1,030
Tax effect of utilisation of tax losses	**(488)**	–	**(185)**	(505)	**(673)**	(505)
Tax effect on 100% tax free concession	**–**	–	**(8,737)**	(5,441)	**(8,737)**	(5,441)
Tax effect of change of tax rate	**–**	–	**–**	(970)	**–**	(970)
Under-provision of deferred tax in previous years	**–**	–	**133**	2,107	**133**	2,107
Income tax (credit)/expense	**–**	–	**(1,626)**	1,334	**(1,626)**	1,334

7. DEFERRED TAXATION

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

	Unutilised tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1.1.2007	2,473	(4,165)	(1,692)
Charged to income statement for the year	(2,304)	–	(2,304)
Decrease in deferred tax assets/ liabilities resulting from a reduction of corporate income tax rate	(42)	1,012	970
Exchange adjustments	6	(10)	(4)
At 31.12.2007 and 1.1.2008	133	(3,163)	(3,030)
(Charged)/credited to income statement for the year	(149)	1,775	1,626
Exchange adjustments	16	(410)	(394)
At 31.12.2008	**–**	**(1,798)**	**(1,798)**

At the balance sheet date, the Group has unused tax losses of HK$61,639,000 (2007: HK$28,433,000) 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$23,703,000 (2007: HK$1,147,000) that will expire within five years from the date of incurrence. Other losses can be carried forward indefinitely.

8. DIVIDEND

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

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the year is based on the following data:–

Earnings	**2008** ***HK$'000***	2007 *HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**22,426**	12,648

Number of shares	**2008**	2007
Weighted average number of shares in issue for the purpose of calculation of basic earnings per share	**1,478,434,322**	1,142,561,159
Effect of dilutive potential ordinary shares:–		
Share options	**–**	22,922,972
Weighted average number of shares in issue for the purpose of calculation of diluted earnings per share	**1,478,434,322**	1,165,484,131

For the year ended 31 December 2008, diluted earnings per share is equal to the basic earnings per share because the exercise price of the Group's share options was higher than the average market price of the Group's shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

During the current fiscal year, the Group recorded a turnover of approximately HK$75,151,000, representing an increase of approximately 4% as compared to the last fiscal year. The profit attributable to shareholders of HK$22,426,000 in the current year, representing an increase of approximately 77% as compared to the last fiscal year. The slightly increase in turnover is mainly due to the fact that the growth of the Group's payment services business is offset by performance of other business, which is affected by economic downturn. The significant increase in net profit is benefited from the growth of payment services business. The booming payment services business is attributable to the Group's continuous exploration of market demand after acquisition, and our staff's hard working, flexibility, creativity, and strategic persistency.

Liquidity and Financial Resources

As at 31 December 2008, the Group had net current assets of approximately HK$57,375,000. Current assets comprised inventories of approximately HK$20,634,000, debtors of approximately HK$7,790,000, trade deposits of approximately HK$4,661,000, other deposits, prepayments and other receivables of approximately HK$15,093,000, amounts due from related companies of approximately HK$13,000, financial assets at fair value through profit or loss of approximately HK$682,000, prepaid land lease premium of approximately HK$1,554,000, tax recoverable of approximately HK$4,000, pledged time deposits of approximately HK$800,000 and cash and bank balances of approximately HK$63,228,000. Current liabilities comprised bank overdrafts, unsecured of approximately HK$3,000, bank loans of approximately HK$9,095,000, trade payable of approximately HK$1,000, payable to merchants of approximately HK$36,456,000, deposits received, sundry creditors and accruals of approximately HK$11,482,000, amount due to a director of approximately HK$42,000, amount due to an associate of approximately HK$5,000.

