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新宇

國際集團有限公司

(於開曼群島註冊成立之有限公司)

New Universe

INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

2002 *Interim Report*

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This report, for which the directors of NEW UNIVERSE INTERNATIONAL GROUP LIMITED, collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to NEW UNIVERSE INTERNATIONAL GROUP LIMITED. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:— (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

Turnover for the six months ended 30 June 2002 amounted to HK\$32,438,000, representing a decrease of 36% over the turnover of approximately HK\$50,962,000 for the same period in last year.

Loss attributable to shareholders for the six months ended 30 June 2002 amounted to HK\$11,675,000 compared to loss attributable to shareholders of HK\$9,302,000 for the same period in last year.

BUSINESS REVIEW

Tooling and plastic injection business

During six months ended 30 June 2002, New Universe International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") were dedicated to strengthen its core business. However, the poor economic sentiment and the financial difficulties the Group previously encountered has affected the Group's performance significantly. For the six months ended 30 June 2002, turnover decreased 36% to HK\$32,438,000 and gross profit margin declined to 19% from 37% in the last corresponding period. Price pressures received from both customers and suppliers inevitably affected the gross profit margin of the tooling and moulding business. Besides, the production costs did not drop to the same extent as the decrease in turnover since the Group has to bear certain fixed overheads such as direct labour cost, factory rental and depreciation expenses in the period under review.

Nevertheless, the Group has significant achievement on cost control by effectively reduced the administrative expenses and other operating expenses by 35% and 55% respectively. With the alliance with New Universe Enterprise Limited, the single largest shareholder of the Company, the implementation of effective cost control and further expansion of sales and marketing team to develop the China (including Taiwan) market, the management is confident in rebuilding the Group as one of the leaders in the tooling and plastic injection business.

Professional Injection Mold system

The Professional Injection Mold System programme jointly developed by the Department of Mechanical Engineering of the University of Hong Kong and the Group with the support of the Hong Kong Innovation and Technology Fund is on schedule. Several exhibitions and seminars have been arranged to introduce the system to industrialists in Hong Kong and China. The trial usage of the first version is expected to be launched in 2002.

PROSPECTS

New Universe Enterprises Limited beneficially owns the Company as to 29% following the disposal of Shares by Diamonds and Pearls Limited on 31 May 2002. New management has been put in place to enhance operating efficiencies and redefine the corporate strategy in delivering shareholder value in the long run. In addition, the existing business of group companies of New Universe Enterprises Limited (which includes trading and manufacturing of chemicals and plastic materials) would compliment to the business of the Group. The directors believe that with the direction of the new management and the synergy with group companies of New Universe Enterprises Limited, a better prosper will be brought to the Group in the foreseeable future.

In the coming quarter, the Group will participate actively in exhibitions, seminars, other promotion events such as The 2nd International Mould & Die Making and Manufacturing Technology Exhibition for Asia in August 2002 as the Group believes that building a well-recognized brand name and corporate image and enhancing customer satisfaction are the most effective means to capture larger market share. Besides, the Group will take every measure to enhance its operating efficiency and to control operating costs so as to increase its competitiveness. At the same time, the Group will put all its effort to expand the China market to further strengthen its customer base. All of these will prepare the Group to benefit from the coming economic recoveries.

INTERIM RESULTS (UNAUDITED)

The board of directors (the "Board") of New Universe International Group Limited is pleased to announce the unaudited consolidated results of the Group for the three months and six months ended 30 June 2002 together with the unaudited comparative figures for the corresponding periods in 2001 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	For the three months ended 30th June		For the six months ended 30 June	
		2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000 (Restated)*	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000 (Restated)*
TURNOVER	(3)	14,661	24,789	32,438	50,962
Cost of sales		(11,796)	(15,796)	(26,410)	(32,126)
Gross profit		2,865	8,993	6,028	18,836
Other revenues		1,473	143	1,624	648
Distribution costs		(430)	(779)	(1,047)	(1,658)
Administrative expenses		(9,834)	(16,849)	(15,584)	(23,847)
Other operating expenses		(384)	(1,471)	(955)	(2,111)
Loss on a discontinued operation (note)		—	—	(821)	—
LOSS FROM OPERATING ACTIVITIES	(4)				
Continuing operations		(6,310)	(9,963)	(9,934)	(8,132)
Discontinued operations		—	—	(821)	—
Finance costs		(523)	(346)	(927)	(955)

