



First Quarterly Report 2009

Universal Technologies



TECHNOLOGIES
UNIVERSAL

Universal Technologies Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8091

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

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investor should be aware of the potential risk 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.

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This report, for which the directors (the “Directors”) of Universal Technologies Holdings Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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 bases and assumptions that are fair and reasonable.

SUMMARY

- Turnover for the three-month period ended 31 March 2009 amounted to approximately HK17.05 million (2008: HK\$16.95 million).
- Net profits attributable to shareholders of the Company for the three-month period ended 31 March 2009 amounted to approximately HK\$2.76 million (2008: HK\$5.02 million).
- Basic and diluted earnings per share for the three-month period ended 31 March 2009 amounted to approximately HK0.18 cents and HK0.18 cents respectively (2008: HK0.36 cents and HK0.36 cents).
- The Board does not recommend payment of any dividend for the three-month period ended 31 March 2009 (2008: Nil).

UNAUDITED RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three-month period ended 31 March 2009 together with the comparative unaudited figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		For the three-month period ended 31 March 2009 HK\$'000	For the three-month period ended 31 March 2008 HK\$'000
	<i>Notes</i>		
Turnover	2	17,049	16,948
Other revenue	2	315	233
		17,364	17,181
Cost of sales		(1,303)	(796)
Staff costs		(5,957)	(5,933)
Depreciation and amortisation of prepaid land lease premium		(955)	(619)
Minimum operating lease rentals		(1,622)	(636)
Other operating expenses		(4,399)	(4,001)
Profits from operations	3	3,128	5,196
Finance costs		(402)	(172)
Profits before taxation		2,726	5,024
Income tax expense	4	(4)	-
Profits for the period		2,722	5,024
Attributable to:			
Shareholders of the Company		2,762	5,024
Minority interests		(40)	-
		2,722	5,024
Earnings per share (in HK cent)			
Basic	5	0.18	0.36
Diluted	5	0.18	0.36

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2009

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 2008.

2. 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, 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:

	For the three-month period ended 31 March 2009 HK\$'000	For the three-month period ended 31 March 2008 HK\$'000
Payment solutions and related services income	15,598	15,631
Timber trading and furniture manufacturing	<u>1,451</u>	<u>1,317</u>
Turnover	17,049	16,948
Interest on bank deposits	122	168
Others	<u>193</u>	<u>65</u>
Total revenue	<u>17,364</u>	<u>17,181</u>

3. PROFITS FROM OPERATIONS

	Three-month period ended 31 March	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profits from operations are stated after charging/(crediting):–		
Cost of sales	1,303	796
Depreciation and amortisation of prepaid land lease premium	955	619
Minimum operating lease rentals		
– Land and buildings	1,622	636
Gain on change in fair value of financial assets	(21)	–
	<hr/>	<hr/>

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 25%.

During the period, 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").

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

	For the three-month period ended 31 March 2009	For the three-month period ended 31 March 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Overseas taxation	4	–
Deferred taxation:		
Current period	<hr/>	<hr/>
	4	–
	<hr/>	<hr/>

5. EARNINGS PER SHARE

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

	Three-month period ended 31 March	
	2009	2008
Earnings for the periods used in the calculation of basic and diluted earnings per share (in HK\$'000)	<u>2,762</u>	<u>5,024</u>
<i>Number of shares</i> Weighted average number of shares in issue, used for the purpose of calculation of basic earnings per share	<u>1,503,928,858</u>	<u>1,401,390,396</u>
<i>Effect of dilutive potential ordinary shares: share options</i>	<u>-</u>	<u>2,429,119</u>
Weighted average number of shares in issue for calculation of diluted earnings per share	<u>1,503,928,858</u>	<u>1,403,819,515</u>

6. CHANGES IN SHAREHOLDER'S EQUITY

	Attributable to shareholders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
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
Equity-settled share-based transactions	-	-	-	-	-	1,600	-	-	1,600	-	1,600
Profit for the period	-	-	-	-	-	-	-	5,024	5,024	-	5,024
At 31.3.2008	<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>	<u>-</u>	<u>212,089</u>
At 1.1.2009	15,039	205,295	1,093	10,754	(8,709)	4,531	4,939	(9,350)	223,592	4,762	228,354
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	-	-	-	-	62	-	-	-	62	-	62
Profit for the period	-	-	-	-	-	-	-	2,762	2,762	(40)	2,722
At 31.3.2009	<u>15,039</u>	<u>205,295</u>	<u>1,093</u>	<u>10,754</u>	<u>(8,647)</u>	<u>4,531</u>	<u>4,939</u>	<u>(6,588)</u>	<u>226,416</u>	<u>4,722</u>	<u>231,138</u>

7. INTERIM DIVIDEND

The Board does not recommend payment of an interim dividend for the three-month period ended 31 March 2009 (2008: Nil).

