



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 2009

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.

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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 2009 amounted to approximately HK\$86.97 million (2008: HK\$75.15 million), representing an increase of approximately 16% over the last fiscal year.
- At 31 December 2009, the Group had net current assets of approximately HK\$77.16 million (2008: HK\$57.38 million), including cash and bank balances of approximately HK\$128.72 million (2008: HK\$63.23 million).
- At 31 December 2009, the Group had total assets of approximately HK\$392.24 million (2008: HK\$287.24 million).
- Net profit attributable to shareholders of the Company for the year ended 31 December 2009 was HK\$28.48 million (2008: HK\$22.43 million), representing an increase of approximately 27% over the last fiscal year. The main reason for the increase in net profit was attributable to the significant increase in turnover of payment solutions business and timber trading and furniture manufacturing business.
- Basic and diluted earning per share for the year ended 31 December 2009 amounted to approximately HK1.89 cents and HK1.89 cents respectively (2008: HK1.52 cents and HK1.52 cents respectively).
- The board of directors has resolved to recommend a final dividend of HK0.39 cents per share for the year ended 31 December 2009, amounting to approximately HK\$5.87 million (2008: 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 2009 together with the comparative audited figures as follows:–

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	2009 HK\$'000	2008 HK\$'000
Turnover	3	86,973	75,151
Cost of sales/services rendered		<u>(12,448)</u>	<u>(8,653)</u>
Gross profit		74,525	66,498
Other income	3	1,497	2,474
General and administrative expenses		<u>(50,074)</u>	<u>(46,967)</u>
Profit from operations		25,948	22,005
Finance costs		(1,181)	(1,235)
Share of results of an associate		<u>–</u>	<u>(13)</u>
Profit before income tax	4	24,767	20,757
Income tax credit	6	<u>1,797</u>	<u>1,626</u>
Profit for the year		<u>26,564</u>	<u>22,383</u>
Attributable to:			
Shareholders of the Company		28,478	22,426
Minority interests		<u>(1,914)</u>	<u>(43)</u>
Profit for the year		<u>26,564</u>	<u>22,383</u>
Earnings per share (in cents)			
Basic	9	<u>1.89</u>	<u>1.52</u>
Diluted	9	<u>1.89</u>	<u>1.52</u>

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year	<u>26,564</u>	<u>22,383</u>
Other comprehensive income:		
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	(397)	(8,616)
Income tax relating to components of other comprehensive income	<u>—</u>	<u>—</u>
Other comprehensive income for the year, net of tax	<u>(397)</u>	<u>(8,616)</u>
Total comprehensive income for the year	<u>26,167</u>	<u>13,767</u>
Total comprehensive income attributable to:		
Shareholders of the Company	28,081	13,810
Minority interests	<u>(1,914)</u>	<u>(43)</u>
	<u>26,167</u>	<u>13,767</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		48,874	13,868
Prepaid land lease premium		77,146	79,034
Development cost		1,556	–
Goodwill		79,870	79,870
Interest in an associate		5	5
		<u>207,451</u>	<u>172,777</u>
CURRENT ASSETS			
Inventories		16,008	20,634
Debtors		13,538	7,790
Trade deposits		4,973	4,661
Other deposits, prepayments and other receivables		18,860	15,093
Amounts due from related companies		13	13
Financial assets at fair value through profit or loss		1,109	682
Prepaid land lease premium		1,555	1,554
Tax recoverable		7	4
Pledged time deposits		–	800
Cash and bank balances		128,724	63,228
		<u>184,787</u>	<u>114,459</u>
DEDUCT:			
CURRENT LIABILITIES			
Bank overdrafts, unsecured		–	3
Bank loans		15,926	9,095
Trade payable		1	1
Payable to merchants		75,213	36,456
Deposits received, sundry creditors and accruals		16,451	11,482
Amount due to a director		29	42
Amount due to an associate		5	5
		<u>107,625</u>	<u>57,084</u>
NET CURRENT ASSETS		<u>77,162</u>	<u>57,375</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>284,613</u>	<u>230,152</u>

