TECHNOLOGIES UNIVERSAL

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 2013

HIGHLIGHTS OF THE YEAR

— Turnover for the year ended 31 December 2013 amounted to HK$189.85 million (2012: HK$126.72 million), representing an increase of 50% over the last fiscal year.

— Net loss attributable to shareholders of the Company for the year ended 31 December 2013 was HK$34.09 million (2012: Net profit attributable to shareholders of the Company of HK$6.99 million), representing a decrease of 588% over the last fiscal year. Such decline is mainly due to the increase of operating costs and administrative expenses, the charging of fair value of the share-based payment arising from the newly granted share options, and the recognition of impairment loss on assets.

— Basic and diluted losses per share for the year ended 31 December 2013 amounted to HK1.78 cent and HK1.78 cent respectively (2012: Basic and diluted earnings per share HK0.41 cent and HK0.41 cent respectively).

— The Board of Directors does not recommend payment of any dividend for the year ended 31 December 2013 (2012: HK$Nil).

RESULTS

The Board of Directors (the "Board") of the Company hereby announces the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2013 together with the comparative audited figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Turnover	3	**189,847**	126,719
Cost of sales/services rendered		**(38,458)**	(16,125)
Gross profit		**151,389**	110,594
Other revenue	3	**15,728**	28,944
Other income	4	**6,560**	6,517
General and administrative expenses		**(178,886)**	(125,309)
(Loss)/profit from operations		**(5,209)**	20,746
Gain on bargain purchase		**—**	209
Increase in fair value of investment properties		**6,996**	8,869
Impairment loss on goodwill		**(3,468)**	—
Impairment loss on debtors		**(1,704)**	—
Impairment loss on other receivables		**(5,931)**	(693)
Share of results of an associate		**(444)**	(435)
Finance costs	5(a)	**(4,586)**	(11,528)
(Loss)/profit before income tax	5	**(14,346)**	17,168
Income tax expense	7	**(10,519)**	(3,022)
(Loss)/profit for the year		**(24,865)**	14,146
Attributable to:			
Shareholders of the Company		**(34,085)**	6,989
Non-controlling interests		**9,220**	7,157
(Loss)/profit for the year		**(24,865)**	14,146
(Loss)/earnings per share (in cents)			
Basic	10	**(1.78)**	0.41
Diluted	10	**(1.78)**	0.41

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
(Loss)/profit for the year		**(24,865)**	14,146
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:–			
Exchange differences arising on translation of financial statements of subsidiaries established in the People's Republic of China		**13,382**	1,664
Other comprehensive income for the year, net of tax		**13,382**	1,664
Total comprehensive (loss)/income for the year		**(11,483)**	15,810
Total comprehensive (loss)/income attributable to:			
Shareholders of the Company		**(22,230)**	8,509
Non-controlling interests		**10,747**	7,301
		(11,483)	15,810

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**53,888**	63,445
Prepaid land lease premium		**42,317**	42,128
Investment properties		**166,274**	154,026
Intangible assets		**18,443**	16,504
Goodwill		**76,402**	79,870
Interest in an associate		**270**	697
Other investment		**12,683**	12,272
Other receivable	12	**4,566**	—
		374,843	368,942
CURRENT ASSETS			
Inventories		**36,713**	42,033
Debtors	11	**128,003**	87,099
Deposits, prepayments and other receivables	12	**30,412**	79,359
Financial assets at fair value through profit or loss		**1,794**	10,057
Prepaid land lease premium		**1,238**	1,202
Tax recoverable		**1,153**	816
Pledged time deposits		**—**	115,357
Cash and bank balances		**592,079**	341,535
		791,392	677,458
DEDUCT:			
CURRENT LIABILITIES			
Bank overdraft, unsecured		**4,241**	—
Bank loan, secured		**—**	217,765
Payable to merchants	13	**364,189**	247,879
Deposits received, sundry creditors and accruals		**100,016**	67,168
Tax payable		**6,170**	3,473
		474,616	536,285
NET CURRENT ASSETS		**316,776**	141,173

	Note	2013	2012
		HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**691,619**	510,115
DEDUCT :			
NON-CURRENT LIABILITY			
Deferred tax liability	8(a)	**17,350**	15,072
		17,350	15,072
NET ASSETS		**674,269**	495,043
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital		**20,705**	17,396
Reserves		**598,359**	433,189
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**619,064**	450,585
NON-CONTROLLING INTERESTS		**55,205**	44,458
TOTAL EQUITY		**674,269**	495,043