	Notes	For the three months ended 30th June		For the six months ended 30 June	
		2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000 (Restated)*	2002 (Unaudited) HK\$'000	2001 (Unaudited) HK\$'000 (Restated)*
LOSS BEFORE TAX		(6,833)	(10,309)	(11,682)	(9,087)
Tax	(5)	—	—	—	(194)
LOSS BEFORE MINORITY INTERESTS		(6,833)	(10,309)	(11,682)	(9,281)
Minority interests		4	3	7	(21)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>(6,829)</u>	<u>(10,306)</u>	<u>(11,675)</u>	<u>(9,302)</u>
LOSS PER SHARE (CENTS)	(6)				
Basic		<u>(0.15)</u>	(0.22)	<u>(0.25)</u>	(0.21)
Diluted		<u>N/A</u>	N/A	<u>N/A</u>	N/A

* In previous period, the payment of HK\$1,752,000 for the use of an industrial plant was included in other operating expenses. During the current period, the Group considered it more appropriate to include the amount in the Group's cost of sales to better reflect the underlying nature of the balance. The comparative amount of cost of sales and other operating expenses have been restated to conform with the current period's presentation.

Note: In December 2001, the Group abandoned its business of provision of an Internet server co-location centre.

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited)	(Audited)
		30 June	31 December
		2002	2001
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	(8)	72,394	77,582
CURRENT ASSETS			
Inventories		12,833	17,538
Trade receivables	(9)	14,670	11,684
Prepayments, deposits and other receivables		5,966	7,813
Tax recoverable		1,469	1,401
Cash and bank balances		6,209	5,734
		41,147	44,170
CURRENT LIABILITIES			
Interest-bearing bank borrowings		—	4,574
Trade and bills payables	(10)	20,339	21,833
Deposits received		9,200	13,848
Accrued liabilities and other payables		22,947	23,448
Amount due to a shareholder	(11)	16,180	—
Finance lease payables		5,757	5,563
Tax payable		2,190	2,124
		76,613	71,390
NET CURRENT LIABILITIES		(35,466)	(27,220)
TOTAL ASSETS LESS CURRENT LIABILITIES		36,928	50,362

	(Unaudited)	(Audited)
	30 June	31 December
	2002	2001
<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Finance lease payables	(4,264)	(4,375)
Other payables	—	(1,481)
Deferred tax	(900)	(900)
	(5,164)	(6,756)
MINORITY INTERESTS		
	(16)	(23)
	31,748	43,583
CAPITAL AND RESERVES		
Issued capital	(12) 23,500	23,500
Reserves	8,248	20,083
	31,748	43,583

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	Six months ended	
	30 June	
	2002	2001
	HK\$'000	HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(6,353)	(34,265)
NET CASH USED IN INVESTING ACTIVITIES	(4,023)	(7,088)
NET CASH INFLOW FROM FINANCING ACTIVITIES	10,768	15,458
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	392	(25,925)
Cash and cash equivalents at beginning of period	5,734	35,702
Effect of foreign exchange rate changes, net	83	(45)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,209	9,732
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,209	9,732

CONDENSED STATEMENT OF CHANGES IN EQUITY**Group**

	Share capital	Share premium account	Exchange fluctuation reserve	Goodwill reserve	Contributed surplus	Retained profits/ (accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at							
1 January 2000	1	—	147	—	31,929	25,265	57,342
Translation differences arising on consolidation of overseas subsidiaries	—	—	(45)	—	—	—	(45)
Issue of shares	19,999	45,000	—	—	—	—	64,999
Capitalisation issue of shares	—	(14,999)	—	—	—	—	(14,999)
Share issue expenses	—	(14,328)	—	—	—	—	(14,328)
Goodwill eliminated on consolidation	—	—	—	(3,761)	—	—	(3,761)
Net profit for the year	—	—	—	—	—	10,124	10,124
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at							
1 January 2001	20,000	15,673	102	(3,761)	31,929	35,389	99,332
Translation differences arising on consolidation of overseas subsidiaries	—	—	(90)	—	—	—	(90)
Issue of shares	3,500	14,700	—	—	—	—	18,200
Impairment of goodwill	—	—	—	3,761	—	—	3,761
Net loss for the year	—	—	—	—	—	(77,620)	(77,620)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at							
31 December 2001	23,500	30,373	12	—	31,929	(42,231)	43,583
Translation differences arising on consolidation of overseas subsidiaries	—	—	(160)	—	—	—	(160)
Net loss for the period	—	—	—	—	—	(11,675)	(11,675)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at							
30 June 2002	<u>23,500</u>	<u>30,373</u>	<u>(148)</u>	<u>—</u>	<u>31,929</u>	<u>(53,906)</u>	<u>31,748</u>

(1) BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants.

