# 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: 1026)**

## FINAL RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

**HIGHLIGHTS OF THE YEAR**

— Turnover for the year ended 31 December 2011 amounted to HK$240.34 million (2010: HK$122.95 million), representing an increase of 95% over the last fiscal year.

— Net profit attributable to shareholders of the Company for the year ended 31 December 2011 was HK$58.15 million (2010: HK$53.29 million), representing an increase of 9% over the last fiscal year. The main reason for the increase in profit for the year was attributable to the significant increase in turnover of international payment solutions business.

— Basic and diluted earnings per share for the year ended 31 December 2011 amounted to HK3.59 cent and HK3.57 cent respectively (2010: HK3.46 cent and HK3.46 cent respectively).

— The Board of Directors has resolved to recommend a final dividend of HK1.00 cent per share for the year ended 31 December 2011 (2010: HK0.60 cent per share).

## 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 2011 together with the comparative audited figures as follows:

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2011*

| | Note | **2011** | 2010 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| Turnover | 3 | **240,339** | 122,952 |
| Cost of sales/services rendered | | **(33,755)** | (11,540) |
| Gross profit | | **206,584** | 111,412 |
| Other revenue | 3 | **7,171** | 4,112 |
| Other income | 4 | **2,801** | 1,428 |
| General and administrative expenses | | **(149,170)** | (91,221) |
| Profit from operations | | **67,386** | 25,731 |
| Gain on bargain purchase | | **3,710** | — |
| Increase in fair value of investment properties | | **2,105** | 46,536 |
| Loss on disposal of subsidiaries | | **—** | (1,377) |
| Finance costs | | **(9,618)** | (2,743) |
| Profit before income tax | 5 | **63,583** | 68,147 |
| Income tax expense | 7 | **(1,888)** | (15,169) |
| Profit for the year | | **61,695** | 52,978 |
| Attributable to: | | | |
| Shareholders of the Company | | **58,145** | 53,294 |
| Non-controlling interests | | **3,550** | (316) |
| Profit for the year | | **61,695** | 52,978 |
| Earnings per share *(in cents)* | | | |
| Basic | 10 | **3.59** | 3.46 |
| Diluted | 10 | **3.57** | 3.46 |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2011*

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit for the year | **61,695** | 52,978 |
| Other comprehensive income: | | |
| Exchange differences arising on translation of financial statements of subsidiaries established in the People's Republic of China | **8,190** | 6,913 |
| Other comprehensive income for the year, net of tax | **8,190** | 6,913 |
| Total comprehensive income for the year | **69,885** | 59,891 |
| Total comprehensive income attributable to: | | |
| Shareholders of the Company | **65,625** | 60,116 |
| Non-controlling interests | **4,260** | (225) |
| | **69,885** | 59,891 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2011*

| | Note | **2011** <br> ***HK$'000*** | 2010 <br> *HK$'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **58,717** | 54,260 |
| Prepaid land lease premium | | **43,056** | 39,190 |
| Investment properties | | **120,730** | 114,600 |
| Intangible assets | | **15,395** | 11,668 |
| Goodwill | | **79,870** | 79,870 |
| Deposit paid for an investment | | **—** | 3,892 |
| Other receivables | 12 | **600** | — |
| | | **318,368** | 303,480 |
| **CURRENT ASSETS** | | | |
| Inventories | | **27,373** | 16,803 |
| Debtors | 11 | **119,277** | 224,760 |
| Trade deposits | | **—** | 1,800 |
| Deposits, prepayments and other receivables | 12 | **169,679** | 39,043 |
| Financial assets at fair value through profit or loss | | **14,571** | 10,985 |
| Prepaid land lease premium | | **1,253** | 1,068 |
| Pledged time deposits | | **114,736** | — |
| Cash and bank balances | | **365,337** | 267,215 |
| | | **812,226** | 561,674 |
| **DEDUCT:** | | | |
| **CURRENT LIABILITIES** | | | |
| Bank loans | | **217,765** | 32,409 |
| Trade payable | | **75** | 24,846 |
| Payable to merchants | 13 | **328,650** | 339,632 |
| Deposits received, sundry creditors and accruals | | **129,018** | 84,489 |
| Tax payable | | **1,243** | 3,538 |
| | | **676,751** | 484,914 |
| **NET CURRENT ASSETS** | | **135,475** | 76,760 |

| | Note | 2011 HK$'000 | 2010 HK$'000 |
|---|---|---|---|
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **453,843** | 380,240 |
| **DEDUCT:** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Bank loans | | **—** | 18,282 |
| Deferred tax liability | 8(a) | **13,122** | 12,061 |
| | | **13,122** | 30,343 |
| **NET ASSETS** | | **440,721** | 349,897 |
| **REPRESENTING:** | | | |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **17,025** | 15,441 |
| Reserves | | **400,081** | 312,271 |
| **TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY** | | **417,106** | 327,712 |
| **NON-CONTROLLING INTERESTS** | | **23,615** | 22,185 |
| **TOTAL EQUITY** | | **440,721** | 349,897 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2011*