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	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 1.1.2012	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
Transferred to retained profits	—	—	—	—	—	—	—	(16)	—	—	16	—	—	—
Shares issued under share option scheme	427	16,750	—	—	—	—	—	(1,619)	—	—	—	15,558	—	15,558
Dividend paid	—	—	—	—	—	—	—	—	—	—	(17,046)	(17,046)	—	(17,046)
Repurchased of own shares	(56)	(2,566)	56	810	—	—	—	—	—	—	(56)	(1,812)	—	(1,812)
Change in ownership interests in a subsidiary that do not result in a loss of control	—	—	—	—	—	—	—	—	—	28,270	—	28,270	13,542	41,812
Total comprehensive income for the year	—	—	—	—	—	—	1,520	—	—	—	6,989	8,509	7,301	15,810
Transferred to statutory reserve	—	—	—	—	—	—	—	—	6,255	—	(6,255)	—	—	—
At 31.12.2012 and 1.1.2013	17,396	303,110	481	—	1,093	10,754	6,716	4,556	16,008	28,407	62,064	450,585	44,458	495,043
Equity settled share-based transactions	—	—	—	—	—	—	—	4,796	—	—	—	4,796	—	4,796
Transferred to retained profits	—	—	—	—	—	—	—	(76)	—	—	76	—	—	—
Shares issued under share option scheme	1,389	80,428	—	—	—	—	—	(4,480)	—	—	—	77,337	—	77,337
Shares issued under placing	1,920	106,656	—	—	—	—	—	—	—	—	—	108,576	—	108,576
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	11,855	—	—	—	(34,085)	(22,230)	10,747	(11,483)
Transferred to statutory reserve	—	—	—	—	—	—	—	—	5,895	—	(5,895)	—	—	—
At 31.12.2013	**20,705**	**490,194**	**481**	**—**	**1,093**	**10,754**	**18,571**	**4,796**	**21,903**	**28,407**	**22,160**	**619,064**	**55,205**	**674,269**

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.

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 ("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:

HKAS 19 (2011)	Employee Benefits
HKAS 27	Separate Financial Statements
HKAS 28	Investments in Associates and Joint Ventures
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 HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Annual improvements to HKFRSs (2009–2011)	Amendments to HKAS 1, HKAS 16 and HKAS 32

The initial application of these financial reporting standards does not necessitate material changes in the Group's accounting policies except the following:

(i) HKFRS 10 "Consolidated Financial Statements" modifies the concept of "control" substantially. The Group's adoption of this new concept of control does not result in a change in the classification of investments in subsidiaries and other entities; and

(ii) HKFRS 13 "Fair Value Measurement" introduces a number of new concepts and principles regarding fair value measurement. The Group's adoption of these new concepts and principles does not result in a change in the fair value measurements of its assets and liabilities.

The initial application of these financial reporting standards does not necessitate retrospective adjustments of the comparatives presented in the consolidated financial statements.

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

The following Hong Kong Financial Reporting Standards in issue at 31 December 2013 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 2013:

HKFRS 9	Financial Instruments
HK(IFRIC)-Int 21	Levies
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKFRS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10	Investment Entities

The Group is required to initially apply these standards and amendments in its annual consolidated financial statements beginning on 1 January 2014, except that the Group is required to initially apply amendments to HKAS 19 in its annual consolidated financial statements beginning on 1 January 2015. HKFRS 9 does not have a mandatory effective date.

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 tax, the net invoiced value of goods sold and rental and building management service income. An analysis of the Group's turnover and other revenue is set out below:

	2013	2012
	HK$'000	*HK$'000*
Payment solutions and related services income	**151,618**	103,888
Timber trading and furniture manufacturing	**35,216**	18,631
Rental and building management service income	**3,013**	4,200
Turnover	**189,847**	126,719
Interest on bank deposits	**8,092**	10,235
Other interest income	**72**	4,594
Government subsidy	**7,539**	13,271
Franchise fee income	**—**	565
Dividend income	**25**	279
Other revenue	**15,728**	28,944
Total revenue	**205,575**	155,663

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Gain on disposal of financial assets	**790**	2,840
Gain on change in fair value of financial assets	**—**	214
Exchange gain	**4,768**	101
Others	**1,002**	3,362
	6,560	6,517

5. (LOSS)/PROFIT BEFORE INCOME TAX

	2013	2012
	HK$'000	*HK$'000*

(Loss)/profit before income tax is arrived at after charging/(crediting):

(a) Finance costs

	2013 HK$'000	2012 HK$'000
Interest on bank loan wholly repayable within five years	**2,552**	6,131
Interest on bank overdraft	**204**	10
Bank charges	**1,830**	5,387
	4,586	11,528

(b) Other items

	2013 HK$'000	2012 HK$'000
Auditor's remuneration	**675**	672
Cost of inventories sold	**36,620**	14,880
Staff costs (including directors' remuneration)		
— Salaries and other benefits	**100,647**	66,846
— Pension scheme contributions	**13,157**	10,374
— Equity settled share-based payment expenses	**4,796**	—
	118,600	77,220
Depreciation	**18,071**	12,360
Impairment loss on debtors	**1,704**	—
Impairment loss on other receivables	**5,931**	693
Impairment loss on goodwill	**3,468**	—
Write-down of inventories	**1,614**	—
Amortisation of intangible assets	**650**	637
Amortisation of prepaid land lease premium	**1,223**	1,221
Loss/(gain) on change in fair value of financial assets	**724**	(214)
Minimum operating lease rentals	**9,772**	9,386
Sale proceeds of property, plant and equipment	**(61)**	—
Less: Carrying amounts of property, plant and equipment	**4,578**	2,589
Loss on disposal of property, plant and equipment	**4,517**	2,589
Gain on disposal of financial assets	**(790)**	(2,840)
Rental income less outgoings	**(2,516)**	(3,543)

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 People's Republic of China (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-commerce, 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 such as share of results of an associate.

