TECHNOLOGIES

UNIVERSAL

Universal Technologies Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8091

ANNUAL REPORT

2007

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Universal Technologies Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the requirements of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on the basis and assumptions that are fair and reasonable.

Contents

Highlights *of the year*

- Turnover for the year ended 31 December 2007 amounted to approximately HK$72.3 million (2006: HK$40.5 million), representing an increase of approximately 78% over the last fiscal year.

- As at 31 December 2007, the Group had net current assets of approximately HK$78.3 million (2006: HK$34.7 million), including cash and bank balances of approximately HK$97.2 million (2006: HK$56.1 million).

- As at 31 December 2007, the Group had total assets of approximately HK$227.4 million (2006: HK$114.4 million).

- Net profit for the year ended 31 December 2007 was HK$12.65 million (2006: HK$5.56 million), representing an increase of approximately 127% over the last fiscal year. The main reason for the increase in net profit was attributable to the effective control of costs and the increase in profit derived from the booming internet payment services.

- Basic and diluted earning per share for the year ended 31 December 2007 amounted to approximately HK$1.11 cent and HK$1.09 cent respectively (2006: HK$0.71 cent and HK$0.68 cent).

- The board of directors does not recommend payment of any dividend for the year ended 31 December 2007 (2006: Nil).

Corporate Information

BOARD OF DIRECTORS

Executive Directors:
Lau Sik Suen *(Chairman)*
Liu Rui Sheng
Luan Yumin

Non-Executive Director:
Chow Cheuk Lap

Independent Non-Executive Directors:
Meng Li Hui
Wan Xie Qiu
Fong Heung Sang

COMPANY SECRETARY

Wong Wai Man

COMPLIANCE OFFICER

Lau Sik Suen

QUALIFIED ACCOUNTANT

Wong Wai Man

AUDIT COMMITTEE

Meng Li Hui *(Chairman)*
Wan Xie Qiu
Fong Heung Sang

AUTHORISED REPRESENTATIVES

Lau Sik Suen
Wong Wai Man

AUDITORS

PKF
Certified Public Accountants

WEBSITE

www.uth.com.hk

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 231-233, Building 2, Phase 1,
No. 1 Science Park West Avenue,
Hong Kong Science Park, Shatin,
New Territories,
Hong Kong

REGISTERED OFFICE

Cricket Square,
Hutchins Drive, P.O. Box 2681,
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Limited
Butterfield House
Fort Street, P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

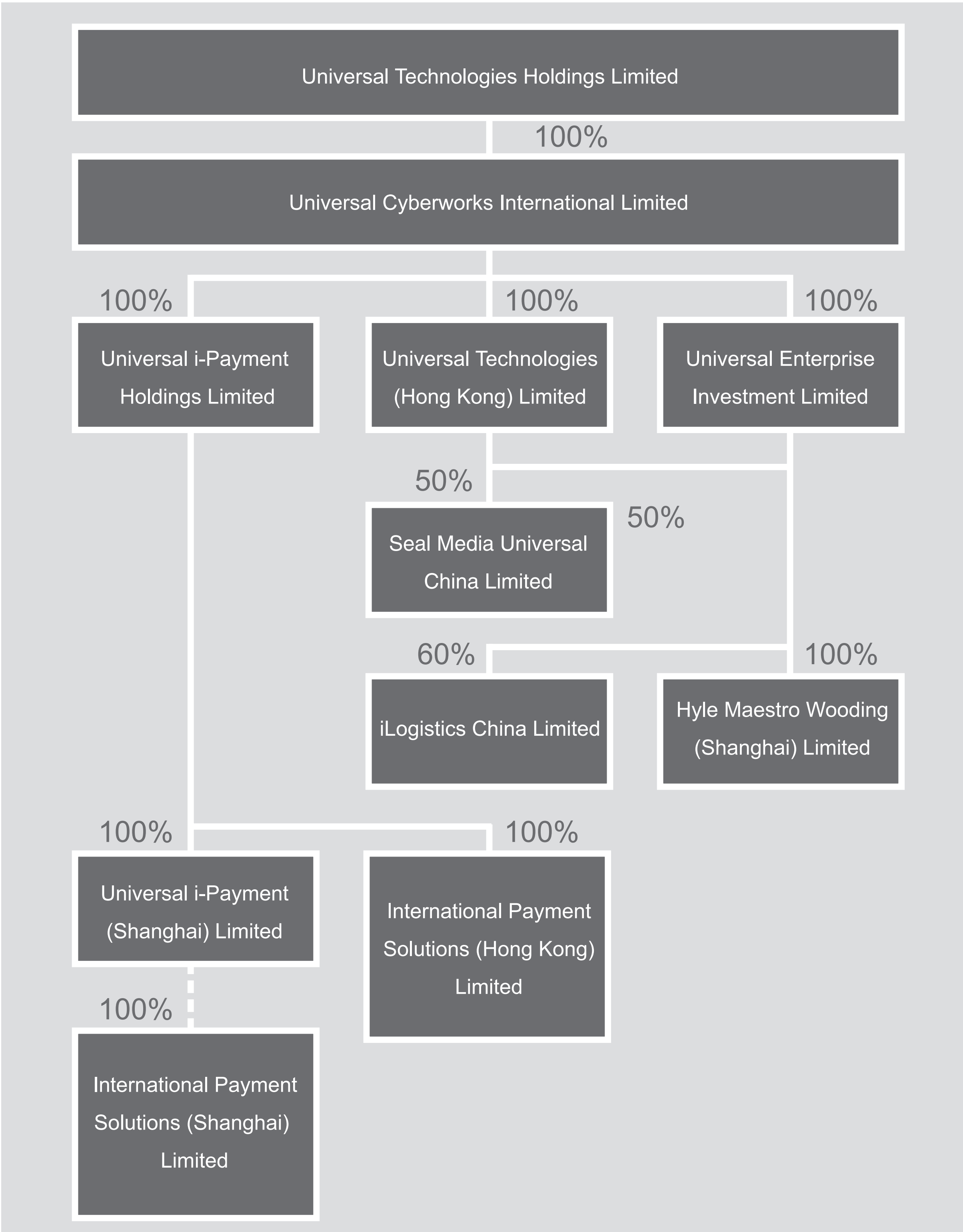
HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
46/F, Hopewell Centre,
183, Queen's Road East, Wan Chai,
Hong Kong

PRINCIPAL BANKER

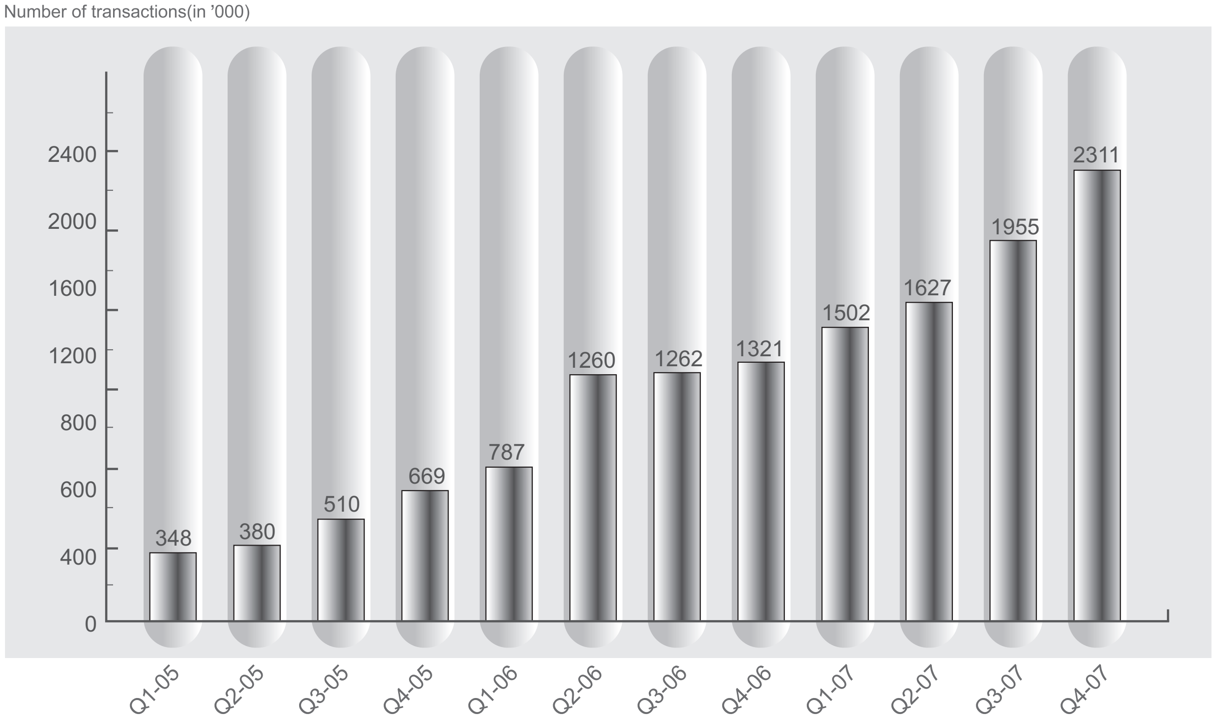
Standard Chartered Bank

Corporate Structure



Quarterly Transaction Performance for the past 3 years (2005 to 2007)

Number of transactions at IPS – in thousands



Chairman's Statement

On Behalf of the Board of Directors, I have pleasure in presenting the annual report of the Company and its subsidiaries for the year ended 31 December 2007.

REVIEW

In 2007 Fiscal year, we inherited from the pragmatic basis of past years, continued to maintain high-speed development, and harvested our fruitful results. As for future developments, careful considerations and reasonable managements will open the golden gate of success for our group's tomorrow!

This year's outstanding performance reflected the results of important policy decisions of last year. This year, the Group's total revenue, total assets, net profit, net assets, and other financial indicators reached new highs, net profit in particular. Since the end of deficits for the first time in 2006, the growth rate nearly doubled this year and maintained at this rate. The Group's primary business – online payment has maintained strong growth for three consecutive years and becoming an important source of profit for the Group. These results should be attributed to the Group's acquisition of the whole equity interest of International Payment Solutions (Shanghai) Limited (IPS), a subsidiary specialized in online payment transaction. The group's positioning strategy of subsidiary companies also played a major role. During the fiscal year, with intensive competitions in the online payment market, many enterprises adapted the strategy of high cost low income pricing strategy to compete in the market. Our group continued to adhere to the concept of high-quality services, brought into the geographic advantages of our offices in Shanghai, Beijing, Shenzhen and Hong Kong with localization service concept, which improved service satisfactory level of Eastern China, Northern China, Southern China, Hong Kong and overseas markets towards our group. At the same time, with the help of the Beijing office, the government and public relations aspect of the group advanced. The group got a satisfied result in investment holding strategy as well, it has begun its involvement in the natural resources business in the year 2006, specializing in timber trading and furniture manufacturing with the group's relation with the Indonesian suppliers. Investment in this sector has demonstrated profitable results and endless potential.

Firstly, with the Group's improved business performance this year, the Group has obtained additional capital from new investors to support our business development and our capital scale increases rapidly. Secondly, we continue our pragmatic and multiple business strategy. The Group has further injected over HK$30 million to enlarge the share capital of our online payment business; and appropriate additional input to the natural resources business. The operational synergies between these different business sections gradually become apparent and help the whole group operates more effectively. Thirdly, the Group has formed a solid talent base through our human resources promotion and training plan, as well as our employee share option scheme. Our strong and professional management team will be an important force for the future development of the Group. Fourthly, the effects of the Group past effort in the protection of intellectual property become apparent this year, because of the public recognition of its original creation in the payment products, IPS has obtained the Innovation Fund for Medium & Small Business granted by Shanghai City. Fifthly, the Group continues to be recognized by the market, IPS has been awarded several honours this year, including the Chinese Commercial Website Billboard, Number 1 in category of Online Payment Industry.