| | Attributable to shareholders of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium** | **Capital redemption reserve** | **Treasury shares reserve** | **Capital reserve** | **Special reserve** | **Exchange reserve** | **Share options reserve** | **Statutory reserve** | **Other reserve** | **Retained profits** | **Total** | **Non-controlling interests** | **Total** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1.1.2010 | 15,039 | 205,295 | — | — | 1,093 | 10,754 | (9,106) | 4,170 | 7,133 | — | 18,378 | 252,756 | 2,848 | 255,604 |
| Equity settled share-based transactions | — | — | — | — | — | — | — | 8,274 | — | — | — | 8,274 | — | 8,274 |
| Transferred to retained profits | — | — | — | — | — | — | — | (226) | — | — | 226 | — | — | — |
| Shares issued under share option scheme | 568 | 20,153 | — | — | — | — | — | (3,675) | — | — | — | 17,046 | — | 17,046 |
| Dividend paid | — | — | — | — | — | — | — | — | — | — | (6,016) | (6,016) | — | (6,016) |
| Repurchased of own shares | (166) | (4,300) | 166 | — | — | — | — | — | — | — | (166) | (4,466) | — | (4,466) |
| Change in ownership interests in subsidiaries that do not result in a loss of control | — | — | — | — | — | — | — | — | — | — | 2 | 2 | 17,879 | 17,881 |
| Disposal of subsidiaries | — | — | — | — | — | — | — | — | — | — | — | — | 1,683 | 1,683 |
| Total comprehensive income for the year | — | — | — | — | — | — | 6,822 | — | — | — | 53,294 | 60,116 | (225) | 59,891 |
| Transferred to statutory reserve | — | — | — | — | — | — | — | — | 2,384 | — | (2,384) | — | — | — |
| At 31.12.2010 and 1.1.2011 | 15,441 | 221,148 | 166 | — | 1,093 | 10,754 | (2,284) | 8,543 | 9,517 | — | 63,334 | 327,712 | 22,185 | 349,897 |
| Equity settled share-based transactions | — | — | — | — | — | — | — | 4,944 | — | — | — | 4,944 | — | 4,944 |
| Transferred to retained profits | — | — | — | — | — | — | — | (769) | — | — | 769 | — | — | — |
| Shares issued under share option scheme | 1,843 | 75,778 | — | — | — | — | — | (6,527) | — | — | — | 71,094 | — | 71,094 |
| Dividend paid | — | — | — | — | — | — | — | — | — | — | (43,337) | (43,337) | — | (43,337) |
| Repurchased of own shares | (259) | (8,000) | 259 | (810) | — | — | — | — | — | — | (259) | (9,069) | — | (9,069) |
| Change in ownership interests in a subsidiary that do not result in a loss of control | — | — | — | — | — | — | — | — | — | 137 | — | 137 | (2,830) | (2,693) |
| Total comprehensive income for the year | — | — | — | — | — | — | 7,480 | — | — | — | 58,145 | 65,625 | 4,260 | 69,885 |
| Transferred to statutory reserve | — | — | — | — | — | — | — | — | 236 | — | (236) | — | — | — |
| **At 31.12.2011** | **17,025** | **288,926** | **425** | **(810)** | **1,093** | **10,754** | **5,196** | **6,191** | **9,753** | **137** | **78,416** | **417,106** | **23,615** | **440,721** |

*Notes*

## 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 Units 601–608, 6/F, Harbour View Two, Phase Two, Hong Kong Science Park, Pak Shek Kok, 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.

On 22 June 2010, the listing of shares of the Company was transferred to the Main Board of the Stock Exchange.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### (a) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

| | |
|---|---|
| HKAS 24 (Revised) | Related Party Disclosures |
| HK(IFRIC) — Int 19 | Extinguishing Financial Liabilities with Equity Instruments |
| Amendments to HK(IFRIC) — Int 14 | Prepayments of a Minimum Funding Requirement |
| Improvements to HKFRSs 2010 | |

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

### (b) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue at 31 December 2011 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2011:

| | |
|---|---|
| HKAS 19 (2011) | Employee Benefits |
| HKAS 27 | Separate Financial Statements |
| HKAS 28 | Investments in Associates and Joint Ventures |
| HKFRS 9 | Financial Instruments |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |
| HK(IFRIC) — Int 20 | Stripping Costs in the Production Phase of a Surface Mine |
| Amendments to HKAS 1 | Presentation of Items of Other Comprehensive Income |
| Amendments to HKAS 12 | Deferred Tax: Recovery of Underlying Assets |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKFRS 7 (2010) | Disclosures — Transfers of Financial Assets |
| Amendments to HKFRS 7 (2011) | Disclosures — Offsetting Financial Assets and Financial Liabilities |