(a) Segments results, assets and liabilities

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

	Payment solutions		Timber trading and furniture manufacturing		System integration and technical platform services		Industry park		Others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**151,618**	103,888	**35,216**	18,631	**—**	—	**3,013**	4,200	**—**	—	**189,847**	126,719
Other revenue	**12,571**	18,225	**397**	1,075	**2,044**	2,955	**394**	4,855	**322**	1,834	**15,728**	28,944
Total revenue	**164,189**	122,113	**35,613**	19,706	**2,044**	2,955	**3,407**	9,055	**322**	1,834	**205,575**	155,663
Reportable segment profit/(loss)	**35,090**	26,581	**(9,801)**	(1,600)	**(7,190)**	(4,272)	**(8,855)**	(8,465)	**(30,181)**	(19,877)	**(20,937)**	(7,633)
Interest on bank deposits											**8,092**	10,235
Other interest income											**72**	4,594
Government subsidy											**7,539**	13,271
Dividend income											**25**	279
(Loss)/profit from operations											**(5,209)**	20,746
Gain on bargain purchase											**—**	209
Increase in fair value of investment properties											**6,996**	8,869
Impairment loss on goodwill	**—**	—	**(3,402)**	—	**—**	—	**—**	—	**(66)**	—	**(3,468)**	—
Impairment loss on debtors	**(1,630)**	—	**(74)**	—	**—**	—	**—**	—	**—**	—	**(1,704)**	—
Impairment loss on other receivables											**(5,931)**	(693)
Share of results of an associate											**(444)**	(435)
Finance costs											**(4,586)**	(11,528)
(Loss)/profit before income tax											**(14,346)**	17,168
Income tax expense											**(10,519)**	(3,022)
(Loss)/profit for the year											**(24,865)**	14,146
Attributable to :												
— Shareholders of the Company											**(34,085)**	6,989
— Non-controlling interests											**9,220**	7,157
											(24,865)	14,146

(b) Geographical information

	PRC		Hong Kong/overseas		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**186,931**	121,957	**2,916**	4,762	**189,847**	126,719
Other revenue	**15,382**	27,081	**346**	1,863	**15,728**	28,944
Total revenue	**202,313**	149,038	**3,262**	6,625	**205,575**	155,663
Non-current assets	**362,981**	308,942	**11,862**	60,000	**374,843**	368,942

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 interest in an associate, deposit paid for an investment and other receivable.

7. INCOME TAX EXPENSE

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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% (2012: 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:

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
Current year	**5,851**	596
Under-provision in respect of previous year	**2,919**	547
	8,770	1,143
Deferred taxation (note 8(a)):		
Current year	**1,749**	2,419
Over-provision in respect of previous year	**—**	(540)
	1,749	1,879
	10,519	3,022

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

	Hong Kong		PRC		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before income tax	**(33,349)**	(25,408)	**19,003**	42,576	**(14,346)**	17,168
Applicable tax rate (%)	**16.5**	16.5	**25**	25	**N/A**	N/A
Tax on (loss)/profit before income tax, calculated at the applicable tax rate	**(5,502)**	(4,192)	**4,751**	10,644	**(751)**	6,452
Tax effect of non-deductible expenses in determining taxable profit	**1,473**	2,181	**9,223**	1,947	**10,696**	4,128
Tax effect of non-taxable revenue in determining taxable profit	**(761)**	(30)	**(1,363)**	(1,043)	**(2,124)**	(1,073)
Tax effect of unrecognised decelerated/(accelerated) depreciation allowances	**170**	20	**(405)**	(70)	**(235)**	(50)
Tax effect of unrecognised tax losses	**4,620**	2,021	**3,352**	940	**7,972**	2,961
Tax effect on tax free concession	**—**	—	**(7,958)**	(9,403)	**(7,958)**	(9,403)
Under/(over)-provision in respect of previous year	**111**	(10)	**2,808**	557	**2,919**	547
Over-provision of deferred tax in previous years	**—**	—	**—**	(540)	**—**	(540)
Income tax expense	**111**	(10)	**10,408**	3,032	**10,519**	3,022