The group also devoted more strength in the future strategy construction. In order to enhance the Group's overall image, the Group plans to acquire land for the establishment of the Shanghai headquarters building in the upcoming fiscal year, the result of the decision will have a gradual effect after several years. The Group firmly believes that the decision-making help the prosperity of the Group's future. The Group continues to taking into account the overall strategy of our business development; with major resources adding into the online payment business, while giving consideration to other business investment at the same time, thus achieve the stable investment for the group. For the aspect of payment business, the Group has combined both online payment and non-online payment services, and through the establishment of specialized banking cooperation team to provide a solid foundation for our integrated product line. Our cooperation with strategic partners also achieved great progress in target customers. The Group firmly believes that the integration of payment services will increase our market competitiveness and business profitability in future year. This year, the Group has also enhanced our communication with the relevant regulatory authorities to access to all kind of information in time to ensure that the Group will be able to grasp the pattern of the market opportunities. In this year, through the establishment of strategic partnership, reorganize the market order, and the expansion of market share strategies, the trading and manufacturing section of the Group has obtained higher competitive advantage to prepare for the future development.

PROSPECTS

Though the group has achieved great success in the past year, there are yet many more needs to be done. We firmly believe that this success is the outcome of the team results. That's why the human resource strategy and team construction are the topics which will never be changed in our development list. The Group will continue to adhere to the successful experience of the past through our promotion and training plan, as well as the employee share option scheme, to ensure that staffs are assigned according to their skills and in the right positions. We believe that the development of business includes two areas, namely, in-depth development and horizontal integration. From the aspect of in-depth development, we will introduce value-added integrated payment products in accordance with exiting market conditions to grasp the needs of our customers and strengthen our competition. From the aspect of horizontal integration, the Group will steadily transform into a conglomerate with different kind of investment, and integrate the attractive recourse to achieve the steady development of the whole group. The reputation of the group still requires substantial efforts, including the recent proposed construction of the headquarters building, media relations, government relations etc. We believe that the most powerful group possess challenge and defending capability. Through our prudent financial management strategy, the Group will minimize the financial risk while maintaining our rapid business expansion. A well maintained market order is essential for the industrial growth, the Group foresees the Chinese government will impose certain regulations on online payment business. The Group will continue to communicate and gather information from the related authority to ensure the Group will be able to make the timely analysis and judgment with the best interest of the Group.

Over the past few years the Group has fully demonstrated that we have a visionary team: when the economy was uncertain, we do not hesitate to carry on our judgment and decision to seize the market opportunity. During the economic growth, we have outperformed our rivals and gained substantial market through our acute and efficiency management team. As we believe that the China market will sustain rapid growth in the next five years, the Group must be able to achieve greater success!

APPRECIATION

Without the trust from our shareholders, business partners and staff, our Group would not have been such a success it is.

On behalf of the Board, I would like to take this opportunity to express our sincere thanks for the shareholders, customers, strategic partners and other interested colleagues concerning the development of the group. At the same time, sincere thanks are due to all employees for their dedicated service.

Lau Sik Suen
Chairman

Hong Kong, 25 March 2008

FINANCIAL OVERVIEW

During the current fiscal year, the Group recorded a turnover of approximately HK$72,265,000, representing an increase of approximately 78% as compared to the last fiscal year. The profit attributable to shareholders of HK$12,648,000 in the current year, representing an increase of approximately 127% as compared to the last fiscal year. The substantial growth in sales and profits are inseparable with the entire domestic economic growth, but more important is from last financial year, the Group actively research in market demand. The positive feedback from the market gradually transformed into revenue. At the same time, the Group actively reorganized the company structure, aiming to improve working efficiency. Sales improvement is obviously the result of our effective management.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group had net current assets of approximately HK$78,299,000. Current assets comprised inventories of approximately HK$9,514,000, debtors of approximately HK$23,862,000, deposits paid to merchant of approximately HK$15,000,000, trade deposits of approximately HK$6,006,000, other deposits, prepayments and other receivables of approximately HK$9,403,000, amount due from a related company of HK$2,889,000, financial assets at fair value through profit or loss of HK$375,000, prepaid land lease premium of HK$139,000, unpledged time deposits of HK$2,000,000, time deposit of HK$280,000 and cash and bank balances of approximately HK$97,176,000. Current liabilities comprised trade payable of HK$7,444,000, payable to merchants of HK$72,420,000, deposits received, sundry creditors and accruals of approximately HK$4,829,000, amount due to a director of HK$29,000, bills payable of approximately HK$3,623,000.

On 5 June 2007 and 29 June 2007, the Company completed private issue of 153,330,000 and 46,000,000 new ordinary shares with placing proceeds of total HK$40,019,340.

The gearing ratio (defined as a percentage of total debt over total assets) of the Group as at 31 December 2007 was 40% (2006: 48%).

The Board considers that the Group's existing financial resources are sufficient to fulfill its commitments, current working capital requirements and further development. In the long term, the Board believes that the Group will continue to fund its foreseeable expenditures through cash flow from operations. However, for a more massive scale of expansion and development, debt or equity financing may be required.

BUSINESS REVIEW AND PROSPECTS

1. BUSINESS REVIEW

This Group inherited the pattern of development from previous year. The in-depth development of online payment business, nature resources trading and manufacturing business performed satisfactorily. Major financial indicators achieved new record at the same time this year. The Group actively carrying out various strategic arrangements for the development of the future!

The payment business has the huge harvest this year. Firstly, the online payment business still maintained rapid growth this year. The monthly volume, the number of transactions, new contracts with merchants and the scope of industrial coverage all increased significantly. The increase in profit of the Group was mainly attributed from the booming online payment business. Secondly, through our cooperation with banking institutions, the

Group has successfully developed the mobile payment services and other products. The expansion of product line will enable us to cater for the needs of our customers, which is essential for our future profitability and business development. Thirdly, the Group's core competitiveness is our service quality and efficiency. We have sub-divided our customer services department into two sub-units to serve different needs of our end user and our merchants. Refinement of the service-oriented groups will provide more comfort to our clients and closer to the needs of their respective demand. Fourthly, in term of marketing activities and product promotion, we have co-sponsor several activities with banking institutions, strategic partners and merchants. We have been awarded the Chinese Commercial Website Billboard, Number 1 in category of Online Payment Industry, and many other prices. Fifthly, we started to deploy products with core competitiveness. During this year, we have imposed an information platform into our existing payment platform. Moreover, we have studied the integration of non-online payment services with our online payment services. Sixthly, the Group also took into account the shortage of talent in the payment business. We paid a lot of effort in the training this year. The business and cultural training intensity in current year was several times more than the past year. Specialists in payment business increased rapidly within our group, and these specialists will play an essential role in our future business development.

The timber trading and furniture manufacturing business developed a remarkable trend of growth during this year. The timber trading and furniture manufacturing business achieved a breakthrough development in term of revenue growth, and record net profit in this year. The synergies of the timber trading business initially appeared. Through the intense cooperation with our business partner in Indonesia, we obtained superior bargaining power from our supplier. With this bargaining power, we cooperated with major furniture manufacturers and timber wholesalers in Shanghai. The Group has obtained advantages in term of both product quality and selling channel. Although the market of our major product, Indonesian Rosewood, is not yet mature in China, the Group still obtain a remarkable market shares and satisfactory revenue. The Group has cooperated with several sellers in Northern part of China which provides a solid foundation for the future expansion of the timber business.

Considering the rapid development tendency of the Group, we commenced several plans to enhance our corporate image. The Group plans to acquire a land for the establishment of the Shanghai headquarter in the upcoming fiscal year. The construction of our own premise will provide a solid foundation for our future development as well as provides better working conditions for the employees of the Group.

The Group will further explore other business opportunities within the market. Our management believes that the growth of the Group is a result of both in-depth development and horizontal integration. As a conglomerate with different kind of investment holding, the Group will enthusiastically look for the operational synergies in different business sections.

2. PROSPECTS

From the excellent performance of this year, we have more confidence to follow our established strategy to do more in-depth development.

For the online payment business, we will continue to adhere to the current strategy decided in several years ago. First of all, we will consistently to in-depth develop the existing businesses. In-depth development includes the exposure the potential demand of existing customers and potential customers with high profitability to maintaining and enhancing our quality of service and expanding our business volume. Secondly, through the development of derivative payment products such as pre-licensed products and payment-related information processing platform etc. We can offer our customers more diversified product portfolio and to cater for their requirement. Thereby enhancing the overall transaction volume as well as higher profit margin derived from these derivative products. Thirdly, development of non-online payment services as an important complement to online payment services. We believe that these non-online payment services will become part of our essential source of income. In this business environment, we need to obtain ground, improve efficiency, concerned about external economic and policy environment, and to make a reasonable judgment and decision-making. We have proved that we can do that in our past experiences.

For the timber trading and furniture manufacturing, we will continue to consolidate our industry's unique advantages in the chain. On one hand, through the expansion of retail sales capacity, we can collect the latest market needs. On the other hand, we increase the penetration of our suppliers; and require suppliers to process the export products in according to our demand, and thereby providing more cost-effective products in the Chinese market. The control of the upper and lower reaches of the market has enabled us to seize the status in the market and to generate greater profit in return.

Our Group is increasing the allocation of resources into the construction work of our own PRC headquarter. The own premise of Universal Technologies Holdings Limited located in Shanghai will become another milestone in the development of the Group!

The Group will continue to explore synergies with business opportunities in different industries and sustain the steady growth of the Group while without losing the passion and the speed!

EMPLOYEES

As at 31 December 2007, the total number of employees of the Group was 150 (31 December 2006: 112). The dedication and contribution of the Group's staff during the year are greatly appreciated and recognized.

Employees (including directors) are remunerated according to their performance and working experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employee by reference to the Group's performance as well as the individual's performance. In addition, the Group also provides social security benefits to its staff such as mandatory provident fund scheme in Hong Kong and the pension scheme in China.

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 year, the Group injected capital of RMB30,000,000 to International Payment Solutions (Shanghai) Limited (IPSSH), a subsidiary of the Group to enlarge its share capital. The registered capital of IPSSH increased from RMB20,000,000 to RMB50,000,000. The Group believes the registered capital increment is in line with the growth of online payment business, and the investment will enhance the competitiveness of IPSSH.

CHARGES ON GROUP'S ASSETS

Time deposit of HK$2,000,000 as at 31 December 2007 (31 December 2006: HK$104,000) was pledged to a bank to secure general banking facilities granted to a subsidiary.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 6 December 2007, the Directors announced that Universal Cyberworks International Limited, a wholly–owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor for the acquisition of the entire issued share capital of Universal iPayment International Limited. The consideration for the acquisition amounted to HK$72,500,000 and would be satisfied as to HK$3,060,000 in cash to be financed by the Group's internal resources and as to the remaining balance of HK$69,440,000 by the issuance of 217 million consideration shares at the issue price of HK$0.32 per consideration share. The transaction was approved by the shareholders at an extraordinary general meeting held on 28 January 2008.

The principal asset of Universal iPayment International Limited is a land located in Shanghai. The Group expects to develop the land into a 6-storey building, of which the Group will initially occupy 2 storeys and lease the rest to third parties. The estimated capital expenditure incur is around HK$40 million, which will be financed by equity or debt financing.

EXCHANGE RISK

Currently, the market anticipates moderate appreciation pressure on Renminbi. The Group has not implemented any formal policy in dealing with this foreign exchange risk. However, in view of the 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 2007, the Group did not enter into any arrangement to hedge its foreign exchange exposure.

CONTINGENT LIABILITIES

The Directors consider that the Group had no contingent liabilities as at 31 December 2007.