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Con't)

### (b) Hong Kong Financial Reporting Standards in issue but not yet effective (Con't)

The Group is required to initially apply these Hong Kong Financial Reporting Standards in its annual consolidated financial statements beginning on 1 January 2013, except that the Group is required to initially apply amendments to HKAS 12 and amendments to HKFRS 7 (2010) in its annual consolidated financial statements beginning on 1 January 2012, amendments to HKAS 32 in its annual consolidated financial statements beginning on 1 January 2014 and HKFRS 9 in its annual consolidated financial statements beginning on 1 January 2015.

## 3. TURNOVER AND OTHER REVENUE

The Group is principally engaged in investment holding, provision of payment solutions and related services, timber trading and furniture manufacturing, system integration and technical platform services, property investment and building management. 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 and rental and building management service income. An analysis of the Group's turnover and other revenue is set out below:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Payment solutions and related services income | **206,283** | 97,950 |
| Timber trading and furniture manufacturing | **29,878** | 11,749 |
| System integration and technical platform services | **—** | 12,608 |
| Rental and building management service income | **4,178** | 645 |
| Turnover | **240,339** | 122,952 |
| Interest on bank deposits | **5,446** | 1,188 |
| Other interest income | **1,101** | — |
| Government subsidy | **—** | 562 |
| Franchise fee income | **360** | 2,229 |
| Dividend income | **264** | 133 |
| Other revenue | **7,171** | 4,112 |
| Total revenue | **247,510** | 127,064 |

## 4. OTHER INCOME

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Gain on disposal of financial assets | **471** | 734 |
| Recovery of bad debts | **118** | — |
| Gain on disposal of property, plant and equipment | **353** | 614 |
| Exchange gain | **1,092** | 2 |
| Others | **767** | 78 |
| | **2,801** | 1,428 |

## 5. PROFIT BEFORE INCOME TAX

| | 2011 | 2010 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Profit before income tax is arrived at after charging/(crediting): | | |
| Auditor's remuneration | **565** | 460 |
| Cost of inventories | **24,184** | 9,087 |
| Staff costs (including directors' remuneration) | | |
| — Salaries and other benefits | **54,563** | 25,252 |
| — Pension scheme contributions | **5,660** | 4,202 |
| — Equity settled share-based payment expenses | **4,526** | 8,274 |
| | **64,749** | 37,728 |
| Depreciation | **9,415** | 4,853 |
| Bad debts written off | **—** | 555 |
| Amortisation of intangible assets | **392** | 157 |
| Amortisation of prepaid land lease premium | **1,160** | 1,041 |
| Loss on disposal of subsidiaries | **—** | 1,377 |
| Loss on change in fair value of financial assets | **4,402** | 830 |
| Minimum operating lease rentals | **3,637** | 2,300 |
| Interest on bank loans wholly repayable within five years | **4,352** | 1,859 |
| Sale proceeds of property, plant and equipment | **(5,764)** | (2,331) |
| Less: Carrying amounts of property, plant and equipment | **5,411** | 1,717 |
| Gain on disposal of property, plant and equipment | **(353)** | (614) |
| Gain on disposal of financial assets | **(471)** | (734) |
| Rental income less outgoings | **(3,159)** | (609) |

## 6. 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 four 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. Currently the Group's activities in this regard are carried out 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. Currently the Group's activities in this regard are carried out in the PRC.

### (c) System integration and technical platform services

This segment engaged in provision of system integration and technical platform services to customers in the PRC. Currently the Group's activities in this regard are carried out in the PRC.

**(d) Industry park**

This segment engaged in development and management of e-commence, financial and resources industry parks where enterprise cluster of the same industry chain are integrated. The services for enterprise in industry parks include property leasing, property sales, facilities maintenance, processing efficiency improvement and management related consulting, supporting and outsourcing. Currently the Group's activities in this regard are carried out in the PRC.

Others include supporting units of Hong Kong operation and the net result 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, deferred tax liability and other corporate assets and liabilities.

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.