8. DEFERRED TAXATION

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

	Accelerated depreciation allowances of property, plant and equipment and revaluation of investment properties
	HK$'000
At 1.1.2012	(13,122)
Charged to profit or loss — *note 7(b)*	(2,419)
Over-provision in respect of previous year — *note 7(b)*	540
Exchange adjustments	(71)
At 31.12.2012 and 1.1.2013	(15,072)
Charged to profit or loss — *note 7(b)*	(1,749)
Exchange adjustments	(529)
At 31.12.2013	**(17,350)**

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

	2013	2012
	HK$'000	*HK$'000*
Deductible temporary differences — *note (i)*		
Decelerated tax allowances	—	1,474
Unutilised tax losses	**100,273**	58,868
	100,273	60,342
Taxable temporary difference — *note (ii)*		
Accelerated tax allowances	**(99)**	(278)
	100,174	60,064

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$24,853,000 (2012: HK$11,446,000) 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

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

	2013	2012
	HK$'000	*HK$'000*
No final dividend was approved and paid during the year (2012: HK1.00 cent per share)	—	17,046

10. (LOSS)/EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share	**(34,085)**	6,989

	2013	2012
Number of shares		
Weighted average number of shares in issue for the purpose of calculation of basic (loss)/earnings per share	**1,916,674,474**	1,710,675,060
Effect of dilutive potential ordinary shares:		
Share options	**160,301**	5,580,560
Weighted average number of shares in issue for the purpose of calculation of diluted (loss)/earnings per share	**1,916,834,775**	1,716,255,620

11. DEBTORS

	2013	2012
	HK$'000	*HK$'000*
Trade debtors	**129,730**	87,099
Less: impairment loss — *note (iii)*	**(1,727)**	—
	128,003	87,099

Notes:

(i) Apart from payment solutions business, 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. For payment solutions business, as the Group is playing the role as an agent on behalf of the merchants for collection of payments, there is no significant credit risk.

(ii) An aging analysis of debtors is set out below:

	2013	2012
	HK$'000	*HK$'000*
0–6 months	**82,142**	41,153
7–12 months	**—**	688
1–2 years	**100**	45,123
Over two years	**45,761**	135
	128,003	87,099
Neither past due nor impaired	**82,142**	41,153
Past due but not impaired	**45,861**	45,946
	128,003	87,099

Debtors that were neither past due nor impaired relate to tenants and a wide range of customers for timber trading and furniture manufacturing business and service providers of payment solutions business for whom there were no recent history of default.

Debtors that were past due but not impaired included an amount of HK$66,000 (2012: HK$135,000) which was related to a number of independent customer of timber trading and furniture manufacturing business which have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Debtors that were past due but not impaired included an amount of HK$45,795,000 (2012: HK$45,811,000) which was related to a service provider of payment solutions business. As the Group was playing the role as an agent on behalf of the merchants for collection of payments, thus no impairment allowance was necessary in respect of this balance.

(iii) The movement in the impairment loss on debtors during the year is as follows:

	2013 *HK$'000*	2012 *HK$'000*
At 1 January	**—**	—
Impairment loss recognised	**1,704**	
Exchange difference	**23**	—
At 31 December	**1,727**	—

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2013 *HK$'000*	2012 *HK$'000*
Utilities and deposits	**2,347**	2,296
Prepayments	**22,560**	18,614
Secured loans receivable — *note (i)*	**693**	31,204
Unsecured loans receivable — *note (ii)*	**7,356**	4,909
Other receivables	**8,727**	23,029
	41,683	80,052
Less: impairment loss on other receivables — *note (iii)*	**(6,705)**	(693)
	34,978	79,359
Less: non-current portion — *note (ii)*	**(4,566)**	—
Current portion	**30,412**	79,359

Notes:

(i) Secured loans receivable are interest-bearing at 0.8% per month and repayable within one year. The secured loan receivable of HK$693,000 was fully impaired in 2012 (2012: The amounts were interest-bearing at 0.5% — 0.8% per month or 7% per quarter and repayable within one year).

(ii) All unsecured loans receivable are interest-free. Except for an amount of HK$4,566,000 (2012: HK$Nil) which was repayable after one year, the remaining balance was repayable within one year.

(iii) The movement in the impairment loss on other receivables during the year is as follows:

	2013 *HK$'000*	2012 *HK$'000*
At 1 January	**693**	—
Impairment loss recognised	**5,931**	693
Exchange difference	**81**	—
At 31 December	**6,705**	693

13. PAYABLE TO MERCHANTS

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

	2013	2012
	HK$'000	*HK$'000*
0–12 months	**307,686**	191,634
Over one year	**56,503**	56,245
	364,189	247,879

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Turnover and loss for the year

During the current fiscal year, the Group recorded a turnover of HK$189,847,000, representing an increase of 50% as compared to the last fiscal year. The loss attributable to shareholders of the Company was HK$34,085,000 in the current year, representing a decrease of 588% as compared to the last fiscal year. The increase in turnover is mainly due to the increase in revenue of the Group's payment solutions business, and timber trading and furniture manufacturing business. Loss for the year of the Group is mainly attributable to the increase of operating costs and administrative expenses, the charging of fair value of the share-based payment arising from the newly granted share options under the existing share option scheme of the Company and the recognition of impairment loss on assets.

