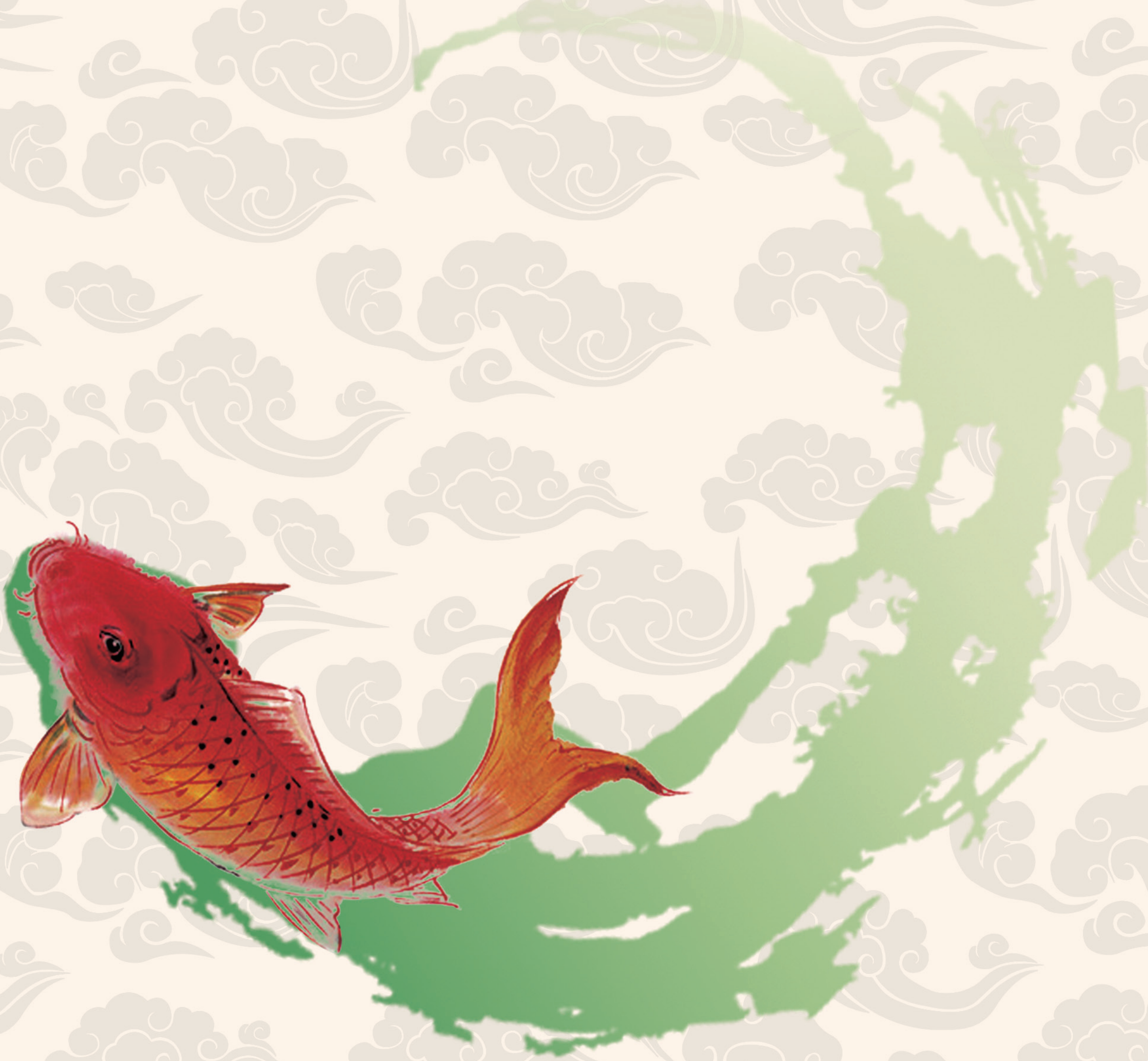
TECHNOLOGIES UNIVERSAL

Universal Technologies Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1026



Annual Report 2010

Contents

Highlights of the Year

- Turnover for the year ended 31 December 2010 amounted to HK$122.95 million (2009: HK$86.97 million), representing an increase of 41% over the last fiscal year.

- Net profit attributable to shareholders of the Company for the year ended 31 December 2010 was HK$53.29 million (2009: HK$28.48 million), representing an increase of 87% over the last fiscal year. The main reason for the increase in net profit was attributable to the significant increase in turnover of payment solutions business and increase in fair value of investment properties.

- Basic and diluted earnings per share for the year ended 31 December 2010 amounted to HK3.46 cents and HK3.46 cents respectively (2009: HK1.89 cents and HK1.89 cents respectively).

- The Board of Directors has resolved to recommend a final dividend of HK0.60 cents per share for the year ended 31 December 2010 (2009: HK0.39 cents per share).

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Lau Yeung Sang *(Chairman)*
Liu Ruisheng
Luan Yumin
Ren Lili
Chang Hung Lun *(appointed on 23 February 2011)*

Non-Executive Director:

Chow Cheuk Lap

Independent Non-Executive Directors:

Meng Lihui
Wan Xieqiu *(resigned on 23 February 2011)*
Fong Heung Sang
Liu Ji

COMPANY SECRETARY

Tang Chi Wai

COMPLIANCE OFFICER

Lau Yeung Sang

AUDIT COMMITTEE

Meng Lihui *(Chairman)*
Wan Xieqiu *(resigned on 23 February 2011)*
Fong Heung Sang
Liu Ji

AUTHORISED REPRESENTATIVES

Lau Yeung Sang
Tang Chi Wai

AUDITOR

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

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Room 1712–16, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKER

Standard Chartered Bank

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the annual report of the Company and its subsidiaries for the year ended 31 December 2010.

REVIEW

In 2010, while the world economy is slowly recovering and with the future still uncertain, however we were steadfast in our commitment to excel and continued to focus strongly on the Group's strategic direction. This enabled us to move forward through innovation and resourcefulness to achieve a huge growth in the remaining part of the year.

For the year, the Group's key performance indicators have exceeded expectations in many areas. Firstly, the total income increased beyond expectation breaking the hundred million dollar mark with a growth of more than 40% over the same period last year, and other financial indicators are also much higher when compared against the average economic growth. Secondly, for Human Resources, the Group has achieved a historical high in filling out both the core positions of key personnel and increasing the talent pool. In the course of this year, the main focus has been on sustaining our development through making breakthroughs in our payment products and services. We have expanded from our traditional stronghold in Mainland China to a global payment service provider offering multi-currency processing and more payment options. This structure with a comprehensive payment platform has been established to meet the demands of international customers and has resulted in an outstanding performance over last year. In the timber business, in addition to managing our raw material resources, our product lines have unique award winning designs which have resulted in creating strong market demand. With the gradual investment in property development, the Group has formed business partnerships to invest and develop industry park to support and enhance our overall business interests.

For the year, the Group made the successful transfer of listing from the Growth Enterprise Market to the Main Board of The Stock Exchange of Hong Kong Limited to mark an important milestone in our Group's history. Being listed on the Main Board clearly enhances the status of the Group. This provides a broader platform for diversification of industries and development of investor relations to achieve vertical industry integration and horizontal business expansion to bring about greater long-term stability and shareholder value. We were very pleased with the rapid business development achieved by all our business units especially, Hong Kong which contributed significantly to the Group's overall performance.

For the year, the completion of Universal Enterprise Building in Shanghai is also another milestone to be celebrated. It marks the optimization of the Group's asset structure, whether based on the improvement in the fixed assets ratio of total assets, or the improvement of the assets turnover ratio, all indicate the Group's financial structure risk is lowered. Through co-operation with strategic partners in the industry, we will further reduce risk while at the same time increase our revenue.

Chairman's Statement

PROSPECTIVE

2011 is an uncertain year, external economic environment, natural disasters, regional political instability act these all factors will affect economy recovery at all. Despite of the factors, we actively adapted to market changes.

For the year, we marked a new beginning with new opportunities and challenges. In this new starting point, we are not focused on short-term strategies. "Look before you leap" is our philosophy which allows us to complete each task with skill and ease.

The Group will continue to follow its strategy of diversification and sustainable, also we target to make our strategy in stabilize. Diversification is a breadth while sustainable is a depth. These two strategies are co-related but cannot be achieved through short term measures while the resource is insufficient. We look at the long-term with the objective of stable growth. While with the dynamic industry, we have to be responsive to the changes and manage our growth with minimum risk through regulation of business model. On the other hand, we will actively seek suitable acquisition, cooperation and other development opportunities and consider further expansion into a broader market. Through this controlled growth strategy, we will be ready for the next surge in business opportunities.

Our Group believes in fair business practices and achieving win-win situations. We place our shareholders' interests first by building a prosperous and sustainable business. We will continue to introduce incentive plans, career development opportunities, better communication channels to motivate our employees and improve our operational efficiency. Engaging with business partners in a fair manner and creating win-win solutions will allow us to capitalize on business opportunities. This philosophy will also be practiced in our Corporate Social Responsibility programs as we also continue to be involved in social welfare programmes.

We were steadfast in our commitment to excel & Group's strategic direction. At the same time, we were steadfast in maintaining our corporate values.

WORD OF THANKS

All our achievements and success will be meaningless without the support of our shareholders and the efforts of our colleagues and partners. On behalf of the Board of Directors, I would like to take this opportunity to express our gratitude to our shareholders, business partners and stakeholders for their support and would like to express my heartfelt thanks to the management and all staff for their efforts and commitment in contributing to the success and future of the Group.

Lau Yeung Sang
Chairman

Hong Kong, 18 March 2011

Management Discussion and Analysis

FINANCIAL OVERVIEW

TURNOVER AND NET PROFIT

During the current fiscal year, the Group recorded a turnover of HK$122,952,000, representing an increase of 41% as compared to the last fiscal year. The profit attributable to shareholders of the Company was HK$53,294,000 in the current year, representing an increase of 87% as compared to the last fiscal year. The increase in turnover is mainly due to the major growth of the Group's payment solution business. The significant increase in net profit is benefited from the growth of turnover and increase in fair value of investment properties. The growth of turnover is attributable to our staff's hard working, flexibility, creativity, and strategic persistency.

INVESTMENT PROPERTIES

The Group's investment properties increased by HK$114,600,000 or 100% from HK$Nil as at 31 December 2009 to HK$114,600,000 as at 31 December 2010. It was mainly attributable to the addition of investment properties during the year. The Group completed the construction of its new office quarters in the PRC, a 6-storey building located at No. 1178 Tian Yao Qiao Road, Xuhui District, Shanghai, the PRC during the year. Portion of Levels 1, 2 and 4, various car parking spaces and motorcycle parking spaces are held by the Group for long term rental yield and investment purpose. The fair value of the investment properties as at 31 December 2010 was valued by BMI Appraisals Limited, an independent valuer, on an open market value basis at HK$114,600,000.

DEBTORS

The Group's debtors increased by HK$211,222,000 from HK$13,538,000 as at 31 December 2009 to HK$224,760,000 as at 31 December 2010. The increase was mainly attributable to the increase in the transaction volume of online payment solutions business. International card payment, one of our payment solutions products with longer settlement period, performed well, particularly in the fourth quarter of 2010. As a result, there is a significant increase of accounts receivables as compared with 2009.

PAYABLE TO MERCHANTS

The Group's payable to merchants increased by HK$264,419,000 from HK$75,213,000 as at 31 December 2009 to HK$339,632,000 as at 31 December 2010. The increase of payable to merchants was in line with the increase of accounts receivables. It was also mainly attributable to the increase in the transaction volume of online payment solutions business and international card payment.

DEPOSITS RECEIVED, SUNDRY CREDITORS AND ACCRUALS

The Group's deposits received, sundry creditors and accruals increased by HK$68,038,000 from HK$16,451,000 as at 31 December 2009 to HK$84,489,000 as at 31 December 2010. The increase was mainly attributable to the increase in deposits and increase in other creditors incurred in the ordinary course of development of the Group.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2010, the Group had net current assets of HK$76,760,000. Current assets comprised inventories of HK$16,803,000, debtors of HK$224,760,000, trade deposits of HK$1,800,000, other deposits, prepayments and other receivables of HK$39,043,000, financial assets at fair value through profit or loss of HK$10,985,000, prepaid land lease premium of HK$1,068,000, and cash and bank balances of HK$267,215,000.

Current liabilities comprised bank loans of HK$32,409,000, trade payable of HK$24,846,000, payable to merchants of HK$339,632,000, deposits received, sundry creditors and accruals of HK$84,489,000 and tax payable of HK$3,538,000.

The gearing ratio (defined as a percentage of total liabilities over total assets) of the Group at 31 December 2010 was 58% (2009: 35%).

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

BUSINESS REVIEW AND PROSPECTS

REVIEW

For the year, the management adopted a practical approach to implement the Board's objective of innovation and breakthrough and moving forward in leaps and bounds.

The Group has exceeded expectations in financial performance this year. We recorded a successful turnover crossing the hundred million dollar mark and achieved a growth of more than 40% over the same period last year. Other key financial indicators also excelled very well. Although the number of employees of the Group increased substantially and reached record high with the expenditure increased nearly 80% as compared with last year, gross profit increased substantially which was offset by the sharp increase in expenditure, as a result the Group financial status is positive.

The Group not only moves forward, we also entitled our effort in market positioning. In the middle of 2010, the Group made the successful transferring the listing from the Growth Enterprise Market to the Main Board of The Stock Exchange of Hong Kong Limited, marking a major milestone in our history. This achievement reflects our Group's sound business practices and innovative management ideas. This successful balancing of risk management and revenue generation has brought about greater long-term shareholder value. This will continue to be the focus of our efforts in the future.

Our Group has strengthened our structure and implemented various strategies in our payment solutions business, timber trading and furniture manufacturing, systems integration and technical platform services, industry park and other multi-industry investment projects, We are beginning to see the results of these efforts.