**(a) Segments results, assets and liabilities**

The following tables present the information for the Group's reporting segments:

| | Reportable Segments | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Payment solutions | | Timber trading and furniture manufacturing | | System integration and technical platform services | | Industry park | | Others | | Consolidated | |
| | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Reportable segment revenue | | | | | | | | | | | | |
| Revenue from external customers | **206,284** | 97,950 | **29,877** | 11,749 | **—** | 12,608 | **4,094** | 645 | **84** | — | **240,339** | 122,952 |
| Other revenue | **2,555** | 877 | **373** | 2,233 | **31** | 596 | **2,932** | 22 | **1,280** | 384 | **7,171** | 4,112 |
| Total revenue | **208,839** | 98,827 | **30,250** | 13,982 | **31** | 13,204 | **7,026** | 667 | **1,364** | 384 | **247,510** | 127,064 |
| Reportable segment profits | **102,428** | 57,293 | **424** | 1,449 | **(4,893)** | 3,418 | **(8,257)** | 35,576 | **(27,022)** | (26,790) | **62,680** | 70,946 |
| Interest income | | | | | | | | | | | **6,547** | 1,188 |
| Dividend income | | | | | | | | | | | **264** | 133 |
| Profit from operations | | | | | | | | | | | **69,491** | 72,267 |
| Gain on bargain purchase | | | | | | | | | | | **3,710** | — |
| Finance costs | | | | | | | | | | | **(9,618)** | (2,743) |
| Loss on disposal of subsidiaries | | | | | | | | | | | **—** | (1,377) |
| Profit before income tax | | | | | | | | | | | **63,583** | 68,147 |
| Income tax expense | | | | | | | | | | | **(1,888)** | (15,169) |
| Profit for the year | | | | | | | | | | | **61,695** | 52,978 |
| Attributable to: | | | | | | | | | | | | |
| — Shareholders of the Company | | | | | | | | | | | **58,145** | 53,294 |
| — Non-controlling interests | | | | | | | | | | | **3,550** | (316) |
| | | | | | | | | | | | **61,695** | 52,978 |

**(b) Geographical information**

| | PRC | | Hong Kong/ overseas | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Revenue from external customers | **111,015** | 48,090 | **129,324** | 74,862 | **240,339** | 122,952 |
| Other revenue | **5,893** | 3,731 | **1,278** | 381 | **7,171** | 4,112 |
| Total revenue | **116,908** | 51,821 | **130,602** | 75,243 | **247,510** | 127,064 |
| Non-current assets | **264,205** | 246,779 | **54,163** | 56,701 | **318,368** | 303,480 |

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 assets, in the case of property, plant and equipment, investment properties 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 deposit paid for an investment and other receivables.

## 7. INCOME TAX EXPENSE

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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% (2010: 25%).

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 expense represents the sum of the current tax and deferred tax and is made up as follows:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax: | | |
| Current year | **1,102** | 3,438 |
| Under-provision in respect of previous year | **155** | 10 |
| | **1,257** | 3,448 |
| Deferred taxation: | | |
| Current year — *Note 8(a)* | **631** | 11,721 |
| | **1,888** | 15,169 |

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

| | Hong Kong | | PRC | | Total | |
|---|---|---|---|---|---|---|
| | **2011** | 2010 | **2011** | 2010 | **2011** | 2010 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Profit before income tax | **2,412** | 1,740 | **61,171** | 66,407 | **63,583** | 68,147 |
| Applicable tax rate (%) | **16.5** | 16.5 | **25** | 25 | **N/A** | N/A |
| Tax on profit before income tax, calculated at the applicable tax rate | **398** | 287 | **15,293** | 16,602 | **15,691** | 16,889 |
| Tax effect of non-deductible expenses in determining taxable profit | **1,207** | 386 | **767** | 3,107 | **1,974** | 3,493 |
| Tax effect of non-taxable revenue in determining taxable profit | **(2,214)** | (85) | **(43)** | (44) | **(2,257)** | (129) |
| Tax effect of unrecognised accelerated/ (decelerated) depreciation allowances | **(184)** | (58) | **539** | — | **355** | (58) |
| Tax effect of unrecognised tax losses | **2,248** | 471 | **1,430** | 149 | **3,678** | 620 |
| Tax effect of utilisation of tax losses | **(712)** | (1,001) | **(249)** | (1,126) | **(961)** | (2,127) |
| Tax effect on tax free concession | **—** | — | **(16,747)** | (3,455) | **(16,747)** | (3,455) |
| Under-provision in respect of previous year | **—** | 10 | **155** | — | **155** | 10 |
| Over-provision of deferred tax in previous years | **—** | — | **—** | (74) | **—** | (74) |
| Income tax expense | **743** | 10 | **1,145** | 15,159 | **1,888** | 15,169 |

## 8. DEFERRED TAXATION

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

| | **Unutilised tax losses** | **Accelerated depreciation allowances of property, plant & equipment and revaluation of investment properties** | **Total** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1.1.2010 | — | — | — |
| (Charged)/credited to consolidated income statement for the year | 124 | (11,845) | (11,721) |
| Exchange adjustments | 3 | (343) | (340) |
| At 31.12.2010 and 1.1.2011 | 127 | (12,188) | (12,061) |
| Charged to consolidated income statement for the year — *Note 7(b)* | (130) | (501) | (631) |
| Exchange adjustments | 3 | (433) | (430) |
| **At 31.12.2011** | **—** | **(13,122)** | **(13,122)** |