	<i>Note</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
DEDUCT:			
NON-CURRENT LIABILITIES			
Bank loans		29,009	–
Deferred tax liability	7	<u>–</u>	<u>1,798</u>
		<u>29,009</u>	<u>1,798</u>
NET ASSETS		<u>255,604</u>	<u>228,354</u>
REPRESENTING:–			
CAPITAL AND RESERVES			
Share capital		15,039	15,039
Reserves		<u>237,717</u>	<u>208,553</u>
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		252,756	223,592
MINORITY INTERESTS		<u>2,848</u>	<u>4,762</u>
TOTAL EQUITY		<u>255,604</u>	<u>228,354</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to shareholders of the Company										
	Share capital	Share premium	Capital reserve	Special reserve	Exchange reserve	Share options reserve	Statutory reserve	(Accumulated losses)/ profits retained	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 1.1.2008	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	-	-	-
Total comprehensive income for the year	-	-	-	-	(8,616)	-	-	22,426	13,810	(43)	13,767
Transferred to statutory reserve	-	-	-	-	-	-	2,297	(2,297)	-	-	-
At 31.12.2008	<u>15,039</u>	<u>205,295</u>	<u>1,093</u>	<u>10,754</u>	<u>(8,709)</u>	<u>4,531</u>	<u>4,939</u>	<u>(9,350)</u>	<u>223,592</u>	<u>4,762</u>	<u>228,354</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
Equity-settled share-based transactions	-	-	-	-	-	1,083	-	-	1,083	-	1,083
Transferred to accumulated losses	-	-	-	-	-	(1,444)	-	1,444	-	-	-
Total comprehensive income for the year	-	-	-	-	(397)	-	-	28,478	28,081	(1,914)	26,167
Transferred to statutory reserve	-	-	-	-	-	-	2,194	(2,194)	-	-	-
At 31.12.2009	<u>15,039</u>	<u>205,295</u>	<u>1,093</u>	<u>10,754</u>	<u>(9,106)</u>	<u>4,170</u>	<u>7,133</u>	<u>18,378</u>	<u>252,756</u>	<u>2,848</u>	<u>255,604</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

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.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers
Amendments to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to HKFRS 1 and HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to HKFRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to HKFRS 7	Improving Disclosures about Financial Instruments
Amendments to HK(IFRIC)-Int 9 and HKAS 39	Embedded Derivatives
Amendments to HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
Improvements to HKFRSs 2008	Other than amendments to HKFRS 1 and HKFRS 5

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 the following:–

- (i) HKAS 1 (Revised) requires the presentation of a new “statement of comprehensive income” and disclosure of the components of “other comprehensive income”, including but not limited to “reclassification adjustments”. Comparative information is reclassified to conform to the new presentation.
- (ii) HKFRS 8 sets out new requirements on how operating segments are determined and how segment information are measured and disclosed. HKFRS 8 also requires the disclosure of entity-wide information. Comparative segment information is restated to conform to the requirements of HKFRS 8.
- (iii) The amendments to HKFRS 7 requires the financial statements to include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

The following Hong Kong Financial Reporting Standards in issue as at 31 December 2009 have not been applied in the preparation of the Group's financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2009:–

HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 3 (Revised)	Business Combinations
HKFRS 9	Financial Instruments
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 1	Additional Exemptions for First-time Adopters
Amendments to HKFRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement
Improvements to HKFRSs 2008	Amendments to HKFRS 1 and HKFRS 5
Improvements to HKFRSs 2009	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HKFRS 2, HKFRS 5, HKFRS 8, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16

The Group is required to initially apply these Hong Kong Financial Reporting Standards in its annual financial statements beginning on 1 January 2010, except that the Group is required to initially apply HKAS 24 (Revised), HK(IFRIC)-Int 19, amendments to HKAS 32 and amendments to HK(IFRIC)-Int 14 in its annual financial statements beginning on 1 January 2011, and to initially apply HKFRS 9 its annual financial statements beginning on 1 January 2013.