These condensed interim accounts should be read in conjunction with the 2001 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st December 2001.

(2) SEGMENT INFORMATION**(a) Business segments**

The following tables present revenue and profit/(loss) information for the Group's business segments.

Group

	Six months ended 30 June 2002		
	Mold	Plastic	Consolidated
	products	products	
	HK\$'000	HK\$'000	HK\$'000
Segment revenue:			
Sales to external customers	21,198	11,240	32,438
Other revenues	879	—	879
	<u>22,077</u>	<u>11,240</u>	<u>33,317</u>
Total			
	<u>22,077</u>	<u>11,240</u>	<u>33,317</u>
Segment results	<u>(6,868)</u>	<u>(2,436)</u>	<u>(9,304)</u>
Unallocated other revenues			745
Unallocated other expenses			<u>(2,196)</u>
Loss from operating activities			<u>(10,755)</u>
Finance costs			<u>(927)</u>
Loss before tax			<u>(11,682)</u>
Tax			<u>—</u>
Loss before minority interests			<u>(11,682)</u>
Minority interests			<u>7</u>
Net loss from ordinary activities attributable to shareholders			<u><u>(11,675)</u></u>

	Six months ended 30 June 2001			Consolidated HK\$'000
	Mold products HK\$'000	Plastic products HK\$'000	Data centre HK\$'000	
Segment revenue:				
Sales to external customers	41,478	9,484	—	50,962
Other revenues	327	—	145	472
Total	<u>41,805</u>	<u>9,484</u>	<u>145</u>	<u>51,434</u>
Segment results	<u>1,784</u>	<u>(1,668)</u>	<u>(7,307)</u>	<u>(7,191)</u>
Unallocated other revenues				176
Unallocated other expenses				<u>(1,117)</u>
Loss from operating activities				(8,132)
Finance costs				<u>(955)</u>
Loss before tax				(9,087)
Tax				<u>(194)</u>
Loss before minority interests				(9,281)
Minority interests				<u>(21)</u>
Net loss from ordinary activities attributable to shareholders				<u><u>(9,302)</u></u>

The Group is organised on a worldwide basis into two main business segments; mold products and plastic products for the six months ended 30 June 2002, whereas three main business segments: mold products, plastic products and data centre in last corresponding period. The data centre business was abandoned in December, 2001. There are no sales or other transactions between the business segments.

(b) Geographical segments

An analysis of the Group's turnover and other revenues for the period by geographical segment is as follow:

	Turnover		Other revenues	
	Six months ended		Six months ended	
	30 June		30 June	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments:				
People's Republic of China (including Hong Kong)	15,803	17,563	981	147
European Union*	—	127	—	—
United States and Canada	6,792	17,400	633	501
Japan	8,818	14,777	—	—
Taiwan	485	7	—	—
Others	540	1,088	—	—
	32,438	50,962	1,614	648

Sales are based on the country in which the final destination of shipment is located. There are no sales between the segments.

* European Union principally relates to the United Kingdom and France.

(3) TURNOVER

Turnover represents the net invoiced value of goods sold, less sales returns and discounts.

(4) LOSS FROM OPERATING ACTIVITIES

Loss from operating activities is stated after crediting and charging the following:

	Six months ended 30 June 2002 HK\$'000	Six months ended 30 June 2001 HK\$'000
Crediting		
Exchange gains, net	368	467
Charging		
Depreciation	5,894	4,512
Cost of inventory sold	16,464	27,224

(5) TAX

No provision for profits tax has been made as the Group had no assessable profits arising in Hong Kong or elsewhere for the six months ended 30th June 2002. In last corresponding period, provision for Hong Kong profits tax has been calculated at the rate of 16 per cent; whereas provision for profits tax of subsidiaries operation elsewhere has been calculated at the rates applicable in the respective jurisdictions based on existing tax law, interpretations and practices in respect thereof. No recognition of the potential deferred taxation asset relating to tax losses has been made as the recoverability of this potential deferred taxation assets is uncertain.

There were no significant unprovided deferred tax for the Relevant Periods.

(6) LOSS PER SHARE

The calculation of basic loss per share of the Company (the "Share(s)") is based on the net loss from ordinary activities attributable to shareholders for the six months ended 30 June 2002 of HK\$11,675,000 (2001: HK\$9,302,000) and for the three months ended 30 June 2002 of HK\$6,829,000 (2001: HK\$10,306,000) and the weighted average of 4,700,000,000 (2001: 4,367,403,315 and 4,700,000,000) ordinary Shares in issue during the periods.