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

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Deductible temporary differences — *Note (i)* | | |
| Decelerated tax allowances | **1,866** | 157 |
| Unutilised tax losses | **42,861** | 28,785 |
| | **44,727** | 28,942 |
| Taxable temporary difference — *Note (ii)* | | |
| Accelerated tax allowances | **(202)** | (639) |
| | **44,525** | 28,303 |

*Notes:*

(i) Deductible temporary differences have not been recognised in these consolidated 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$7,686,000 (2010: HK$2,918,000) that will expire within five years from the date of incurrence. Other losses can be carried forward indefinitely.

(ii) Taxable temporary differences have not been recognised in these consolidated financial statements owing to its immateriality.

## 9. DIVIDEND

(a) Dividend payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Final dividend in respect of the previous financial year, approved and paid during the year, of HK0.60 cent per share (2010: HK0.39 cent per share) | **9,229** | 6,016 |

(b) Dividend payable to shareholders of the Company attributable to the year:

| | **2011** | 2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interim dividend declared and paid of HK0.80 cent per share (2010: Nil) | **13,640** | — |
| Special dividend declared and paid of HK1.20 cent per share (2010: Nil) | **20,468** | — |
| Final dividend proposed after the end of the reporting period of HK1.00 cent per share (2010: HK0.60 cent per share) | **16,969** | 9,265 |
| | **51,077** | 9,265 |

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

## 10. EARNINGS PER SHARE

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

| | 2011 | 2010 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| **Earnings** | | |
| Earnings for the purposes of basic and diluted earnings per share | **58,145** | 53,294 |

| | 2011 | 2010 |
|---|---|---|
| **Number of shares** | | |
| Weighted average number of shares in issue for the purpose of calculation of basic earnings per share | **1,620,559,707** | 1,540,635,844 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | **8,700,471** | — |
| Weighted average number of shares in issue for the purpose of calculation of diluted earnings per share | **1,629,260,178** | 1,540,635,844 |

For the year ended 31 December 2010, 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.

## 11. DEBTORS

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

An aging analysis of debtors is set out below:

| | 2011 | 2010 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 0–6 months | **119,142** | 224,628 |
| Over one year | **135** | 132 |
| | **119,277** | 224,760 |
| Neither past due nor impaired | **119,142** | 224,628 |
| Past due but not impaired | **135** | 132 |
| | **119,277** | 224,760 |

## 12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | 2011 | 2010 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Utilities and other deposits | **5,013** | 428 |
| Prepayments | **19,343** | 6,867 |
| Secured loans receivable — *Note (i)* | **26,674** | 6,074 |
| Unsecured loans receivable — *Note (ii)* | **53,869** | 12,257 |
| Other receivables | **65,380** | 13,417 |
| | **170,279** | 39,043 |
| Less: non-current portion — *Note (i)* | **(600)** | — |
| Current portion | **169,679** | 39,043 |

*Notes:*

(i) Except for an amount of HK$20,000,000 (2010: Nil) which is interest-free, the remaining secured loans receivable are interest-bearing at 0.8% (2010: Nil) per month. An amount of HK$600,000 (2010: Nil) which is repayable after one year has been reclassified to non-current assets all remaining balances are repayable within one year.

(ii) Except for an amount of HK$32,565,000 (2010: HK$660,000) which is interest-bearing at 1% (2010: 1%) per month, the remaining unsecured loans receivable are interest-free and repayable within one year.

## 13. PAYABLE TO MERCHANTS

An aging analysis of payable to merchants is set out below:

| | 2011 | 2010 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| 0–12 months | **328,567** | 339,405 |
| Over one year | **83** | 227 |
| | **328,650** | 339,632 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Overview

### Turnover and net profit

During the current fiscal year, the Group recorded a turnover of HK$240,339,000, representing an increase of 95% as compared to the last fiscal year. The profit attributable to shareholders of the Company was HK$58,145,000 in the current year, representing an increase of 9% 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. The significant increase in net profit is benefited from the growth of turnover. The growth of turnover is attributable to our staff's hard working, flexibility, creativity, and strategic persistency.

### Cost of sales/services rendered

During the current fiscal year, the Group recorded a cost of sales/services rendered of HK$33,755,000 representing an increase of 193% as compared to the last fiscal year. The increase of cost of sales/services rendered is in line with the increase in turnover. It is also mainly due to the major growth of the Group's payment solution business.