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 income is set out below:–

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Payment solutions and related services income	72,050	66,484
Timber trading and furniture manufacturing	14,639	8,665
Other trading, system integration and related technical support services	284	<u>2</u>
Turnover	86,973	75,151
Interest on bank deposits	711	774
Exchange gain	273	114
Others	513	<u>1,586</u>
	<u>88,470</u>	<u>77,625</u>

4. PROFIT BEFORE INCOME TAX

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit before income tax is arrived at after charging/(crediting):–		
Auditor's remuneration		
– Current year	450	450
– Under-provision for previous year	–	12
	450	462
Cost of inventories recognised as expenses	9,318	6,922
Staff costs (including directors' remuneration)		
– Salaries and other benefits	17,386	14,938
– Pension scheme contributions	3,346	3,082
– Equity-settled share-based payment expenses	1,083	4,317
	21,815	22,337
Depreciation	2,165	2,132
Amortisation of prepaid land lease premium	1,935	1,155
Sale proceeds of property, plant and equipment and prepaid land lease premium	(2)	(403)
Less: Carrying amounts of property, plant and equipment and prepaid land lease premium	16	1,108
Loss on disposal of property, plant and equipment and prepaid land lease premium	14	705
Gain on disposal of financial assets	(738)	(21)
Loss on change in fair value of financial assets	28	204
Impairment loss on goodwill	1	–
Minimum operating lease rentals	4,994	4,511
Interest on bank loans and overdraft wholly repayable within five years	279	185
	<u>279</u>	<u>185</u>

5. SEGMENT REPORTING

The chief operating decision-maker has been identified as the key management. This key management reviews the Group's internal reporting in order to assess performance and allocate resources.

The Group has presented the following three reportable segments. No operating segment has been aggregated to form the following reportable segments.

(a) Payment solutions

This segment primarily derives its revenue from the provision of payment solutions and ongoing technical support services to customers in the PRC, Hong Kong and overseas.

(b) Timber trading and furniture manufacturing

This segment engaged in trading of timber and manufacturing of furniture to customers in the PRC.

(c) Trading and system integration

This segment engaged in trading, provision of system integration and related technical support services to customers in the PRC.

Others include property-related business, supporting units of Hong Kong operation and the net results of other subsidiaries in Hong Kong and the PRC. These operating segments have not been aggregated to form a reporting segment.

The key management assesses the performance of the segments based on the results, assets and liabilities attributable to each reportable segment on the following basis:-

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment assets and liabilities excluded financial assets at fair value through profit or loss, bank loans and deferred tax liability.

The measure used for reporting segment profit is "adjusted EBIT", i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of results of an associate.

(a) Segments results, assets and liabilities

The following table presents the information for the Group's reporting segments:-

	Reportable segments									
	Payment solutions		Timber trading and furniture manufacturing		Trading and system integration		Others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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	72,050	66,484	14,639	8,665	284	2	-	-	86,973	75,151
Other revenue	1,159	723	105	1,719	4	-	229	32	1,497	2,474
Total revenue	<u>73,209</u>	<u>67,207</u>	<u>14,744</u>	<u>10,384</u>	<u>288</u>	<u>2</u>	<u>229</u>	<u>32</u>	<u>88,470</u>	<u>77,625</u>
Segment profit	37,045	40,874	2,409	2,012	(679)	1	(13,538)	(21,656)	25,237	21,231
Interest income									711	774
Profit from operations									25,948	22,005
Finance costs									(1,181)	(1,235)
Share of results of an associate									-	(13)
Profit before income tax									24,767	20,757
Income tax credit									1,797	1,626
Profit for the year									<u>26,564</u>	<u>22,383</u>
Attributable to:										
- Shareholders of the Company									28,478	22,426
- Minority interests									(1,914)	(43)
									<u>26,564</u>	<u>22,383</u>