BUSINESS REVIEW AND PROSPECTS

Review

For the three-month period ended 31 March 2009, the Group recorded a slight increase in turnover but a drop in net profit respectively as compared with the corresponding period of last year. Under the ongoing global economic crisis, the business of the Group was inevitably affected, notwithstanding we actively responded to the external changes and made attempts to minimize its negative impact on the Group. Merely a rather steady growth of turnover was so attained. The drop of net profit showed that the Group was eager to spend during the economic downturn to strengthen and broaden our long-run strategic advantages at a relatively lower cost. Thus, we are poised to seize any opportunities which may arise in the future.

During the period, the payment business of the Group pursued its policy of prudent growth and achieved steady growth in its results which in fact, significantly outplayed the overall economy. However, many industries were faced with a relatively dramatic decline in terms of the transaction volume which frustrated our payment business. In response to this, we managed to attract customers by effectively expanding the scope of our business, refining the strategic decisions on product positioning, applying more competitive rates and providing high value-added services. As a result, the transaction volume of our payment business recorded a double digits' growth during the period as compared with the corresponding period of last year. Regarding the product lines, further improvement was made in five major products and the solution plans for tens of industries, in particular the pre-authorized products and the more secured international card payment product. In respect of the former, both the contracted vendors and transaction volume grew by tens of times, while the latter was popular with the industry and subscribers during the trial run in aviation industry such as China Southern Airlines and now became one of the key products of the Group. We were dedicated to further establish strategic partnership with different banks. By capitalizing on the new products launched by major banks, our product lines were enriched and diversified. Further, by actively developing our relationship with small-to-medium sized banks, we have also explored how to leverage each other's competitive edges as one of the focuses of our future development. Brand construction is one of the main themes we have sketched for the period through magnified marketing efforts, formatted membership network and enriched brand system with noticeable improvements in brand images through figures and merchants' reciprocity. Our long-standing policy is to continuously enhance quality and introduce innovations and initiatives through R&D enhancement and diversification. Our unparalleled customer service with excellence continues to make strong progress in delivering our products and service to meet the international standard such that the introduction of customer service in English to bridge our service with the global development. Our efforts and strategies in risk control and management have paved a road for the development and expansion in any emerging markets. Certainly, the legal regulatory of our payment business is not without flaws and there exists a relatively great discrepancy in different parties' understanding on the social responsibility of corporation. During this period, one of our customers was found to perform illegal business through our payment platform which led to the disputes over the extension of social responsibility of corporation. We have also taken time to assist and communicate with the regulatory authorities so that the public can have a deeper understanding toward our business.

During the period, our timber business has declined was mainly due to the decrease of market demand resulting from the economic crisis. However, with stronger flexibility and responsiveness to the market change over its competitive edge with cost control through the establishment of a strategic partnership in Indonesia, further enhance our market shares. The number of our clients is apparently in growth comparing with other business in the same industry despite the shrink of our overall weak economic performance.

During the period, bank borrowing was successfully obtained for the construction of our headquarters. The construction in the heart of Shanghai city will be completed within our schedule and the cost is also under our control. In the meantime, our property management projects will be launched shortly in the market as well.

Our long-term credit ratings are given in the recognition of our strong financial capability and sound liquidity help facilitate any of our financing activities and enhance the financial flexibility.

With the consideration and evaluation of existing global economic market situation, we will continue our core values to maintain our stability, pursue ongoing innovation, cultivate our corporate culture and strength with intelligence and creativity to cope with any challenges down the road.

Prospects

With the stringent and prudential analysis on the external changeable and volatile economic situation, we will stick on our own values by preceding our diversifications with our own pace to overcome any negative impact resulting from the economic downturn.

In relation to our payment business, we will continue to sustain our strong growth in our existing business segments with the focus on customer-oriented approach to make a strong progress in exploring any new segments. The introduction of authorized products, international cards and specialized payment solutions will play a key role in the airlines industry, trading and education and other segments in order to extend our market coverage and expansion. More efforts are devoted to our brand promotion strengthening our outstanding business performance associated with brand image and product popularity. The emergence of different derivative products creates more potentials and opportunities in the payment industry which still regarded as a new market. Our Group has successfully taken over remittance service continuing our diversification and expansion in the payment market. The introduction of various policies by the Chinese Government encourages innovations in finance, such that more guidance and oversight on electronic payment business is required to enhance more frequent communications between the oversight board and electronic payment vendors. The compliance of all these requirements and regulations has strengthened our recognition in providing the most secured and highest standard payment solutions in the market. We have expected that it will take time for public recognition and understanding of payment business. The process will also create additional responsibilities beyond the scope of corporate business to us. We will closely monitor to prevent similar issues in the future and strive for the recognition and understanding from various parties. More and more business acquisitions activities will be implemented in order to meet our progressive global business expansion.

In relation to timber business, more flexibility, comprehensiveness and competitive edge over our innovative products have been adjusted and integrated to grab any business opportunities once the economy is recovered.