Directors, *Senior Management and Consultants*

DIRECTORS

Executive Directors

Mr. Lau Sik Suen

Mr. Lau, aged 37, is one of the founders, the Chairman of the Board, an executive director, compliance officer and authorized representative of the Group. Mr. Lau is responsible for the overall business development of the Group. Before founding the Group, Mr. Lau worked for a conglomerate company in Hong Kong and was responsible for business development in the PRC. Mr. Lau has substantial experience and knowledge of the internet industry and of investment in technology companies in the PRC. He holds a Bachelor of Social Science degree from the Chinese University of Hong Kong and EMBA from China Europe International Business School. Mr. Lau is the nephew of Mr. Liu Rui Sheng, an executive director of the Company.

Mr. Liu Rui Sheng

Mr. Liu, aged 63, is an executive director of the Group. Mr. Liu is mainly responsible for the overall strategic planning of the Group. Mr. Liu is a businessman in the PRC, with years of solid experiences gained from e-commerce related companies in the PRC. Mr. Liu is the uncle of Mr. Lau Sik Suen, an executive director of the Company. Mr. Liu joined the Group in March 2004.

Madam Luan Yumin

Madam Luan, aged 31, holds a Bachelor Degree of Human Resource from Nanjing University of Science and Technology. Before joining the Group, Madam Luan was the human resources supervisor in AMD. She has assumed the office of human resources manager, business executive and senior management since she joined the Group in 2001. With a profound understanding of the market and business pattern of payment industry and experience, Madam Luan does a great job in expanding business while handling the risks well under control.

Non-executive Director

Mr. Chow Cheuk Lap

Mr. Chow, aged 56, is a Solicitor in Hong Kong. He graduated from University of London with a Bachelor of Economics. Mr. Chow has more than 20 years experience in civil litigation and commercial matters. He is currently a partner of Messrs. C.L. Chow & Macksion Chan, Solicitors.

Independent non-executive Directors

Mr. Meng Li Hui

Mr. Meng Li Hui, aged 45, is currently a General Manager of a Company jointly established by several professors of Fudan University in Shanghai, the PRC. The principal activity of that company is the provision of consultancy services on ecological environment protection to both private companies and local government authorities in various cities in the PRC. Mr. Meng holds a Bachelor of Arts degree from Shanghai Fudan University.

Mr. Wan Xie Qiu

Mr. Wan Xie Qiu, aged 52, is currently a Professor and Dean of School of Finance in Suzhou University. Mr. Wan also acts as a committee member of the Economics Committee of Jiangsu Province, the Financial Committee of Jiangsu Province and the Taxation Committee of Jiangsu Province.

Mr. Fong Heung Sang

Mr. Fong, aged 48, holds a Master Degree in Business Administration and a Master Degree in Accountancy from two famous universities in the United States of America. Mr. Fong is a Certified Public Accountant in the United States of America. Mr. Fong has extensive experience in corporate finance, accounting and auditing field. Mr. Fong worked for international accounting firms and a number of public listed companies for more than 20 years. Mr. Fong is now an executive VP of corporate development of Fuqi International (Nasdag: FUQI), and also independent director and chairman of audit committee of two other US public companies.

QUALIFIED ACCOUNTANT

Mr. Wong Wai Man

Mr. Wong, aged 38, is the qualified accountant, the company secretary and one of the authorized representatives. Mr. Wong joined the Group as its Financial Controller in July 2006. Mr. Wong is a fellow member of the Hong Kong Institute of Certificate Public Accountants and an associate member of the American Institute of Certified Public Accountants. Mr. Wong has over 10 years experience in accounting and auditing.

CONSULTANTS

Mr. Zhang Wei Dong

Mr. Zhang, aged 44, is the Investment Consultant of the Group. He holds a Master Degree in International Economics from Renmin University of China, and finished the Program for Management Development in Harvard University. He has over ten years commercial banking and investment experience. He is currently a director of Alpha Alliance Finance Holding Ltd. in Hong Kong. Mr. Zhang was invited to be the Group's Investment Consultant in March 2005.

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was investment holding and those of the subsidiaries are set out in note 16 to the financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2007 and the state of affairs of the Company and of the Group as at 31 December 2007 are set out in the financial statements on pages 28 to 75.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2007.

FINANCIAL SUMMARY

The summary of the consolidated results of the Group for each of the two years ended 31 March 2005 and the period ended 31 December 2005 and each of the two years ended 31 December 2007 and the assets and liabilities of the Group as at 31 March 2004 and 2005 and 31 December 2005, 2006 and 2007 are set out on page 76.

PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PREMIUM

The Group purchased property, plant and equipment and prepaid land lease premium amounting to approximately HK$5,699,000 and HK$5,211,000 respectively during the year. Details of movements in property, plant and equipment and prepaid land lease premium during the year are set out in notes 13 and 14 to the financial statements respectively.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 27 to the financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company who held office during the year and up to the date of this report were:–

Executive directors:

Mr. Lau Sik Suen
Mr. Liu Rui Sheng
Madam Luan Yumin

Non-executive directors:

Madam Zhou Zhiyun	*(resigned on 14 September 2007)*
Mr. Chow Cheuk Lap	*(appointed on 3 March 2008)*

Independent non-executive directors:

Mr. Meng Li Hui
Mr. Wan Xie Qiu
Mr. Fong Heung Sang

The non-executive director, Mr. Chow Cheuk Lap, was appointed for an initial term of one year commencing from 3 March 2008 and will continue thereafter on an annual basis until terminated by not less than two months' notice in writing served by either party on the other.

The independent non-executive director, Mr. Fong Heung Sang, was appointed for an initial term of two years commencing from 1 July 2006 which is renewable after the expiry of the initial term of appointment.

The remaining independent non-executive directors were appointed for an initial term of twelve months which is renewable after the expiry of the initial term of appointment.

In accordance with article 86 of the Company's Articles of Association, Mr. Chow Cheuk Lap shall retire, and being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with article 87 of the Company's Articles of Association, Mr. Liu Rui Sheng for the time being shall retire from office by rotation, and being eligible, offer himself for re-election at the forthcoming annual general meeting.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

All independent non-executive directors have confirmed their independence to the Company pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM") (the "GEM Listing Rules") for the year ended 31 December 2007 and the Company considers the independent non-executive directors to be independent.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the directors and top five highest paid individuals of the Group are set out in note 6 to the financial statements.

CONNECTED TRANSACTIONS

No connected transactions to be disclosed under the GEM Listing Rules during the year.

SHARE OPTIONS

Pursuant to the written resolutions passed by all the shareholders of the Company on 12 October 2001, the Company adopted the following share option schemes:–

(A) Share Option Scheme

The purpose of the Share Option Scheme is to advance the interests of the Company and its shareholders by enabling the Company to grant options to attract, retain and reward all the directors (whether executive or non-executive and whether independent or not), the employees (whether full-time or part-time), any consultants or advisers of or to any company in the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid ("Eligible Persons")) and any other persons who, in the absolute opinion of the Board, have contributed to the Group and to provide to the Eligible Persons a performance incentive for continued and improved service with the Group and by enhancing such persons' contribution to increase profits by encouraging capital accumulation and share ownership. The directors may at their discretion, invite any Eligible Persons to take up options to subscribe for shares.

The maximum entitlement for any one participant (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the total number of shares in issue.

The period within which the shares must be taken up under the option must not be more than ten years from the date of grant of the option. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company as consideration for the grant. The subscription price for shares in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion may determine save that such price shall not be less than the higher of (i) the closing price per share on GEM as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average of the closing prices per share on GEM as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option.

SHARE OPTIONS *(Continued)*

(A) Share Option Scheme *(Continued)*

A summary of the movements of the share options granted under the Share Option Scheme during the year is as follows:–

					Number of share options				
Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Outstanding as at 1 January 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2007
Initial management, shareholder and employees	7 February 2002	Fully vested on 7 February 2002	7 February 2002 to 6 February 2012	HK$1.300	350,000	–	–	–	350,000
Senior management and staff of the Group	9 April 2002	Fully vested on 9 April 2002	9 April 2002 to 8 April 2012	HK$1.400	70,000	–	–	–	70,000
Senior management and staff of the Group	23 December 2002	1 July 2003 to 1 January 2004 (inclusive)	Maximum 50%: 1 July 2003 to 22 December 2012 Remaining 50%: 1 January 2004 to 22 December 2012	HK$0.108	60,000	–	(60,000)	–	–
Executive director	10 April 2003	10 October 2003 to 10 April 2004 (inclusive)	Maximum 50%: 10 October 2003 to 9 April 2013 Remaining 50%: 10 April 2004 to 9 April 2013	HK$0.165	2,000,000	–	(2,000,000)	–	–
Senior management of the Group	10 April 2003	10 October 2003 to 10 April 2004 (inclusive)	Maximum 50%: 10 October 2003 to 9 April 2013 Remaining 50%: 10 April 2004 to 9 April 2013	HK$0.165	6,000,000	–	(6,000,000)	–	–
Senior management of the Group	29 December 2005	29 December 2005 to 29 June 2006 (inclusive)	Maximum 50%: 29 December 2005 to 28 December 2015 Remaining 50%: 29 June 2006 to 28 December 2015	HK$0.176	29,800,000	–	(24,440,000)	(5,360,000)	–
Director, Senior management and staff of the Group	21 May 2007	Fully vested on 21 May 2007	21 May 2007 to 20 May 2009	HK$0.228	–	99,720,000	(74,310,000)	–	25,410,000
					38,280,000	99,720,000	(106,810,000)	(5,360,000)	25,830,000

Note:– The Company received a consideration of HK$1.00 from each of the grantees of the share option scheme.

SHARE OPTIONS *(Continued)*

(B) Pre-IPO Share Option Schemes

The grantees of these schemes exercised all options before 1 January 2007 and there was no share option outstanding as at 31 December 2007.

As at 31 December 2007, the number of shares in respect of which options had been granted and outstanding under the share option schemes was 25,830,000, representing approximately 2% of the issued share capital of the Company.

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

As at 31 December 2007, the interests or short positions of the directors and chief executives or their associates of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO")) which (i) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:–

	Interests in ordinary shares			Total interests in	Total interests in		% of the Company's issued
Name of directors	Personal interests	Family interests	Corporate interests	ordinary shares	underlying shares *(Note)*	Aggregate interests	share capital
Executive directors:							
Mr. Lau Sik Suen	–	–	–	–	–	–	–
Mr. Liu Rui Sheng	–	–	–	–	–	–	–
Madam Luan Yumin	–	–	–	–	200,000	200,000	0.02%
Independent non-executive directors:							
Mr. Meng Li Hui	–	–	–	–	–	–	–
Mr. Wan Xie Qiu	–	–	–	–	–	–	–
Mr. Fong Heung Sang	–	–	–	–	900,000	900,000	0.07%

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

Note:–

1. The interests of Madam Luan Yumin and Mr. Fong Heung Sang in underlying shares of the Company represent the interests in share options granted to them under the share option schemes of the Company.

   Details of the interests in the share options of the Company are separately disclosed in the section headed "Share options" above.

2. There were no debt securities nor debentures issued by the Group at any time during the year ended 31 December 2007.

Save as disclosed above, as at 31 December 2007, none of the directors or chief executives or their associates of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules.

The directors confirmed that as at 31 December 2007 and for the year ended 31 December 2007,

(i) the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings according to Rules 5.48 to 5.67 of the GEM Listing Rules; and

(ii) all the directors complied with the required standard of dealings and the Company's code of conduct regarding directors' securities transactions.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDING

So far as is known to any director or chief executive of the Company, as at 31 December 2007, persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group were as follows:–

(a) Long positions in the shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of interests
World One Investments Limited *(Note 1)*	Beneficial owner	144,150,000	11.20%
Ever City Industrial Limited *(Note 2)*	Beneficial owner	106,000,000	8.24%
Top Nation International Limited *(Note 3)*	Beneficial owner	67,540,000	5.25%

Note:–

(1) World One Investments Limited is wholly and beneficially owned by Mr. Lau Yeung Sang.