On 13 February 2008, the Company has issued a total of 217,000,000 new shares as partial consideration of HK$69,440,000 for the acquisition of the entire issued share capital of Universal iPayment International Limited. Through acquisition of Universal iPayment International Limited and its subsidiary, Universal iPayment China Limited, the Group obtained a land located in Shanghai. The land is the principal asset of Universal iPayment China Limited. The Group intended to establish the land as its headquarters. The construction cost of the headquarters will be mainly financed by debt financing.

The gearing ratio (defined as a percentage of total debt over total assets) of the Group as at 31 December 2008 was 20% (2007: 39%).

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.

Business Review and Prospects

1. *Review*

   Despite the global economy teetering on the abyss of severe recession, our Group was able to achieve tremendous business performances, particularly in the businesses of payment services, timber resources and property management, by our well-defined objectives and flexible strategies.

   The outstanding performance of our payment business is driven by a number of factors. Firstly, various indicators, including transaction volumes, number of new merchant accounts and new memberships, income and net profit, showed that our payment business continued to grow at a rapid rate. Secondly, we have developed and introduced a range of innovative high quality products and services, such as C.A.T. system, Fund Distribution, Value-added payment system, Non-3D payment system for international credit card, B2B payment system and direct banking system, to enrich our product diversity in meeting different needs of the corporations in the market. Thirdly, the extensive marketing initiatives further enhanced the brand awareness and exposure. Fourthly, our customer loyalty was enhanced. We strengthened our interaction with customers by providing them with most-updated information via prompt message and email system. Fifthly, apart from establishing strategic partnership with different banks to provide robust payment system, we received extensive recognition and application of our credit card payment system specially designed for small-to-medium sized banks. Sixthly, our progressive global expansion with foreign banks, foreign payment providers and foreign merchants produced exceptionally strong results to our profitability. Seventhly, the development of new projects such as the acquisition of a company providing remittance services laid solid foundation for the establishment of the cross-border remittance business. Meanwhile, we will continue researching on other payment business related projects in order to get valuable and intelligent information for future project selection and development. Eighthly, we are committed to provide excellent services. Through the construction of voice mail and authorized chatting room, as well as a set of risk control measures, we enhanced one-stop shop solutions and earned the loyalty of our customers. Ninthly, our payment system became PCI compliant this year. This symbolized that the technology and logistics management of our payment system, bolstered by our largest and most reliable network, had reached the international security standard. Finally, we treasure high-skilled and hard-working people and spare much effort in training up our people, especially those working for product development. This greatly shortened our time spent on product identification, R&D and bringing the product to market.

With the nature that most of our customers of the timber business belong to the high and luxury consumption group, the sales dropped mildly owing to the global financial turmoil. However, with our flexibility and responsiveness to the market change, we obtained a competitive edge over bargaining power from our supplier to lower the cost and received the right of fixing price by establishing a strategic partnership in Indonesia. In addition, we broadened the product distribution areas by initiating new business model for manufacturing in Indonesia and increasing product portfolio combination with the identification of different features of rosewood. In spite of the huge losses recorded by most of the peers in the industry, our Group's timber business still remained in a breakeven situation under the vulnerable global downturn economy.

Our Group has also successfully completed the land acquisition in the center of Shanghai city and the assessment assignments prior to the construction performed by the government have all been finished. The site will be the new monument of our Group's headquarters, which can provide our staff with more pleasant and spacious working environment and effectively raise our entire corporate image. Moreover, our Group will earn stable rental income from the headquarters after its completion. Our uniqueness will be strongly highlighted as a token of new page in our architectural engineering, design, innovation and new functions and experiences. Meanwhile, our new headquarters provides new opportunities for our property management project as a blueprint.

We always embrace business pursuits with more opportunities that can diversify our portfolio horizontally and vertically. We will continue to adhere to the in-depth development and horizontal integration in different business sectors.

Through raising the overall working standard in the areas of finance, human resources and administration, as well as spreading the traditional cultural values and perspectives, we strive to excel beyond our expectation and continue to cultivate a corporate culture with world-class service standard.