Despite a market slowdown, it is still considered to be a lucrative long term investment in the property market. Our headquarters in the heart of Shanghai city will offer our tenants the prospect of owning real estate that will serve in a desirable location and valuable long term profits.

Our Group has been able to meet different challenges and opportunities over the years, guided by well-defined strategies of the management to seize any market opportunities. And in the Chinese government's latest five-year plan, that has transformed Shanghai as the leading financial, transport and logistics service centre. This has put us in a favorable position for further success in the future by seizing opportunities with the links of Hong Kong as the specialization in financial and business services.

The accomplishment of our missions and commitment through our preserved corporate culture, well-defined principles and objectives, branding efforts, progressive and talented personal and professional development stands us out in the constant changing market and continues to sharpen our edge with stronger market alertness and responsiveness, better cost control and higher operational efficiency.

Adhering to our strong team spirit, prudent management, financial strength, diversification, flexibility and creativity, we have continued to achieve growth while minimizing risk. We are poised to thrive in this intensely competitive environment and demonstrate our strength in such challenging business environment.

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

As at 31 March 2009, 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	Total interests in	Aggregate interests	% of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	ordinary shares	underlying shares		
Executive Directors:							
Mr. Lau Sik Suen	8,580,000	-	-	8,580,000	-	8,580,000	0.57%
Mr. Lau Yeung Sang (Note 1)	-	-	421,780,000	421,780,000	-	421,780,000	28.05%
Mr. Liu Ruisheng (Note 2)	-	-	-	-	5,100,000	5,100,000	0.34%
Madam, Luan Yumin (Note 2)	-	-	-	-	7,400,000	7,400,000	0.49%
Non-executive Director:							
Mr. Chow Cheuk Lap (Note 3)	-	-	67,540,000	67,540,000	-	67,540,000	4.49%
Independent Non-executive Directors:							
Mr. Wan Xieqiu	-	-	-	-	-	-	-
Mr. Meng Lihui	-	-	-	-	-	-	-
Mr. Fong Heung Sang (Note 2)	-	-	-	-	900,000	900,000	0.06%

Notes:

- The corporate interests of Mr. Lau Yeung Sang in the ordinary shares of the Company are held by World One Investments Limited (World One). The entire issued share capital of World One is wholly and beneficially owned by Mr. Lau Yeung Sang. Mr. Lau Yeung Sang is therefore deemed to be interested in these shares.
- The interests of Mr. Liu Ruisheng, Madam Luan Yumin 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".
- 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 2009.

Save as disclosed above, as at 31 March 2009, 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 2009 and for the period ended 31 March 2009,

- (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 2009, 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
World One Investments Limited (Note 1)	Beneficial owner	421,780,000	28.05%
Every City Industrial Limited (Note 2)	Beneficial owner	106,000,000	7.05%

Notes:

- (1) World One Investments Limited is wholly and beneficially owned by Mr. Lau Yeung Sang.
- (2) Every 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 at 31 March 2009
					Outstanding at 1 January 2009	Granted during the period	Exercised during the period	Lapsed during the period	
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	25,290,000	-	-	-	25,290,000
Director, senior management and staff of the Group	22 February 2008	Fully vested on 22 February 2008	22 February 2008 to 21 February 2011	HK\$0.300	27,780,000	-	-	(930,000)	26,850,000
		22 February 2008 to 22 February 2009	22 February 2009 to 21 February 2011	HK\$0.300	27,780,000	-	-	(930,000)	26,850,000
		22 February 2008 to 22 February 2010	22 February 2010 to 21 February 2011	HK\$0.300	27,780,000	-	-	(930,000)	26,850,000
					109,050,000	-	-	(2,790,000)	106,260,000

Note:-

The Company received a consideration of HK\$1.00 from each of the grantees of the Share Option Scheme.

As at 31 March 2009, the number of shares in respect of which options had been granted and outstanding under the share option schemes was 106,260,000, representing approximately 7.07% of the issued share capital of the Company.

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

During the three-month period ended 31 March 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the period under review, none of the Directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) of the Company had any interest in a business that competes or may compete with the business of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's Article 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 Rule 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. Meng Lihui, Mr. Wan Xieqiu and Mr. Fong Heung Sang. Mr. Meng Lihui is the chairman of the audit committee.

The Group's unaudited results for the three-month period ended 31 March 2009 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
Lau Yeung Sang
Chairman

Hong Kong, 11 May 2009

As at the date of this report, the Directors are as follows:

Executive Directors:

Mr. Lau Yeung Sang (*Chairman*)
Mr. Lau Sik Suen
Mr. Liu Ruisheng
Madam Luan Yumin

Independent Non-executive Directors:

Mr. Meng Lihui
Mr. Wan Xieqiu
Mr. Fong Heung Sang

Non-executive Director:

Mr. Chow Cheuk Lap