(2) Ever City Industrial Limited is equally and beneficially owned by Mr. Choi Hung Fai and Mr. Zhou Hang.

(3) Top Nation International Limited is equally and beneficially owned by Mr. Chow Cheuk Lap and Mr. Lam Yongqiang.

(b) Long positions in underlying shares of equity derivatives of the Company

So far as the directors are aware, save as disclosed herein, no persons have long positions in underlying shares of equity derivatives of the Company.

(c) Short positions in the shares and underlying shares of equity derivatives of the Company

So far as the directors are aware, save as disclosed herein, no persons have short positions in the shares or underlying shares of equity derivatives of the Company.

MANAGEMENT SHAREHOLDERS' INTERESTS

Save as disclosed under the sections headed "Directors' and chief executives' interests or short positions in shares, underlying shares and debentures" and "Persons who have an interest or a short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholding" above, as at 31 December 2007, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and was able, as a practical matter, to direct or influence the management of the Company.

COMPETING INTERESTS

During the year, none of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 42% of the total sales for the year and sales to the largest customer included therein amounted to approximately 12%. Purchases from the Group's five largest suppliers accounted for approximately 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 44%.

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

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.

PRE-EMPTIVE RIGHTS

There are no provisions for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPLIANCE

In the opinion of the directors, the Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the financial year ended 31 December 2007.

CORPORATE GOVERNANCE REPORT

The Group has complied with most of the code provisions on Corporate Governance Practices as set out in the GEM Listing Rules. This report describes its corporate governance practices, explains the applications of the principles of the Corporate Governance Code and deviations, if any.

(A) Directors' Securities Transactions

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the directors. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the code of conduct regarding securities transactions by the directors throughout the year ended 31 December 2007.

(B) Board Of Directors

The Board comprises seven directors, of whom three are executive directors and four are non-executive directors. The participation of non-executive directors in the Board brings independent judgement on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The Board is responsible for the approval and monitoring of the Group's overall strategies and policies; approval of business plans; evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to executive directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive directors who have attended at Board meetings.

The Board held a regular board meeting for each quarter. Details of the attendance of the Board at the regular quarterly board meeting are as follows:–

Directors	**Attendance**
Mr. Lau Sik Suen	4/4
Mr. Liu Rui Sheng	4/4
Madam Luan Yumin	4/4
Mr. Meng Li Hui	4/4
Mr. Wan Xie Qiu	4/4
Mr. Fong Heung Sang	4/4
Madam Zhou Zhiyun	2/2

CORPORATE GOVERNANCE REPORT (Continued)

(C) Chairman And The Chief Executive Officer

Mr. Lau Sik Suen assumes the role of both the chairman and the chief executive officer of the Company. While serving as the chairman of the Group, Mr. Lau leads the Board and is responsible for the proceedings and workings of the Board. He ensures that:

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

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

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

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

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

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

Mr. Lau has considerable industry experience. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

(D) Remuneration Committee

The Remuneration Committee was established in July 2006. The remuneration Committee comprises three independent non-executive directors, Mr. Meng Li Hui, Mr. Wan Xie Qiu and Mr. Fong Heung Sang. The Remuneration Committee held one meeting in the 12 months ended 31 December 2007, which was attended by all members.

CORPORATE GOVERNANCE REPORT *(Continued)*

(D) Remuneration Committee *(Continued)*

The primary objectives of the Remuneration Committee include reviewing, making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior executives. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Company about these recommendations on remuneration policy and structure and remuneration packages.

(E) Nomination Of Directors

The Board is empowered under the Company's articles of association to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group's business.

(F) Auditor's Remuneration

Auditor's remuneration of approximately HK$400,000 was charged to the Group's income statement for the year ended 31 December 2007 (Year ended 31 December 2006: HK$325,000).

(G) Audit Committee

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

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

The Audit Committee held four meetings in the 12 months ended 31 December 2007, which were attended by all members. The Group's first quarterly report 2007, interim report 2007, third quarterly report 2007 and annual report 2007 have been reviewed by the Audit Committee, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. For the annual report 2007, the Audit Committee met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending it to the Board for approval. The committee also monitored the Company's progress in implementing the code provisions on corporate governance practices as required under the GEM Listing Rules.

AUDITOR

A resolution to re-appoint the retiring auditor, Messrs. PKF, is to be proposed at the forthcoming general meeting.

On behalf of the Board

Lau Sik Suen
Chairman

Hong Kong, 25 March 2008

PKF
Accountants &
business advisers

大信梁學濂（香港）會計師事務所

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNIVERSAL TECHNOLOGIES HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Universal Technologies Holdings Limited (the "Company") set out on pages 28 to 75, which comprise the consolidated and Company's balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants

Hong Kong, 25 March 2008

Consolidated Income Statement

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	4	**72,265**	40,546
Cost of sales/services rendered		**(27,338)**	(11,404)
Gross profit		**44,927**	29,142
Other revenue	4	**2,796**	2,157
Impairment loss on goodwill		**(22)**	–
General and administrative expenses		**(33,471)**	(24,712)
Profit from operations		**14,230**	6,587
Finance costs		**(248)**	(227)
Profit before income tax	5	**13,982**	6,360
Income tax expense	7	**(1,334)**	(798)
Profit for the year	9	**12,648**	5,562
Dividend	10	**–**	–
Earnings per share (in cents)			
Basic	11	**1.11**	0.71
Diluted	11	**1.09**	0.68

Consolidated Balance Sheet

As at 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13(a)	**9,583**	5,530
Prepaid land lease premium	14	**5,063**	–
Goodwill	15	**43,050**	43,050
Deposit paid for acquisition of a subsidiary	36	**3,060**	–
		60,756	48,580
CURRENT ASSETS			
Inventories	17	**9,514**	2,207
Debtors	18	**23,862**	2,970
Deposits paid to merchant		**15,000**	–
Trade deposits		**6,006**	–
Other deposits, prepayments and other receivables	19	**9,403**	2,397
Amount due from a related company	20	**2,889**	–
Financial assets at fair value through profit or loss	21	**375**	–
Prepaid land lease premium	14	**139**	–
Pledged time deposits	22	**2,000**	104
Unpledged time deposits	22	**280**	2,000
Cash and bank balances	23	**97,176**	56,092
		166,644	65,770
DEDUCT:			
CURRENT LIABILITIES			
Trade payable		**7,444**	–
Payable to merchants		**72,420**	27,158
Deposits received, sundry creditors and accruals	24	**4,829**	3,887
Amount due to a director	25	**29**	
Bills payable		**3,623**	–
		88,345	31,045
NET CURRENT ASSETS		**78,299**	34,725
TOTAL ASSETS LESS CURRENT LIABILITIES		**139,055**	83,305
DEDUCT:			
NON-CURRENT LIABILITIES			
Deferred tax liability	8(a)	**3,030**	1,692
Other payables	30	**–**	22,280
		3,030	23,972
NET ASSETS		**136,025**	59,333
REPRESENTING:–			
CAPITAL AND RESERVES			
Share capital	27	**12,869**	9,808
Reserves	29(a)	**123,156**	49,525
TOTAL EQUITY		**136,025**	59,333

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 25 MARCH 2008

LAU SIK SUEN
DIRECTOR

LIU RUI SHENG
DIRECTOR

Balance *Sheet*

As at 31 December 2007

	Note	**2007 HK$'000**	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13(b)	**823**	1,119
Interests in subsidiaries	16	**160,124**	89,487
Deposit paid for acquisition of a subsidiary	36	**3,060**	–
		164,007	90,606
CURRENT ASSETS			
Other deposits and prepayments	19	**420**	359
Cash and bank balances		**2,526**	3,621
		2,946	3,980
DEDUCT:			
CURRENT LIABILITIES			
Accruals	24	**519**	220
Amounts due to subsidiaries	26	**35,076**	–
		35,595	220
NET CURRENT (LIABILITIES)/ASSETS		**(32,649)**	3,760
TOTAL ASSETS LESS CURRENT LIABILITIES		**131,358**	94,366
DEDUCT:			
NON-CURRENT LIABILITIES			
Other payables	30	**–**	22,280
NET ASSETS		**131,358**	72,086
REPRESENTING:–			
CAPITAL AND RESERVES			
Share capital	27	**12,869**	9,808
Reserves	29(b)	**118,489**	62,278
TOTAL EQUITY		**131,358**	72,086

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 25 MARCH 2008

LAU SIK SUEN
DIRECTOR

LIU RUI SHENG
DIRECTOR

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**13,982**	6,360
Adjustments for:–			
Time deposits pledged for banking facilities		**(1,896)**	100
Interest income		**(767)**	(489)
Interest expenses		**1**	227
Impairment loss on goodwill		**22**	–
Depreciation		**1,650**	1,027
Amortisation of prepaid land lease premium		**9**	–
Loss on disposal of property, plant and equipment		**1**	239
Bad debts written off		**109**	378
Equity settled share-based payment expenses		**2,642**	1,132
Operating profit before working capital changes		**15,753**	8,974
Increase in inventories		**(7,307)**	(2,130)
Increase in debtors		**(21,001)**	(62)
Increase in deposits paid to merchant		**(15,000)**	–
Increase in trade deposits		**(6,006)**	–
(Increase)/decrease in other deposits, prepayments and other receivables		**(7,006)**	3,206
Decrease in amounts due from related companies		**–**	612
Increase in trade payable		**7,444**	–
Increase in payable to merchants		**45,262**	6,901
Increase in deposits received, sundry creditors and accruals		**934**	340
Increase in bills payable		**3,623**	–
Effect of foreign exchange rate changes		**(1,198)**	941
Cash generated from operations		**15,498**	18,782
Interest received		**767**	489
Interest paid		**(1)**	–
Tax refund		**4**	62
NET CASH FROM OPERATING ACTIVITIES		**16,268**	19,333
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		**(5,699)**	(4,415)
Payments to acquire prepaid land lease premium		**(5,211)**	–
Sale proceeds of property, plant and equipment		**5**	555
Instalments paid for acquisition of subsidiaries		**(22,280)**	(11,374)
Deposit paid for acquisition of a subsidiary		**(3,060)**	–
Payments to acquire financial assets at fair value through profit or loss		**(375)**	–
Net cash inflow on acquisition of a subsidiary	31	**15**	–
NET CASH USED IN INVESTING ACTIVITIES		**(36,605)**	(15,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amount due from a related company		**(2,889)**	–
Proceeds from exercise of share options		**22,571**	1,216
Proceeds from issue of new shares		**40,019**	31,012
NET CASH FROM FINANCING ACTIVITIES		**59,701**	32,228
NET INCREASE IN CASH AND CASH EQUIVALENTS		**39,364**	36,327
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**58,092**	21,765
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**97,456**	58,092
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Unpledged time deposits		**280**	2,000
Cash and bank balances		**97,176**	56,092
		97,456	58,092

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2007

	Share capital	Share premium	Capital reserve	Special reserve	Exchange reserve	Share options reserve	Convertible bonds reserve	Statutory reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.1.2006	6,682	37,426	1,093	10,754	128	1,122	668	–	(47,761)	10,112
Issue of new shares	1,996	29,016	–	–	–	–	–	–	–	31,012
Conversion of convertible bonds	1,000	9,000	–	–	–	–	(668)	–	–	9,332
Exercise of share options	130	1,086	–	–	–	–	–	–	–	1,216
Transferred to accumulated losses	–	–	–	–	–	(320)	–	–	320	–
Equity settled share-based transactions	–	–	–	–	–	1,132	–	–	–	1,132
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	–	–	–	–	967	–	–	–	–	967
Profit for the year	–	–	–	–	–	–	–	–	5,562	5,562
Transferred to statutory reserve	–	–	–	–	–	–	–	1,147	(1,147)	–
At 31.12.2006	9,808	76,528	1,093	10,754	1,095	1,934	–	1,147	(43,026)	59,333
At 1.1.2007	**9,808**	**76,528**	**1,093**	**10,754**	**1,095**	**1,934**	**–**	**1,147**	**(43,026)**	**59,333**
Issue of new shares	**1,993**	**38,026**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**40,019**
Equity settled share-based transactions	**–**	**–**	**–**	**–**	**–**	**2,642**	**–**	**–**	**–**	**2,642**
Exercise of share options	**1,068**	**23,471**	**–**	**–**	**–**	**(1,968)**	**–**	**–**	**–**	**22,571**
Transferred to accumulated losses	**–**	**–**	**–**	**–**	**–**	**(1,934)**	**–**	**–**	**1,934**	**–**
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	**–**	**–**	**–**	**–**	**(1,188)**	**–**	**–**	**–**	**–**	**(1,188)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,648**	**12,648**
Transferred to statutory reserve	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,495**	**(1,495)**	**–**
At 31.12.2007	**12,869**	**138,025**	**1,093**	**10,754**	**(93)**	**674**	**–**	**2,642**	**(29,939)**	**136,025**

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 March 2001 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of the registered office is Unit 231-233, Building 2, Phase I, No. 1 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

Pursuant to the reorganisation to rationalise the structure of the Company and its subsidiaries in the preparation for the listing of the Company's shares on The Growth Enterprise Market ("GEM") operated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in October 2001, the Company became the holding company of the companies now comprising the Group. The shares of the Company were listed on GEM on 26 October 2001.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:–

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations approved by the HKICPA, and are prepared under the historical cost convention.