Cost of sales/services rendered

During the current fiscal year, the Group recorded a cost of sales/services rendered of HK$38,458,000 representing an increase of 138% as compared to the last fiscal year. The increase of cost of sales/services rendered is mainly due to the increase in cost of goods sold for timber trading and furniture manufacturing business.

Other revenue

During the current fiscal year, the Group recorded other revenue of HK$15,728,000, representing a decrease of 46% as compared to the last fiscal year. It is mainly due to a decrease in interest on bank deposits, other interest income and government subsidy for payment solutions business.

Other income

During the current fiscal year, the Group recorded other income of HK$6,560,000, representing an increase of 1% as compared to the last fiscal year. Other income has remained at a similar level as compared to the last fiscal year.

General and administrative expenses

During the current fiscal year, the Group recorded general and administrative expenses of HK$178,886,000, representing an increase of 43% as compared to the last fiscal year. It is mainly due to increase in staff costs. During the current fiscal year, the Group recorded salaries and other benefits of HK$118,600,000, representing an increase of 54% as compared to the last fiscal year, the increase of salaries and other benefits is due to the charging of fair value of share-based payment and the increase in number of staff from 596 to 695 as at 31 December 2013 by 99 or 17%. As a percentage of revenue, staff costs increased to 62% in 2013, as compared to 61% in the last fiscal year. To conclude, general and administrative expenses as a percentage of revenue, decreased to 94% in the year of 2013, as compared to 99% in the year of 2012.

Increase in fair value of investment properties

During the current fiscal year, the increase in fair value of investment properties decreased from HK$8,869,000 in 2012 to HK$6,996,000 in 2013, representing a decrease of 21% as compared to the last fiscal year. The increase in fair value are mainly at the properties located at No. 1178 Tian Yao

Qiao Road, Xuhui District, Shanghai, the People's Republic of China (the "PRC") and No. 7 of 288 Lane of Qingxi Road, Changning District, Shanghai, the PRC. The increase in fair value of investment properties based on a professional valuation of an independent valuer, BMI Appraisals Limited.

Impairment loss on debtors and other receivables

During the current fiscal year, the Group recorded an impairment loss on debtors and other receivables of HK$7,635,000, representing an increase of 1,002% as compared to the last fiscal year. It is mainly related to receivables of payment solutions business, and timber trading and furniture manufacturing business.

Finance costs

During the current fiscal year, the Group recorded a finance costs of HK$4,586,000, representing a decrease of 60% as compared to the last fiscal year. It is mainly due to a decrease in bank charge and bank loan interest incurred as the bank loan of HK$217,765,000 was fully repaid during the current fiscal year.

Income tax expense

During the current fiscal year, the Group recorded an income tax expense of HK$10,519,000, representing an increase of 248% as compared to the last fiscal year. It is mainly due to the fact that the profit of the Group's subsidiary with payment solutions business in PRC, which was fully exempted from income tax in the PRC in the last fiscal year, is started to be taxed at 50% of the applicable tax rate during the current fiscal year.

Property, plant and equipment

The Group's property, plant and equipment decreased by HK$9,557,000 from HK$63,445,000 as at 31 December 2012 to HK$53,888,000 as at 31 December 2013. The decrease was due to the written off and disposal of property, plant and equipment.

Goodwill

The Group's goodwill decreased by HK$3,468,000 from HK$79,870,000 as at 31 December 2012 to HK$76,402,000 as at 31 December 2013.

The impairment loss on the goodwill is mainly due to the recoverable amount on the segment of timber trading and furniture manufacturing business, for which the goodwill is attributable to being lower than its carrying value during the current fiscal year.

Intangible assets

The Group's intangible assets increased by HK$1,939,000 from HK$16,504,000 as at 31 December 2012 to HK$18,443,000 as at 31 December 2013. The increase was mainly due to the increase in development cost for payment solutions business.

Investment properties

The Group's investment properties increased by HK$12,248,000 or 8% from HK$154,026,000 as at 31 December 2012 to HK$166,274,000 as at 31 December 2013. It was mainly attributable to the fair value gain of investment properties and exchange adjustments during the current fiscal year.

Interest in an associate

The Group's interest in an associate decreased by HK$427,000 from HK$697,000 as at 31 December 2012 to HK$270,000 as at 31 December 2013. The decrease was mainly due to the share of loss of an associate during the current fiscal year.

Other investment

The Group's other investment increased by HK$411,000 from HK$12,272,000 as at 31 December 2012 to HK$12,683,000 as at 31 December 2013. Other investment represented an investment into the property development company, incorporated in the PRC by a wholly-owned subsidiary of the Company and additional capital will be injected into the above company. The increase in other investment was due to exchange adjustments during the current fiscal year.