	Reportable segments									
	Payment solutions		Timber trading and furniture manufacturing		Trading and system integration		Others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation for the year	1,418	1,378	289	242	-	-	458	512	2,165	2,132
Amortisation	-	111	26	26	-	-	1,909	1,018	1,935	1,155
Impairment of goodwill	-	-	-	-	-	-	1	-	1	-
Segment assets	173,344	110,311	36,884	36,516	2,240	-	178,661	139,727	391,129	286,554
Unallocated assets	-	-	1,109	682	-	-	-	-	1,109	682
Total assets	173,344	110,311	37,993	37,198	2,240	-	178,661	139,727	392,238	287,236
Segment liabilities	81,233	41,196	3,810	2,378	15	-	6,641	4,415	91,699	47,989
Unallocated liabilities	9,101	7,483	2,275	3,410	-	-	33,559	-	44,935	10,893
Total liabilities	90,334	48,679	6,085	5,788	15	-	40,200	4,415	136,634	58,882
Capital expenditure incurred during the year	1,543	1,141	409	532	3	-	35,192	4,235	37,147	5,908

Amounts of HK\$13,373,000, HK\$11,658,000, and HK\$8,998,000 (2008: HK\$25,111,000), which were individually more than 10 percent of the Group's revenue and included in the revenue of payment solutions segment, were revenue from transactions with three (2008: one) single customers.

(b) Geographical information

The following table presents the information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets:–

	PRC		Hong Kong/Overseas		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue from external customers	61,853	56,423	25,120	18,728	86,973	75,151
Other revenue	908	2,328	589	146	1,497	2,474
Total revenue	<u>62,761</u>	<u>58,751</u>	<u>25,709</u>	<u>18,874</u>	<u>88,470</u>	<u>77,625</u>
Non-current assets	<u>156,859</u>	<u>121,713</u>	<u>50,592</u>	<u>51,064</u>	<u>207,451</u>	<u>172,777</u>

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and prepaid land lease premium, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operation, in the case of interest in an associate.

6. INCOME TAX CREDIT

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year.

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 Company's subsidiaries operating in the PRC are subject to the tax rate at 25% (2008: 25%).

No provision for Hong Kong profits tax has been made in these financial statements as the Group's assessable profits for the year have been fully set-off against tax losses brought forward from previous years. (2008: No provision for Hong Kong profits tax was made in these financial statements as the Group had no assessable profits 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 represents the sum of the current tax and deferred tax and is made up as follows:–

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax:–		
Current year	–	–
Deferred taxation – Note 7:–		
Current year	<u>(1,797)</u>	<u>(1,626)</u>
	<u>(1,797)</u>	<u>(1,626)</u>

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

	Hong Kong		PRC		Total	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit/(loss) before income tax	<u>10,190</u>	<u>(356)</u>	<u>14,577</u>	<u>21,113</u>	<u>24,767</u>	<u>20,757</u>
Applicable tax rate (%)	<u>16.5</u>	<u>16.5</u>	<u>25</u>	<u>25</u>	<u>N/A</u>	<u>N/A</u>
Tax on profit/(loss) before income tax, calculated at the applicable tax rate	1,681	(59)	3,644	5,278	5,325	5,219
Tax effect of non-deductible expenses in determining taxable profit	60	189	3,020	948	3,080	1,137
Tax effect of non-taxable revenue in determining taxable profit	(1)	(19)	(345)	(68)	(346)	(87)
Tax effect of unrecognised decelerated depreciation allowances	53	31	–	–	53	31
Tax effect of unrecognised tax losses	–	346	1,312	1,005	1,312	1,351
Tax effect of utilisation of tax losses	(1,793)	(488)	(1,811)	(185)	(3,604)	(673)
Tax effect on 100% tax free concession	–	–	(7,617)	(8,737)	(7,617)	(8,737)
Under-provision of deferred tax in previous years	–	–	–	133	–	133
Income tax credit	<u>–</u>	<u>–</u>	<u>(1,797)</u>	<u>(1,626)</u>	<u>(1,797)</u>	<u>(1,626)</u>

7. DEFERRED TAXATION

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

	Unutilised tax losses <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1.1.2008	133	(3,163)	(3,030)
(Charged)/credited to income statement for the year	(149)	1,775	1,626
Exchange adjustments	<u>16</u>	<u>(410)</u>	<u>(394)</u>
At 31.12.2008 and 1.1.2009	–	(1,798)	(1,798)
Credited to income statement for the year – <i>Note 6(b)</i>	–	1,797	1,797
Exchange adjustments	<u>–</u>	<u>1</u>	<u>1</u>
At 31.12.2009	<u>–</u>	<u>–</u>	<u>–</u>

