



**NEW UNIVERSE
INTERNATIONAL
GROUP LIMITED**

新宇國際實業（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code: 8068

FIRST QUARTERLY REPORT 2007

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This report, for which the directors (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 (the “GEM Listing Rules”) 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.*

FINANCIAL HIGHLIGHTS

- The Group's turnover was HK\$7,193,000 in 1Q 2007 (1Q 2006: HK\$15,419,000)
- The Group's gross profit and gross profit margin were HK\$473,000 and 6.6% in 1Q 2007 respectively (1Q 2006: HK\$2,327,000 and 15.1% respectively)
- Loss attributable to the equity holders of the Company was HK\$4,348,000 for 1Q 2007 (1Q 2006: HK\$2,907,000)
- Basic loss per share for loss attributable to equity holders of the Company was HK cents 0.43 for 1Q 2007 (1Q 2006 as restated: HK cents 1.61)
- Total equity was HK\$125,668,000 as at 31 March 2007 (31 December 2006: HK\$24,487,000)

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of New Universe International Group Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2007 (“1Q 2007”), together with the comparative unaudited figures for the corresponding period in 2006 (“1Q 2006”).

	Note	Three months ended 31 March	
		2007 HK\$'000	2006 HK\$'000
Turnover	2	7,193	15,419
Cost of sales		(6,720)	(13,092)
Gross profit		473	2,327
Other income	3	662	91
Selling and distribution costs		(795)	(1,063)
Administrative expenses		(3,124)	(3,326)
Other operating expenses		(1,364)	(703)
Loss from operations		(4,148)	(2,674)
Finance costs		(200)	(233)
Loss before income tax		(4,348)	(2,907)
Income tax	4	–	–
Loss for the period		(4,348)	(2,907)
Attributable to:			
Equity holders of the Company		(4,348)	(2,907)
Minority interests		–	–
		(4,348)	(2,907)
Dividends	5	–	–
Loss per share for loss attributable to the equity holders of the Company			(Restated) HK cents
Basic	6	(0.43)	(1.61)
Diluted	6	N/A	N/A

Notes:

1 Basis of preparation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are the manufacturing and sale of precision molds and plastic products.

These unaudited condensed consolidated financial statements are presented in Hong Kong Dollars, unless otherwise stated.

The unaudited condensed consolidated income statement for the three months ended 31 March 2007 has not been audited by independent auditors but has been reviewed by the audit committee of the Company.

These unaudited condensed consolidated financial statements of the Group have been prepared in accordance with applicable Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of GEM Listing Rules.

These unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2007 should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2006. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2006.

2 Turnover

Turnover represents the net invoiced value of precision molds and plastic products sold to customers, less sales returns and discounts. An analysis of turnover is as follows:

	Three months ended	
	31 March	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Turnover		
Sales of molds	3,718	12,546
Sales of plastic products	3,475	2,873
	<hr/>	<hr/>
	7,193	15,419
	<hr/>	<hr/>

3 Other income

	Three months ended	
	31 March	
	2007	2006
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Interest income	395	11
Scrap sales	–	59
Sundry income	267	21
	<hr/>	<hr/>
	662	91
	<hr/>	<hr/>

4 Income tax

Provision for Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period. No provision for Hong Kong profits tax has been made as the Group had accumulated tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong during the periods. No deferred tax asset has been recognised during the periods in respect of any tax losses due to the unpredictability of future profit streams. As at 31 March 2007, there is no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the subsidiaries as the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The PRC enterprise income tax rate applicable to Dongguan Smartech Tooling and Plastics Limited, a wholly-owned subsidiary established in the Mainland China, is 15%. Pursuant to the income tax rules and regulations in the PRC, Suzhou New Universe Smartech Tooling and Plastics Limited, New Universe International (Zhenjiang) Port Company Limited and New Universe International (Zhenjiang) Warehouses Company Limited are eligible for a 100% relief from PRC enterprise income tax for the first two years from their first profit-making year of operation and thereafter, they will be entitled to a 50% relief from PRC enterprise income tax for the following three years.