For payments solutions business, the B2C business has intensified in competition. We focused market

Management Discussion and Analysis

development and innovation and have succeeded in growing our transaction volumes. Our Group's various operations have also performed beyond our financial targets and recorded a double digit growth. We achieved a record high in total merchant numbers, members, total revenue and net profit. We have upgraded our existing payment platform to improve the overall efficiency and offer better services to our merchants and customers. Furthermore, we have achieved rapid business growth in some industries, such as airline and education opened up new market segments in the hotel and retail Industries. Our most noteworthy achievement this year is the rapid business development achieved in Hong Kong and the international market. Our many years of experience in developing the multi-currency processing platform have resulted in demand for our products and services in the international market. We focused on risk control and compliance issues to improve our risk-control protocols and strengthening our risk control capabilities within our proprietary prevent-fraud systems to provide customers a more secure method of payment. All these enhancements and developments have given us a surge in sales volume and gross profit.

After establishing our modern production methods for our timber and furniture manufacturing business the previous year, our timber business has expanded to sixteen cities of thirteen provinces in China. We also held a conference for our reseller to promote the design concept, brand and corporate philosophy. This also helped to establish closer and stronger ties with our reseller. In this year, we are building a brand recognized for using modern techniques to manage timber resources and used this opportunity to introduce our high-end furniture brand "Heritage Mode". The brand is establishing a strong reputation and attracting loyal customers. At the same time, products like "Ling Yun Bedroom" with proprietary intellectual property won industry award this year. We are also expanding the production of raw materials by recruiting local technicians and workers in Indonesia.

During this year, the Group completed the construction of Universal Enterprises Building in Shanghai and passed the necessary building inspections and licenses. Apart from being our headquarters, we have secured tenants like ICBC as well as companies in related industries. Through this experience, the Group is conducting feasibility studies on a larger scale to develop industry park based on e-commerce and financial related services.

The strategy of developing human resources is always our key priority. By introducing senior specialists, information technology professionals, restructuring the organization, and reviewing our business models and processes, this has resulted in increasing the efficiency in our business. At the same time, we have not only increased the staff count but have also increased our operating efficiency.

Management Discussion and Analysis

PROSPECTIVE

The successful transfer of listing to the Main Board of Stock Exchange of Hong Kong Limited marks a key milestone in the development of the Group. Through our market adaptability, innovation and implementation strategies, we have made the transition from a Small Medium Enterprise to a large enterprise. This is now a new starting point for us to meet the challenges of the future.

In 2011, there will be many uncertain external factors that will challenge our future development. We will continue to adhere to our management principles in risk management and operational practices to overcome these challenges.

Firstly, we will persist in management innovation, and staff motivation Secondly, practice fair business dealings and encourage win-win partnerships. Thirdly, we will continue to invest, optimize our resources and sustain our growth and development. Fourthly, we continue to focus on research and development and product innovation. Fifthly, we will continue to build our brand and promote our corporate values. Last but not the least, we will look after the interests of our shareholders and fulfill our role as a responsible corporate citizen.

For payment business, the Group will continue to follow its blue ocean strategy and embrace innovation. The Group will consolidate advantages in economics of scale and enhance its core capabilities. We will actively and cautiously seek suitable investment opportunities and consider further expansion into the international market. We will accelerate Research & Development and product integration. This will provide the Group with new business models and areas for business growth. For timber business, by conducting market research and analysis, a strong branding strategy and capitalizing on our competitive edge, we will strive to break a new ground for our sales channel. For our technical platform service, we will enhance our system in order to provide a comprehensive technical support to our customers. For industry park, we will provide a complete service package to potential tenants in addition to rental of office space.

Against the current economic backdrop, we expect to be faced with challenges and we will respond with sound strategies and proper risk control.

The Group's existing financial resources are sufficient to fulfill its commitments and further development. However, with potential investments and projects on the horizon, we will leverage on the use of external capital and financial resources to help our complete our tasks and take advantage of future opportunities.

We are ready to move forward to face the many challenges ahead and our goal is to achieve even more in the future.

EMPLOYEES

At 31 December 2010, the total number of employees of the Group was 468 (2009: 297). 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 PRC.

Management Discussion and Analysis

TREASURY POLICIES

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

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the current fiscal year, the Group acquired an additional 4% equity interests in a subsidiary at a consideration of RMB400,000 (equivalent to HK$457,000). The carrying amount of the non-controlling interests in the subsidiary on the date of acquisition was HK$4,427,000. The Group recognised a decrease in non-controlling interests on the date of acquisition of HK$422,000 and a decrease in equity attributable to shareholders of the Company of HK$35,000.

During the current fiscal year, the Group disposed of 15% equity interests in a subsidiary at a consideration of RMB15,750,000 (equivalent to HK$18,338,000). The carrying amount of the non-controlling interests in the subsidiary on the date of disposal was HK$18,301,000. The Group recognised an increase in non-controlling interests of HK$18,301,000 and an increase in equity attributable to shareholders of the Company of HK$37,000.

CHARGES ON GROUP'S ASSETS

At 31 December 2010, leasehold land with a net book value of HK$3,295,000 (2009: HK$Nil), properties held under medium-term lease with a net book value of HK$26,183,000 (2009: HK$1,808,000), investment properties with carrying value of HK$114,600,000 (2009: HK$Nil), construction in progress with a net book value of HK$Nil (2009: HK$39,641,000) and prepaid land lease premium with a net book value of HK$40,258,000 (2009: HK$77,731,000) were pledged to banks to secure banks loans granted to subsidiaries of the Group.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no detailed future plans for material investment or capital assets at 31 December 2010.

CURRENCY RISK

Currently, the market anticipates moderate appreciation pressure on Renminbi. The Group has not implemented any formal policy in dealing with this foreign currency risk. However, in view of the fact that the Group's core business is mainly transacted in Renminbi and significant portion of assets are denominated in Renminbi, the exposure of the Group's risk from exchange rate fluctuation was minimal. For the year ended 31 December 2010, the Group did not enter into any arrangement to hedge its foreign currency exposure. However, the management monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

CONTINGENT LIABILITIES

The Directors consider that the Group had no contingent liabilities at 31 December 2010.

Directors, Senior Management and Consultants

DIRECTORS

Executive Directors

Mr. Lau Yeung Sang

Mr. Lau, aged 64, is one of the founders, the Chairman of the Board and an Executive Director of the Group. Mr. Lau is responsible for the overall strategic planning and coordination of all the directors and key management of the Group. Mr. Lau has over 30 years experience in the business operation in the PRC. Mr. Lau is the brother of Mr. Liu Ruisheng, an Executive Director of the Company.

Mr. Liu Ruisheng

Mr. Liu, aged 66, 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 brother of Mr. Lau Yeung Sang, the Chairman of the Board and an Executive Director of the Group. Mr. Liu joined the Group in March 2004.

Madam Luan Yumin

Madam Luan, aged 34, 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.

Madam Ren Lili

Madam Ren, aged 30, graduated from China University of Political Science and Law. Prior to joining the Group, Madam Ren has worked for domestic and foreign listed companies in legal aspects. Madam Ren has extensive professional knowledge and practical experience in legal compliance and business modeling. Madam Ren has been with the Group for more than 6 years. Madam Ren has served in various capacities within the Group overseeing corporate risk management, compliance, investment and financing and investor relations. Madam Ren has played a major role in developing the company's overall strategy and monitoring the development and implementation of those strategies.

Mr. Chang Hung Lun

Mr. Chang, aged 40, has been appointed as an Executive Director of the Group on 23 February 2011. Mr. Chang is also a director and General Manager of one subsidiary of the Group and a director of several subsidiaries of the Group as well. Mr. Chang has assumed management position in timber, industry park and investment related subsidiaries. Mr. Chang has years of management working experience gained from multinational companies. Mr. Chang joined the Group in 2007 and has been the Vice President in the Company for more than three years.

Directors, Senior Management and Consultants

Non-Executive Director

Mr. Chow Cheuk Lap

Mr. Chow, aged 59, is a Solicitor in Hong Kong. Mr. Chow graduated from University of London with a Bachelor of Economics. Mr. Chow has more than 20 years experience in civil litigation and commercial matters. Mr. Chow is currently a partner of Messrs. C.L. Chow & Macksion Chan, Solicitors.

Independent Non-Executive Directors

Mr. Meng Lihui

Mr. Meng, aged 48, is currently a General Manager of a company jointly established by several professors of Shanghai Fudan University, the PRC. The principal activity of the company is provision of consultancy services on ecological environment protection to both private companies and local government authorities in various cities in the PRC. Mr. Meng graduated from Shanghai Fudan University with a bachelor degree of Economics.

Mr. Wan Xieqiu

Mr. Wan, aged 55, is currently a professor and the Dean of School of Finance in Suzhou University. Mr. Wan also acts as a committee member of the Economic Committee, the Financial Committee and the Taxation Committee respectively of Jiangsu Province in the PRC. Mr. Wan has been resigned as an Independent Non-Executive Director, Audit Committee member and Remuneration Committee member of the Group on 23 February 2011.

Mr. Fong Heung Sang

Mr. Fong Heung Sang, aged 51, is an Independent Non-executive Director and a member of each of the Audit Committee and the Remuneration Committee of the Group. Mr. Fong was appointed as an Independent Non-Executive Director on 1 July 2006. Mr. Fong graduated from the University of Nevada Reno with a master degree in business administration in 1989 and from the University of Illinois at Urbana Champaign with a master degree in accountancy in 1993. Mr. Fong is a certified public accountant in the United States of America. Mr. Fong has extensive experience in corporate finance, accounting and auditing and has worked for international accounting firms and a number of public listed companies for more than 20 years.

Mr. Liu Ji

Mr. Liu, aged 75, is the Honorary President of China Europe International Business School in Shanghai and Chairman of CEIBS Foundation. Mr. Liu holds the posts of Deputy Chairman, Research Fellow and Member of the Academic Board, The Chinese Academy of Social Sciences, and Executive President of China Europe International Business School since 1993. Mr. Liu graduated from the Department of Power Mechanical Engineering, Qinghua University, Beijing. Currently, Mr. Liu is also an Independent Non-Executive Director and an Audit Committee member of First Shanghai Investments Limited (whose shares are listed on the Main Board operated by The Stock Exchange of Hong Kong Limited, Stock Code: 227).

Directors, Senior Management and Consultants

SENIOR MANAGEMENT

Mr. Tang Chi Wai

Mr. Tang, aged 37, is the qualified accountant, the company secretary and one of the authorized representatives. Mr. Tang joined the Group as Financial Controller in June 2008. Mr. Tang is a fellow member of the Hong Kong Institute of Certificate Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chinese Institute of Certified Public Accountants. Mr. Tang has over 14 years experience in auditing, accounting and financial management.

CONSULTANTS

Mr. Au Wai Keung

Mr. Au, aged 39, holds a bachelor's degree of Social Science from The Chinese University of Hong Kong and a master's degree in Business Administration from City University of Hong Kong. Mr. Au is an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and has over 15 years of experience in finance and accounting. Mr. Au first joined the Group in February 2001 as the Chief Financial Officer of the Company and left in June 2004. Mr. Au re-joined the Group in October 2010 as a Senior Advisor and advises the Board of Directors the matters in relation to strategic development, financial management, compliance and transactions-related issues.

Mr. Zhang Wei Dong

Mr. Zhang, aged 46, is the Investment Consultant of the Group. Mr. Zhang has over 13 years experience in the operation and management of commercial banking, during which he worked in the International Business Department of the Industrial and Commercial Bank of China Limited ("ICBC") at Deputy General Manager level, including 3 years in ICBC Almaty Branch, where Mr. Zhang was in charge of treasury, credit lending and office operation. Moreover, Mr. Zhang has 11 years of investment banking experience, served as Executive Director of ICEA Finance Group (the investment banking arm of ICBC) and Managing Director of Alpha Alliance Finance Holdings, responsible for corporate finance and sales department respectively. Mr. Zhang holds a master degree from Renmin University in Economics, a diploma of PMD of Harvard Business School, and held a fellowship from Columbia University in New York. Mr. Zhang currently is the lead manager of agricultural fund of Oriental Patron Financial Group, and also the Partner and Deputy CEO primarily responsible for private equity investments. Mr. Zhang was invited to be the Group's Investment Consultant in March 2005.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance. The Board believes that sound corporate governance principles, increased transparency and independence of corporate operation, and an effective shareholder communication mechanism will promote the healthy growth of the Company and enhance the shareholder value.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of the Stock Exchange ("GEM Listing Rules") (the "GEM CG Code") and, where appropriate, the principles and provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the"Main Board CG Code") subsequent to the transfer of listing of the Company's shares from GEM to the Main Board of the Stock Exchange on 22 June 2010 (the "Transfer Date"). The Company has complied with all the Code Provisions. It has also put in place certain Recommended Best Practices. The Board periodically reviews the corporate governance practices of the Company to ensure that they meet the requirements of the GEM CG Code and after the Transfer Date, the Main Board CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules and Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors, before and after the transfer of listing of its shares on the Main Board on 22 June 2010 respectively.

Having made specific enquiry of all directors, the directors have complied with the above-mentioned required standards of dealings regarding directors' securities transactions throughout the year ended 31 December 2010.

BOARD OF DIRECTORS

The Board comprises nine directors, of whom four are Executive Directors and five 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.

Corporate Governance Report

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 Yeung Sang	4/4
Mr. Liu Ruisheng	4/4
Madam Luan Yumin	4/4
Madam Ren Lili	4/4
Mr. Meng Lihui	4/4
Mr. Wan Xieqiu *(resigned on 23 February 2011)*	4/4
Mr. Fong Heung Sang	4/4
Mr. Liu Ji	4/4
Mr. Chow Cheuk Lap	4/4

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") in July 2006 and has formulated its written terms of reference in compliance with paragraph B.1.3 of the GEM CG Code while it was listed on GEM. The Board has reviewed the terms of reference of the Remuneration Committee after the Transfer Date and confirmed that the terms of reference are in compliance with paragraph B.1.3 of the Main Board CG Code.