Diluted loss per Share for the six months ended and three months ended 30 June 2002 and 2001 has not been presented as the effect of any dilution is anti-dilutive.

(7) DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 June 2002 (2001: Nil).

(8) FIXED ASSETS

	<i>HK\$'000</i>
Net book value as at 1 January 2002	77,582
Additions	2,594
Disposals	(1,888)
Depreciation	(5,894)
	<u>72,394</u>
Net book value as at 30 June 2002	<u><u>72,394</u></u>

The net book value of the fixed assets of the Group held under finance leases included in the total amount of plant and machinery, motor vehicles and computer and equipment as at 30 June 2002 amounted to HK\$19,477,048 (31 December 2001: HK\$14,767,247), HK\$818,307 (31 December 2001: HK\$1,703,558) and HK\$15,271 (31 December 2001: HK\$490,364) respectively.

(9) TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. For the mold products segment, the credit period is generally granted to customers for a period of one month. For the plastic products segment, the credit period is generally for a period of one month, extending up to three months for major customers.

An aged analysis of the trade receivables, based on invoice date and net of provisions, is as follows:

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Within 1 month	8,809	5,346
1 to 2 months	1,156	2,236
2 to 3 months	1,607	647
Over 3 months	3,098	3,455
	<u>14,670</u>	<u>11,684</u>

(10) TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables, based on invoice date, is as follows:

	30 June	31 December
	2002	2001
	HK\$'000	HK\$'000
Within 1 month	1,514	2,505
1 to 2 months	902	3,688
2 to 3 months	1,132	3,094
Over 3 months	16,791	12,546
	<u>20,339</u>	<u>21,833</u>

(11) AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder was unsecured, interest free and payable by 31 May 2003.

(12) SHARE CAPITAL**Shares**

	30 June	31 December
	2002	2001
	HK\$'000	HK\$'000
Authorised:		
10,000,000,000 (2001: 10,000,000,000)		
ordinary shares of HK\$0.005 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
4,700,000,000 (2001: 4,700,000,000)		
ordinary shares of HK\$0.005 each	<u>23,500</u>	<u>23,500</u>

(13) COMMITMENTS

At 30 June 2002, the Group had the following commitments:

Operating lease commitments

The Group leases all of its office premises and an industrial plant in the PRC under operating lease arrangements. Lease for the office premises are negotiated for terms ranging from one to three years. Lease for the industrial plant in the PRC are negotiated for a term of 16.25 years.

In summary, at 30 June 2002, the Group has total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Within one year	5,817	6,340
In the second to fifth years, inclusive	8,228	9,169
After five years	17,290	18,192
	<u>31,335</u>	<u>33,701</u>

In addition to the above commitments, the Group has committed to pay a sum of approximately HK\$11.1 million (2001: HK\$11.4 million) to Changan Enterprises General Company ("Changan"), the PRC co-operative joint venture partner of Dongguan Smartech and the landlord of the industrial plant, as compensation for the construction costs thereof. The payment is to be made by half-yearly installments of approximately HK\$380,000 each for a period of 16 years commencing on 1 January 2001. In addition, the Group has also committed to pay a sum of approximately HK\$5.6 million (2001: HK\$5.8 million) to Changan as a land management fee. The payment is to be made by monthly installments of approximately HK\$28,000 each for a period of five years commencing on 1 January 2000, subject to an increment of 15% for every five years. The commitments will end on 21 March 2016.

The Group's other commitments authorised, but not contracted for, amounted to HK\$Nil (2001: HK\$565,000).

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives as disclosed in the prospectus of the Company dated 9th May 2000 (the "Prospectus")

Actual business progress up to 30 June 2002

PLASTIC INJECTION MOLDS

Business plans

To purchase accessories to streamline the production line

HK\$3 million will be applied

Machines were acquired and installed in the year 2000. The degree of precision and production capacity has been increased.

HK\$3 million has been spent on the purchase of machine in year 2000 to enhance the productivity.

BOTTLE BLOW MOLDS

Business plans

To purchase machinery and equipment for production

To expand the existing department for production

HK\$4 million will be applied

The Group has completed the study of the plan to expand the bottle blow molds production.

The plan of expansion to facilitate the production of bottle blow molds had been implemented.

HK\$4 million has been spent in year 2000 on the purchase of machine and expand the existing department for production.