Debtors

The Group's debtors increased by HK$40,904,000 or 47% from HK$87,099,000 as at 31 December 2012 to HK$128,003,000 as at 31 December 2013. The increase was mainly attributable to the increase in the transaction volume of online payment solutions business in PRC. Debtors that were past due but not impaired included an amount of HK$45,795,000 which was related to a service provider of payment solutions business. As the Group was playing the role as an agent on behalf of the merchants for collection of payments, thus no impairment allowance was necessary in respect of this balance.

Deposits, prepayments and other receivables

The Group's deposits, prepayments and other receivables decreased by HK$44,381,000 from HK$79,359,000 as at 31 December 2012 to HK$34,978,000 as at 31 December 2013. The decrease in deposits, prepayments and other receivables was because the secured loans receivable were fully repaid during the current fiscal year and the decrease in other receivables incurred in the ordinary course of business of the Group.

Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss decreased by HK$8,263,000 from HK$10,057,000 as at 31 December 2012 to HK$1,794,000 as at 31 December 2013. The decrease in financial assets at fair value through profit or loss was mainly due to the disposal of financial assets during the current fiscal year.

Pledged time deposits

The Group's pledged time deposits decreased by HK$115,357,000 from HK$115,357,000 as at 31 December 2012 to HK$Nil as at 31 December 2013. As the bank loan was fully repaid during the current fiscal year, no time deposits was pledged to a bank to secure the bank loan.

Cash and bank balances

The Group's cash and bank balances increased by HK$250,544,000 from HK$341,535,000 as at 31 December 2012 to HK$592,079,000 as at 31 December 2013. As at 31 December 2013, 81% (31 December 2012: 88%) of cash and bank balances was denominated in Renminbi.

Bank loan, secured

The Group's bank loan, secured decreased by HK$217,765,000 from HK$217,765,000 as at 31 December 2012 to HK$Nil as at 31 December 2013. The secured bank loan was fully repaid during the current fiscal year.

Payable to merchants

The Group's payable to merchants increased by HK$116,310,000 or 47% from HK$247,879,000 as at 31 December 2012 to HK$364,189,000 as at 31 December 2013. The percentage of increase of payable to merchants was in line with debtors. It was mainly attributable to the increase in transaction volume of online payment solutions business. The Group was playing the role as an agent on behalf of the merchants for collection of transaction moneys from debtors and then paid such transaction moneys to the merchant after deducting services fee. The Group mainly booked the services fee which is determined based on an agreed percentage of the transaction moneys involved as turnover.

Deposits received, sundry creditors and accruals

The Group's deposits received, sundry creditors and accruals increased by HK$32,848,000 from HK$67,168,000 as at 31 December 2012 to HK$100,016,000 as at 31 December 2013. The increase was mainly attributable to the increase in deposits received and receipts in advance for timber trading and furniture manufacturing business, and increase in accruals and sundry creditors incurred in the ordinary course of business of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2013, the Group had net current assets of HK$316,776,000. Current assets comprised inventories of HK$36,713,000, debtors of HK$128,003,000, deposits, prepayments and other receivables of HK$30,412,000, financial assets at fair value through profit or loss of HK$1,794,000, prepaid land lease premium of HK$1,238,000, tax recoverable of HK$1,153,000 and cash and bank balances of HK$592,079,000.

Current liabilities comprised bank overdraft, unsecured of HK$4,241,000, payable to merchants of HK$364,189,000, deposits received, sundry creditors and accruals of HK$100,016,000 and tax payable of HK$6,170,000.

The gearing ratio (defined as a percentage of total liabilities (excludes deferred tax liability) over total assets) of the Group at 31 December 2013 was 41% (2012: 51%).

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 flows from operations. However, for a more massive scale of expansion and development, debt or equity financing may be required.

BUSINESS REVIEW AND PROSPECTS

Business Review

In 2013, the Group has gone through thick and thin as well as challenges and opportunities. Faced with the global economic slowdown, continuously volatile global financial market, challenges from the complex surrounding economic environment and intensified competition in the industry, the Group adhered to its pragmatic management style and contributed major efforts and resources to the Group's core business through both internal and external policies with the principles of centralized management, professional operation, market-based mechanisms, flattened organization and standardized process. The Group promoted the reform and innovation for the product lines in order to strengthen and consolidate the competitiveness in enterprise market, thus to lay a solid foundation for the Group's long term development.