The Remuneration Committee comprises four Independent Non-executive Directors, Mr. Meng Lihui, Mr. Wan Xieqiu, Mr. Fong Heung Sang and Mr. Liu Ji. The Remuneration Committee held one meeting in the 12 months ended 31 December 2010, which was attended by all members.

With effect from 23 February 2011, Mr. Wan Xieqiu resigned as a Remuneration Committee member of the Company due to his other business commitments.

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.

Corporate Governance Report

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.

INTERNAL CONTROL

The Board has overall responsibility for establishing and maintaining an adequate and effective system of internal control of the Group to safeguard the shareholders' investments and the Group's assets.

The Group's internal control system includes a management structure with defined lines of responsibility and limits of authority. It aims to provide reasonable, but not absolute, assurance that assets are safeguarded against misappropriations, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The system is designed to identify, evaluate and manage effectively risks rather than to eliminate all risks of failure.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system, inter alia, the financial, operational and compliance controls and risk management functions of the Group; and the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. No material deficiencies have been identified. The management will deal with the areas for improvement which come to the attention of the Board and the Audit Committee. The Board is committed to improving the Group's internal control system on an ongoing basis.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial year, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the accounts for the year ended 31 December 2010, the Directors have selected suitable accounting policy and applied them consistently, approved adoption of all Hong Kong Financial Reporting Standard, made judgment and estimates that are appropriate, and prepared the accounts on the going concern basis.

The Group has announced its annual result in a timely manner within the limits of three months after the end of the relevant period, as laid down in the Listing Rules.

AUDITOR'S REMUNERATION

Auditor's remuneration of HK$460,000 was charged to the Group's income statement for the year ended 31 December 2010 (2009 : HK$450,000).

Corporate Governance Report

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") in October 2001 and has formulated its written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules while it was listed on GEM. The Board has reviewed the terms of reference of the Audit Committee after the Transfer Date and confirmed that the terms of reference are in compliance with paragraph C.3.3 of the Main Board CG Code.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal control systems.

The Audit Committee comprises four Independent Non-executive Directors, namely, Mr. Meng Lihui, Mr. Wan Xieqiu, Mr. Fong Heung Sang and Mr. Liu Ji. The chairman of the Audit Committee is Mr. Meng Lihui.

With effect from 23 February 2011, Mr. Wan Xieqiu resigned as an Audit Committee member of the Company due to his other business commitments.

The Audit Committee held four meetings in the 12 months ended 31 December 2010. Details of the attendance of the Audit Committee at the four meetings are as follows:–

Audit Committee	Attendance
Mr. Meng Lihui	4/4
Mr. Wan Xieqiu *(resigned on 23 February 2011)*	4/4
Mr. Fong Heung Sang	4/4
Mr. Liu Ji	4/4

The Group's first quarterly report 2010, interim report 2010, and annual report 2010 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 2010, 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 principles and provisions as set out in the GEM CG Code and after the Transfer Date, the Main Board CG Code.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.uth.com.hk.

Directors' Report

The directors have pleasure in presenting their annual report together with the audited consolidated financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was investment holding and those of the principal subsidiaries are set out in note 19(a) to the consolidated financial statements.

TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET ("GEM") TO THE MAIN BOARD ("MAIN BOARD") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

On 23 April 2010, an application was made by the Company to the Stock Exchange for the transfer of listing from GEM to the Main Board. Subsequent to receiving the approval-in-principle for the transfer of listing from the Stock Exchange on 11 June 2010, dealings in the Company's shares on the Main Board commenced at 9:30 a.m. on 22 June 2010. The Board is of the view that the transfer of listing has enhanced the profile of the Group making it more attractive to institutional and retail investors and thus increasing the trading liquidity of its shares. With improved ability to raise capital, the Group is confident of its business development and growth prospects in the long run. In addition, the stock code for trading of shares on the Stock Exchange has been changed from "8091" to "1026" on 22 June 2010.

ADOPTION OF CHINESE COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company at the extraordinary general meeting held on 12 August 2010 and an approval of the Registrar of Companies in the Cayman Islands, the name of the Company is changed (i) from "Universal Technologies Holdings Limited" to "Universal Technologies Holdings Company Limited" and subsequently from (ii) ''Universal Technologies Holdings Company Limited" to "Universal Technologies Holdings Limited 環球實業科技控股有限公司" in order to effectuate the Chinese name adoption.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2010 and the state of affairs of the Company and of the Group at 31 December 2010 are set out in the consolidated financial statements on pages 30 to 103.

The Board has resolved to recommend a final dividend of HK0.60 cents per share (2009: HK0.39 cents per share) for 2010. The proposal to declare and pay this final dividend will be submitted to the annual general meeting to be held on 6 May 2011 (the "2010 AGM") for the approval of the shareholders.

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 104. This summary does not form part of the audited consolidated financial statements.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PREMIUM

The Group purchased property, plant and equipment amounting to HK$35,261,000 during the year. Details of movements in property, plant and equipment and prepaid land lease premium during the year are set out in notes 14 and 15 to the consolidated financial statements respectively.

INVESTMENT PROPERTIES

At 31 December 2010, the investment properties of the Group were revalued by an independent valuer on an open market value basis at HK$114,600,000.

Detail of these and other movements in investment properties of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 33(a) to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in note 35 to the consolidated 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 Yeung Sang
Mr. Liu Ruisheng
Madam Luan Yumin
Madam Ren Lili
Mr. Chang Hung Lun *(appointed on 23 February 2011)*

Directors' Report

Non-Executive Director:

Mr. Chow Cheuk Lap

Independent Non-Executive Directors:

Mr. Meng Lihui
Mr. Wan Xieqiu *(resigned on 23 February 2011)*
Mr. Fong Heung Sang
Mr. Liu Ji

The executive director, Mr. Chang Hung Lun, was appointed for an initial term of two years commencing from 23 February 2011 and shall hold office until the next following annual general meeting of the Company and shall be eligible for re-election in accordance with article 86 of the Company's Article of Association.

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 87 of the Company's Articles of Association, Mr. Liu Ruisheng and Mr. Chow Cheuk Lap shall retire from office by rotation, and being eligible, offer themselves 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 which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the independent non-executive directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and all independent directors are considered 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 7 to the consolidated financial statements.

CONNECTED TRANSACTIONS

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

Directors' Report

SHARE OPTIONS

(A) GEM Share Option Schemes

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:–

(i) 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 of directors (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.

(ii) Pre-IPO Share Option Schemes

The grantees of these schemes exercised all options before 1 January 2010 and there was no share option outstanding at 31 December 2010.

Upon termination of the GEM Share Option Schemes, no further options may be offered thereunder. However, in respect of the outstanding options, the provisions of the GEM Share Option Schemes shall remain in force. The outstanding options granted under the GEM Share Option Schemes shall continue to be subject to the provision of the GEM Share Option Schemes.

Directors' Report

SHARE OPTIONS (CONT'D)

(B) New Share Option Scheme

The GEM Share Option Schemes adopted by the Company on 12 October 2001 were terminated, upon the listing of the shares of the Company being transferred from GEM to the Main Board of the Stock Exchange on 22 June 2010. The Board adopted a new share option scheme ("New Share Option Scheme") which is compliance with the Listing Rules and obtained the approval of the shareholders in accordance with the Listing Rules at the Company's extraordinary general meeting held on 12 August 2010.

The purpose of the New Share Option Scheme is to enable the Company to grant options to participants an incentive or rewards for their contributions to the Group.

The New Share Option Scheme was adopted for a period of ten years commencing from 12 August 2010 and will remain in force until 11 August 2020, after which period no further options will be offered or granted but the provisions of the scheme shall remain in full force and effect in all other respects with regard to options granted during the life of the scheme. 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 option granted shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the subscription price for shares shall be at least not lower than the higher of (i) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company.

At 31 December 2010, the number of shares in respect of which options had been granted and outstanding under the GEM Share Option Schemes and New Share Option Scheme was 227,280,000, representing 15% of the issued share capital of the Company.

Directors' Report

SHARE OPTIONS (CONT'D)

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

					Number of share options						
Grantees	Date of grant	Vesting period	Exercise period	Exercise price	Outstanding at 1 January 2010	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2010	Market value per share at date of grant of option	Market value per share on exercise of option
Initial management, shareholders and employees	7 February 2002	Fully vested on 7 February 2002	7 February 2002 to 6 February 2012	HK$1.300	350,000	–	–	–	350,000	HK$1.300	–
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	HK$1.400	–
Director, senior management and staff of the Group	22 February 2008	Fully vested on 22 February 2008	22 February 2008 to 21 February 2011	HK$0.300	24,020,000	–	(18,940,000)	(1,300,000)	3,780,000	HK$0.255	HK$0.31–HK$0.355
		22 February 2008 to 22 February 2009	22 February 2009 to 21 February 2011	HK$0.300	24,020,000	–	(18,940,000)	(1,300,000)	3,780,000	HK$0.255	HK$0.31–HK$0.355
		22 February 2008 to 22 February 2010	22 February 2010 to 21 February 2011	HK$0.300	24,020,000	–	(18,940,000)	(1,300,000)	3,780,000	HK$0.255	HK$0.31–HK$0.355
Director, senior management and staff of the Group	9 April 2010	Fully vested on 9 April 2010	9 April 2010 to 8 April 2012	HK$0.390	–	60,000,000	–	–	60,000,000	HK$0.340	–
Director, senior management and staff of the Group	31 August 2010	Fully vested on 31 August 2010	31 August 2010 to 30 August 2013	HK$0.360	–	155,520,000	–	–	155,520,000	HK$0.310	–
					72,480,000	215,520,000	(56,820,000)	(3,900,000)	227,280,0000		

Note:–

The Company received a consideration of HK$1.00 from each of the grantees of the GEM Share Option Schemes and New Share Option Scheme.

Directors' Report

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

At 31 December 2010, 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 Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:–

	Interests in ordinary shares			Total interests in ordinary shares	Total interests in underlying shares (Note 2)	Aggregate interests	% of the Company's issued share capital
Name of directors	**Personal interests**	**Family interests**	**Corporate interests**				
Executive Directors:							
Mr. Lau Yeung Sang (Notes 1 and 2)	–	–	393,230,000	393,230,000	1,500,000	394,730,000	25.56%
Mr. Liu Ruisheng (Note 2)	–	–	–	–	15,000,000	15,000,000	0.97%
Madam Luan Yumin (Note 2)	–	–	–	–	15,200,000	15,200,000	0.98%
Madam Ren Lili (Note 2)	–	–	–	–	14,000,000	14,000,000	0.91%
Non-Executive Director:							
Mr. Chow Cheuk Lap (Note 3)	–	–	67,540,000	67,540,000	–	67,540,000	4.37%
Independent Non-Executive Directors:							
Mr. Meng Lihui (Note 2)	–	–	–	–	600,000	600,000	0.04%
Mr. Wan Xieqiu	–	–	–	–	–	–	–
Mr. Fong Heung Sang	–	–	–	–	–	–	–
Mr. Liu Ji (Note 2)	–	–	–	–	1,000,000	1,000,000	0.06%

Notes:–

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

2. The interests of Mr. Lau Yeung Sang, Mr. Liu Ruisheng, Madam Luan Yumin, Madam Ren Lili, Mr. Meng Lihui and Mr. Liu Ji 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".

3. Total interests of Mr. Chow Cheuk Lap in issued ordinary shares of the Company include 67,540,000 shares held by Top Nation International Limited ("Top Nation"). Mr. Chow owns 50% beneficial interests in Top Nation and he is deemed to be interested in these ordinary shares held by Top Nation.

4. There were no debt securities nor debentures issued by the Group at any time during the year ended 31 December 2010.

Directors' Report

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

Save as disclosed above, so far as the directors are aware at 31 December 2010, 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 Model Code.

The directors confirmed that at 31 December 2010 and for the year ended 31 December 2010,

(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 Model Code; 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, at 31 December 2010, 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 Company 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	393,230,000	25.47%
Ever City Industrial Limited (Note 2)	Beneficial owner	106,000,000	6.86%

Notes:

(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.

(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.

Directors' Report

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 (CONT'D)

(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, at 31 December 2010, 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 meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

COMPETITION AND CONFLICT OF INTERESTS

During the year, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for 22% of the total sales for the year and sales to the largest customer included therein amounted to 10%. Purchases from the Group's five largest suppliers accounted for 79% of the total purchases for the year and purchases from the largest supplier included therein amounted to 57%.

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

Month/year	Name of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
December 2010	16,600,000	0.270	0.265	4,466

Directors' Report

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES (CONT'D)

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange from 1 January 2010 to 21 June 2010 and under the Listing Rules since 22 June 2010 and up to the date of this annual report.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 14 to 17 in this Annual Report.