The components of unrecognised deductible/(taxable) temporary difference of the Group are as follows:–

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Deductible temporary differences		
– <i>Note (i)</i>		
Decelerated tax allowances	143	23
Unutilised tax losses	<u>38,124</u>	<u>61,639</u>
	38,267	61,662
Taxable temporary difference		
– <i>Note (ii)</i>		
Accelerated tax allowances	<u>(213)</u>	<u>(412)</u>
	<u>38,054</u>	<u>61,250</u>

- (i) Deductible temporary differences have not been recognised in these financial statements owing to the absence of objective evidence in respect of availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. Included in unrecognised tax losses are losses of HK\$9,057,000 (2008: HK\$23,703,000) that will expire within five years from the date of incurrence. Other losses can be carried forward indefinitely.
- (ii) Taxable temporary difference has not been recognised in these financial statements owing to its immateriality.

8. DIVIDEND

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK0.39 cents per ordinary share (2008: HK\$Nil)	<u>5,865</u>	<u>–</u>

The final dividend proposed after the end of the reporting period has not been recognised as liabilities at the end of the reporting period.

9. EARNINGS PER SHARE

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share	<u>28,478</u>	<u>22,426</u>
	2009	2008
Number of shares		
Weighted average number of shares in issue for the purpose of calculation of basic earnings per share	1,503,928,858	1,478,434,322
Effect of dilutive potential ordinary shares:– Share options	–	–
Weighted average number of shares in issue for the purpose of calculation of diluted earnings per share	<u>1,503,928,858</u>	<u>1,478,434,322</u>

For the year ended 31 December 2009, 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\$86,973,000, representing an increase of approximately 16% as compared to the last fiscal year. The profit attributable to shareholders of the Company was HK\$28,478,000 in the current year, representing an increase of approximately 27% as compared to the last fiscal year. The increase in turnover is mainly due to the major growth of the Group's payment solution business, timber trading and furniture manufacturing business. The significant increase in net profit is benefited from the growth of turnover and efficient cost control. The growth of turnover is attributable to our staff's hard working, flexibility, creativity, and strategic persistency.

Liquidity and Financial Resources

At 31 December 2009, the Group had net current assets of approximately HK\$77,162,000. Current assets comprised inventories of approximately HK\$16,008,000, debtors of approximately HK\$13,538,000, trade deposits of approximately HK\$4,973,000, other deposits, prepayments and other receivables of approximately HK\$18,860,000, amounts due from related companies of approximately HK\$13,000, financial assets at fair value through profit or loss of approximately HK\$1,109,000, prepaid land lease premium of approximately HK\$1,555,000, tax recoverable of approximately HK\$7,000 and cash and bank balances of approximately HK\$128,724,000.

Current liabilities comprised bank loans of approximately HK\$15,926,000, trade payable of approximately HK\$1,000, payable to merchants of approximately HK\$75,213,000, deposits received, sundry creditors and accruals of approximately HK\$16,451,000, amount due to a director of approximately HK\$29,000 and amount due to an associate of approximately HK\$5,000.

The gearing ratio (defined as a percentage of total liabilities over total assets) of the Group at 31 December 2009 was 35% (2008: 20%).

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

In this year, our Group was able to achieve the goal which we set last year to prepare ourselves for the opportunities ahead. We strengthened our internal systems, enhanced our quality levels and established a faster response time for implementation. Our Group's various operations have performed beyond the set financial indicators and recorded both a double digit growth and record high in total assets, net assets, total revenue and net profit.