5 Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2007 (2006: Nil).

6 Loss per share

The calculation of basic loss (2006: loss) per share is based on the loss from ordinary activities attributable to equity holders for the three months ended 31 March 2007 of HK\$4,348,000 (2006: loss of HK\$2,907,000) and the weighted average of 1,000,690,209 (2006: 180,557,576 as restated due to a share consolidation of every ten shares of the Company into one share which was completed on 18 December 2006, and adjusted to reflect the rights issue of the Company became unconditional on 17 January 2007) ordinary shares in issue during the period.

Diluted loss per share for the three months ended 31 March 2007 and 2006 have not been presented as the effect of any dilution is anti-dilutive.

7 Movement of reserves

The unaudited condensed consolidated statement of changes in equity showing movement of reserves of the Group is as follows:

	Attributable to equity holders of the Company								
	Share		Exchange		Contributed surplus	Distributable reserve	Accumulated losses	Minority interests	Total
	Share capital	premium reserve	fluctuation reserve	reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	74,480	27,847	1,866	31,929	-	(100,216)	35,906	926	36,832
Net loss for the period	-	-	-	-	-	(2,907)	(2,907)	-	(2,907)
At 31 March 2006	74,480	27,847	1,866	31,929	-	(103,123)	32,999	926	33,925

	Attributable to equity holders of the Company								
	Share		Exchange		Contributed surplus	Distributable reserve	Accumulated losses	Minority interests	Total
	Share capital	premium reserve	fluctuation reserve	reserve					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007	1,490	-	1,357	-	31,929	(10,589)	24,187	300	24,487
Rights issue	10,427	93,845	-	-	-	-	104,272	-	104,272
Share issue expenses	-	(1,204)	-	-	-	-	(1,204)	-	(1,204)
Translation differences arising on consolidation of overseas subsidiaries	-	-	2,461	-	-	-	2,461	-	2,461
Net loss for the period	-	-	-	-	-	(4,348)	(4,348)	-	(4,348)
At 31 March 2007	11,917	92,641	3,818	-	31,929	(14,937)	125,368	300	125,668

BUSINESS REVIEW

Overview

The business environment for the manufacturing and sale of molds and plastic products has been competitive in the past few years. In 1Q 2007, both turnover and gross profit of the Group declined as compared to the corresponding period in 2006. Turnover and gross profit decreased by 53.3% and 79.7% to HK\$7,193,000 and HK\$473,000 respectively in 1Q 2007. During the period under review, the newly appointed managing directors of both Dongguan Smartech Tooling and Plastics Limited (“Dongguan Smartech”) and Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”) took up the Board’s missions to optimize the mold-making and plastics injection businesses of the Group, to undertake measures to reduce costs, and to improve the overall performance.

Performance of Smartech

For personal reasons, Ms. KUNG May Lan, Camille resigned as managing director of Dongguan Smartech as she left the Group in February 2007. During the period, the newly appointed managing director of Dongguan Smartech undertook to improve critical operations of Dongguan Smartech. The Board has been reviewing the productivity and performance of both Dongguan Smartech and Smartech Manufacturing Limited (“HK Smartech”) (collectively referred to as “Smartech”) as one of the key business drivers of the Group in the recent years. In 1Q 2007, turnover of Smartech decreased as compared to that in 1Q 2006, and overall performance of Smartech slowed down during the period. Molds sales of Smartech represented 43.4% of its total turnover of in 1Q 2007, of which 98.5% was sales to Hong Kong and overseas customers and 1.5% was sales in Mainland China. Plastics sales of Smartech represented 56.6% of its total turnover in 1Q 2007, of which 59.1% was sales to Hong Kong and overseas customers and 40.9% was sales in Mainland China.