AUDIT COMMITTEE

The Company has an audit committee for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

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 Yeung Sang
Chairman
Hong Kong, 18 March 2011

Independent Auditor's Report

PKF

大信梁學濂(香港)會計師事務所

Accountants &
business advisers

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

香港
銅鑼灣
威非路道18號
萬國寶通中心26樓

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") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 103, which comprise the consolidated and Company's statements of financial position at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit 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 about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2010 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
18 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	Note	**2010 HK$'000**	2009 HK$'000
Turnover	4	**122,952**	86,973
Cost of sales/services rendered		**(11,540)**	(12,448)
Gross profit		**111,412**	74,525
Other revenue	4	**4,112**	1,017
Other income	5	**1,428**	1,218
General and administrative expenses		**(91,221)**	(50,812)
Profit from operations		**25,731**	25,948
Increase in fair value of investment properties	16	**46,536**	–
Loss on disposal of subsidiaries		**(1,377)**	–
Finance costs		**(2,743)**	(1,181)
Profit before income tax	6	**68,147**	24,767
Income tax (expense)/credit	8	**(15,169)**	1,797
Profit for the year		**52,978**	26,564
Attributable to:			
Shareholders of the Company	10	**53,294**	28,478
Non-controlling interests		**(316)**	(1,914)
Profit for the year		**52,978**	26,564
Earnings per share (in cents)			
Basic	12	**3.46**	1.89
Diluted	12	**3.46**	1.89

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 11.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	2010 **HK$'000**	2009 HK$'000
Profit for the year	**52,978**	26,564
Other comprehensive income:		
Exchange differences arising on translation of financial statements of subsidiaries established in the People's Republic of China	**6,913**	(397)
Other comprehensive income for the year, net of tax	**6,913**	(397)
Total comprehensive income for the year	**59,891**	26,167
Total comprehensive income attributable to:		
Shareholders of the Company	**60,116**	28,081
Non-controlling interests	**(225)**	(1,914)
	59,891	26,167

Consolidated Statement of Financial Position

At 31 December 2010

	Note	**At 31 December 2010 HK$'000**	(Restated) At 31 December 2009 HK$'000	(Restated) At 1 January 2009 HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	14(a)	**54,260**	49,844	14,864
Prepaid land lease premium	15	**39,190**	76,202	78,064
Investment properties	16	**114,600**	–	–
Intangible assets	17	**11,668**	1,556	–
Goodwill	18	**79,870**	79,870	79,870
Interest in an associate	20	**–**	5	5
Deposit paid for an investment		**3,892**	–	–
		303,480	207,477	172,803
CURRENT ASSETS				
Inventories	21	**16,803**	16,008	20,634
Debtors	22	**224,760**	13,538	7,790
Trade deposits		**1,800**	4,973	4,661
Other deposits, prepayments and other receivables	23	**39,043**	18,860	15,093
Amounts due from related companies	24	**–**	13	13
Financial assets at fair value through profit or loss	25	**10,985**	1,109	682
Prepaid land lease premium	15	**1,068**	1,529	1,528
Tax recoverable		**–**	7	4
Pledged time deposits		**–**	–	800
Cash and bank balances	26	**267,215**	128,724	63,228
		561,674	184,761	114,433
DEDUCT:				
CURRENT LIABILITIES				
Bank overdrafts, unsecured		**–**	–	3
Bank loans	27	**32,409**	15,926	9,095
Trade payable	28	**24,846**	1	1
Payable to merchants	29	**339,632**	75,213	36,456
Deposits received, sundry creditors and accruals	30	**84,489**	16,451	11,482
Amount due to a director	31	**–**	29	42
Amount due to an associate		**–**	5	5
Tax payable		**3,538**	–	–
		484,914	107,625	57,084
NET CURRENT ASSETS		**76,760**	77,136	57,349

Consolidated Statement of Financial Position

At 31 December 2010

	Note	**At 31 December 2010 HK$'000**	(Restated) At 31 December 2009 HK$'000	(Restated) At 1 January 2009 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**380,240**	284,613	230,152
DEDUCT:				
NON-CURRENT LIABILITIES				
Bank loans	27	**18,282**	29,009	–
Deferred tax liability	9(a)	**12,061**	–	1,798
		30,343	29,009	1,798
NET ASSETS		**349,897**	255,604	228,354
REPRESENTING:				
CAPITAL AND RESERVES				
Share capital	33(a)	**15,441**	15,039	15,039
Reserves	35(a)	**312,271**	237,717	208,553
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**327,712**	252,756	223,592
NON-CONTROLLING INTERESTS		**22,185**	2,848	4,762
TOTAL EQUITY		**349,897**	255,604	228,354

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 18 MARCH 2011

LAU YEUNG SANG
DIRECTOR

LUAN YUMIN
DIRECTOR

Statement of Financial Position

At 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14(b)	**735**	427
Interests in subsidiaries	19	**294,130**	344,316
		294,865	344,743
CURRENT ASSETS			
Other deposits, prepayments and other receivables	23	**759**	395
Amounts due from related companies	24	**–**	13
Cash and bank balances		**1,156**	341
		1,915	749
DEDUCT:			
CURRENT LIABILITIES			
Accruals	30	**751**	281
Amounts due to subsidiaries	32	**12,931**	96,459
		13,682	96,740
NET CURRENT LIABILITIES		**(11,767)**	(95,991)
NET ASSETS		**283,098**	248,752
REPRESENTING:			
CAPITAL AND RESERVES			
Share capital	33(a)	**15,441**	15,039
Reserves	35(b)	**267,657**	233,713
TOTAL EQUITY		**283,098**	248,752

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 18 MARCH 2011

LAU YEUNG SANG
DIRECTOR

LUAN YUMIN
DIRECTOR

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Note	2010 HK$'000	(Restated) 2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**68,147**	24,767
Adjustments for:			
Pledged time deposits		**–**	800
Interest income		**(1,188)**	(711)
Interest expenses		**1,859**	279
Dividend income from investments		**(133)**	–
Bad debts written off		**555**	–
Impairment loss on goodwill		**–**	1
Depreciation		**4,853**	2,191
Amortisation of prepaid land lease premium		**1,041**	1,909
Amortisation of intangible assets		**157**	–
(Gain)/loss on disposal of property, plant and equipment		**(614)**	14
Increase in fair value of investment properties		**(46,536)**	–
Loss on change in fair value of financial assets		**830**	28
Loss on disposal of subsidiaries		**1,377**	–
Gain on disposal of financial assets		**(734)**	(738)
Equity settled share-based payment expenses		**8,274**	1,083
Operating profit before working capital changes		**37,888**	29,623
(Increase)/decrease in inventories		**(795)**	4,626
Increase in debtors		**(211,222)**	(5,748)
Decrease/(increase) in trade deposits		**3,173**	(312)
Increase in other deposits, prepayments and other receivables		**(20,462)**	(2,632)
Increase in trade payable		**24,845**	–
Increase in payable to merchants		**264,419**	38,757
Increase in deposits received, sundry creditors and accruals		**68,038**	4,963
Decrease in amount due to a director		**(1)**	(13)
Cash generated from operations		**165,883**	69,264
Interest received		**1,188**	711
Interest paid		**(1,859)**	(279)
Tax paid		**(2)**	(3)
NET CASH FROM OPERATING ACTIVITIES		**165,210**	69,693

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	Note	**2010** **HK$'000**	(Restated) 2009 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from investments		**133**	–
Payments to acquire property, plant and equipment		**(35,261)**	(37,147)
Sale proceeds of property, plant and equipment		**2,331**	2
Payments to acquire intangible assets		**(10,003)**	(1,556)
Deposit paid for an investment		**(3,892)**	–
Payments to acquire financial assets at fair value through profit or loss		**(67,260)**	(11,828)
Proceeds from disposal of financial assets at fair value through profit or loss		**57,287**	12,111
Net cash outflow on acquisition of a subsidiary	36	**–**	(1,130)
Payments to accquire additional interests in a subsidiary	37(a)	**(457)**	–
Proceeds from disposal of partial interests in a subsidiary	37(b)	**18,338**	–
NET CASH USED IN INVESTING ACTIVITIES		**(38,784)**	(39,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(6,016)**	–
Proceeds from shares issued under share option scheme		**17,046**	–
Payments for repurchase of own shares		**(4,466)**	–
Decrease in amounts due from related companies		**13**	–
New bank loans raised		**38,381**	45,504
Repayment of bank loans		**(32,625)**	(9,664)
NET CASH FROM FINANCING ACTIVITIES		**12,333**	35,840
NET INCREASE IN CASH AND CASH EQUIVALENTS		**138,759**	65,985
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		**(268)**	(486)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**128,724**	63,225
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**267,215**	128,724
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**267,215**	128,724

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to shareholders of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Statutory reserve HK$'000	(Accumulated losses)/retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1.1.2009	15,039	205,295	–	1,093	10,754	(8,709)	4,531	4,939	(9,350)	223,592	4,762	228,354
Equity settled share-based transactions	–	–	–	–	–	–	1,083	–	–	1,083	–	1,083
Transferred to accumulated losses	–	–	–	–	–	–	(1,444)	–	1,444	–	–	–
Total comprehensive income for the year	–	–	–	–	–	(397)	–	–	28,478	28,081	(1,914)	26,167
Transferred to statutory reserve	–	–	–	–	–	–	–	2,194	(2,194)	–	–	–
At 31.12.2009	15,039	205,295	–	1,093	10,754	(9,106)	4,170	7,133	18,378	252,756	2,848	255,604
At 1.1.2010	15,039	205,295	–	1,093	10,754	(9,106)	4,170	7,133	18,378	252,756	2,848	255,604
Equity settled share-based transactions	–	–	–	–	–	–	8,274	–	–	8,274	–	8,274
Transferred to retained profits	–	–	–	–	–	–	(226)	–	226	–	–	–
Shares issued under share option scheme	568	20,153	–	–	–	–	(3,675)	–	–	17,046	–	17,046
Dividend paid	–	–	–	–	–	–	–	–	(6,016)	(6,016)	–	(6,016)
Repurchased of own shares	(166)	(4,300)	166	–	–	–	–	–	(166)	(4,466)	–	(4,466)
Change in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	–	–	–	–	2	2	17,879	17,881
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	1,683	1,683
Total comprehensive income for the year	–	–	–	–	–	6,822	–	–	53,294	60,116	(225)	59,891
Transferred to statutory reserve	–	–	–	–	–	–	–	2,384	(2,384)	–	–	–
At 31.12.2010	**15,441**	**221,148**	**166**	**1,093**	**10,754**	**(2,284)**	**8,543**	**9,517**	**63,334**	**327,712**	**22,185**	**349,897**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 March 2001 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of the registered office is Units 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.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards").

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

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based payment – Group Cash-settled Share – based Payment Transactions
HKFRSs	Improvements to HKFRSs (2009) (including HKAS 17 (amendment))

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

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

HKAS 27 (Revised) provides that changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions and these transactions shall no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the subsidiary is re-measured to fair value and the difference between the fair value and the carrying value is recognised in the income statement.

As a result of the amendment to HKAS 17, Leases, arising from the "Improvements to HKFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that its interests in leasehold land, which are registered and located in the Hong Kong Special Administrative Region ("HKSAR") and subject to the HKSAR Government's land policy of renewal without payment of additional land premium, are no longer classified as operating leases. The Group's position in respect of its interests in leasehold land is economically similar to that of a purchaser and therefore such interests of leasehold land should be re-classified as finance leases. In accordance with the amendment to HKAS 17, this change in accounting policy has been applied retrospectively. Corresponding amounts of previous periods have been re-classified with the balance of prepaid land lease premium as at 31 December 2009 of HK$970,000 (1 January 2009: HK$996,000) re-classified as property, plant and equipment on the consolidated statement of financial position and the related amortisation for the year ended 31 December 2009 of HK$26,000 re-classified from amortisation to depreciation in the consolidated income statement.

(b) Measurement basis

The consolidated financial statements are prepared under the historical cost basis as modified by revaluation of investment properties and financial assets at fair value through profit or loss as explained in the accounting policies set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2010. 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.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in the income statement. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate.

(d) 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 statement of financial position, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The results and assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, the consolidated income statement includes the Group's share of the post-acquisition results of the associates and the consolidated statement of financial position includes the Group's share of the net assets of the associate, as reduced by any identified impairment losses.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management that makes strategic decisions.

(g) Foreign currency translation

The consolidated financial statements are presented in Hong Kong dollar, which is also the Group's functional currency. The functional currency of the Group is the currency of the primary economic environment in which the Group operates.

Foreign currency transactions of the Group are initially recorded in the functional currency using the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of the reporting period and the exchange differences arising are recognised in the consolidated income statement. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined and the exchange differences arising are recognised in the consolidated income statement, except for the exchange component of a gain or loss that is recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Such translation differences are recognised in the consolidated statement of comprehensive income for the year in which the foreign operation is disposed of.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) 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.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 land	– unexpired term of the lease
Leasehold buildings	– 40 years – 47 years
Leasehold improvement	– Shorter of 5 years and the unexpired term of the lease
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 the end of each reporting period.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) 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.

(j) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property.

Investment property comprises land held under operating leases and buildings held under finance leases.

Land held under operating leases is classified and accounted for as investment property when the rest definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment property is measured initially at cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the consolidated financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Intangible assets

(i) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible assets arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following have been demonstrated:–

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

(ii) Computer software and technology

Computer software and technology is recognised when the project under development expenditure was completed. Amortisation is calculated using the straight-line basis over their estimated economic lives of ten years.

(iii) Domain name

Domain name recognised and measured at fair value at the acquisition date. Domain name has an indefinite useful life and is carried at cost less accumulated impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) 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.

(m) 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).

(n) 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 end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Investments *(continued)*

(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 end of the reporting period. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(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.

(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 end of the reporting period.

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 other comprehensive income and accumulated separately 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Investments *(continued)*

The Group assesses at the end of each reporting period 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. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) 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 when the Group recovers or settles the carrying amounts of assets or liabilities recognised in the financial statements.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or asset is realised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity respectively.

(u) 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Employee benefits *(continued)*

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 the end of each reporting period, 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.

(v) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) 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.

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.

Rental income receivable under operating lease is recognised on a straight-line basis over the terms of the relevant lease.

Building management service income is recognised over the relevant period in which the services are rendered.

Franchise fee income is recognised at the time when the initial services are rendered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Related parties

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

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

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

The following Hong Kong Financial Reporting Standards in issue at 31 December 2010 have not been applied in the preparation of the Group's consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2010:–

HKAS 24 (Revised)	Related Party Disclosures
HKFRS 9	Financial Instruments
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HK (IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
Improvements to HKFRSs 2010	

The Group is required to initially apply these Hong Kong Financial Reporting Standards in its annual consolidated financial statements beginning on 1 January 2011, except that the Group is required to initially apply amendments to HKAS 12 in its annual consolidated financial statements beginning on 1 January 2012, and HKFRS 9 in its annual consolidated financial statements beginning on 1 January 2013.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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 consolidated financial statements, management had made the following estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements:–

(i) Inventories

Note 2 to the consolidated financial statements describes that inventories are stated at the lower of cost and net realisable value. Net realisable 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 consolidated 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 consolidated financial statements.