Business objectives as disclosed in the prospectus of the Company dated 9th May 2000 (the "Prospectus")

Actual business progress up to 30 June 2002

MAGNESIUM CASTING MOLDS

Business plans

To purchase machinery and equipment for production

To upgrade the existing die-casting machinery for magnesium casting molds

To focus on research and development and set up a new department for production

HK\$11 million will be applied

The study of the production plan of magnesium casting molds was completed. Investment in machines and equipment were made in year 2001.

Existing die-casting machinery has been upgraded to facilitate the magnesium casting molds process.

A new department has been set up for research and development and for future production.

HK\$9 million has been invested up to 30 June 2002 on the purchase of new machinery, the upgrading of existing machinery and the research and development project.

Business objectives as disclosed in the prospectus of the Company dated 9th May 2000 (the "Prospectus")

Actual business progress up to 30 June 2002

PLASTIC INJECTION PRODUCTS

Business plans

To upgrade the existing equipment to improve efficiency

HK\$3 million will be applied

The improvement plan was implemented in year 2000. The efficiency in the finishing and printing processes has been increased.

HK\$3 million has been spent on the upgrading of existing equipment in year 2000 to enhance efficiency.

PLASTIC DOUBLE INJECTION PRODUCTS

Business plans

To purchase machinery for production

HK\$4 million will be applied

The Group has completed the study of the production plan of plastic double injection products. Such plan has been implemented and machines have been purchased for production.

HK\$4 million out of the listing proceed has been spent in year 2001 on the purchase of machinery for production.

Business objectives as disclosed in the prospectus of the Company dated 9th May 2000 (the "Prospectus")

Actual business progress up to 30 June 2002

DESIGN AND DEVELOPMENT

Business plans

To upgrade application softwares

Suitable software and hardware were identified and some have been already purchased by the Group in accordance with the Group's intention to develop high speed machinery.

The progress of the development of mold design software with the University of Hong Kong is satisfactory and both the University and the Company are working toward to release the first draft version of the software in the market in year 2002.

HK\$5 million will be applied

HK\$5 million has been spent on the upgrading of application software, the expansion of the design and development department and the development of advanced technique on plastic double injection molds production process.

Business objectives as disclosed in the prospectus of the Company dated 9th May 2000 (the "Prospectus")

Actual business progress up to 30 June 2002

MARKETING AND SALES

Business plans

To set up new sales offices in the mid West/West coast of the US and in some major cities of China for expansion and strengthening of its distribution network

To advertise and promote the Group's products

HK\$5 million will be applied

Sales offices have been set up in Beijing and Shanghai to expand and strengthen the distribution network.

Intensive marketing campaigns for advertising and promoting the Group's products have been launched.

HK\$5 million has been spent on marketing activities and set up of sales offices in China.

OTHERS

Business plans

To use as general working capital

HK\$4 million will be applied

HK\$4 million has been allocated to working capital in year 2000.

USE OF PROCEEDS

The business objectives as disclosed in the Prospectus and the status of listing proceeds as at 30 June 2002 are as follows:

	Amount extracted from the Prospectus		
	Total amount to be used up to 31st December 2002 HK\$	Amount planned to be used up to 30 June 2002 HK\$	Actual amount used up to 30 June 2002 HK\$
Plastic injection molds			
To purchases accessories to streamline the production line	3,000,000	3,000,000	3,000,000
Bottle blow molds			
To purchases machinery and equipment for production			
To expand the existing department for production	4,000,000	4,000,000	4,000,000
Magnesium casting molds			
To purchase machinery and equipment for production			
To upgrade the existing die-casting machinery for magnesium casting molds			
To focus on research and development and set up a new department for production	11,000,000	11,000,000	9,000,000
Plastic injection products			
To upgrade the existing equipment to improve efficiency	3,000,000	3,000,000	3,000,000
Plastic double injection products			
To purchase machinery for production	4,000,000	4,000,000	4,000,000

Amount extracted from the Prospectus

	Total amount to be used up to 31st December 2002 HK\$	Amount planned to be used up to 30 June 2002 HK\$	Actual amount used up to 30 June 2002 HK\$
Design and development			
To upgrade application softwares	5,000,000	5,000,000	5,000,000
Marketing and sales			
To set up new sales offices in the mid West/ West coast of the US and in some major cities of China for expansion and strengthening of its distribution network			
To advertise and promote the Group's products	5,000,000	4,000,000	5,000,000
Others			
To use as general working capital	4,000,000	4,000,000	4,000,000
TOTAL	39,000,000	38,000,000	37,000,000

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's consolidated turnover for the period ended 30 June 2002 was HK\$32,438,000, representing a decrease of 36% when compared to last corresponding period. The decrease of turnover was mainly due to the dropping of sales orders from customers in both mould products and plastic products and the financial difficulties the Group previously encountered. During the period, revenue generated from mold products accounted for 66% of the Group's turnover while plastic products contributed the remaining 34%.