For our core business, we continued to focus on the corporate transform and product innovation, while increase were recorded in both bank card business and the trading volume of POS acquiring products. During the year, the Group strived to build an integrated capital operation and management platform based on the efficient operating system, and develop the business model with the integration of capital settlement and management and the integration of online and offline businesses in order to accelerate the position in new business fields, of which the payment solutions in the field of education and the product of capital management in physical retail industry were well recognized by the market. Even though the market was well expected, such business development was uncertain due to a number of factors. The recent suspension of QR code payment and various initiatives related actions by the Central Bank partly reflects the instability of domestic policies and uncertainties; while the government and related divisions enhanced the supervision on the industry in light of the increase of corporate competitors within the industry, the complicated business kinds and the immature of risk management, any change of the regime and the law of the business might cause influence on the business and business model. Therefore, the Group will pay close attention to the risk aversion trade, and actively make efforts to develop and expand overseas business. While the continual business adjustments accompanied with the strategy development, we are confident with the international market and actively studying the strategies to cope with and seeking for more and better strategic business alliance in order to adjust in place at a fastest pace to boost the turnover and profit capability effectively. For operational security, the Group has upgraded the system so as to consistent with the international standard. It is expected that the upgraded system will bring its features of higher stability, flexibility and efficiency in the coming year and fully support the payment business to enter a new stage. For administration and management, the Group continued to expand and optimize the department functions and structures and pool of talent according to the direction and needs for the international businesses in order to drive the Group's payment business to a more professional and sound direction.

For the timber and furniture manufacturing business, the Company insisted the core of brand building and set up featured products with Chinese and Western techniques. Its own brand "Heritage Mode" received the Top 10 Most Popular Rosewood Furniture Brand Award from Chinese Rosewood Furniture Industry during the year. By virtue of the brand effect, the brand's franchise stores and the sales coverage has increased. However, subject to the increasing prices of raw materials in the market and other corporate expenses after the positioning of high-end rosewood market, the profit recorded a significant decrease. Mangement had made appropriate impairment and provision of related asset for timber business, including inventories, receivables and goodwill. It is hoped that the timber business could developed in the future through cost control and brand value.

During the year, the Group's headquarters continued to contribute stable rental income for the Group.

Furthermore, leveraging on the Group's stringent compliance with the corporate governance and the management team with extensive experience, the business is currently well-established while the management system is comprehensive and smooth. Also, in addition to the solid financial position, placement of shares was conducted during the year to raise more supporting capital for the development of all businesses of the Group. These laid the solid foundation for the Group's long-term development.

Prospects

The year 2014 will be an important year linking the Group's past and future strategic development. The overall strategy will be "concentrating on growth, reducing losses, and modifying the structure". In terms of concentrating on growth, the target will be focused on international market with the focal point on the operation of core products and core fields. On top of focusing the operation of existing products, the development of new products will be accelerated by product upgrade and product portfolio. With regard to reducing losses, the brand and influential power of the products will be enhanced with target quality high-end clientele. Meanwhile, the channel structure will be continuously optimised and thus the operating cost will cut down to improve the profit. As to the organisational structure, the organisation, system and process will be optimised and modified constantly. A more professional service team will be established to provide improved world-class services, facilitate the deep ploughing of direct and distribution channels and ultimately increase the gross profit. Concerning corporate management, costs will be effectively improved while the marketing expenses will be stringently controlled, thus to enhance the investment efficiency. We believe that the Group will definitely encounter significant development opportunities as we adhere to the strategic objectives in harmony with the progressive standardisation of the internal management mechanism, investment and update of the software and hardware systems, step-by-step expansion of cooperation channels and innovations and breakthroughs of various products.

The operating strategies will be specifically implemented in the following aspects:

The Group believes that the pool of talent determines the competitiveness and development capability of an enterprise. The Group will implement the employment mechanism of "Open, fair, competition, selection of merits" and encourage all staff to actively utilise their potentials and wisdom on a platform provided by the Group, thus to maximise the value for the Group.

For the Group's international payment business, it is expected that the e-commerce transform of the traditional physical enterprises will generate enormous demand for innovation. The Group will continue to strive to provide in-depth industry solutions for this emerging market to strengthen the penetration of the traditional physical retail chain enterprises by means of industry solutions and drive the e-commerce transform of the traditional physical enterprises. This provides a broader space for the development of the Group's payment business.

The Group will continue the strategies for innovation and development last year to protect the investment and solid operations of system development and construction as well as product innovation by optimisation and integration of resources in order to ensure the steady and orderly development of the front-end business. The Company's endeavors to the enhancement of the quality customers and the application of industry financial value-add services will realise breakthrough. At the same time, according to the various data from the market research conducted by the Group, the offline payment business has a tremendous development space in the coming three to five years. It shows that, with the consideration of security, tax control and deduction rate, offline payment as the role of e-payment terminal solution supplier has its irreplaceable advantage. As a result of this particularity, the Group will also pay attention to the market news of this field and make further strategic deployment and respective product planning after integration of existing product resources pursuant to the actual market demand.

For the timber and furniture manufacturing business, confronting the intensified pressure on operating cost as well as raw material cost, the Group will closely monitor the trends in the market prices of raw materials and enhance inventory control and purchasing programmes in the following year. Also, all logistics functions in the plants will be further integrated to reduce indirect costs. In addition, the production efficiency and quality will be enhanced to reduce the delivery duration while to maintain the high quality. According to the prevailing market conditions, we may possibly adjust certain business fields with an aim to control the risks within a reasonable range and strive to create new profit growth on the basis of consolidating the existing market.