(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 consolidated 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 end of the reporting period was HK$79,870,000. Details of the impairment loss calculation are provided in note 18 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

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

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

(iv) Estimation of fair value of investment properties

Investment properties were revalued at 31 December 2010 based on the appraised market value by an independent valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period. The carrying amount of investment properties at 31 December 2010 was HK$114,600,000 (2009: HK$Nil).

(v) PRC enterprise income tax

The Group is subject to income taxes in Mainland China. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgment based on currently enacted tax laws, regulations and other related policies are required in determining the provision of income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will have impact on the income tax and tax provisions in the period in which the differences realise.

(b) Critical judgements

In the process of applying the Group's accounting policies, judgements that can significantly affect the amounts recognised in the consolidated 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) whether the discount rates used to calculate the recoverable amount of goodwill and other assets are appropriate for the purpose of impairment review; and

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

4. TURNOVER AND OTHER REVENUE

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

	2010	2009
	HK$'000	HK$'000
Payment solutions and related services income	**97,950**	72,050
Timber trading and furniture manufacturing	**11,749**	14,639
System integration and technical platform services	**12,608**	284
Rental and building management service income	**645**	–
Turnover	**122,952**	86,973
Interest on bank deposits	**1,188**	711
Government subsidy	**562**	306
Franchise fee income	**2,229**	–
Dividend income	**133**	–
Other revenue	**4,112**	1,017
Total revenue	**127,064**	87,990

5. OTHER INCOME

	2010	2009
	HK$'000	HK$'000
Gain on disposal of financial assets	**734**	738
Gain on disposal of property, plant and equipment	**614**	–
Exchange gain	**2**	273
Others	**78**	207
	1,428	1,218

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

6. PROFIT BEFORE INCOME TAX

	2010 HK$'000	2009 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	**460**	450
Cost of inventories	**9,087**	9,318
Staff costs (including directors' remuneration – Note 7)		
– Salaries and other benefits	**25,252**	17,386
– Pension scheme contributions	**4,202**	3,346
– Equity settled share-based payment expenses	**8,274**	1,083
	37,728	21,815
Depreciation	**4,853**	2,191
Bad debts written off	**555**	–
Amortisation of intangible assets	**157**	–
Amortisation of prepaid land lease premium	**1,041**	1,909
Loss on disposal of subsidiaries	**1,377**	–
Loss on change in fair value of financial assets	**830**	28
Impairment loss on goodwill	**–**	1
Minimum operating lease rentals	**2,300**	4,994
Interest on bank loans wholly repayable within five years	**1,859**	279
Sale proceeds of property, plant and equipment	**(2,331)**	(2)
Less: Carrying amounts of property, plant and equipment	**1,717**	16
(Gain)/loss on disposal of property, plant and equipment	**(614)**	14
Gain on disposal of financial assets	**(734)**	(738)
Rental income less outgoings	**(609)**	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS

(a) Directors

The remuneration of each director for the year ended 31 December 2010 and 31 December 2009 are set out below:–

	Year ended 31 December 2010						
Name of director	**Fees HK$'000**	**Salaries, allowances and other benefits in kind HK$'000 (Note i)**	**Bonuses HK$'000**	**Pension scheme contributions HK$'000**	**Sub-total HK$'000**	**Share based payment HK$'000**	**Total HK$'000**
Mr. Lau Yeung Sang	**108**	**–**	**–**	**5**	**113**	**60**	**173**
Mr. Liu Ruisheng	**54**	**–**	**–**	**–**	**54**	**700**	**754**
Madam Luan Yumin	**54**	**424**	**–**	**63**	**541**	**668**	**1,209**
Madam Ren Lili	**60**	**326**	**–**	**65**	**451**	**585**	**1,036**
Mr. Meng Lihui	**54**	**–**	**–**	**–**	**54**	**–**	**54**
Mr. Wan Xieqiu (Note ii)	**54**	**–**	**–**	**–**	**54**	**16**	**70**
Mr. Fong Heung Sang	**72**	**–**	**–**	**–**	**72**	**–**	**72**
Mr. Liu Ji	**60**	**–**	**–**	**–**	**60**	**40**	**100**
Mr. Chow Cheuk Lap	**36**	**–**	**–**	**–**	**36**	**–**	**36**
	552	**750**	**–**	**133**	**1,435**	**2,069**	**3,504**

	Year ended 31 December 2009						
Name of director	Fees HK$'000	Salaries, allowances and other benefits in kind HK$'000 (Note i)	Bonuses HK$'000	Pension scheme contributions HK$'000	Sub-total HK$'000	Share based payment HK$'000	Total HK$'000
Mr. Lau Sik Suen (Note v)	–	75	–	4	79	–	79
Mr. Lau Yeung Sang	108	–	–	5	113	–	113
Mr. Liu Ruisheng	54	–	–	–	54	77	131
Madam Luan Yumin	54	233	–	57	344	108	452
Madam Ren Lili (Note iv)	47	181	–	57	285	77	362
Mr. Meng Lihui	54	–	–	–	54	–	54
Mr. Wan Xieqiu	54	–	–	–	54	–	54
Mr. Fong Heung Sang	72	–	–	–	72	–	72
Mr. Liu Ji (Note iii)	19	–	–	–	19	–	19
Mr. Chow Cheuk Lap	36	–	–	–	36	–	36
	498	489	–	123	1,110	262	1,372

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

7. 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 23 February 2011.

iii. Appointed on 7 September 2009.

iv. Appointed on 20 July 2009.

v. Resigned on 29 May 2009.

During the year, 47,100,000 share options were granted to the directors 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, three (2009: two) are directors of the Company and the details of their remuneration have already been disclosed above.

The emoluments and designated band of the remaining two (2009: three) non-directors, highest paid employees were as follows:–

	2010 **HK$'000**	2009 HK$'000
Salaries, allowances and other benefits in kind	**684**	681
Pension scheme contributions	**40**	69
Equity settled share-based payment expenses	**1,097**	131
	1,821	881

The number of employees whose emoluments fell within the following bands was:–

	2010	2009
HK$		
Nil to 1,000,000	**1**	3
1,000,001 to 1,500,000	**1**	–
	2	3

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

7. DIRECTORS' REMUNERATION AND EMPLOYEES' EMOLUMENTS *(continued)*

(b) Five highest paid individuals *(continued)*

During the year, 29,270,000 share options were granted to the above two 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 directors of the Company, as an inducement to join, or upon joining the Group.

8. INCOME TAX EXPENSE/(CREDIT)

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year. For the year ended 31 December 2009, no provision for Hong Kong profits tax was made in these consolidated financial statements as the Group had no assessable profits.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"). The New CIT Law reduces the corporate income tax rate from 27% or 33% to 25% with effect from 1 January 2008. The Company's subsidiaries operating in the PRC are subject to the tax rate at 25% (2009: 25%).

During the year, certain subsidiaries in the PRC are entitled to preferential tax treatments. Certain subsidiaries are entitled to tax concessions whereby the profit for the first two financial years beginning with the first profit-making year is exempted from income tax in the PRC and the profit for each of the subsequent three years is taxed at 50% of the applicable tax rate ("Five-year tax holiday"). Other subsidiaries in the PRC did not generate any assessable profits subject to Mainland China corporate income tax.

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

	2010 **HK$'000**	2009 HK$'000
Current tax:		
Current year	**3,438**	–
Under-provision in respect of previous year	**10**	–
	3,448	–
Deferred taxation:		
Current year – Note 9(a)	**11,721**	(1,797)
	15,169	(1,797)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

8. INCOME TAX EXPENSE/(CREDIT) *(continued)*

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

	Hong Kong		PRC		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before income tax	**1,740**	10,190	**66,407**	14,577	**68,147**	24,767
Applicable tax rate (%)	**16.5**	16.5	**25**	25	**N/A**	N/A
Tax on profit before income tax, calculated at the applicable tax rate	**287**	1,681	**16,602**	3,644	**16,889**	5,325
Tax effect of non-deductible expenses in determining taxable profit	**386**	60	**3,107**	3,020	**3,493**	3,080
Tax effect of non-taxable revenue in determining taxable profit	**(85)**	(1)	**(44)**	(345)	**(129)**	(346)
Tax effect of unrecognised decelerated depreciation allowances	**(58)**	53	**–**	–	**(58)**	53
Tax effect of unrecognised tax losses	**471**	–	**149**	1,312	**620**	1,312
Tax effect of utilisation of tax losses	**(1,001)**	(1,793)	**(1,126)**	(1,811)	**(2,127)**	(3,604)
Tax effect on tax free concession	**–**	–	**(3,455)**	(7,617)	**(3,455)**	(7,617)
Under-provision in respect of previous year	**10**	–	**–**	–	**10**	–
Under-provision of deferred tax in previous years	**–**	–	**(74)**	–	**(74)**	–
Income tax expense/(credit)	**10**	–	**15,159**	(1,797)	**15,169**	(1,797)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

9. DEFERRED TAXATION

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

	The Group			
	Unutilised tax losses	**Revaluation of investment properties**	**Others**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1.1.2009	–	–	(1,798)	(1,798)
Credited to consolidated income statement for the year	–	–	1,797	1,797
Exchange adjustments	–	–	1	1
At 31.12.2009 and 1.1.2010	–	–	–	–
(Charged)/credited to consolidated income statement for the year – Note 8(b)	124	(11,845)	–	(11,721)
Exchange adjustments	3	(343)	–	(340)
At 31.12.2010	**127**	**(12,188)**	**–**	**(12,061)**

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

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deductible temporary differences – Notes (i) and (ii)				
Decelerated tax allowances	**157**	143	**–**	–
Unutilised tax losses	**28,785**	38,124	**17,348**	15,283
	28,942	38,267	**17,348**	15,283
Taxable temporary difference – Note (iii)				
Accelerated tax allowances	**(639)**	(213)	**(402)**	(64)
	28,303	38,054	**16,946**	15,219

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

9. DEFERRED TAXATION *(continued)*

(b) *(continued)*

Notes:–

(i) The Group

Deductible temporary differences have not been recognised in these consolidated financial statements owing to the absence of objective evidence in respect of availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. Included in unrecognised tax losses are losses of HK$2,918,000 (2009: HK$9,057,000) that will expire within five years from the date of incurrence. Other losses can be carried forward indefinitely.

(ii) The Company

Deductible temporary difference has not been recognised in these consolidated financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences. All unutilised tax losses can be carried forward indefinitely.

(iii) The Group and the Company

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

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to shareholders of the Company includes a loss of HK$2,492,000 (2009: HK$5,553,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:–

	2010 **HK$'000**	2009 HK$'000
Amount of consolidated loss attributable to shareholders dealt with in the Company's financial statements	**(2,492)**	(5,553)
Interim dividend from a subsidiary attributable to the profits, approved and paid during the year	**22,000**	45,665
Company's profit for the year	**19,508**	40,112

Notes to the Consolidated Financial Statements
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11. DIVIDEND

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

	2010 **HK$'000**	2009 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK0.39 cents per share (2009: HK$Nil)	**6,016**	–

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

	2010 **HK$'000**	2009 HK$'000
Final dividend proposed after the end of the reporting period of HK0.60 cents per share (2009: HK0.39 cents per share)	**9,265**	5,865

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

12. EARNINGS PER SHARE

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

	2010 **HK$'000**	2009 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**53,294**	28,478

	2010	2009
Number of shares		
Weighted average number of shares in issue for the purpose of calculation of basic earnings per share	**1,540,635,844**	1,503,928,858
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average number of shares in issue for the purpose of calculation of diluted earnings per share	**1,540,635,844**	1,503,928,858

For the years ended 31 December 2010 and 31 December 2009, diluted earnings per share is equal to the basic earnings per share because the exercise price of the Group's share options was higher than the average market price of the Group's shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

13. 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 2010 amounted to HK$174,000 (2009: HK$156,000).

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 26% (2009: 26%) 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 2010 amounted to HK$4,028,000 (2009: HK$3,190,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

14. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Leasehold land	Properties held under medium-term lease	Plant and machinery	Leasehold improvement	Office equipment, computer and other equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1.1.2009									
Cost, as restated	1,030	2,213	498	1,070	14,235	260	4,689	4,547	28,542
Aggregate depreciation, as restated	(34)	(64)	(50)	(501)	(11,121)	(157)	(1,751)	–	(13,678)
Net book value, as restated	996	2,149	448	569	3,114	103	2,938	4,547	14,864
For the year ended 31.12.2009									
Opening net book value, as previously reported	–	2,149	448	569	3,114	103	2,938	4,547	13,868
Adjustment for adoption of HKAS 17 (amendment)	996	–	–	–	–	–	–	–	996
Opening net book value, as restated	996	2,149	448	569	3,114	103	2,938	4,547	14,864
Exchange adjustments	–	–	1	–	2	–	1	36	40
Additions	–	–	–	341	1,687	61	–	35,058	37,147
Disposals	–	–	–	–	(16)	–	–	–	(16)
Depreciation	(26)	(59)	(45)	(196)	(919)	(51)	(895)	–	(2,191)
Closing net book value	970	2,090	404	714	3,868	113	2,044	39,641	49,844
At 31.12.2009									
Cost	1,030	2,213	499	1,411	15,843	321	4,692	39,641	65,650
Aggregate depreciation	(60)	(123)	(95)	(697)	(11,975)	(208)	(2,648)	–	(15,806)
Net book value	970	2,090	404	714	3,868	113	2,044	39,641	49,844
For the year ended 31.12.2010									
Opening net book value	970	2,090	404	714	3,868	113	2,044	39,641	49,844
Exchange adjustments	–	660	20	358	955	1	98	300	2,392
Additions	3,342	1,050	238	9,084	4,210	24	2,785	14,528	35,261
Transfer	–	24,033	–	3,769	–	–	–	(54,469)	(26,667)
Disposals	(955)	(278)	–	(124)	–	(11)	(349)	–	(1,717)
Depreciation	(62)	(1,372)	(59)	(876)	(1,454)	(37)	(993)	–	(4,853)
Closing net book value	3,295	26,183	603	12,925	7,579	90	3,585	–	54,260
At 31.12.2010									
Cost	**3,342**	**27,691**	**763**	**14,368**	**21,468**	**322**	**6,691**	**–**	**74,645**
Aggregate depreciation	**(47)**	**(1,508)**	**(160)**	**(1,443)**	**(13,889)**	**(232)**	**(3,106)**	**–**	**(20,385)**
Net book value	**3,295**	**26,183**	**603**	**12,925**	**7,579**	**90**	**3,585**	**–**	**54,260**

At 31 December 2010, leasehold land and properties held under medium-term lease with a net book value of HK$3,295,000 (2009: HK$Nil) and HK$26,183,000 (2009: HK$1,808,000) respectively were pledged to banks to secure bank loans granted to subsidiaries of the Group.