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

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2007. The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated income statement from the dates of acquisition or to the dates of disposal respectively. All significant intra-group transactions and balances have been eliminated on consolidation.

Minority interests represents the results and net assets of the subsidiaries attributable to equity interests not owned, directly or indirectly, by the Company.

(c) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(d) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in provision of products or services (business segment), or in provision of products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before inter-segment balances and inter-segment transactions are eliminated as part of the consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:–

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less aggregate depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of the asset.

Depreciation is calculated to write off the cost of property, plant and equipment less any estimated residual value, on a straight-line basis over their estimated useful lives as follows:–

Leasehold buildings	– 40 years
Leasehold improvement	– Shorter of 5 years and the unexpired leases' terms
Plant and machinery	– 5 years
Office equipment, computer and other equipment	– 5 years
Furniture and fixtures	– 5 years
Motor vehicles	– 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gain or loss arising from the retirement or disposal of a plant and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the income statement on the date of retirement or disposal.

(g) Prepaid land lease premium

Up-front payments to acquire leasehold land are amortised over the term of the leases on a straight-line basis.

(h) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Investments *(Continued)*

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value represents the estimated selling price less direct selling costs.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(m) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(q) Employee benefits

Salaries, annual bonuses, annual leave entitlements and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Obligations for contributions to retirement plans, including contributions payable under the Hong Kong Mandatory Provident Fund Schemes Ordinance and the People's Republic of China (the "PRC") central pension scheme, are recognised as an expense in the income statement as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Employee benefits *(Continued)*

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(s) Recognition of revenue

Revenue from the provision of enterprise solutions services is recognised on a straight-line basis over the period in which the work is performed.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Handling income from online payment platform transaction is recognised when the transaction is authorised and completed.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Recognition of revenue *(Continued)*

Annual fee income of online payment platform services is recognised on a straight-line basis over the years of the services.

Set up fee income of online payment platform services is recognised at the time when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised at the time when the shareholders' right to receive payment has been established.

(t) Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the periods of the respective leases.

(u) Related parties

An entity is related to the Company if the entity (i) has, directly or indirectly, control or joint control or significant influence over the Company, or (ii) is controlled by or under common control with the Company, or (iii) is an associate or jointly controlled entity of the Company, or (iv) is controlled, jointly-controlled or significantly influenced by an individual related to the Company.

An individual is related to the Company if the individual (i) has, directly or indirectly, control or joint control or significant influence over the Company, or (ii) is member of the key management personnel of the Company, or (iii) if the individual is a close member of the family of the individuals in (i) or (ii).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

The following Hong Kong Financial Reporting Standards in issue at 31 December 2007 have not been applied in the preparation of the Group's financial statements for the year ended 31 December 2007 since they were not yet effective for the annual period beginning on 1 January 2007:–

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group is required to initially apply HK(IFRIC)-Int 11, HK(IFRIC)-Int 12 and HK(IFRIC)-Int 14 in its annual financial statements beginning on 1 January 2008, and to initially apply HKAS 23 (Revised), HKFRS 8 and HK(IFRIC)-Int 13 in its annual financial statements beginning on 1 January 2009.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2 to the financial statements, management had made the following estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements.

(i) Inventories

Note 2 to the financial statements describes that inventories are stated at the lower of cost and net realisable value. Net realisation value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

The Group does not have a general provisioning policy on inventory based on ageing given the nature of inventories that are not subject to frequent wear and tear and frequent technological changes. However, operational procedures have been in place to monitor this risk as majority of working capital is devoted to inventories. The sales and marketing managers review the inventory ageing listing on a periodical basis for those aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical count on all inventories are carried out on a periodical basis in order to determine whether allowance need to be made in respect of any obsolete and defective inventories identified. In this regards, the directors of the Group are satisfied that this risk is minimal and adequate provision for obsolete and slow-moving inventories has been made in the financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Key sources of estimation uncertainty *(Continued)*

(ii) Depreciation

The management determines the estimated useful lives and related depreciation of the property, plant and equipment as set out in note 2 to the financial statements. The estimate is based on projected lifecycles of the assets. Management will increase the depreciation expense where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using straight-line method.

(iii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was HK$43,050,000 after an impairment loss of HK$22,000 was recognised during the year. Details of the impairment loss calculation are provided in note 15 to the financial statements.

(b) Critical judgements

In the process of applying the Group's accounting policies, judgements that can significantly affect the amounts recognised in the financial statements are made in determining:–

(i) whether the significant risks and rewards of ownership of goods have been transferred to the buyer;

(ii) whether there is an indication of impairment of assets;

(iii) the expected manner of recovery of the carrying amount of assets;

(iv) the discount rates used to calculate the recoverable amount of goodwill and other assets for the purpose of impairment review; and

(v) the valuation method used to calculate the fair value of share options at the measurement date.

4. TURNOVER AND REVENUE

The Group is principally engaged in investment holding, provision of online payment and related services, timber trading and furniture manufacturing, other trading, system integration and related technical support services. Turnover for the year represents revenue recognised from the provision of online payment handling income net of business tax, the net invoiced value of goods sold, system integration and the related consultancy services at net invoice amount. An analysis of the Group's turnover and other revenue is set out below:–

	2007	2006
	HK$'000	HK$'000
Online payment and related services income	37,398	27,159
Timber trading and furniture manufacturing	24,102	–
Other trading, system integration and related technical support services	10,765	13,387
Turnover	72,265	40,546
Interest on bank deposits	767	489
Exchange gain	1,415	108
Others	614	1,560
Total revenue	75,061	42,703

5. PROFIT BEFORE INCOME TAX

	2007	2006
	HK$'000	HK$'000
Profit before income tax is arrived at after charging:–		
Auditor's remuneration	400	325
Staff costs (including directors' remuneration – *Note 6)*		
– Salaries and other benefits	9,163	4,838
– Pension scheme contributions	1,344	786
– Equity settled share-based payment expenses	2,642	1,132
	13,149	6,756
Depreciation	1,650	1,027
Amortisation of prepaid land lease premium	9	–
Sale proceeds of property, plant and equipment	(5)	(555)
Less: carrying amounts of property, plant and equipment	6	794
Loss on disposal of property, plant and equipment	1	239
Bad debts written off	109	378
Minimum operating lease rentals	2,915	1,847

6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors

The remuneration of each director for the year ended 31 December 2007 and 31 December 2006 are set out below:–

	Year ended 31 December 2007						
Name of director	**Fees**	**Salaries, allowances and other benefits in kind**	**Bonuses**	**Pension scheme contributions**	**Sub-total**	**Share based payment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note i)					
Mr. Lau Sik Suen	–	180	15	9	204	–	204
Mr. Liu Rui Sheng	36	–	–	–	36	239	275
Madam Luan Yumin *(Note iii)*	36	204	9	23	272	93	365
Mr. Meng Li Hui	36	–	–	–	36	–	36
Mr. Wan Xie Qiu	36	–	–	–	36	–	36
Mr. Fong Heung Sang *(Note iii)*	52	–	–	–	52	23	75
Madam Zhou Zhiyun *(Note iv)*	14	–	–	–	14	–	14
	210	384	24	32	650	355	1,005

	Year ended 31 December 2006						
Name of director	Fees	Salaries, allowances and other benefits in kind	Bonuses	Pension scheme contributions	Sub-total	Share based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note i)					
Mr. Lau Sik Suen	–	180	–	9	189	–	189
Mr. Liu Rui Sheng	20	–	–	–	20	–	20
Madam Luan Yumin *(Note iii)*	12	113	–	29	154	–	154
Mr. Meng Li Hui	24	–	–	–	24	–	24
Mr. Wan Xie Qiu	24	–	–	–	24	–	24
Mr. Wong Wai Man *(Note ii)*	10	–	–	–	10	–	10
Mr. Fong Heung Sang *(Note iii)*	22	–	–	–	22	–	22
Mr. Zhang Wen Bing *(Note ii)*	–	–	–	–	–	–	–
Madam Zhou Zhiyun *(Note iv)*	6	–	–	–	6	–	6
	118	293	–	38	449	–	449

6. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors *(Continued)*

Notes:–

i. Salaries, allowances and other benefits in kind included basic salaries, housing and other allowances, benefits in kind and employee share option benefits. The employee share option benefits represent fair value at the date the share options were granted and accepted under the scheme amortised to the income statement during the period disregarding whether the options have been exercised or not.

ii. Resigned on 2 July 2006

iii. Appointed on 1 July 2006.

iv. Appointed on 1 July 2006 and resigned on 14 September 2007.

During the year, 12,500,000 and 900,000 share options were granted to executive directors and independent non-executive director respectively in respect of their services to the Group.

No directors waived any emolument during the year.

(b) Five highest paid individuals

Among the five highest paid individuals of the Group, one is a director of the Company and the details of their remuneration has already been disclosed above.

The emoluments and designated band of the remaining four non-director, highest paid employees (one is ex-independent non-executive director) were as follows:–

	2007	2006
	HK$'000	*HK$'000*
Salaries, allowances and other benefits in kind	**1,315**	886
Pension scheme contributions	**38**	28
Equity settled share-based payment expenses	**482**	–
	1,835	914

The emoluments of the four non-directors, highest paid employees fell within the band of nil to HK$1,000,000.

During the year, 18,190,000 share options were granted to the above four non-directors, highest paid employees in respect of their services to the Group.

During the year, no emoluments were paid by the Group to the five highest paid employees, including the director of the Company, as an inducement to join, or upon joining the Group.

7. INCOME TAX EXPENSE

(a) No provision for Hong Kong profits tax and Mainland China corporate income tax has been made as the Group did not generate any assessable profits in Hong Kong and PRC during the year. The Company's subsidiaries operating in the PRC are subject to Mainland China corporate income tax at a rate of 27% or 33%.