Performance of Suzhou New Universe

During the period under review, the newly appointed managing director of Suzhou New Universe confined his effort on the betterment of process management and quality control of the factory’s production lines. In 1Q 2007, turnover of Suzhou New Universe decreased as compared to that in 1Q 2006. Overall performance of Suzhou New Universe remained stable in 1Q 2007. Molds sales of Suzhou New Universe represented 62.6% of its total turnover of in 1Q 2007, of which 42.9% was sales to overseas customers and 57.1% was sales in Mainland China. Plastics sales of Suzhou New Universe represented 37.4% of its total turnover in 1Q 2007, of which 84.6% was sales to overseas customers and 15.4% was sales in Mainland China.

Quality Control

To enhance quality control of the Group's existing production facilities is the continuous exercise of the Group's management to realize their common vision to become one of the best mold suppliers in the Mainland China. During 1Q 2007, assessments and training to gain certification to ISO/TS16949 standard are still underway for the Group's key factories in the Mainland China, Dongguan Smartech and Suzhou New Universe.

Progress of Zhenjiang Docks Project

At the extraordinary general meeting on 18 September 2006, the Company's shareholders approved the co-operative agreement dated 18 July 2006 ("Co-operative Agreement") entered into between the Company and the China parties ("China Parties", comprising The District Government of Jingkou, Zhenjiang and State Owned Gongqingtuan Farm of Jiangsu Province) in relation to the investment ("Investment") for the construction of dock infrastructure and development of warehouses and depot facilities at a site area ("Xinminzhou Land") in Xinminzhou, Jingkou District, Zhenjiang City, Jiangsu Province, Mainland China ("Zhenjiang Docks Project"). Pursuant to the Co-operative Agreement, the Group established two wholly foreign owned enterprises with total registered capital of USD25,000,000 (approximately HK\$194,000,000) in Zhenjiang, the Mainland China ("Zhenjiang WFOEs"), New Universe International (Zhenjiang) Port Company Limited (新宇國際(鎮江)港務有限公司) ("Zhenjiang Port Co.") and New Universe International (Zhenjiang) Warehouses Company Limited (新宇國際(鎮江)倉儲有限公司) ("Zhenjiang Warehouses Co."). As at 31 March 2007, the Company has contributed initial capital of USD3,900,000 (approximately HK\$30,264,000) to Zhenjiang Port Co. and USD1,500,000 (approximately HK\$11,640,000) to Zhenjiang Warehouses Co. respectively.

Pursuant to the Co-operative Agreement, the Company is still awaiting the final approval from the relevant China authority for the acquisition of Xinminzhou Land to kick off the Docks Project. The Board considers the management team appointed to the Zhenjiang WFOEs has expertise to manage the initial phase of the Zhenjiang Docks Project, and expects all the relevant applications and approvals for the Zhenjiang Docks Project will be completed within 6 months from the date of this report. Barring any unforeseeable circumstances and with the continuous effort of the China Parties, the Company does not expect any difficulties in making the relevant applications for the required approvals for Zhenjiang Docks Project from the relevant authorities in the Mainland China.

Investments and finance

The capital re-organisation of the Company became effective on 18 December 2006, which provided flexibility to the Company to raise funds for its future expansion and diversification.

Immediately following the completion of the capital re-organisation, the Company proceeded with a rights issue of 1,042,720,000 rights shares at a subscription price of HK\$0.10 per rights share on the basis of seven rights shares for every share then held by the Company's shareholders on 28 December 2006 ("Rights Issue"). The Rights Issue became unconditional on 17 January 2007. Share certificates for the Rights Issue was issued on 19 January 2007, and at the same time monies was refunded in respect of the unsuccessful excess applications to the Rights Issue.

The net proceeds of the Rights Issue (after deduction of expenses amounted to approximately HK\$1,204,000) was approximately HK\$103,068,000, of which approximately HK\$56,944,000 was received in cash and approximately HK\$46,124,000 was used to repay the unsecured interest free loans granted by the Company's controlling shareholder, New Universe Enterprises Limited ("NUEL"), directly by setting off on a dollar-to-dollar basis against its pro-rata entitlements to the Rights Issue ("Shareholder's Loans", of which HK\$41,904,000 was used for initial capital contribution to the Zhenjiang WFOEs upon their incorporation in the Mainland China but before the completion of the Rights Issue).