Due to the slow recovery of the market, the sales from the major sales region of the Group — People's Republic of China (including Hong Kong), North America and Japan for the six months ended 30 June 2002 has decreased by 10.0%, 61.0% and 40.3% respectively compared to last corresponding period. On the other hand, the Group successfully explored the market in Taiwan where the sales in this region has increased by over sixty times over the last corresponding period. In year 2002, People's Republic of China (including Hong Kong), Japan, United States and Canada were the major sales regions of the Group. The sales from these regions constituted over 97% of the Group sales.

The aggregate of administrative, other operating and finance expenses of the Group for the period was approximately HK\$18,407,000, which is about 33% decrease when comparing to that of the same period last year. The decrease was the result of no further administrative expenses were incurred by data centre business, a discontinued operation of the Group, which resulted in decrease of salary and allowances and other related expenses by HK\$10,000,000 as compared with that of last period.

The Group will continue to focus on the development of its core business in mold and plastic products manufacturing in the future.

Mold business

The Group has started to put more effort in developing the China market. Strong sales and marketing team has been built up for procuring more sales order for mold business and to improve customer services and satisfaction.

Plastic business

The Group has expanded the divisions of silk screening and spraying to facilitate the provisions of one-stop services to customers. Given the intense competition, the Group will continue to enlarge its revenue by diversifying its customer base, raise its profit margin by develop higher margin products such as double injection products and focusing on cost control.

Liquidity and financial resources

The Group generally financed its operations and investing activities with internally generated cash flows, balance of proceeds from IPO, shareholder's loans and trade facilities granted by banker.

As at 31 May 2002, an unsecured and interest free shareholder's loan of HK\$15 million has been granted by New Universe Enterprises Limited to the Company. The shareholder's loan shall be repaid in one lump sum upon the expiry of one year from 31 May 2002 and the Company shall have the right to extend such date of repayment for another year. In addition, the Company was granted a banking facility of HK\$10 million by a banker on 13 June 2002. As at 30 June 2002, the said banking facility has not yet been utilized.

As at 30 June 2002, the Group had total cash and bank balances of approximately HK\$6,209,000. The Group's indebtedness included only finance lease payables of HK\$10,021,000 as at 30 June 2002. Out of the total indebtedness, approximately HK\$5,757,000 is repayable within one year. The gearing ratio was 258% as at 30 June 2002, representing total liabilities of HK\$81,777,000 divided by capital employed of HK\$31,748,000.

In the foreseeable future, the Group intends to finance its operations with the fund injected from banking facility and deposits received from customers.

Capital structure

No material change in the capital structure of the Company for the six months ended 30 June 2002.

Significant investments

It is the Group's treasury policy to manage its disposals and acquisition of investment in listed securities depending on the market environment and the availability of funding. No significant investments were made by the Group as at 30 June 2002.

Material acquisition and disposals of subsidiaries

No material acquisition and disposals of subsidiaries of the Company during the six months ended 30 June 2002.

Employee information

As at 30 June 2002, the Group had 442 full-time employees. Staff costs, excluding director's remuneration but including amount capitalized as work-in-progress was HK\$10,519,686 for the six months ended 30 June 2002. Employees were paid at market remuneration with bonus and benefits of medical insurance, mandatory provident fund, share options and necessary training. Details of the employee share options schemes were set out in the section headed "Share Options" of this report.

Charges on assets

Out of HK\$72,394,000 of the net book value of fixed assets of the Group, HK\$20,311,000 of the net book value of fixed assets were under finance lease as at 30 June 2002. Apart from the finance lease arrangement, there were no charges on assets as at 30 June 2002.

Plans for material investments or capital assets

The Group's future plans for material investments or capital assets shall be in line with what have been stated in the section of "Comparison of Business Objectives with Actual Business Progress" of this report. Up to the date of this report, there have been no other plans for investments or capital assets that will require sources of funding from the internal resources of the Group.

Exposure to Exchange Rate Fluctuations

During the six months ended 30 June 2002, the Group experienced only immaterial exchange rates fluctuations as most of the Group's monetary assets and liabilities were denominated and most of the business were conducted in Hong Kong Dollars, US Dollars, Canadian Dollars and Renminbi, and all of which were relatively stable during the period under review. The Group considered that as the exchange rate risks of the Group is considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

Contingent liabilities

Apart from guarantees given by the Company for obligations under finance leases made by subsidiaries of HK\$2,799,000 as at 30 June 2002, there was no significant contingent liabilities of the Group.