### Other revenue

During the current fiscal year, the Group recorded other revenue of HK$7,171,000, representing an increase of 74% as compared to the last fiscal year. It is mainly due to an increase in bank interest income and dividend income.

### General and administrative expenses

During the current fiscal year, the Group recorded general and administrative expenses of HK$149,170,000, representing an increase of 64% as compared to the last fiscal year. It is mainly due to an increase in staff costs and other general expenditure during the year. The increase in staff costs of HK$27,021,000 was mainly resulted from an increase in salaries and other benefits of HK$29,311,000 and an increase in number of staff from 468 to 583 as at 31 December 2011 by 115 or 25%. As a percentage of revenue, staff costs decreased to 27% in 2011, as compared to 30% in the last fiscal year. As a result of the foregoing, general and administrative expenses as a percentage of revenue, decreased to 62% in 2011, as compared to 74% in 2010.

### Finance costs

During the current fiscal year, the Group recorded a finance cost of HK$9,618,000, representing an increase of 251% as compared to the last fiscal year. It is mainly due to an increase in interest on bank loans and bank charge for expansion of business scale.

### Income tax expense

During the current fiscal year, the Group recorded an income tax expense of HK$1,888,000, representing a decrease of 88% as compared to the last fiscal year. The reason of decrease in deferred tax is due to the decrease in the percentage change of fair value gain on investment property compared to last fiscal year.

**Pledged time deposit**

The Group's pledged time deposit increased from HK$ Nil as at 31 December 2010 to HK$114,736,000 as at 31 December 2011. It represents time deposit pledged to a bank to secure the general banking facilities granted to the Group during the current fiscal year.

**Investment properties**

The Group's investment properties increased by HK$6,130,000 or 5% from HK$114,600,000 as at 31 December 2010 to HK$120,730,000 as at 31 December 2011. It was mainly attributable to fair value gain of investment properties during the fiscal year. The fair value of the investment properties as at 31 December 2011 was valued by BMI Appraisals Limited, an independent valuer, on an open market value basis.

**Debtors**

The Group's debtors decreased by HK$105,483,000 from HK$224,760,000 as at 31 December 2010 to HK$119,277,000 as at 31 December 2011. The decrease was mainly attributable to the shorten settlement period of online payment solutions business. As a result, there is a significant decrease of accounts receivables as compared with 2010.

**Deposits, prepayments and other receivables**

The Group's deposits, prepayments and other receivables significantly increased by HK$131,236,000 from HK$39,043,000 as at 31 December 2010 to HK$170,279,000 as at 31 December 2011. The increase was mainly attributable increase in utilities and deposits, prepayments related to prepayments business, loan and other receivables incurred in the ordinary course of development of the Group.

**Cash and bank balances**

The Group's cash and bank balances increased by HK$98,122,000 from HK$267,215,000 as at 31 December 2010 to HK$365,337,000 as at 31 December 2011. As at 31 December 2011, 72% (31 December 2010: 80%) of cash and bank balances was denominated in Renminbi.

**Bank loans**

The Group's bank loans increased by HK$167,074,000 from HK$50,691,000 as at 31 December 2010 to HK$217,765,000 as at 31 December 2011. The increase of bank loans was mainly attributable to new loans granted by banks to the Group for working capital and further development during the current fiscal year.

**Payable to merchants**

The Group's payable to merchants decreased by HK$10,982,000 from HK$339,632,000 as at 31 December 2010 to HK$328,650,000 as at 31 December 2011. The decrease was mainly attributable to the increase in the efficiency of the settlement to merchants.

**Deposits received, sundry creditors and accruals**

The Group's deposits received, sundry creditors and accruals increased by HK$44,529,000 from HK$84,489,000 as at 31 December 2010 to HK$129,018,000 as at 31 December 2011. The increase was mainly attributable to the increase in deposits received and receipts in advance related to payment business and increase in sundry creditors incurred in the ordinary course of development of the Group.

**Liquidity and Financial Resources**

At 31 December 2011, the Group had net current assets of HK$135,475,000. Current assets comprised inventories of HK$27,373,000, debtors of HK$119,277,000, deposits, prepayments and other receivables of HK$169,679,000, financial assets at fair value through profit or loss of HK$14,571,000, prepaid land lease premium of HK$1,253,000, pledged time deposits of HK$114,736,000 and cash and bank balances of HK$365,337,000.

Current liabilities comprised bank loans of HK$217,765,000, trade payable of HK$75,000, payable to merchants of HK$328,650,000, deposits received, sundry creditors and accruals of HK$129,018,000 and tax payable of HK$1,243,000.

The gearing ratio (defined as a percentage of total liabilities over total assets) of the Group at 31 December 2011 was 61% (2010: 60%).