2. *Prospective*

With the consideration and evaluation of current global economic market situation, we have established our vision to pursuit our steady development and wait for opportune moment to breakthroughs.

The preservation of our corporate cultural heritage nurtures a progressive team spirit with world-class services to achieve our long term strategies. We will retain our recruitment activities for more talented people to join our team and develop their potentials to accomplish our missions and commitment.

In relation to our payment business, we attempt to capture any opportunities arising from external uncertainties together with our steady growth strategy to maximize our values. Business expansion by increasing our market share will be our top priority. At the same time, we will focus on increasing usage of our account users through reinforcing the integrated measures such as enhanced application. Secondly, with the aim of product diversification, we will continue our quality improvement with our clients' feedback and develop extensive and sophisticated product portfolio with innovation to meet the diversified needs included but not limited to the seamless online and offline electronic payment methods. The devotion of more efforts and resources in marketing promotions and quality service assurance are highly committed to retain customer loyalty and generate more new accounts. Remittance project is expected to have a rapid growth in light of the integration of global economy.

In relation to timber business, we will further sharpen our competitive edge over the cost control in procurement with our vendors. In the mean time, we will expand our sales points through distributors and retail outlets.

Our spectacular headquarters building will soon be one of the remarkable buildings in the heart of Shanghai city. This also provides the possibilities in exploring more new business opportunities.

Identifying business opportunities with thorough marketing intelligent analysis enables us to grab any market opportunities. We do not rule out any possibilities of capital acquisition or merging with any strategic partnerships for our payment business, timber business, property construction and other business aspects to enhance our Group with stability and energy.

Employees

At 31 December 2008, the total number of employees of the Group was 220 (2007: 150). 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 PRC.

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 13 February 2008, the Group acquired the entire issued share capital of Universal iPayment International Limited ("UII"), an investment holding company incorporated in Hong Kong. UII held the entire 100% interest of Universal iPayment China Limited ("UIC") which was an investment holding company and incorporated in the PRC. The principal asset of UIC was a piece of land located at 1178 Tian Yao Qiao Road, Long Hua Street, Xu Hui District, Shanghai ("the Land"). The Group intended to establish the Land as its headquarters in Shanghai for business development. The consideration for the acquisition amounted to HK$72,500,000 and was satisfied as to HK$3,060,000 in cash 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. The acquired business contributed revenues of approximately HK$4,000 and net loss of approximately HK$1,941,000 to the Group for the period from 13 February 2008 to 31 December 2008.

On 24 July 2008, the Group acquired the entire 100% equity interest in Universal Unipass Limited ("Unipass"), a company incorporated in the PRC and not yet commenced business. The consideration for the acquisition amounted to RMB1,000,000. The acquired business did not contribute any revenue but net loss of approximately HK$200 to the Group for the period from 24 July 2008 to 31 December 2008.

The Group originally held 20% equity interest in Universal ECPAY Limited ("ECPAY"). On 12 December 2008, the Group further acquired 80% equity interest in ECAPY which was engaged in provision of internet based remittance services and incorporated in the PRC. The consideration for the acquisition amounted to RMB33,610,000. The acquired business contributed revenues of approximately HK$1,000 and net profit of approximately HK$100 to the Group for the period from 12 December 2008 to 31 December 2008.

On 25 December, 2008, the Group acquired the entire 100% equity interest in Shanghai Puluma Trading Limited ("PLM") which was engaged in trading of timber and incorporated in the PRC. The consideration for the acquisition amounted to RMB2,800,000. The acquired business did not contribute any revenue but net loss of approximately HK$2,000 to the Group for the period from 25 December 2008 to 31 December 2008.

Charges on Group's Assets

At 31 December 2008, time deposit of HK$800,000 was pledged as collateral for a service contract with a customer of a subsidiary of the Group. At 31 December 2007, time deposit of HK$2,000,000 was pledged to a bank to secure the general banking facilities granted to a subsidiary of the Group.