At 31 December 2010, construction in progress with a net book value of HK$Nil (2009: HK$39,641,000) was pledged to a bank to secure a bank loan granted to a subsidiary of the Group.

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For the year ended 31 December 2010

14. 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 1.1.2009					
Cost	293	93	186	988	1,560
Aggregate depreciation	(243)	(44)	(95)	(538)	(920)
Net book value	50	49	91	450	640
For the year ended 31.12.2009					
Opening net book value	50	49	91	450	640
Additions	6	16	60	–	82
Depreciation	(37)	(20)	(41)	(197)	(295)
Closing net book value	19	45	110	253	427
At 31.12.2009					
Cost	299	109	246	988	1,642
Aggregate depreciation	(280)	(64)	(136)	(735)	(1,215)
Net book value	19	45	110	253	427
For the year ended 31.12.2010					
Opening net book value	19	45	110	253	427
Additions	–	6	–	697	703
Disposals	–	–	–	(198)	(198)
Depreciation	(5)	(16)	(28)	(148)	(197)
Closing net book value	14	35	82	604	735
At 31.12.2010					
Cost	**299**	**115**	**246**	**1,025**	**1,685**
Aggregate depreciation	**(285)**	**(80)**	**(164)**	**(421)**	**(950)**
Net book value	**14**	**35**	**82**	**604**	**735**

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15. 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	
	2010	2009
	HK$'000	HK$'000
Outside Hong Kong, held under medium-term lease	**40,258**	77,731
Less: Current portion	**(1,068)**	(1,529)
Non-current portion	**39,190**	76,202
Representing:		
Opening net book value, as previously reported	**78,701**	80,588
Adjustment for adoption of HKAS 17 (amendment)	**(970)**	(996)
Opening net book value, as restated	**77,731**	79,592
Exchange adjustments	**1,729**	48
Transfer to investment properties – Note 16	**(38,161)**	–
Amortisation of prepaid land lease premium	**(1,041)**	(1,909)
Closing net book value	**40,258**	77,731

At 31 December 2010, prepaid land lease premium with a net book value of HK$40,258,000 (2009: HK$77,731,000) was pledged to banks to secure bank loans granted to subsidiaries of the Group.

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16. INVESTMENT PROPERTIES – THE GROUP

	HK$'000
At 1.1.2009, 31.12.2009 and 1.1.2010	–
Transfer from construction in progress – Note 14	26,667
Transfer from perpaid land lease premium – Note 15	38,161
Increase in fair value recognised in the consolidated income statement	46,536
Exchange adjustments	3,236
At 31.12.2010	**114,600**

Notes:–

(a) The investment properties are situated in the PRC and held under medium-term lease.

(b) The fair value of the Group's investment properties at 31 December 2010 were valued by BMI Appraisals Limited, an independent valuer, on an open market value basis.

(c) The investment properties with carrying value of HK$114,600,000 (2009: HK$Nil) were pledged to a bank to secure a bank loan granted to a subsidiary of the Group.

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For the year ended 31 December 2010

17. INTANGIBLE ASSETS – THE GROUP

	Development cost HK$'000	Computer software and technology HK$'000	Domain name HK$'000	Total HK$'000
At 1.1.2009				
Cost	–	–	–	–
Accumulated amortisation	–	–	–	–
Net book value	–	–	–	–
For the year ended 31.12.2009				
Opening net book value	–	–	–	–
Additions	1,555	–	–	1,555
Exchange adjustments	1	–	–	1
Closing net book value	1,556	–	–	1,556
At 31.12.2009				
Cost	1,556	–	–	1,556
Accumulated amortisation	–	–	–	–
Net book value	1,556	–	–	1,556
For the year ended 31.12.2010				
Opening net book value	1,556	–	–	1,556
Additions	7,321	–	2,682	10,003
Transfer	(1,568)	1,568	–	–
Amortisation	–	(157)	–	(157)
Exchange adjustments	225	41	–	266
Closing net book value	7,534	1,452	2,682	11,668
At 31.12.2010				
Cost	**7,534**	**1,614**	**2,682**	**11,830**
Accumulated amortisation	**–**	**(162)**	**–**	**(162)**
Net book value	**7,534**	**1,452**	**2,682**	**11,668**

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For the year ended 31 December 2010

18. GOODWILL – THE GROUP

	HK$'000
Cost:–	
At 1.1.2009	79,892
Arising on acquisition of a subsidiary	1
At 31.12.2009, 1.1.2010 and 31.12.2010	**79,893**
Impairment loss:–	
At 1.1.2009	22
Impairment for the year	1
At 31.12.2009, 1.1.2010 and 31.12.2010	**23**
Net book value:–	
At 31.12.2010	**79,870**
At 31.12.2009	79,870

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:–

	2010 HK$'000	2009 HK$'000
Platform payment services	**43,050**	43,050
Internet based remittance services	**33,352**	33,352
Trading of timber	**3,402**	3,402
Others	**89**	89
	79,893	79,893

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. A discount factor at a rate ranged from 14% to 18% was applied in the value in use model. Cash flows beyond the five-year period are extrapolated using the growth rate from 0% to 2%.

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For the year ended 31 December 2010

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2010	2009
	HK$'000	HK$'000
Unlisted shares, at cost	**153,704**	153,704
Amounts due from subsidiaries – Note 19(b)	**140,426**	190,612
	294,130	344,316

Notes:–

(a) The details of the principal subsidiaries at 31 December 2010 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	2 ordinary shares of US$1 each	100%	–	Investment holding
Universal Enterprise Resources Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Investment holding
Hyle Maestro Wooding (Shanghai) Limited *	People's Republic of China	US$1,080,000	–	100%	Trading of timber and manufacturing of furniture
Shanghai U-light Limited	People's Republic of China	RMB100,000,000	–	100%	Provision of payment solutions and related services
International Payment Solutions Holdings Limited	Hong Kong	97,860,000 ordinary shares of HK$1 each	–	100%	Investment holding
International Payment Solutions (China) Limited	People's Republic of China	US$880,000	–	100%	Provision of technical platform services

Notes to the Consolidated Financial Statements

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19. INTERESTS IN SUBSIDIARIES *(continued)*

Notes: *(continued)*

(a) The details of the principal subsidiaries at 31 December 2010 are as follows:– *(continued)*

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 Technologies (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Trading of timber and provision of system integration and related technical support services
International Payment Solutions (Hong Kong) Limited	Hong Kong	10,000 ordinary shares of HK$1 each	–	100%	Provision of payment solutions and related services
Universal Enterprise Investment Holdings Limited (formerly known as Universal iPayment International Limited)	Hong Kong	9,306,740 ordinary shares of HK$1 each	–	100%	Investment holding
Universal Investment China Limited	People's Republic of China	US$5,100,000	–	100%	Investment holding
Shanghai Puluma Trading Limited	People's Republic of China	RMB500,000	–	100%	Trading of timber

* The subsidiary is registered as Wholly Foreign Owned Enterprise under PRC Laws.

(b) The amounts were interest-free, unsecured and have no fixed terms of repayment.

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For the year ended 31 December 2010

20. INTEREST IN AN ASSOCIATE

	The Group	
	2010	2009
	HK$'000	HK$'000
Share of net assets	**–**	5

Note:

The associate was disposed to a third party on 30 August 2010.

The Group's interest in an associate was as follows:–

				Proportion of ownership interest		
Name of company	**Form of business structure**	**Place of incorporation and operation**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the Company**	**Principal activities**
King Essence International Limited	Incorporated	Hong Kong	10,000 ordinary shares of HK$1 each	50%	–	Not yet commenced business

Summary financial information on an associate:–

	Asset	**Liabilities**	**Equity**	**Revenue**	**Profit**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2010					
100%	**–**	**–**	**–**	**–**	**–**
Group's effective interest	**–**	**–**	**–**	**–**	**–**
2009					
100%	10	–	10	–	–
Group's effective interest	5	–	5	–	–

21. INVENTORIES

	The Group	
	2010	2009
	HK$'000	HK$'000
Raw materials	**2,252**	3,046
Work in progress	**4,410**	6,047
Finished goods	**10,141**	6,915
	16,803	16,008

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22. 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	
	2010	2009
	HK$'000	HK$'000
0 – 6 months	**224,628**	8,632
7 – 12 months	**–**	4,891
Over one year	**132**	15
	224,760	13,538
Neither past due nor impaired	**224,628**	13,523
Past due but not impaired	**132**	15
	224,760	13,538

23. OTHER DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Utilities and other deposits	**428**	109	**246**	–
Prepayments	**6,867**	8,002	**273**	291
Other receivables	**31,748**	10,749	**240**	104
	39,043	18,860	**759**	395

Notes to the Consolidated Financial Statements

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24. AMOUNTS DUE FROM RELATED COMPANIES

(a) Name and relationship with related companies are as follows:–

Name of company	Relationship
Universal Enterprise (China) Investment Group Limited	Controlled by a director, Mr. Lau Yeung Sang
Universal Bio-Medical Group Limited	Controlled by a director, Mr. Lau Yeung Sang
Universal Wood Industry Group Limited	Controlled by a director, Mr. Lau Yeung Sang

(b) Disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:–

	The Group and the Company		
	Balance outstanding		
Name of company	At 1.1.2010 HK$'000	Maximum during the year HK$'000	At 31.12.2010 HK$'000
Universal Enterprise (China) Investment Group Limited	3	3	–
Universal Bio-Medical Group Limited	5	5	–
Universal Wood Industry Group Limited	5	5	–
	13		–

The amounts were interest-free, unsecured and fully repaid during the year.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2010 HK$'000	2009 HK$'000
Listed securities		
Equity securities – Hong Kong	**6,823**	1,109
Equity securities – PRC	**4,162**	–
Market value of listed securities	**10,985**	1,109

Notes to the Consolidated Financial Statements

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26. CASH AND BANK BALANCES – THE GROUP

At 31 December 2010, cash and bank balances of the Group denominated in Renminbi amounted to HK$232,442,000 (2009: HK$113,272,000). 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.

27. BANK LOANS

	Note	The Group	
		2010	2009
		HK$'000	HK$'000
Bank loan, secured	(a)	**5,897**	2,275
Bank loan, secured	(b)	**21,821**	33,559
Bank loan, secured	(c)	**2,921**	–
Bank loan, unsecured	(d)	**20,052**	9,101
		50,691	44,935
Due for payment:–			
Within one year		**32,409**	15,926
Within two to five years		**18,282**	21,046
Over five years		**–**	7,963
		18,282	29,009
		50,691	44,935

Notes:–

(a) The secured bank loan is interest-bearing at 4.43% per annum (2009: 5.84% per annum), repayable within one year, denominated in Renminbi and secured by (i) property held under medium-term lease with a net book value of HK$1,756,000 (2009: HK$1,808,000) (note 14(a)); and (ii) prepaid land lease premium with a net book value of HK$3,750,000 (2009: HK$3,860,000) (note 15).

(b) The secured bank loan is interest-bearing at 0.54% per month (2009: 0.54% per month), repayable within five years, denominated in Renminbi and secured by (i) investment properties with a net book value of HK$114,600,000 (note 16); (ii) property held under medium-term lease with a net book value of HK$23,392,000 (2009: construction in progress of HK$39,641,000) (note 14(a)); and (iii) prepaid land lease premium with a net book value of HK$36,508,000 (2009: HK$73,871,000) (note 15).

(c) The secured bank loan is interest-bearing at 1.07% per annum, repayable within five years, denominated in Hong Kong dollar and secured by leasehold land and property held under medium-term lease with a net book value of HK$3,295,000 and HK$1,035,000 respectively (note 14(a)).

(d) The unsecured bank loan is interest-bearing at 5.35% per annum (2009: 4.86% per annum), repayable within one year and denominated in Renminbi.

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28. TRADE PAYABLE

An aging analysis of trade payable is set out below:–

	The Group	
	2010	2009
	HK$'000	HK$'000
0 – 12 months	**24,845**	–
Over one year	**1**	1
	24,846	1

29. PAYABLE TO MERCHANTS

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

	The Group	
	2010	2009
	HK$'000	HK$'000
0 – 12 months	**339,405**	74,972
Over one year	**227**	241
	339,632	75,213

30. DEPOSITS RECEIVED, SUNDRY CREDITORS AND ACCRUALS

	The Group		The Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits received and receipts in advance	**10,731**	4,068	**–**	–
Accruals	**2,912**	1,018	**751**	281
Sundry creditors	**70,846**	11,365	**–**	–
	84,489	16,451	**751**	281

31. AMOUNT DUE TO A DIRECTOR – THE GROUP

The amount was interest-free, unsecured and fully repaid during the year.

32. AMOUNTS DUE TO SUBSIDIARIES – THE COMPANY

The amounts are interest-free, unsecured and repayable on demand.

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33. SHARE CAPITAL

	Note	The Group and the Company Number of shares	HK$'000
(a) Share capital			
Ordinary share of HK$0.01 each			
Authorised:			
At 1 January 2009, 31 December 2009 and 31 December 2010		**5,000,000,000**	**50,000**
Issued and fully paid:			
At 1 January 2009 and 31 December 2009		1,503,928,858	15,039
Shares issued under share option scheme	(i)	56,820,000	568
Repurchased of own shares	(ii)	(16,600,000)	(166)
At 31 December 2010		**1,544,148,858**	**15,441**

Notes:–

(i) During the year ended 31 December 2010, 56,820,000 share options were exercised by the eligible option holders, resulting in the issue of 56,820,000 shares of HK$0.01 each of the Company at a total consideration of HK$17,046,000.