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**

*Review*

This year of 2011, the Group continues to harvest encouraging achievement with ongoing effect, the Group successfully implements self-breakthrough by dealing with the downturn economic environment, also pride that our management solves intricate tasks with innovation.

During the year, almost all the financial number of the Group has reached all-time high with gratifying increase, especially the Group's turnover, which is doubled, compared to the year of 2010, and the profit from operations is 2.6 times as it of last year. Considering the overall economic environment, the Group performed outstandingly in the year of 2011, far exceeding the average economic growth, which is directly benefited by the expansion of payment business. In general, such return is the inevitable outcome of thorough implementation of previous strategies.

In term of payment solutions, the competition of online payment keeps increasing. Under the pressure of severe contest, most of the payment solutions providers consider their market share within the industry as their top primary target, the margin of profit of the industry keeps dropping. The Group tried to maintain the payment business a proper status within the industry not by blindly pursuing market share, and was able to have the capital loss due to the vicious competition under control. In term of industry variety infiltration, such as airline, hotel, travel and other industries with great potential, the Group still contains a leading share. In the mean time, with the gradually expansion in the offline markets, a considerable number of partnership was built up. Regarding the innovation and improving of products and solutions, the allocation of key industries, with the core value of online and offline combination, safe and convenience, has initially completed. Especially the exploration of online and offline products and comprehensive application of value-added service, a solid foundation for coming continuous growth, have reach the historical breakthrough. At the same time, the Group started reorganizing the importance resources including banks, and put more effort in developing new products for financial business. This year, the Group made a great sail in the blue sea market, and obtained excellent achievement of historical record in number of merchants, transaction, revenue and net income by positively exploring the oversea market and adjusting the competition strategic angle.

For timber and furniture manufacturing business, new achievements in related to brand enhancement, distribution model promotion and raw material supply have been accomplished. After three-year promotion, the brand "Heritage Mode" is well recognised by the consumers and gains a leading ranking in the industry. With the enthusiastic popularization by distributors, there are more than 40 "Heritage Mode" franchised stores covering more area of central and eastern China. For manufacturing, by implementing a well connection with the raw material supplier, continuously shipping roughly processed and semi-finished furniture parts and timber from oversea to headquarters for further polish, we are able to shorten the manufacture line circle, speed up the stock circulation and reduce the cost, which help to satisfy the massive order from our distributors and greatly increase the net profit and capital income.

The Group's headquarters made improvement in both property management and service in this year. On one hand, with the successful allocation of subsidiaries into the new building, the image of the Group is highly promoted; on the other hand, with our high quality services, the building is fully occupied, which provides a stable rental interest. In addition, the Group keeps making effort on exploring industrial park and relevant new industries to build up a solid foundation for future development.

As the business grows, the demand for management talents became more intensive. In order to overcome the challenge, the Group strengthens the internal staff training and extends recruitment for top managers. The number of the Group employee increases twenty five percent. A well arranged personnel structure is formed and ready for future development. The recruitment of several senior managers makes complete balance for the knowledge system and professional background of the whole management team, which raise our ability to face more challenges.

*Prospects*

Under the direction of the board, our management keeps our words to the Shareholders, employees and society to maintain a steady growth of profitability and to fulfill the corporate social responsibility. We have proved ourselves in the past, and we believe we are able to conduct better in the future.

Specifically, the keywords for 2012 are: expedient, consolidate and breakthrough.

Expediency, a stitch in time save nine. By reviewing the global economy and the unique Chinese domestic model, and with the slowly economic recovery, domestic economic reform and policy adjustment, we still need to face the potential economic instability. In order to sustain a firm operation under such circumstance, we decide to maintain the interest of Shareholders and stabilise the dominant position of existing business, to make extremely cautious resolution for crucial medium-term and long-term investment projects. This is also the perfect opportunity for project initiation and staff training. The Group will put more resource into the project research, personnel recruitment and education. Another crucial element is the precise recognition of the current market. In the year of

2012, the Group will closely follow the market and take prompt action accordingly. We believe we will keep on a steady growth before the next economic turning point and will be ready for a new outbreak.

Consolidation of self-strength. Our three strengths will be consolidated and become more evident in the coming years. First of all, the strength of talent. This is the essential for continuous innovation and development of the group. We have learnt our lesson and gained tons of experience from the past, with which we have the competency to make better structural combination and great use of our employees. We expect a steady increase of employee and average efficiency. Secondly, diversity of industries. This has benefited the shareholders greatly. The industrial configuration makes far-reaching influence on the future. The Group will continue to develop the existing industries, to focus on high return industries, to make transformation or abundance of low return or maladjusted industries, and to discover and exploit new industries. Finally, consolidation of our strength on execution. This is the comprehensive outcome of corporate culture and system. Only by increasing the cohesiveness of corporate culture and optimizing the corporate system, can competitive capacity of execution be achieved.