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

	2007	2006
	HK$'000	*HK$'000*
Current tax:–		
Overseas taxation		
– Provision for the year	**–**	–
– Over-provision in previous period	**–**	(856)
	–	(856)
Deferred taxation *(Note 8(a))*:–		
Current year	**2,304**	1,654
Reduction of PRC tax rate	**(970)**	–
	1,334	1,654
	1,334	798

7. INCOME TAX EXPENSE *(Continued)*

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

	Hong Kong		PRC		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss)/profit before income tax	**(9,197)**	(6,001)	**23,179**	12,361	**13,982**	6,360
Applicable tax rate (%)	**17.5**	17.5	**27/33**	27/33	**N/A**	N/A
Tax on (loss)/profit before income tax, calculated at the applicable tax rate	**(1,609)**	(1,050)	**6,580**	3,029	**4,971**	1,979
Tax effect of non-deductible expenses in determining taxable profit	**2,460**	810	**646**	596	**3,106**	1,406
Tax effect of non-taxable revenue in determining taxable profit	**(1,890)**	(516)	**(1,083)**	(1,304)	**(2,973)**	(1,820)
Tax effect of unrecognised decelerated/(accelerated) depreciation allowances	**9**	(41)	**–**	–	**9**	(41)
Tax effect of unrecognised tax losses	**1,030**	797	**–**	245	**1,030**	1,042
Tax effect of utilisation of tax losses	**–**	–	**(505)**	(1,614)	**(505)**	(1,614)
Tax effect on 100% tax free concession	**–**	–	**(5,441)**	(3,371)	**(5,441)**	(3,371)
Tax effect of change of tax rate	**–**	–	**(970)**	–	**(970)**	–
Over-provision of income tax in previous period	**–**	–	**–**	(856)	**–**	(856)
Under-provision of deferred tax in previous years	**–**	–	**2,107**	4,073	**2,107**	4,073
Income tax expense	**–**	–	**1,334**	798	**1,334**	798

7. INCOME TAX EXPENSE *(Continued)*

(d) 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 tax rate reduction will also impact the carrying value of deferred tax assets as a result of new tax rate.

8. DEFERRED TAXATION

(a) The Group

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

	Unutilised tax losses *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1.1.2006	–	–	–
Credited/(charged) to income statement for the year *(Note 7(b))*	2,419	(4,073)	(1,654)
Exchange adjustments	54	(92)	(38)
At 31.12.2006 and 1.1.2007	2,473	(4,165)	(1,692)
Charged to income statement for the year *(Note 7(b))*	(2,304)	–	(2,304)
Decrease in deferred tax assets/ liabilities resulting from a reduction of corporate income tax rate	(42)	1,012	970
Exchange adjustments	6	(10)	(4)
At 31.12.2007	**133**	**(3,163)**	**(3,030)**

At the balance sheet date, the Group has unused tax losses of HK$28,433,000 (2006: HK$22,939,000) available for offset against future profits. No deferred tax asset has been recognised of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$1,147,000 (2006: HK$2,672,000) that will expire within five years from the date of incurrence. Other losses can be carried forward indefinitely.

(b) The Company

At the balance sheet date, the Company has unused tax losses of HK$22,373,000 (2006: HK$19,661,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to shareholders of the Company includes a loss of HK$5,960,000 (2006: HK$5,522,000) which has been dealt with in the financial statements of the Company.

10. DIVIDEND

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

11. EARNINGS PER SHARE

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

	2007	2006
Earnings	***HK$'000***	*HK$'000*
Earnings for the purposes of basic earnings per share	**12,648**	5,562
Effect of dilutive potential ordinary shares:–		
Interest on convertible bonds	**–**	227
Earnings for the purposes of diluted earnings per share	**12,648**	5,789

Number of shares	**2007**	2006
Weighted average number of shares in issue for the purpose of calculation of basic earnings per share	**1,142,561,159**	779,454,474
Effect of dilutive potential ordinary shares:–		
Share options	**22,922,972**	12,796,576
Convertible bonds	**–**	64,493,150
Weighted average number of shares in issue for the purpose of calculation of diluted earnings per share	**1,165,484,131**	856,744,200

12. RETIREMENT BENEFIT COSTS

Since 1 December 2000, the Group had joined a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all eligible employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with rules of MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's contribution to such scheme for the year ended 31 December 2007 amounted to approximately HK$103,000 (2006: HK$86,000).

The Company's subsidiaries in the PRC have participated in a central pension scheme. Contributions are made by the subsidiaries to the scheme based on 25.5% of the applicable payroll costs. The Group has no obligation other than the above-mentioned contributions.

The Group's contribution to the state-sponsored retirement plan for the year ended 31 December 2007 amounted to approximately HK$1,241,000 (2006: HK$738,000).

13. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Properties held under medium-term lease	Plant and machinery	Leasehold improvement	Office equipment, computer and other equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1.1.2006							
Cost	–	–	276	3,051	222	1,637	5,186
Aggregate depreciation	–	–	(78)	(1,594)	(101)	(517)	(2,290)
Net book value	–	–	198	1,457	121	1,120	2,896
For the year ended 31.12.2006							
Opening net book value	–	–	198	1,457	121	1,120	2,896
Exchange adjustments	–	–	–	35	(1)	6	40
Additions	–	–	2	1,076	–	3,337	4,415
Disposals	–	–	–	(85)	(1)	(708)	(794)
Depreciation	–	–	(55)	(592)	(41)	(339)	(1,027)
Closing net book value	–	–	145	1,891	78	3,416	5,530
At 31.12.2006							
Cost	–	–	278	3,297	167	3,643	7,385
Aggregate depreciation	–	–	(133)	(1,406)	(89)	(227)	(1,855)
Net book value	–	–	145	1,891	78	3,416	5,530
For the year ended 31.12.2007							
Opening net book value	**–**	**–**	**145**	**1,891**	**78**	**3,416**	**5,530**
Exchange adjustments	**–**	**–**	**–**	**5**	**–**	**5**	**10**
Additions	**2,491**	**263**	**716**	**1,284**	**–**	**945**	**5,699**
Disposals	**–**	**–**	**(2)**	**(4)**	**–**	**–**	**(6)**
Depreciation	**(2)**	**(19)**	**(153)**	**(651)**	**(31)**	**(794)**	**(1,650)**
Closing net book value	**2,489**	**244**	**706**	**2,525**	**47**	**3,572**	**9,583**
At 31.12.2007							
Cost	**2,491**	**263**	**992**	**4,529**	**167**	**4,593**	**13,035**
Aggregate depreciation	**(2)**	**(19)**	**(286)**	**(2,004)**	**(120)**	**(1,021)**	**(3,452)**
Net book value	**2,489**	**244**	**706**	**2,525**	**47**	**3,572**	**9,583**

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(b) The Company

	Leasehold improvement HK$'000	Office equipment, computer and other equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1.1.2006					
Cost	276	136	108	408	928
Aggregate depreciation	(78)	(17)	(29)	(54)	(178)
Net book value	198	119	79	354	750
For the year ended 31.12.2006					
Opening net book value	198	119	79	354	750
Additions	–	10	–	660	670
Disposals	–	(36)	–	(66)	(102)
Depreciation	(55)	(21)	(21)	(102)	(199)
Closing net book value	143	72	58	846	1,119
At 31.12.2006					
Cost	276	104	108	988	1,476
Aggregate depreciation	(133)	(32)	(50)	(142)	(357)
Net book value	143	72	58	846	1,119
For the year ended 31.12.2007					
Opening net book value	**143**	**72**	**58**	**846**	**1,119**
Depreciation	**(55)**	**(21)**	**(22)**	**(198)**	**(296)**
Closing net book value	**88**	**51**	**36**	**648**	**823**
At 31.12.2007					
Cost	**276**	**104**	**108**	**988**	**1,476**
Aggregate depreciation	**(188)**	**(53)**	**(72)**	**(340)**	**(653)**
Net book value	**88**	**51**	**36**	**648**	**823**

14. PREPAID LAND LEASE PREMIUM

The Group's interests in land lease premium represents prepaid operating lease payments and its net book value is analysed as follows:–

	The Group	
	2007	2006
	HK$'000	*HK$'000*
In Hong Kong, held on medium-term lease	**1,121**	–
Outside Hong Kong, held on medium-term lease	**4,081**	–
	5,202	–
Less: Current portion	**(139)**	–
Non-current portion	**5,063**	–
Representing:–		
Opening net book value	**–**	–
Additions	**5,211**	–
Amortisation of prepaid land lease premium	**(9)**	–
Closing net book value	**5,202**	–

15. GOODWILL

	The Group	
	2007	2006
	HK$'000	*HK$'000*
Cost	**43,050**	43,050
Representing:–		
Opening net book value	**43,050**	43,050
Acquisition of a subsidiary *(Note 31)*	**22**	–
Less: Impairment loss	**(22)**	–
Closing net book value	**43,050**	43,050

15. GOODWILL *(Continued)*

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:–

	2007	2006
	HK$'000	HK$'000
Platform payment services *(Note 15(a))*	43,050	43,050
Investment holding *(Note 15(b))*	22	–
	43,072	43,050

Notes:–

(a) The goodwill was related to the acquisition of 70.6% equity interest in IPSSH.

(b) The goodwill was related to the acquisition of the entire 100% equity interest in Seal Media Universal China Limited as mentioned in note 31 to financial statements.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rate of 20%.

The impairment loss of HK$22,000 recognised during the year solely relates to the investment in Seal Media Universal China Limited.

16. INTERESTS IN SUBSIDIARIES

	The Company	
	2007	2006
	HK$'000	HK$'000
Unlisted shares, at cost	96,859	65,800
Amounts due from subsidiaries – *Note 16(b)*	63,265	23,687
	160,124	89,487

16. INTERESTS IN SUBSIDIARIES *(Continued)*

Notes:–

(a) The details of the subsidiaries as at 31 December 2007 are as follows:–

Name of company	Place of incorporation/ establishment and operation	Particulars of issued share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			Directly	Indirectly	
Universal Cyberworks International Limited	British Virgin Islands	1 ordinary share of US$1 each	100%	–	Investment holding
Universal Enterprise Investment Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Investment holding
iLogistics China Limited	Hong Kong	500,000 ordinary shares of US$1 each	–	60%	Investment holding
Hyle Maestro Wooding (Shanghai) Limited*	People's Republic of China	US$1,080,000	–	100%	Trading of timber and manufacturing of furniture
International Payment Solutions (Shanghai) Limited ("IPSSH")#	People's Republic of China	RMB50,000,000	–	100%	Provision of online payment enterprise solutions and related services
Universal i-Payment Holdings Limited	Hong Kong	1,000,000 ordinary shares of HK$1 each	–	100%	Investment holding
Universal i-Payment (Shanghai) Limited ("UPSH")*	People's Republic of China	US$880,000	–	100%	Investment holding
Universal Technologies (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Sales of LCD monitors and provision of system integration and related technical support services
International Payment Solutions (Hong Kong) Limited (Formerly known as "Universal iPayment (Hong Kong) Limited")	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Provision of online payment enterprise solutions and related services
Seal Media Universal China Limited	Hong Kong	100 ordinary shares of HK$1 each	–	100%	Investment holding

* *The subsidiaries are registered as Wholly Foreign Owned Enterprises under PRC Laws.*

\# *As explained in prior period's financial statements, the Company lacks equity ownership in this subsidiary. Nevertheless, under the Exclusive Purchase Right Contract and the Pledge Contract entered into between UPSH and Mr. Liu and Madam Luan, UPSH became the registered holder of IPSSH upon the exercise of their respective terms.*

(b) The amounts are interest-free, unsecured and have no fixed terms of repayment. The directors consider the carrying amounts of amounts due from subsidiaries approximate their fair values.