We focused on the payment business this year to pursuit steady development and achieved a breakthrough in our operations. Firstly, increase in transaction volume, number of new merchant accounts, new memberships, new products or services, brand awareness, close cooperation with Government departments, income and net profit, showed that our payment business continued to grow at a consistent pace. Secondly, our payment products and solutions, SinoPay, ICpay, SimplePay, IMpay and CAT etc, have been enhanced with more comprehensive risk control measures to achieve better value-added services for our customers. Furthermore, in this year, we have targeted a few key industries, such as trading companies, travel agencies, etc, to achieve more rapid business growth. Thirdly, through a series of marketing initiatives we have achieved co-operation with payment industry associations, banks, Government departments etc to strengthen our brand presence and provide a better user experience for our customers. Fourthly, we were very successful this year in establishing strategic partnerships with domestic banks, international card organizations, winning the tender with China Unicom and increasing our business in the Airlines industry. Fifthly, we focused on risk control and compliance issues, by establishing regular communication with government departments to improve our risk-control protocols and strengthening our risk control capabilities within our proprietary anti-fraud systems to provide customers a more secure method of payment. Moreover, we received awards for risk control management from VISA for 'The Best Payment Gateway Risk Control' and 'The Best Risk Control' by MasterCard. We were the only online payment company in China received these prestigious awards which were the highest awarded by both card organizations. On the other hand because of electronic payment and related laws are still under review due to different point of views with regard to corporate social responsibilities, we strengthened our compliance practice and continuously educated the market in order to achieve a more standardized, orderly and regulated environment in the payment industry. Sixthly, we were very pleased with the rapid business development achieved by all our business units especially, Hong Kong which contributed significantly to the Group's overall performance. Furthermore, we have explored various avenues of electronic payments, including potential new products and services that are in line with our development strategy for the future, including, remittance services for future implementation.

The business development strategy for timber business was clearly defined. We focused on strengthening and innovating the business. As a result, this lessened the impact of the financial crisis and we were able to achieve record levels of net profit and the highest inventory turnover rate in the industry . Firstly, we maintained and strengthened the processing of raw materials in our Indonesian Resources Centre and resulted in cost reductions and enabled the woods and semi-finished furniture to maintain a competitive edge. Secondly, we changed our strategy in supply chain management and distribution channel by using modern mass production instead of traditional workshop business model. In the short term, we have produced low-cost and high-quality products making us very competitive in the market place. At the same time, we are building a brand recognized for using modern methods to manage timber resources and used this opportunity to introduce our high-end furniture brand “Heritage Mode” this year. The brand has gradually gained recognition and attracting loyal customers will become the basis for the future growth of business.

The construction of our new Group headquarters in Shanghai, Universal Enterprise Building has been successfully completed and we expect to move there in the first quarters. Simultaneously, we begun to explore new projects in real estate development which we estimate will have great market potential.

This year the Group has continued to explore new business ventures which will bring synergy to our existing businesses and provide us the opportunities to expand both laterally and vertically.

2. *Prospective*

This year is the 10th Anniversary of our Group’s operations in China. We believe that the experience accumulated over the last decade will bring us to greater heights as we establish a strong foundation to achieve solid growth over the next decade.

For payments business, keen competition has occurred. We estimate that the transaction volume is on the increase, the market price maybe reduce. Therefore, we believe that innovation of our products and services will open new opportunities for us next year. Firstly, from our experience in the past, we will enhance the existing payment products so as to provide a product portfolio of payment solutions for different industries. In this year, we will upgrade our existing payment platform, including hardware and software upgrade. In order to bring about the best innovation possible, we will base our development strategies on market research findings. Furthermore, we will strengthen strategic cooperation and alliances with related businesses and companies within the industry. Whatever innovative developments plans we intend to carry out, we will do so with strict accordance to regulatory standards and also in consultation with relevant government bodies to solicit support for our businesses. We intend to strengthen our talent pool by recruiting more and better qualified staff. In conclusion, we estimate that capital expenditure and expenses will be increased and it will affect our financial indicators in the short term. However, the lack of such expertise will also impact the progress of our development plans. If necessary, we cannot rule out to ask broad of directors to increase capital investment in order to maintain sustainable development.

The strategy for the timber business is becoming increasingly clear to us. Our focus will be to move our timber business from a traditional business to a modern enterprise. On one hand, we will maintain the cost and quality control for raw materials and consider moving parts of production to Indonesia to take advantage of the low labor cost. We hope this strategy can give us a price advantage and increase our market share. At the same time, we will expand our distribution network and we target to become one of the biggest wood product suppliers in Eastern China. We also plan to open new branches nation-wide and internationally within the next five years. Meanwhile, we will continue to enhance our brand awareness and achieve sales volume increase.