Breakthrough is a spirit and a natural return. Although there are plenty of uncertainties, with the expediency and consolidation of the Group, precise recognition of the external dynamics, self-revolution, and well organised employee and industrial structures, we believe a new breakthrough on operation and corporate value could be expected at any time.

**Employees**

At 31 December 2011, the total number of employees of the Group was 583 (2010: 468). 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 central 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 acquired the entire 100% equity interests in Shanghai Phetion Information Technology Company Limited, at a cash consideration of HK$670,000. The fair value of the identifiable assets and liabilities of the subsidiary acquired as at the date of acquisition was HK$4,380,000. The newly acquired business did not contribute any turnover to the Group and contributed a loss of HK$1,704,000 to the Group for the period between the date of acquisition and the end of reporting period. The Group recognised a gain on bargain purchase of HK$3,710,000 because the fair value of net assets acquired exceeded the purchase consideration.

During the current fiscal year, the Group acquired an additional 40% equity interests in a subsidiary at a consideration of RMB2,403,000 (equivalent to HK$2,937,000). The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was HK$3,038,000. The Group recognised a decrease in non-controlling interests on the date of acquisition of HK$3,038,000 and a decrease in equity attributable to shareholders of the Company of HK$101,000.

During the current fiscal year, the Group disposed of 2% equity interests in a subsidiary at a consideration of RMB200,000 (equivalent to HK$244,000). The carrying amount of the non-controlling interests in the subsidiary on the date of disposal was HK$208,000. The Group recognised an increase in non-controlling interests of HK$208,000 and an increase in equity attributable to shareholders of the Company of HK$36,000.

**Charges on Group's Assets**

At 31 December 2011, leasehold land with a net book value of HK$Nil (2010: HK$3,295,000), properties held under medium-term lease with a net book value of HK$18,313,000 (2010: HK$26,183,000), investment properties with carrying value of HK$120,730,000 (2010: HK$114,600,000), prepaid land lease premium with a net book value of HK$44,309,000 (2010: HK$40,258,000) and time deposits of HK$114,736,000 were pledged to banks to secured banks loans granted to the Group.

**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 2011.

**Currency Risk**

Currently, the market anticipates moderate appreciation pressure on Renminbi. The Group has not implemented any formal policy in dealing with this foreign currency 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 2011, the Group did not enter into any arrangement to hedge its foreign currency exposure. However, the management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

**Contingent Liabilities**

The Directors consider that the Group had no contingent liabilities at 31 December 2011.

## DIVIDENDS

The Board of Directors recommended a final dividend of HK1.00 cent (2010: HK0.60 cent) per share to shareholders registered in the Company's Register of Members as at the close of business on 11 May 2012. Upon approval by shareholders, the final dividend will be paid on or about 18 May 2012.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 April 2012 to Monday, 30 April 2012 (both days inclusive) to facilitate the processing of proxy voting. To be entitled to attend and vote at the Annual General Meeting, 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 Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 24 April 2012.

The register of members of the Company will be closed from Tuesday, 8 May 2012 to Friday, 11 May 2012 (both days inclusive). In order to qualify for the proposed final dividend for the year ended 31 December 2011, 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 Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 7 May 2012.

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

During the year, the Company repurchased its own shares on the Stock Exchange as follows:

| **Month/year** | **Number of shares repurchased** | **Highest price paid per share** *HK$* | **Lowest price paid per share** *HK$* | **Aggregate price paid** *HK$'000* |
|---|---|---|---|---|
| January 2011 | 17,930,000 | 0.280 | 0.260 | 4,922 |
| November 2011 | 5,850,000 | 0.435 | 0.400 | 2,375 |
| December 2011 | 3,890,000 | 0.475 | 0.435 | 1,772 |

The Company made repurchases with a view to enhancing shareholder value in the long term.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2011.

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the"Main Board CG Code"). The Company has complied with all the Code Provisions. It has also put in place certain Recommended Best Practices. The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the Main Board CG Code.

## AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited financial statements for the year ended 31 December 2011. The Audit Committee has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters.

By Order of the Board
**UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED**
**Lau Yeung Sang**
*Chairman*

Hong Kong, 16 March 2012

As at the date of this announcement, the Board of the Company comprises:

*Executive Directors:*
Mr. Lau Yeung Sang
Mr. Xu Hui
Mr. Liu Ruisheng
Madam Luan Yumin
Mr. Chang Hung Lun

*Non-Executive Director:*
Mr. Chow Cheuk Lap

*Independent Non-Executive Directors:*
Mr. Meng Lihui
Mr. Fong Heung Sang
Dr. Cheung Wai Bun, Charles, *J.P.*