17. INVENTORIES

	The Group	
	2007	2006
	HK$'000	*HK$'000*
Raw materials	**5,188**	2,062
Work in progress	**2,914**	–
Finished goods	**1,412**	145
	9,514	2,207

18. 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:–

	The Group	
	2007	2006
	HK$'000	*HK$'000*
0 – 6 months	**23,862**	2,970
Neither past due or impaired	**23,862**	2,970

19. OTHER DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Utilities and other deposits	**169**	295	**–**	194
Prepayments	**1,619**	1,161	**417**	165
Other receivables	**7,615**	941	**3**	–
	9,403	2,397	**420**	359

20. AMOUNT DUE FROM A RELATED COMPANY – THE GROUP

The amount represents an amount due from a related company in which Mr. Liu Rui Sheng and Madam Luan Yumin have beneficial interests. Disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:–

Name of company	Balance outstanding At 1.1.2007	Maximum during the year	At 31.12.2007
	HK$'000	*HK$'000*	*HK$'000*
上海藍普信息科技有限公司	–	2,889	2,889

The amount is interest-free, unsecured and repayable on demand. The directors consider the carrying amount of amount due from a related company approximates its fair value.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group 2007	2006
	HK$'000	*HK$'000*
Listed securities		
Equity securities – Hong Kong	**375**	–
Market value of listed securities	**375**	–

22. TIME DEPOSITS – THE GROUP

The deposits included an amount of approximately HK$2,000,000 (2006: HK$104,000) which had been pledged to a bank to secure the general banking facilities granted to a subsidiary of the Group.

The effective interest rate on short-term bank deposits was 3.68% (2006: 2.8%); these deposits have a maturities of 31 days.

23. CASH AND BANK BALANCES – THE GROUP

At 31 December 2007, cash and bank balances of the Group denominated in Renminbi amounted to approximately HK$90,847,000 (2006: HK$48,850,000). Renminbi is not freely convertible into foreign currencies. Subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks authorised to conduct foreign exchange business.

24. DEPOSITS RECEIVED, SUNDRY CREDITORS AND ACCRUALS

	The Group		The Company	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Deposits received and receipts in advance	**1,802**	1,636	**88**	–
Accruals	**2,039**	2,251	**431**	220
Other payables	**988**	–	**–**	–
	4,829	3,887	**519**	220

25. AMOUNT DUE TO A DIRECTOR – THE GROUP

The amount is interest-free, unsecured and repayable on demand. The directors consider the carrying amount of amount due to a director approximates its fair value.

26. AMOUNTS DUE TO SUBSIDIARIES – THE COMPANY

The amounts are interest-free, unsecured and repayable on demand. The directors consider the carrying amounts of amounts due to subsidiaries approximate their fair values.

27. SHARE CAPITAL

		The Group and the Company	
(a) Share capital	*Note*	**Number of shares**	*HK$'000*
Authorised:			
Ordinary shares of HK$0.01 each			
At 31 December 2006 and 2007		**2,000,000,000**	**20,000**
Issued and fully paid:			
At 1 January 2006		668,198,858	6,682
Issue of shares upon placing of shares		199,600,000	1,996
Issue of shares upon the conversion of convertible bonds		100,000,000	1,000
Issue of shares upon the exercise of share options		12,990,000	130
At 31 December 2006		980,788,858	9,808
At 1 January 2007		980,788,858	9,808
Issue of shares upon the exercise of share options	*(i)*	106,810,000	1,068
Issue of shares upon placing of shares	*(ii)*	199,330,000	1,993
At 31 December 2007		**1,286,928,858**	**12,869**

27. SHARE CAPITAL *(Continued)*

(a) Share capital *(Continued)*

Notes:–

(i) During the year, 60,000, 8,000,000, 24,440,000 and 74,310,000 new shares of HK$0.01 each were allotted and issued at a premium of HK$0.098, HK$0.1550, HK$0.166 and HK$0.218 per share respectively upon the exercise of 106,810,000 share options granted under the Share Option Schemes as stated in note 28 to the financial statements. The excess of the issue price over the par value of the shares amounted to approximately HK$6,000, HK$1,240,000, HK$4,057,000 and HK$16,200,000 respectively was credited to the share premium account of the Company.

(ii) On 5 June 2007 and 29 June 2007, 153,330,000 and 46,000,000 new shares of HK$0.01 each were issued at a premium of HK$0.188 and HK$0.20 per share respectively upon the placing arrangement. The excess of the issue price over the par value of the shares amounted to approximately HK$28,826,000 and HK$9,200,000 respectively was credited to the share premium account of the Company.

(b) Capital management

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debts over equity capital. Net debts is calculated as total debts less cash and cash equivalents. Equity capital comprises all components of equity (i.e. share capital, share premium, retained earnings and reserves). The debt-to-equity capital ratios at 31 December 2007 and at 31 December 2006 were as follows:–

	2007	2006
	HK$'000	*HK$'000*
Total debts	**86,543**	51,689
Less: Cash and cash equivalents	**(97,456)**	(58,092)
Net debts	**(10,913)**	(6,403)
Total equity	**136,025**	59,333
Debt-to-equity capital ratio	**(0.08)**	(0.11)

28. SHARE OPTIONS

The Company operates three Share Option Schemes (including two Pre-IPO Share Option Schemes) adopted on 12 October 2001 under which the board of directors (the "Board") are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, and other eligible persons, to take up options to subscribe for shares of the Company. For the two Pre-IPO Share Option Schemes, the exercise prices were determined by the Board to be HK$0.010 and HK$0.084 respectively. The exercise price of the Share Option Scheme (other than the Pre-IPO Share Option Schemes) shall be determined by the Board in its absolute discretion, but in any event shall not be less than the higher of (i) the closing price per share on GEM as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average of the closing prices per share on GEM as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option.

None of the options granted under the Pre-IPO Share Option Schemes can be exercised during the first six months after 26 October 2001 (the "Listing Date"). The period within which the shares must be taken up under the Pre-IPO Share Option Schemes must be within a period of ten years commencing on the expiry of six months after the Listing Date and expiring on the last day of such ten-year period.

The vesting period and exercisable period of the Share Option Scheme (other than the Pre-IPO Share Option Schemes) are determined by the Board but in any case no option can be exercised later than ten years from the date of grant.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

28. SHARE OPTIONS (Continued)

(a) A summary of the movements of share options granted under the Company's share option schemes during the year is as follows:–

Option scheme adopted on	Date of grant	Exercise period	Exercise price	Number of share options: Outstanding as at 1 January 2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2007
12 October 2001	7 February 2002	7 February 2002 to 6 February 2012	HK$1.300	350,000	–	–	–	350,000
12 October 2001	9 April 2002	9 April 2002 to 8 April 2012	HK$1.400	70,000	–	–	–	70,000
12 October 2001	23 December 2002	Maximum 50%: 1 July 2003 to 22 December 2012 Remaining 50%: 1 January 2004 to 22 December 2012	HK$0.108	60,000	–	(60,000)	–	–
12 October 2001	10 April 2003	Maximum 50%: 10 October 2003 to 9 April 2013 Remaining 50%: 10 April 2004 to 9 April 2013	HK$0.165	2,000,000	–	(2,000,000)	–	–
12 October 2001	10 April 2003	Maximum 50%: 10 October 2003 to 9 April 2013 Remaining 50%: 10 April 2004 to 9 April 2013	HK$0.165	6,000,000	–	(6,000,000)	–	–
12 October 2001	29 December 2005	Maximum 50%: 29 December 2005 to 28 December 2015 Remaining 50%: 29 June 2006 to 28 December 2015	HK$0.176	29,800,000	–	(24,440,000)	(5,360,000)	–
12 October 2001	21 May 2007	21 May 2007 to 20 May 2009	HK$0.228	–	99,720,000	(74,310,000)	–	25,410,000
				38,280,000	99,720,000	(106,810,000)	(5,360,000)	25,830,000

28. SHARE OPTIONS *(Continued)*

(b) The number and weighted average exercises prices of share options are as follows:–

	2007		2006	
	Weighted average of exercise price	**Number of options**	Weighted average of exercise price	Number of options
	HK$		*HK$*	
Outstanding at the beginning of the year	**0.186**	**38,280,000**	0.166	63,420,000
Granted during the year	**0.228**	**99,720,000**	–	–
Exercised during the year	**0.211**	**(106,810,000)**	0.094	(12,990,000)
Lapsed during year	**0.176**	**(5,360,000)**	0.183	(12,150,000)
Outstanding at the end of year	**0.247**	**25,830,000**	0.186	38,280,000
Exercisable at the end of year	**0.247**	**25,830,000**	0.186	38,280,000

The weighted average share price at the date of exercise of share options exercised during the year was HK$0.274 (2006: HK$0.190).

(c) Fair value of share options granted during the year:–

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Black-Scholes option pricing model.

	2007	2006
	HK$'000	*HK$'000*
Fair value at measurement date	**0.0265**	N/A
Share price	**0.2260**	N/A
Exercise price	**0.2280**	N/A
Expected volatility	**40.04%**	N/A
Expected dividend	**N/A**	N/A
Risk-free interest rate	**3.85%**	N/A

The expected volatility is based on the historic volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumptions could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. However, the management has taken into consideration of historical staff turnover pattern for the estimation of expected option life.

29. RESERVES

(a) The Group

	Share premium	Capital reserve	Special reserve	Exchange reserve	Share options reserve	Convertible bonds reserve	Statutory reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.1.2006	37,426	1,093	10,754	128	1,122	668	–	(47,761)	3,430
Issue of new shares	29,016	–	–	–	–	–	–	–	29,016
Conversion of convertible bonds	9,000	–	–	–	–	(668)	–	–	8,332
Exercise of share options	1,086	–	–	–	–	–	–	–	1,086
Transferred to accumulated losses	–	–	–	–	(320)	–	–	320	–
Equity settled share-based transactions	–	–	–	–	1,132	–	–	–	1,132
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	–	–	–	967	–	–	–	–	967
Profit for the year	–	–	–	–	–	–	–	5,562	5,562
Transferred to statutory reserve	–	–	–	–	–	–	1,147	(1,147)	–
At 31.12.2006	76,528	1,093	10,754	1,095	1,934	–	1,147	(43,026)	49,525
At 1.1.2007	76,528	1,093	10,754	1,095	1,934	–	1,147	(43,026)	49,525
Issue of new shares *(Note 27(a)(i))*	38,026	–	–	–	–	–	–	–	38,026
Equity settled share-based transactions	–	–	–	–	2,642	–	–	–	2,642
Exercise of share options *(Note 27(a)(ii))*	23,471	–	–	–	(1,968)	–	–	–	21,503
Transferred to accumulated losses	–	–	–	–	(1,934)	–	–	1,934	–
Exchange differences arising on translation of financial statements of subsidiaries established in the PRC	–	–	–	(1,188)	–	–	–	–	(1,188)
Profit for the year	–	–	–	–	–	–	–	12,648	12,648
Transferred to statutory reserve	–	–	–	–	–	–	1,495	(1,495)	–
At 31.12.2007	**138,025**	**1,093**	**10,754**	**(93)**	**674**	**–**	**2,642**	**(29,939)**	**123,156**

Notes:–

(i) The special reserve represents the difference between the nominal value of the ordinary shares issued by the Company and the share capital of a subsidiary acquired pursuant to the reorganisation completed in 2001.

(ii) The subsidiary established in PRC was required by PRC Company Law to appropriate 10% of its statutory after-tax profit to a general reserve fund until the balance of the fund reached 50% of share capital and thereafter any further appropriation was optional. The general reserve fund could be utilised to offset prior years' losses or to increase share capital on the condition that the general reserve fund must be maintained at a maximum of 25% of the share capital after such issuance. During the year, the board of directors of the subsidiary resolved to appropriate approximately HK$1,495,000 (2006: HK$1,147,000) from retained profits to general reserve fund.