(ii) During the year ended 31 December 2010, the Company repurchased its own shares on the Stock Exchange as follows:–

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK'000
December 2010	16,600,000	0.270	0.265	4,466

During the year ended 31 December 2010, a total of 16,600,000 shares were repurchased at an aggregate price paid of HK$4,466,000.

The repurchased shares were cancelled and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to Section 37(4) of the Companies Law (2004 Revision) of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of HK$166,000 was transferred from retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of HK$4,300,000 was charged to the share premium account.

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33. SHARE CAPITAL *(continued)*

(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 was to maintain a reasonable proportion in total liabilities and total assets. The Group monitors equity capital on the basis of gearing ratio, which is calculated as total liabilities over total assets. The gearing ratios at 31 December 2010 and at 31 December 2009 were as follows:–

	2010 **HK$'000**	2009 HK$'000
Total liabilities	**503,196**	136,634
Total assets	**865,154**	392,238
Gearing ratio	**58.16%**	34.83%

34. SHARE OPTIONS

(a) GEM Share Option Schemes

The Company operates three share option schemes (including one Share Option Scheme and two Pre-IPO Share Option Schemes) adopted on 12 October 2001 ("GEM Share Option Schemes") 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.

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34. SHARE OPTIONS *(continued)*

(a) GEM Share Option Schemes *(continued)*

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.

(i) A summary of the movements of share options granted under the GEM Share Option Schemes during each of the two years ended 31 December 2010 is as follows:–

			Number of share options						
Date of grant	Exercise period	Exercise price	Outstanding at 1 January 2009	Lapsed during the year	Outstanding at 1 January 2010	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2010
7 February 2002	7 February 2002 to 6 February 2012	HK$1.300	350,000	–	350,000	–	–	–	350,000
9 April 2002	9 April 2002 to 8 April 2012	HK$1.400	70,000	–	70,000	–	–	–	70,000
21 May 2007	21 May 2007 to 20 May 2009	HK$0.228	25,290,000	(25,290,000)	–	–	–	–	–
22 February 2008	22 February 2008 to 21 February 2011	HK$0.300	27,780,000	(3,760,000)	24,020,000	–	(18,940,000)	(1,300,000)	3,780,000
	22 February 2009 to 21 February 2011	HK$0.300	27,780,000	(3,760,000)	24,020,000	–	(18,940,000)	(1,300,000)	3,780,000
	22 February 2010 to 21 February 2011	HK$0.300	27,780,000	(3,760,000)	24,020,000	–	(18,940,000)	(1,300,000)	3,780,000
9 April 2010	9 April 2010 to 8 April 2012	HK$0.390	–	–	–	60,000,000	–	–	60,000,000
			109,050,000	(36,570,000)	72,480,000	60,000,000	(56,820,000)	(3,900,000)	71,760,000

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34. SHARE OPTIONS *(continued)*

(a) GEM Share Option Schemes *(continued)*

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

	2010		2009	
	Weighted average of exercise price HK$	**Number of options**	Weighted average of exercise price HK$	Number of options
Outstanding at the beginning of the year	**0.307**	**72,480,000**	0.288	109,050,000
Granted during the year	**0.390**	**60,000,000**	–	–
Exercise during the year	**0.300**	**(56,820,000)**	–	–
Lapsed during year	**0.300**	**(3,900,000)**	0.250	(36,570,000)
Outstanding at the end of year	**0.382**	**71,760,000**	0.307	72,480,000
Exercisable at the end of year	**0.382**	**71,760,000**	0.309	48,460,000

The closing price of the Company's share immediately before 9 April 2010, being the grant date of the options, was HK$0.340.

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.302 (2009 : Not applicable).

The closing price of the Company's share immediately before the dates in which the options were exercised ranged from HK$0.310 to HK$0.355 (2009 : Not applicable).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

34. SHARE OPTIONS *(continued)*

(a) GEM Share Option Schemes *(continued)*

(iii) Fair value of share options granted during the year ended 31 December 2010 (2009: Not applicable):–

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 Binomial Option Pricing Model.

Fair value at measurement date	**HK$0.02716**
Share price	**HK$0.310**
Exercise price	**HK$0.390**
Expected volatility	**80.38%**
Expected dividend	**0%**
Risk-free interest rate	**0.723%**

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

34. SHARE OPTIONS *(continued)*

(b) New Share Option Scheme

Pursuant to the Company transferred the listing of its share from GEM to the Main Board of the Stock Exchange on 22 June 2010, the Company adopted a new share option scheme which is compliance with the Listing Rules at the Company's extraordinary general meeting held on 12 August 2010 ("New Share Option Scheme"). The GEM Share Option Schemes have been terminated and no further options under such schemes have been granted thereunder upon the adoption of the New Share Option Scheme. The outstanding options granted under the GEM Share Option Schemes shall continue to be subject to the provision of the GEM Share Option Schemes.

The purpose of the New Share Option Scheme is to enable the Company to grant options to participants an incentive or rewards for their contributions to the Group.

The New Share Option Scheme was adopted for a period of ten years commencing from 12 August 2010 and will remain in force until 11 August 2020, after which period no further options will be offered or granted but the provisions of the scheme shall remain in full force and effect in all other respects with regard to options granted during the life of the scheme.

The subscription price of the New Share Option Scheme 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 of the share as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share of the Company.

(i) A summary of the movements of share options granted under the Share Option Scheme during the year ended 31 December 2010 is as follows:–

			Number of share options	
Date of grant	**Exercise period**	**Exercise price**	**Granted during the year**	**Outstanding at 31 December 2010**
31 August 2010	31 August 2010 to 30 August 2013	HK$0.360	155,520,000	155,520,000
			155,520,000	155,520,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

34. SHARE OPTIONS *(continued)*

(b) New Share Option Scheme

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

	2010	
	Weighted average of exercise price HK$	**Number of options**
Granted during the year	**0.360**	**155,520,000**
Outstanding at the end of year	**0.360**	**155,520,000**
Exercisable at the end of year	**0.360**	**155,520,000**

No share options were exercised during the year ended 31 December 2010 (2009: Not applicable).

The closing price of the Company's share immediately before 31 August 2010, being the grant date of the options, was HK$0.310.

(iii) Fair value of share options granted during the year ended 31 December 2010 (2009: Not applicable):–

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 Binomal Option Pricing Model.

Fair value at measurement date	**HK$0.03973**
Share price	**HK$0.305**
Exercise price	**HK$0.360**
Expected volatility	**76.71%**
Expected dividend	**0.14%**
Risk-free interest rate	**0.526%**

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

35. RESERVES

(a) The Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Statutory reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000
At 1.1.2009	205,295	–	1,093	10,754	(8,709)	4,531	4,939	(9,350)	208,553
Equity settled share-based transactions	–	–	–	–	–	1,083	–	–	1,083
Transferred to accumulated losses	–	–	–	–	–	(1,444)	–	1,444	–
Total comprehensive income for the year	–	–	–	–	(397)	–	–	28,478	28,081
Transferred to statutory reserve	–	–	–	–	–	–	2,194	(2,194)	–
At 31.12.2009	205,295	–	1,093	10,754	(9,106)	4,170	7,133	18,378	237,717
At 1.1.2010	205,295	–	1,093	10,754	(9,106)	4,170	7,133	18,378	237,717
Equity settled share-based transactions	–	–	–	–	–	8,274	–	–	8,274
Transferred to retained profits	–	–	–	–	–	(226)	–	226	–
Shares issued under share option scheme	20,153	–	–	–	–	(3,675)	–	–	16,478
Dividend paid	–	–	–	–	–	–	–	(6,016)	(6,016)
Repurchased of own shares	(4,300)	166	–	–	–	–	–	(166)	(4,300)
Change in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	–	–	–	2	2
Total comprehensive income for the year	–	–	–	–	6,822	–	–	53,294	60,116
Transferred to statutory reserve	–	–	–	–	–	–	2,384	(2,384)	–
At 31.12.2010	**221,148**	**166**	**1,093**	**10,754**	**(2,284)**	**8,543**	**9,517**	**63,334**	**312,271**

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 the 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 HK$2,384,000 (2009: HK$2,194,000) from retained profits to general reserve fund.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

35. RESERVES *(continued)*

(b) The Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	(Accumlated losses)/ retained profits HK$'000	Total HK$'000
At 1.1.2009	212,859	–	4,531	(24,872)	192,518
Equity settled share-based transactions	–	–	1,083	–	1,083
Transferred to accumulated losses	–	–	(1,444)	1,444	–
Total comprehensive income for the year	–	–	–	40,112	40,112
At 31.12.2009	212,859	–	4,170	16,684	233,713
At 1.1.2010	212,859	–	4,170	16,684	233,713
Equity settled share-based transactions	–	–	8,274	–	8,274
Transferred to retained profits	–	–	(226)	226	–
Shares issued under share option scheme	20,153	–	(3,675)	–	16,478
Dividend paid	–	–	–	(6,016)	(6,016)
Repurchased of own shares	(4,300)	166	–	(166)	(4,300)
Total comprehensive income for the year	–	–	–	19,508	19,508
At 31.12.2010	**228,712**	**166**	**8,543**	**30,236**	**267,657**

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) Capital redemption reserve represents the nominal value of the shares repurchased which has been paid out of the distributable reserves of the Company.

(iii) At 31 December 2010, in the opinion of the directors, the reserves of the Company available for distribution to shareholders amounted to HK$258,948,000 (2009 : HK$229,543,000) subject to the restrictions as stated above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

36. BUSINESS COMBINATION

On 7 December 2009, the Group acquired the entire 100% equity interest in Universal Union Collection Limited, a company incorporated in the PRC and not yet commenced business. The acquired business did not contribute any revenue and net profit/loss to the Group for the period from 7 December 2009 to 31 December 2009.

The net assets acquired in the acquisition are as follows:–

	2010 **HK$'000**	2009 HK$'000
Cash and cash equivalents	–	5
Other receivables	–	1,135
Other payables	–	(6)
Net assets acquired	–	1,134
Goodwill arising on acquisition	–	1
Total purchase consideration	–	1,135
Satisfied by:		
Cash consideration	–	1,135
Cash and cash equivalents acquired	–	5
Cash consideration	–	(1,135)
Net cash outflow on acquisition	–	(1,130)

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For the year ended 31 December 2010

37. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Acquisition of additional interests in a subsidiary

On 18 August 2010, the Group acquired an additional 4% equity interests in a subsidiary at a consideration of RMB400,000 (equivalent to HK$457,000). The carrying amount of the non-controlling interests in this subsidiary on the date of acquisition was HK$4,427,000. The Group recognised a decrease in non-controlling interests on the date of acquisition of HK$422,000 and a decrease in equity attributable to shareholders of the Company of HK$35,000. The effect of changes in the ownership interests of this subsidiary on the equity attributable to shareholders of the Company during the year is summarised as follows:–

	2010	2009
	HK$'000	HK$'000
Carrying amount of non-controlling interests acquired	**422**	–
Consideration paid to non-controlling interests	**(457)**	–
Excess of consideration paid recognised in equity	**(35)**	–

(b) Disposal of interests in a subsidiary without loss of control

On 24 November 2010, the Group disposed of 15% equity interests in a subsidiary at a consideration of RMB15,750,000 (equivalent to HK$18,338,000). The carrying amount of the non-controlling interests in this subsidiary on the date of disposal was HK$18,301,000. The Group recognised an increase in non-controlling interests of HK$18,301,000 and an increase in equity attributable to shareholders of the Company of HK$37,000. The effect of changes in the ownership interests of this subsidiary on the equity attributable to shareholders of the Company during the year is summarised as follows:–

	2010	2009
	HK$'000	HK$'000
Carrying amount of non-controlling interests disposed of	**(18,301)**	–
Consideration received from non-controlling interests	**18,338**	–
Gain on disposal within equity	**37**	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

37. TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(continued)*

(c) Effects of transactions with non-controlling interests on the equity attributable to shareholders of the Company for the year ended 31 December 2010

	HK$'000
Total comprehensive income for the year attributable to shareholders of the Company	**60,116**
Changes in equity attributable to shareholders of the Company arising from:–	
Acquisition of additional interests in a subsidiary	**(35)**
Disposal of interests in a subsidiary without loss of control	**37**
Net effect for transactions with non-controlling interests on changes in equity attributable to shareholders of the Company	**2**
	60,118

38. COMMITMENTS

(a) Operating lease arrangements

(i) The Group

As lessor

At 31 December 2010, the Group had contracted with tenants for the following future minimum lease payments to be received under non-cancellable operating leases for each of the following periods as follows:–

	2010 HK$'000	2009 HK$'000
Within one year	**3,002**	–
After one year but within five years	**8,191**	–
Over five years	**9,094**	–
	20,287	–

The Group leases its investment properties under operating leases. The leases were negotiated for terms ranging from one to ten years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

38. COMMITMENTS *(continued)*

(a) Operating lease arrangements *(continued)*

(i) ***The Group*** *(continued)*

As lessee

At 31 December 2010, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:–

	2010 **HK$'000**	2009 HK$'000
Within one year	**1,139**	773
After one year but within five years	**962**	–
	2,101	773

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***

As lessee

At 31 December 2010, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating lease which falls due as follows:–

	2010 **HK$'000**	2009 HK$'000
Within one year	**641**	277
After one year but within five years	**962**	–
	1,603	277

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.

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For the year ended 31 December 2010

38. COMMITMENTS *(continued)*

(b) Capital commitments

(i) The Group

Capital expenditure contracted for but not provided is as follows:–

	2010 **HK$'000**	2009 HK$'000
Investment	**354**	–
Construction in progress	**–**	11,099
	354	11,099

On 5 August 2010, a 62% indirectly owned subsidiary of the Company entered into an agreement with a third party to set up a company in the PRC. The company will be principally engaged in investment holding. Pursuant to the agreement, the registered capital of the company will amount to RMB12,000,000 (equivalent to HK$14,154,000), and the Group shall contribute RMB3,600,000 (equivalent to HK$4,246,000) in cash representing 30% equity interests of the company. During the year, RMB3,300,000 (equivalent to HK$3,892,000) was paid and RMB300,000 (equivalent to HK$354,000) was contracted for but not paid.