SHARE CONSOLIDATION

On 13 June 2002, the directors of the Company proposed that every ten existing issued and unissued Shares of HK\$0.005 each be consolidated into one share of HK\$0.05 each (each a "Consolidated Share") (the "Share Consolidation"). The ordinary resolution approving the Share Consolidation was duly passed at the extraordinary general meeting (the "EGM") of the Company held on 11 July 2002. Subsequent to the EGM, The GEM Listing Committee granted the listing of and permission to deal in the Consolidated Shares and any new Consolidated Share which may fall to be issued pursuant to the exercise of options granted under the Company's share option schemes. Details of the share option schemes of the Company are set out in the section headed " Share Options". Both the effective date of Share Consolidation and the Consolidated Shares dealing commencement date was on 12 July 2002.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2002, the interests of the directors in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of directors	No. of Ordinary Shares held (Corporate Interest)	Percentage of Interest	No. of Shares entitled under the share option scheme <i>(note iii)</i>
Mr. Xi Yu ("Mr. Xi")	1,363,000,000 <i>(note i)</i>	29.00%	—
Mr. Chan Ngai Sang, Kenny ("Mr. Chan")	535,500,000 <i>(note ii)</i>	11.39%	80,000,000

Notes:

- (i) Mr. Xi is the beneficial owner of 16,350 shares of US\$1.00 each in New Universe Enterprises Limited, representing 81.75 per cent. of the issued share capital of New Universe Enterprises Limited, which in turn holds 1,363,000,000 Shares representing about 29 per cent. of the issued share capital of the Company.
- (ii) Mr. Chan is the beneficial owner of 13,445 shares of US\$1.00 each in Joyful Way Holdings Limited, representing 26.9 per cent. of the issued share capital of Joyful Way Holdings Limited, which in turn holds 535,500,000 Shares representing about 11.39 per cent. of the issued share capital of the Company.
- (iii) The share options were granted under a pre-IPO share option plan, which was approved by the written resolution of all shareholders of the Company dated 4 May 2000. The share options entitle Mr. Chan to subscribe for 80,000,000 Shares of HK\$0.005 per Share at HK\$0.05 each in various stages from 4 May 2002 to 3 May 2005.

Save as disclosed above, at 30 June 2002, none of the directors or any of their associates had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Other than the Share Options as described below, at no time during the six months ended 30 June 2002 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Company's directors to acquire such rights in any other body corporate.

SHARE OPTIONS

As at 30 June 2002, the Company adopted two share option schemes, namely the Pre-IPO Share Option Plan and the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

i) Pre-IPO Share Option Plan

On 4 May 2000, options to subscribe for an aggregate of 20,000,000 Shares at an exercise price of HK\$1.00 per Share were conditionally been granted by the Company. Subsequent to the subdivision of Shares on the basis of every one then existing Share of HK\$0.10 each into twenty subdivided Share of HK\$0.005 each on 24 November 2000, these options can subscribe for an aggregate of 400,000,000 Shares (representing approximately 8.5% of the issued share capital of the Company as at 30 June 2002) at an exercise price of HK\$0.05 per Share. The exercise period of these options is from 4 May 2002 to 3 May 2005. At as 30 June 2002, such options were granted to two executive directors of the Company and three employees of the Group. Details of such grant to the executive directors of the Company are set out in the section headed "Directors' Interests in Shares".

Since the date of grant of the options, no change in the number of options and exercise period is made except options to subscribe for 120,000,000 Shares had been lapsed for the period from 4 May 2002 up to 30 June 2002 as three of the grantees ceased their employment. Save as the aforesaid, no option pursuant to the Pre-IPO Share Option Plan had been exercised, cancelled or lapsed during the six month ended 30 June 2002.

During the six months ended 30 June 2002, no options have been granted by the Company or any of its subsidiaries.

The following share options were outstanding under the Pre-IPO Share Option Plan as at 30 June 2002:

Name or category of participant	Number of share options	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$	Price of Company's shares	
					At grant date of options HK\$	At exercise date of options HK\$
Directors						
Tang Kwok Yuen	80,000,000	4 May 2000	4 May 2002 to 3 May 2005	HK\$0.05 per share	N/A	N/A
Chan Ngai Sang, Kenny	80,000,000	4 May 2000	4 May 2002 to 3 May 2005	HK\$0.05 per share	N/A	N/A
	160,000,000					
Other employees						
In aggregate	120,000,000	4 May 2000	4 May 2002 to 3 May 2005	HK\$0.05 per share	N/A	N/A
	280,000,000					

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the share options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their costs. Upon the exercise of the share options, the resulting share issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per Share over the nominal value of the Shares is recorded by the Company in the share premium account. Share options which are cancelled prior to their exercise date are deleted from the register of outstanding options.