Investing in the construction of the new Group headquarters will give us the opportunity to integrate our resources under one roof. We hope to apply this concept to our other business entities as well in the future.

10 years is a successful milestone but it also marks a new beginning for the Group. We are ready to move forward to face the many challenges ahead and our goal is to achieve even more in the next decade.

Employees

At 31 December 2009, the total number of employees of the Group was 297 (2008: 220). The dedication and contribution of the Group's staff during the year are greatly appreciated and recognised.

Employees (including directors) are remunerated according to their performance and working experience. On top of basic salaries, discretionary bonus and share 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

During the current fiscal year, the Group injected capital of RMB50,000,000 to International Payment Solutions (Shanghai) Limited ("IPSSH"), a subsidiary of the Group to enlarge its share capital. The registered capital of IPSSH increased from RMB50,000,000 to RMB100,000,000. The Group believes the registered capital increment is in line with the growth of online payment business, and the investment will enhance the competitiveness of IPSSH.

During the current fiscal year, the Group injected capital of RMB5,000,000 to Universal ECPAY Limited (“ECPAY”), a subsidiary of the Group to enlarge its share capital. The registered capital of ECPAY increased from RMB5,000,000 to RMB10,000,000. The Group believes the registered capital increment is in line with the growth of internet based remittance business, and the investment will enhance the competitiveness of ECPAY.

On 7 December 2009, the Group acquired the entire equity interest in Universal Union Collection Limited (“UUC”), 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 and net profit/loss to the Group for the period from 7 December 2009 to 31 December 2009.

The Group acquired a land located in Shanghai in 2008. The Group developed the land into headquarters building with 6-storey over ground and 1-storey under ground during the current fiscal year. The capital expenditure incurred for the land development is around HK\$40 million.

Charges on Group’s Assets

At 31 December 2009, the property held under medium-term lease with a net book value of HK\$1,808,000 (2008: HK\$1,859,000), the construction in progress with a net book value of HK\$39,641,000 (2008: Nil) and the prepaid land lease premium with a net book value of HK\$77,731,000 (2008: HK\$3,970,000) were pledged to banks to secure banks loans granted to subsidiaries of the Group.

At 31 December 2009, no time deposit was pledged as collateral for a service contract with a customer of a subsidiary of the Group (2008: HK\$800,000).

Details of Future Plans for Material Investments or Capital Assets

The Group had no detailed future plans for material investment or capital assets at 31 December 2009.

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 2009, 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 at 31 December 2009.

DIVIDENDS

The Board of Directors recommended a final dividend of HK0.39 cents (2008: Nil) per share to shareholders registered in the Company's Register of Members as at the close of business on 7 May 2010. Upon approval by shareholders, the final dividend will be paid on or about 25 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4 May 2010 to Friday, 7 May 2010 (both days inclusive). In order to qualify for the proposed final dividend for the year ended 31 December 2009, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 3 May 2010.

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.

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

The Audit Committee held four meetings in the 12 months ended 31 December 2009. Details of the attendance of the Audit Committee at the four meetings are as follows:–

Audit Committee Members	Attendance
Mr. Meng Lihui	4/4
Mr. Wan Xieqiu	4/4
Mr. Fong Heung Sang	4/4
Mr. Liu Ji	2/2

The Group's first quarterly report 2009, interim report 2009, third quarterly report 2009 and annual report 2009 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 2009, 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 2010, in compliance with rule 18.50C of the GEM Listing Rules.

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

Hong Kong, 19 March 2010

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

Executive Directors:

Mr. Lau Yeung Sang

Mr. Liu Ruisheng

Madam Luan Yumin

Madam Ren Lili

Non-Executive Director:

Mr. Chow Cheuk Lap

Independent Non-Executive Directors:

Mr. Meng Lihui

Mr. Wan Xieqiu

Mr. Fong Heung Sang

Mr. Liu Ji

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.