29. RESERVES *(Continued)*

(b) The Company

	Share premium	Share options reserve	Convertible bonds reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.1.2006	44,990	1,122	668	(18,546)	28,234
Issue of new shares	29,016	–	–	–	29,016
Conversion of convertible bonds	9,000	–	(668)	–	8,332
Exercise of share options	1,086	–	–	–	1,086
Transferred to accumulated losses	–	(320)	–	320	–
Equity settled share-based transactions	–	1,132	–	–	1,132
Loss for the year	–	–	–	(5,522)	(5,522)
At 31.12.2006	84,092	1,934	–	(23,748)	62,278
At 1.1.2007	84,092	1,934	–	(23,748)	62,278
Equity settled share-based transactions	–	2,642	–	–	2,642
Issue of new shares *(Note 27(a)(i))*	38,026	–	–	–	38,026
Exercise of share options *(Note 27(a)(ii))*	23,471	(1,968)	–	–	21,503
Transferred to accumulated losses	–	(1,934)	–	1,934	–
Loss for the year	–	–	–	(5,960)	(5,960)
At 31.12.2007	**145,589**	**674**	**–**	**(27,774)**	**118,489**

Notes:–

(i) The share premium of the Company includes (i) shares issued at premium and (ii) the difference between the nominal value of the ordinary shares issued by the Company and the net asset values of the subsidiaries at the date they were acquired through an exchange of shares pursuant to the reorganisation completed in 2001. Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) At 31 December 2007, in the opinion of the directors, the reserves of the Company available for distribution to shareholders amounted to HK$117,815,000 (2006: HK$60,344,000) subject to the restrictions as stated above.

30. OTHER PAYABLES

The amount represents the purchase consideration payable for the acquisition of IPSSH as follows:–

	The Group and the Company	
	2007	2006
	HK$'000	*HK$'000*
Amount payable for acquisition of 70.6% equity interest of IPSSH by five instalments within five years	–	22,280
Non-current portion	–	22,280

31. BUSINESS COMBINATION

On 29 October 2007, the Group acquired 100% of equity interest in a wholly-owned subsidiary, Seal Media Universal China Limited, an investment holding company incorporated in Hong Kong. The acquired business did not contribute any revenue or net profit to the Group for the period from 29 October 2007 to 31 December 2007.

The assets and liabilities arising from the acquisition are as follows:–

	At 29.10.2007
	HK$'000
Cash and cash equivalents	**15**
Amount due to a director	**(29)**
Accruals	**(8)**
Net liabilities acquired	**(22)**
Goodwill arising on acquisition	**22**
Total purchase consideration	**–**
Cash and cash equivalents in a subsidiary acquired	**(15)**
Net cash inflow on acquisition	**(15)**

32. COMMITMENTS

(a) Operating leases arrangements

(i) The Group

At 31 December 2007, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:–

	2007	2006
	HK$'000	*HK$'000*
Within one year	2,097	766
After one year but within five years	2,231	1,202
	4,328	1,968

Operating lease payments represent rentals payable by the Group for the use of servers and office premises. Leases are negotiated for a term ranging from one to two years with fixed monthly rentals.

(ii) The Company

At 31 December 2007, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating lease which falls due as follows:–

	2007	2006
	HK$'000	*HK$'000*
Within one year	543	234
After one year but within five years	821	–
	1,364	234

Operating lease payments represent rentals payable by the Company for the use of office premises. Lease is negotiated for a term of two years with fixed monthly rentals.

(b) Capital commitments

At 31 December 2007, the Group and the Company had no capital commitments.

33. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS

The Group's policy is to prudently manage daily operations and invest surplus funds managed by the Group in a manner which satisfy liquidity requirements, safeguard financial assets, manage risks while optimising the returns.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and market price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss for the company by failing to discharge an obligation. The Group manages credit risks by setting up credit control policy and periodic evaluation of credit performance of the other parties, measured by the extent of past due or default.

In respect of debtors arising from trading business, individual credit evaluations are preferred on all customers requiring credit over a certain amount. These evaluation focus on the customer's past history of making payments when due and current ability to pay, and make take amount information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors are due with 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group was not exposed to significant risk from debtors arising from online platform, the transactions of which are made in cash or via reliable major credit cards by limiting the amount of credit exposure to these financial institutions and the merchants.

Carrying amounts of financial assets as at 31 December 2007, which represented the amounts of maximum exposure to credit risks, were as follows:–

	2007	2006
	HK$'000	*HK$'000*
Debtors	**23,862**	2,970
Other deposits and other receivables	**7,784**	1,236
Amount due from a related company	**2,889**	–
Financial assets at fair value through profit or loss	**375**	–
Pledged time deposits	**2,000**	104
Unpledged time deposits	**280**	2,000
Cash and bank balances	**97,176**	56,092
	134,366	62,402

33. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flows and cash balances forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by the debt-to-equity capital ratio.

Maturities of the financial liabilities of the Group as at 31 December 2007 were as follows:–

	2007	2006
	HK$'000	*HK$'000*
Total amounts of contractual undiscounted obligations:		
Trade payable	**7,444**	–
Payable to merchants	**72,420**	27,158
Sundry creditors and accruals	**3,027**	2,251
Amount due to a director	**29**	–
Bills payable	**3,623**	–
Other payables	**–**	22,280
	86,543	51,689
Due for payment:		
Within one year	**86,543**	29,409
In the second to fifth years	**–**	22,280
	86,543	51,689

33. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Carrying amounts of financial assets and financial liabilities as at 31 December 2007 that exposed to currency risks were as follows:–

	2007	2006
	HK$'000	*HK$'000*
Financial assets denominated in foreign currencies:		
Cash and bank balances	**92,705**	49,857
Debtors	**23,850**	2,909
Financial liabilities denominated in foreign currencies:		
Trade payable	**7,444**	–
Payable to merchants	**69,154**	24,895
Sundry creditors and accruals	**1,938**	1,873
Net financial assets exposed to currency risks	**38,019**	25,998

The Group operates in Hong Kong and PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. At present, the Group does not intend to seek to hedge its exposure to foreign exchange risk profile as there were insignificant fluctuation in exchange rate between Hong Kong dollar and Reminbi.

Should Hong Kong dollars at 31 December 2007 devalue by 10% against all foreign currencies except United States dollars, the carrying amount of the net financial assets exposed to currency risk at 31 December 2007 determined in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would be increased, and hence the equity at 31 December 2007 would be increased, by HK$3,582,000 (2006: HK$2,499,000); and no effect on the profit for the years ended 31 December 2007 and 2006.

33. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(Continued)*

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. The Group manages market prices risks, when it is considered significant, by entering into appropriate derivatives contacts.

The Group is exposed to equity price risk arising from equity investments classified as financial assets at fair value through profit or loss (note 21). The Group is not exposed to commodity price risk.

All investments are subject to a maximum concentration limit predetermined by the Board.

34. RELATED PARTY TRANSACTIONS

(a) Apart from the transaction as disclosed in notes 20 and 25 to the financial statements, the Group had no material transactions with its related parties during the year.

(b) Key management compensation

	2007	2006
	HK$'000	*HK$'000*
Fees for key management personnel	**72**	32
Salaries, allowances and other benefits in kind	**2,255**	867
Pension scheme contributions	**116**	52
Equity settled share-based payment expenses	**940**	–
	3,383	951

35. SEGMENT REPORTING

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:–

(a) Payment enterprise solutions

Provision of payment enterprise solutions and ongoing technical support services.

(b) Trading and system integration

Trading, provision of system integration and related technical support services.

(c) Timber trading and furniture manufacturing

Trading of timber and manufacturing of furniture.

Other operating segment represents the operating segment which does not meet the quantitative threshold for determining reportable segment. It represents investment holding activities.

In determining the Group's geographical segments, revenues are attributable to the segments based on the location of the customers, and assets are attributable to the segments based on the location of the assets.

35. SEGMENT REPORTING *(Continued)*

(a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments:–

	Payment enterprise solutions		Timber trading and furniture manufacturing		Trading and system integration		Others		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue										
Revenue from external customers	**42,028**	30,745	**24,102**	–	**6,135**	9,801	**–**	–	**72,265**	40,546
Other revenue	**1,869**	1,704	**637**	–	**38**	320	**252**	133	**2,796**	2,157
Total revenue	**43,897**	32,449	**24,739**	–	**6,173**	10,121	**252**	133	**75,061**	42,703
Segment results	**22,004**	13,950	**1,362**	–	**(352)**	(1,082)	**(9,551)**	(6,770)	**13,463**	6,098
Interest income									**767**	489
Profit from operations									**14,230**	6,587
Finance costs									**(248)**	(227)
Profit before income tax									**13,982**	6,360
Income tax expense									**(1,334)**	(798)
Profit for the year									**12,648**	5,562
Depreciation for the year	**1,234**	739	**121**	–	**–**	27	**295**	261	**1,650**	1,027
Amortisation	**–**	–	**9**	–	**–**	–	**–**	–	**9**	–
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**22**	–	**22**	–
Segment assets	**175,541**	103,768	**35,630**	–	**1**	5,256	**16,228**	5,326	**227,400**	114,350
Unallocated assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total assets	**175,541**	103,768	**35,630**	–	**1**	5,256	**16,228**	5,326	**227,400**	114,350
Segment liabilities	**75,685**	30,233	**12,044**	–	**–**	523	**616**	22,569	**88,345**	53,325
Unallocated liabilities	**3,030**	1,692	**–**	–	**–**	–	**–**	–	**3,030**	1,692
Total liabilities	**78,715**	31,925	**12,044**	–	**–**	523	**616**	22,569	**91,375**	55,017
Capital expenditure incurred during the year	**2,494**	3,439	**2,044**	–	**–**	306	**6,372**	670	**10,910**	4,415

35. SEGMENT REPORTING *(Continued)*

(b) Geographical segments

	PRC		Hong Kong		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**48,481**	27,159	**23,784**	13,387	**72,265**	40,546
Other revenue	**908**	1,324	**1,888**	833	**2,796**	2,157
Total revenue	**49,389**	28,483	**25,672**	14,220	**75,061**	42,703
Segment assets	**145,337**	103,100	**82,063**	11,250	**227,400**	114,350
Capital expenditure incurred during the year	**8,043**	3,724	**2,867**	691	**10,910**	4,415

36. SUBSEQUENT EVENTS

On 6 December 2007, the directors announced that Universal Cyberworks International Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with an independent third party for the acquisition of the entire issued share capital of Universal iPayment International Limited (the "Acquisition"). The consideration for the Acquisition amounted to HK$72,500,000 and will be satisfied as to HK$3,060,000 in cash to be financed by the Group's internal resources and as to the remaining balance of HK$69,440,000 by the issuance of 217 million shares at the issue price of HK$0.32 per share. The Acquisition was approved by the shareholders of the Company in an extraordinary general meeting held on 28 January 2008.

37. AMENDMENT OF THE PRESENTATION OF THE INCOME STATEMENT

For the year ended 31 December 2007, the presentation of the expenses on the face of the income statement was changed from by nature to by function as the directors consider that such presentation would provide information that was reliable and more relevant after the Group commenced new business segment of timber trading and furniture manufacturing.

RESULTS

	Year ended		Period from 1 April 2005 to 31 December	Years ended 31 March (Restated)	
	2007	2006	2005	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**72,265**	40,546	7,750	5,043	11,243
Profit/(loss) for the year/period	**12,648**	5,562	(9,380)	(9,060)	(10,694)

ASSETS AND LIABILITIES

	At 31 December			At 31 March	
				(Restated)	*(Restated)*
	2007	2006	2005	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS	**60,756**	48,580	45,946	29,301	32,622
CURRENT ASSETS	**166,644**	65,770	31,547	15,965	9,866
DEDUCT:					
CURRENT LIABILITIES	**88,345**	31,045	32,199	9,357	5,341
NET CURRENT ASSETS/(LIABILITIES)	**78,299**	34,725	(652)	6,608	4,525
	139,055	83,305	45,294	35,909	37,147
DEDUCT:					
NON-CURRENT LIABILITIES	**(3,030)**	(23,972)	(35,182)	(10,000)	–
NET ASSETS	**136,025**	59,333	10,112	25,909	37,147