The directors do not consider it appropriate to disclose a theoretical value of the share options granted during the period to the executive directors and employees, because in the absence of a readily market value of the share options on the ordinary shares of the Company, directors were unable to arrive at an assessment of the value of these share options.

ii) Share Option Scheme

The Company also has a Share Option Scheme conditionally adopted by a written resolution of all shareholders of the Company dated 4 May 2000. Under such scheme, full-time employees of any member of the Group, including any executive directors, can take up options to subscribe for Shares in the Company subject to the terms and conditions stipulated in the Share Option Scheme. The maximum number of Shares which can be granted under the Pre-IPO Share Option Plan and the Share Option Scheme must not exceed 30 per cent. of the issued share capital of the Company from time to time. The Share Option Scheme became effective for a period of ten years commencing on the listing of the Shares on 18 May 2000. No option had been granted under the Share Option Scheme during the period from 4 May 2000 to 30 June 2002.

SUBSTANTIAL SHAREHOLDERS

According to the register of interests required to be kept by the Company under Section 16(1) of the SDI Ordinance, the following persons were interested in 10 per cent. or more of the issued share capital of the Company as at 30 June 2002:

Name	Number of Shares	Percentage of holding
New Universe Enterprises Limited (<i>note i</i>)	1,363,000,000	29.00 per cent.
Mr. Xi (<i>note i</i>)	1,363,000,000	29.00 per cent.
Joyful Way Holdings Limited (<i>note ii</i>)	535,500,000	11.39 per cent.

Notes:

- (i) New Universe Enterprises Limited is beneficially owned as to 81.75 per cent. by Mr. Xi. Mr. Xi is an executive director of the Company.

- (iii) Joyful Way Holdings Limited is beneficially owned as to approximately 73.1 per cent. by Mr. Yaw Chee Weng and as to approximately 26.9 per cent. by Mr. Chan. Mr. Chan is an executive director of the Company.

Save as disclosed above, no persons, the directors of the Company are not aware of any person having an interest in 10 per cent. or more of the issued share capital of the Company.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2002.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the six months ended 30 June 2002, none of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with the Company or might compete with the business of the Group.

SPONSOR'S INTERESTS

As at 30 June 2002, the Company's sponsor, Asia Investment Capital Limited ("Asia Investment Capital") had confirmed that (i) neither it nor its associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interests in any class of securities of the Company or any members of the Group (including options or rights to subscribe for such securities); and (ii) none of its directors or employees had any interests in any class of securities (including options or rights to subscribe for such securities) of the Company or any members of the Group.

Pursuant to the agreement dated 21 October 1999 entered into between the Company and Asia Investment Capital, Asia Investment Capital has received and will receive a fee for acting as the Company's retained sponsor for the period from 18 May 2000 to 31 December 2002.

AUDIT COMMITTEE

The Group has established an audit committee in May 2000 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee will also be responsible for reviewing the financial reporting process and internal control system of the Group. The audit committee has two members comprising the two independent non-executive directors, Dr. Chan Yan Cheong and Mr. Yuen Kim Hung, Michael.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practice and Procedures as set out in Rule 5.28 to 5.39 of the GEM Listing Rules since listed on GEM.

CONTINUING DISCLOSURE REQUIREMENTS PURSUANT TO THE RULE 17.23 OF THE GEM LISTING RULES

As disclosed in the announcement of the Company dated 30 May 2002, the banking facilities granted to the Group were withheld by bankers and accounts balances of the Group held with certain banks were frozen. In addition, certain credit facility/lease agreements entered into by the Group were breached and/or terminated due to the Group's non-payment of the overdue amounts under these agreements. Subsequent to 30 May 2002, the Group has settled the amounts due to the bankers and hence the balances with banks which had been frozen previously were released. Besides, the Group has made payment to the lessors according to the agreed repayment schedules and hence all lease agreements which had been terminated previously were re-activated. As at date of this report, there is no breach of loan agreement by the Company which is discloseable under Rule 17.21 of the GEM Listing Rules.

By order of the Board

New Universe International Group Limited

Hua Zhixiang

Chairman

Hong Kong, 14 August 2002