At 31 December 2008, the property held under medium-term lease with a net book value of HK$1,859,000 (2007: Nil) and the prepaid land lease premium with a net book value of HK$3,970,000 (2007: Nil) were pledged to a bank to secure general banking facilities granted to a subsidiary of the Group.

Details of Future Plans for Material Investments or Capital Assets

The Group acquired a land located in Shanghai during the year. The Group intended to develop the land into headquarters building with 6-storey over ground and 1-storey under ground. The Group will initially occupy half of the building and lease the rest to third parties. The estimated capital expenditure to be incurred for the land development is around HK$50 million, which will be mainly financed by bank borrowings. Financing through internal resources or external equity may also be considered.

Currency Risk

Currently, the market anticipates moderate appreciation pressure on Renminbi. The Group has not implemented any formal policy in dealing with this foreign exchange risk. However, in view of the fact that 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 2008, 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 2008.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code on corporate governance practices (the "Code") as set out in Appendix 15 of the rules governing the listing of securities on the GEM Listing Rules for the year subject to the deviations disclosed hereof.

Before 8 September, 2008, Mr. Lau Sik Suen assumed the role of both the chairman and the chief executive officer of the Company. While serving as the chairman of the Group, Mr. Lau led the Board and was responsible for the proceedings and workings of the Board. He ensured that:–

– the Board acted in the best interests of the Group; and

– the Board functioned effectively, and that all key and appropriate issues were properly briefed and discussed by the Board.

The role of chairman and chief executive officer of the Group rests on the same individual which deviates from the code provision in the Corporate Governance Code of not having a clear division of responsibilities. The Board is of the view that this has not compromised accountability and independent decision making for the following reasons:–

– The non-executive directors form the half of the Board of which three out of eight are independent.

– Audit Committee composed exclusively of independent non-executive directors.

– The independent directors have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

However, in order to perform best practice and comply with the code provision in the Corporate Governance Code of having a clear separation of the roles and responsibility of the chairman and chief executive officer and having the two positions being held by two different members of the Board, the

Board appointed Mr. Lau Yeung Sang as a new chairman on 8 September, 2008. Mr. Lau Yeung Sang is an executive director and the father of Mr. Lau Sik Suen. Mr. Lau Yeung Sang is responsible for the Group's overall strategic planning and provides leadership to the Board so that the Board works effectively and all important issues are discussed in a timely manner. The chief executive officer and executive director, Mr. Lau Sik Suen, is responsible for the daily operation and business direction of the Group.

AUDIT COMMITTEE

The Audit Committee was established in October 2001 with written terms of reference to review, inter alia, the Group's financial reporting and internal controls.

The Audit Committee comprises three independent non-executive directors, namely, Mr. Meng Lihui, Mr. Wan Xieqiu and Mr. Fong Heung Sang. The chairman of the Audit Committee is Mr. Meng Lihui.

The Audit Committee held four meetings in the 12 months ended 31 December 2008, which were attended by all members. The Group's first quarterly report 2008, interim report 2008, third quarterly report 2008 and annual report 2008 have been reviewed by the Audit Committee, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. For the annual report 2008, the Audit Committee met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending it to the Board for approval. The committee also monitored the Company's progress in implementing the code provisions on corporate governance practices as required under the GEM Listing Rules.

PUBLICATION OF INFORMATION ON GEM WEBSITE

The Annual Report of the Group will be published on the GEM website on or before 31 March 2009, in compliance with rule 18.50C of the GEM Listing Rules.

On behalf of the Board
UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED
Lau Yang Sang
Chairman

Hong Kong, 23 March 2009

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

Executive directors:
Mr. Lau Yeung Sang
Mr. Lau Sik Suen
Mr. Liu Ruisheng
Madam Luan Yumin

Non-executive director:
Mr. Chow Cheuk Lap

Independent non-executive directors:
Mr. Meng Lihui
Mr. Wan Xieqiu
Mr. Fong Heung Sang

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