For the governance structure and the construction of the corporate system, the Group will stringently comply the corporate governance code and improve the internal corporate management to set up a sound and efficient execution for corporate decision-making. Also, a harmonic mechanism for the shareholders, corporate and staff to share the corporate development results will be set up.

We have reason to believe that, the objectives for the future global market and Blue Ocean Strategy will definitely be realized by the exploration and deep plowing of the key industries at early stage, the achievement of market opportunities, exploration of new profit growth; the retainment of the traditional fields in advantage; and the enhancement of internal strengths such as improvement of the standard of internal operational management.

EMPLOYEES

At 31 December 2013, the total number of employees of the Group was 695 (2012: 596). 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 the PRC.

TREASURY POLICIES

The Group adopted a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 17 October 2013, the Group set up a new subsidiary, Shanghai Hong Mu Yin Xiang Art Furniture Limited, a company incorporated in the PRC. The registered capital is RMB1,000,000. The subsidiary has not yet commenced business.

CHARGES ON GROUP'S ASSETS

At 31 December 2013, no assets of the Group have been pledged since the bank loan was fully repaid during the current fiscal year.

At 31 December 2012, properties held under medium-term lease with a net book value of HK$17,409,000, investment properties with a net book value of HK$130,046,000, prepaid land lease premium with a net book value of HK$40,079,000 and time deposits of HK$115,357,000 were pledged to a bank to secure a bank loan granted to the Company.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 18 June 2013, the Company entered into the placing agreement (the "Placing Agreement") with Enlighten Securities Limited (the "Placing Agent") whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 200,000,000 placing shares (the "Placing Shares") to not less than 6 independent placees at a price of HK$0.58 per placing share. The completion of the placing took place on 23 July 2013, whereby a total of 192,000,000 Placing Shares were successfully placed by the Placing Agent to not less than six placees at the placing price pursuant to the terms and conditions of the Placing Agreement. The gross proceeds from the Placing are approximately HK$111.36 million and the net proceeds from the Placing, after deducting the placing commission and other professional fees incurred by the Company in the Placing, are approximately HK$108.58 million. The Group intends to use the Placing proceeds for expansion of business and potential investment opportunities and general working capital of the Group.

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 2013, 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.

CAPITAL COMMITMENT

At 31 December 2013, the Group had contracted for but not provided for capital commitment, in respect of acquisition of property, plant and equipment of HK$Nil (2012: HK$784,000) and in respect of investment of HK$12,683,000 (2012: HK$12,272,000). On 28 March 2012, a wholly-owned subsidiary of the Company entered into an agreement to acquire 8.63% equity interests of a company incorporated in the PRC at a total consideration of RMB20,000,000 (equivalent to HK$25,366,000). At 31 December 2013, RMB10,000,000 (equivalent to HK$12,683,000) was paid and the remaining RMB10,000,000 (equivalent to HK$12,683,000) was contracted for but not yet paid.

CONTINGENT LIABILITIES

The Group is subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to directors and shareholders.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities including lawsuits, the Directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued, will not have a material adverse effect on the consolidated financial position or results of operations of the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 May 2014 to Friday, 30 May 2014 (both days inclusive) to facilitate the processing of proxy voting. To be entitled to attend and vote at the Annual General Meeting of the Company to be held on 30 May 2014, 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, 26 May 2014.

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.

CORPORATE GOVERNANCE

The Company and the Board are devoted to achieve and maintain the highest standards of corporate governance and have adopted the principles of the corporate governance practices of the Listing Rules in the construction of our corporate governance practices. The Board believes that effective corporate governance practices are fundamental to enhancing shareholder value and safeguarding interests of our shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles that emphasize a quality Board, effective internal control, stringent disclosure practices and transparency and accountability to all stakeholders. A full description of the Company's Corporate Governance will be set out in the section of Corporate Governance contained in the 2013 annual report.

Save as disclosed below, 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 applicable Code Provisions of the Main Board CG Code. One Independent Non-Executive Director did not attend the annual general meeting of the Company held on 3 June 2013 due to other engagements. This constitutes a deviation from the code provision of A.6.7of the CG Code which requires, inter alia, Independent Non-Executive Directors and other Non-Executive Directors to attend general meetings.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited financial statements for the year ended 31 December 2013. 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
Chen Jinyang
Chairman

Hong Kong, 28 March 2014

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

Executive Directors:
Mr. Chen Jinyang *(Chairman)*
Mr. Chau Cheuk Wah *(Chief Executive Officer)*
Mr. Chen Runqiang
Mr. Chow Cheuk Lap
Mr. Zhou Jianhui

Non-Executive Director:
Ms. Fan Man Yee Alice

Independent Non-Executive Directors:
Dr. Cheung Wai Bun, Charles, *J.P.*
Mr. David Tsoi
Mr. Chan Chun Kau
Mr. Chao Pao Shu George