(ii) The Company

At 31 December 2010, the Company had no capital commitments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

39. 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: credit risk, liquidity risk and market risk (including currency risk, market price risk and interest rate 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 Group 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 obtaining information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors are due with 60 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

39. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(a) Credit risk *(continued)*

The Group

Carrying amounts of financial assets at 31 December 2010, which represented the amounts of maximum exposure to credit risk, were as follows:–

	2010 HK$'000	2009 HK$'000
Debtors	**224,760**	13,538
Other deposits and other receivables	**32,176**	10,858
Amounts due from related companies	**–**	13
Financial assets at fair value through profit or loss	**10,985**	1,109
Cash and bank balances	**267,215**	128,724
	535,136	154,242

Except for debtors with carrying amount of HK$132,000 (2009: HK$15,000) which was past due but not impaired, the directors are satisfied with the credit quality of financial assets.

The Company

	2010 HK$'000	2009 HK$'000
Other deposits and other receivables	**486**	104
Amounts due from subsidiaries	**140,426**	190,612
Amounts due from related companies	**–**	13
Cash and bank balances	**1,156**	341
	142,068	191,070

The directors are satisfied with the credit quality of amounts due from subsidiaries since the subsidiaries are financially healthy. Overall, the directors are satisfied with the credit quality of financial assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

39. 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 risk 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 gearing ratio.

The Group

Maturities of the non-derivative financial liabilities of the Group at 31 December 2010 were as follows:–

	2010	2009
	HK$'000	HK$'000
Total amounts of contractual undiscounted obligations:–		
Bank loans and overdrafts	**50,691**	44,935
Trade payable	**24,846**	1
Payable to merchants	**339,632**	75,213
Sundry creditors and accruals	**73,758**	12,383
Amount due to a director	**–**	29
Amount due to an associate	**–**	5
	488,927	132,566
Due for payment:–		
Within one year or on demand	**470,645**	103,557
Within two to five years	**18,282**	21,046
Over five years	**–**	7,963
	488,927	132,566

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

39. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(b) Liquidity risk *(continued)*

The Company

Maturities of the non-derivative financial liabilities of the Company at 31 December 2010 were as follows:–

	2010 **HK$'000**	2009 HK$'000
Total amounts of contractual undiscounted obligations:–		
Amounts due to subsidiaries	**12,931**	96,459
Accruals	**751**	281
	13,682	96,740
Due for payment:–		
Within one year or on demand	**13,682**	96,740

(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 monetary financial assets and monetary financial liabilities at 31 December 2010 exposed to currency risk against Hong Kong dollars were as follows:–

The Group

	2010 **HK$'000**	2009 HK$'000
Financial assets denominated in foreign currencies:–		
Debtors	**224,758**	13,519
Other deposits and other receivables	**10,108**	6,785
Cash and bank balances	**244,565**	119,452
	479,431	139,756
Financial liabilities denominated in foreign currencies:–		
Bank loans	**47,770**	44,935
Trade payable	**24,846**	1
Payable to merchants	**295,537**	67,092
Sundry creditors and accruals	**76,335**	8,594
	444,488	120,622
Net financial assets exposed to currency risk	**34,943**	19,134

Notes to the Consolidated Financial Statements

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39. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(c) Currency risk *(continued)*

The Group *(continued)*

The Group's net financial assets exposed to currency risk were primarily denominated in the following currencies:–

	2010 **HK$'000**	2009 HK$'000
EUR	**21**	–
United States dollars	**12,144**	6,112
Renminbi	**22,778**	13,022
	34,943	19,134

The Group operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from Renminbi, primarily with respect to the Hong Kong dollars. 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 dollars and Renminbi.

Since Hong Kong dollars is pegged to United States dollars, material fluctuations in the exchange rates of Hong Kong dollars against United States dollars are remote.

Should Hong Kong dollars at 31 December 2010 devalue by 10% against Renminbi and EUR, the carrying amount of the net financial assets of the Group exposed to currency risk at 31 December 2010 determined in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would be increased, and hence the equity at 31 December 2010 would be increased by HK$2,280,000 (2009: HK$1,302,000); and no effect on the profit for the years ended 31 December 2010 and 2009.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

39. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(c) Currency risk *(continued)*

The Company *(continued)*

	2010 **HK$'000**	2009 HK$'000
Financial asset denominated in foreign currencies:–		
Cash and bank balances	**28**	16
Net financial asset exposed to currency risk	**28**	16

The Company's net financial asset exposed to currency risk were primarily denominated in the following currencies:

United states dollars	**16**	16
Renminbi	**12**	–
	28	16

Since Hong Kong dollars is pegged to United States dollars, material fluctuations in the exchange rates of Hong Kong dollars against United States dollars are remote.

Should Hong Kong dollars at 31 December 2010 devalue by 10% against Renminbi, the carrying amount of the net financial assets of the Company exposed to currency risk at 31 December 2010 determined in accordance with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" would be increased, and hence the equity at 31 December 2010 would be increased by HK$1,200 (2009: HK$Nil); and the profit for the year ended 31 December 2010 would be increased by HK$1,200 (2009: HK$Nil).

(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 risk, when it is considered significant, by entering into appropriate derivatives contracts.

The Group is exposed to equity price risk arising from equity investments classified as financial assets at fair value through profit or loss (note 25). The Group is not exposed to commodity price risk.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If equity price had been 10% higher/lower, post-tax profit for the year ended 31 December 2010 would be increased/decreased by HK$986,000 (2009: HK$93,000); and hence the equity at 31 December 2010 would be increase/decreased by HK$986,000 (2009: HK$93,000) as a result of the change in fair value of equity investments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

39. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(d) Market price risk *(continued)*

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

The Company has no significant exposure to market price risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises from its bank balances and bank loans and the Company's exposure to interest rate risk arises from its bank balances. The bank balances bear interest at rates varied with the then prevailing market condition. If the market interest rate at 31 December 2010 had been 10 basis point lower or higher with all other variables held constant, there would be no significant change to the profit for the year.

At 31 December 2010, the Group's bank loans of HK$50,691,000 (2009: HK$44,935,000) bear fixed interest rates and were measured at amortised cost, their carrying amounts would not be affected by changes in market interest rate.

(f) Fair values

(i) Financial instruments carried at fair value

For financial instruments carried at fair value, the amendments to HKFRS 7 "Financial Instruments: Disclosures", require disclosures relating to fair value measurements of financial instruments across three levels of a "fair value hierarchy". The fair value of each financial instrument is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:–

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

- Level 2: fair value measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

At 31 December 2010, the only financial instruments of the Group carried at fair value were financial assets at fair value through profit or loss of HK$10,985,000 (2009: HK$1,109,000) listed on the Stock Exchange and Shanghai Stock Exchange (see note 25). These instruments fall into Level 1 of the fair value hierarchy described above.

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For the year ended 31 December 2010

39. NATURE AND EXTENT OF FINANCIAL INSTRUMENT RISKS *(continued)*

(f) Fair values *(continued)*

(i) Financial instruments carried at fair value *(continued)*

During the year ended 31 December 2010, there were no significant transfers between financial level instruments in 1 and level 2.

At 31 December 2010, the Company did not have any financial instrument carried at fair value.

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2010 and 2009.

40. RELATED PARTY TRANSACTIONS

(a) Apart from the transaction as disclosed in notes 24, 31 and 41 to the consolidated financial statements, the Group had no other material transaction with its related party during the year.

(b) Key management compensation

	2010 **HK$'000**	2009 HK$'000
Fees for key management personnel	**276**	263
Salaries, allowances and other benefits in kind	**3,129**	2,476
Pension scheme contributions	**386**	347
Equity settled share-based payment expenses	**4,260**	667
	8,051	3,753

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41. BANKING FACILITIES

At 31 December 2010, the Group's banking facilities to the extent of HK$64,716,000 (2009: HK$92,714,000) were secured by:–

(a) unlimited cross guarantees executed by its subsidiaries;

(b) leasehold land and properties held under medium-term lease (note 14(a));

(c) prepaid land lease premium (note 15); and

(d) investment properties held under medium-term lease (note 16).

Such banking facilities were utilised by its subsidiaries to the extent of HK$50,691,000 (2009: HK$44,935,000).

42. CONTINGENT LIABILITIES

At 31 December 2010, the Group and the Company had no contingent liabilities.

43. SEGMENT REPORTING

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

The Group has presented the following four reportable segments.

(a) Payment solutions

This segment primarily derives its revenue from the provision of payment solutions and ongoing technical support services to customers in the PRC, Hong Kong and overseas. Currently the Group's activities in this regard are carried out in the PRC, Hong Kong and overseas.

(b) Timber trading and furniture manufacturing

This segment engaged in trading of timber and manufacturing of furniture to customers in the PRC. Currently the Group's activities in this regard are carried out in the PRC.

(c) System integration and technical platform services

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

43. SEGMENT REPORTING *(continued)*

(d) Industry park

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

43. SEGMENT REPORTING *(continued)*

(a) Segments results, assets and liabilities

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

	Reportable Segments											
	Payment solutions		Timber trading and furniture manufacturing		System integration and technical platform services		Industry park		Others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment revenue												
Revenue from external customers	**97,950**	72,050	**11,749**	14,639	**12,608**	284	**645**	–	**–**	–	**122,952**	86,973
Other revenue	**877**	866	**2,233**	5	**596**	11	**22**	26	**384**	109	**4,112**	1,017
Total revenue	**98,827**	72,916	**13,982**	14,644	**13,204**	295	**667**	26	**384**	109	**127,064**	87,990
Reportable segment profits	**57,293**	40,098	**1,449**	1,558	**3,418**	(4,507)	**35,576**	(5,208)	**(26,790)**	(6,704)	**70,946**	25,237
Interest income											**1,188**	711
Dividend income											**133**	–
Profit from operations											**72,267**	25,948
Finance costs											**(2,743)**	(1,181)
Loss on disposal of subsidiaries											**(1,377)**	–
Profit before income tax											**68,147**	24,767
Income tax (expense)/credit											**(15,169)**	1,797
Profit for the year											**52,978**	26,564
Attributable to:												
– Shareholders of the Company											**53,294**	28,478
– Non-controlling interests											**(316)**	(1,914)
											52,978	26,564

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

43. SEGMENT REPORTING *(continued)*

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

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

	Reportable Segments											
	Payment solutions		Timber trading and furniture manufacturing		System integration and technical platform services		Industy park		Others		Consolidated	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Depreciation for the year	**2,012**	1,418	**283**	215	**240**	95	**1,942**	16	**376**	447	**4,853**	2,191
Amortisation	**48**	–	**–**	–	**109**	–	**931**	1,799	**110**	110	**1,198**	1,909
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1	**–**	1
Capital expenditure incurred during the year	**8,855**	1,543	**4,505**	409	**12,172**	3	**15,502**	35,109	**8,122**	83	**49,156**	37,147
Reportable segment assets	**431,892**	161,815	**38,317**	26,842	**113,226**	11,300	**190,165**	129,231	**80,569**	61,941	**854,169**	391,129
Unallocated assets											**10,985**	1,109
Total assets											**865,154**	392,238
Reportable segment liabilities	**404,328**	81,233	**7,239**	3,775	**26,950**	15	**9,045**	6,165	**1,405**	511	**448,967**	91,699
Unallocated liabilities											**66,290**	44,935
Total liabilities											**515,257**	136,634

Amount of HK$12,042,000 (2009: HK$13,370,000, HK$11,658,000 and HK$8,998,000), which was individually more than 10 percent of the Group's revenue and included in the revenue of payment solutions segment, was revenue from transactions with one (2009: three) single customer.

The figures of 2009 have been restated due to the change in the presentation of information for reporting to the Group's most senior executive management for the purpose of resource allocation and performance assessment with effect in 2010.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

43. SEGMENT REPORTING *(continued)*

(b) Geographical information

	PRC		Hong Kong/ overseas		Consolidated	
				(Restated)		(Restated)
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**48,090**	61,853	**74,862**	25,120	**122,952**	86,973
Other revenue	**3,731**	906	**381**	111	**4,112**	1,017
Total revenue	**51,821**	62,759	**75,243**	25,231	**127,064**	87,990
Non-current assets	**246,779**	156,859	**56,701**	50,618	**303,480**	207,477

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

44. NON-ADJUSTING POST BALANCE SHEET EVENTS

After the end of the reporting period, the board of directors proposed a final dividend. Further details are disclosed in note 11.

45. COMPARATIVE FIGURES

As a result of the application of amendment to HKAS 17, certain comparative figures have been restated to conform to current year's presentation. Further details of these developments are disclosed in note 2(a) to the consolidated financial statements.

Five Years Financial Summary

RESULTS

	Year ended 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**122,952**	86,973	75,151	72,265	40,546
Profit for the year	**52,978**	26,564	22,383	12,648	5,562
Attributable to:					
Shareholders of the Company	**53,294**	28,478	22,426	12,648	5,562
Non-controlling interests	**(316)**	(1,914)	(43)	–	–
	52,978	26,564	22,383	12,648	5,562

ASSETS AND LIABILITIES

	At 31 December				
		(Restated)	(Restated)	(Restated)	
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**303,480**	207,477	172,803	60,784	48,580
Current assets	**561,674**	184,761	114,433	166,616	65,770
Deduct:					
Current liabilities	**484,914**	107,625	57,084	88,345	31,045
Net current assets	**76,760**	77,136	57,349	78,271	34,725
	380,240	284,613	230,152	139,055	83,305
Deduct:					
Non-current liabilities	**(30,343)**	(29,009)	(1,798)	(3,030)	(23,972)
Net assets	**349,897**	255,604	228,354	136,025	59,333