Besides initial capital contributions of approximately HK\$41,904,000 have been injected into the Zhenjiang WFOEs, the Group shall reserve approximately HK\$48,096,000 of the net cash proceed from the Rights Issue for the purposes of the Zhenjiang Docks Project; and the Group would use the balance as the working capital of the Group, including but not limited to the repayment of interest bearing bank borrowings and loans from NUEL. Though the Group has repaid HK\$5,000,000 revolving unsecured interest free loan back to NUEL on 31 January 2007, the revolving loan shall be available from NUEL anytime when the Group needs so. In addition, NUEL and a related company, China (HK) Chemical and Plastics Co. Limited ("China (HK) Chemical"), have undertaken to finance any shortfall of the Investment in Zhenjiang Docks Project. The Company, with its feasible internal resources, if necessary, would also seek bank financing or other means of finance for the purposes of the Zhenjiang Docks Project.

Prospects

Entering the year of 2007, the Group sees the importance of continuous betterment of productivity and technical know-how of both Smartech and Suzhou New Universe to improve the overall performance of the Group. The Group also sees the need to consolidate its internal resources for future business diversification. The Board remains confident that the Group's performance will be improved in following quarters.

FINANCIAL REVIEW

Turnover and gross profit

The Group's turnover was HK\$7,193,000 in 1Q 2007, reflecting a decrease of 53.3% from HK\$15,419,000 in 1Q 2006. Smartech and Suzhou New Universe have contributed 57.0% and 43.0% respectively to the Group's turnover in 1Q 2007 as compared to 72.9% and 27.1% respectively in 1Q 2006. Gross profit of the Group in 1Q 2007 decreased by 79.7% to HK\$473,000 as compared to HK\$2,327,000 in 1Q 2006. Gross profit margin was 6.6% in 1Q 2007 as compared to 15.1% in 1Q 2006. The overall performance of the Group slowed down in 1Q 2007 pending the implementation of improvement plans of the newly appointed managing directors of both Dongguan Smartech and Suzhou New Universe in the forthcoming quarters of 2007.

Other income

The Group's other income was HK\$662,000 in 1Q 2007 as compared to HK\$91,000 in 1Q 2006. The current increase was mainly attributable to increase in interest income during the period.

Selling and distribution costs

The Group's selling and distribution costs decreased by 25.2% to HK\$795,000 in current period representing 11.1% to the Group's turnover in 1Q 2007; as compared to HK\$1,063,000 in last corresponding period that representing 6.9% to the turnover in 1Q 2006. The current decrease in selling and distribution costs was mainly attributable to decreases in commission paid to agencies and expenses for after sales services.

Administrative expenses

The administrative expenses decreased by 6.1% to HK\$3,124,000 in current period, representing 43.4% to the Group's turnover in 1Q 2007; as compared to HK\$3,326,000 in last corresponding period that representing 21.6% to the turnover in 1Q 2006. The current decrease in administrative expenses was mainly attributable to decrease in administrative staff costs in the Mainland China during the period.

Other operating expenses

The other operating expenses increased by 94.0% to HK\$1,364,000 in current period, representing 19.0% to the Group's turnover in 1Q 2007; as compared to HK\$703,000 in last corresponding period that representing 4.6% to the turnover in 1Q 2006. The current increase in other operating expenses was mainly attributable to legal and professional fee incurred but under-provided for the completion of capital-reorganisation of the Company.

Finance costs

The total finance costs of the Group was HK\$200,000 in 1Q 2007 as compared to HK\$233,000 in 1Q 2006. The current decrease in finance costs was mainly attributable to the decrease in interest bearing bank borrowings with the finance of cash proceeds from the Rights Issue.

Loss from ordinary activities attributable to equity holders of the Company

The Group made a loss from ordinary activities attributable to equity holders of HK\$4,348,000 for the three months ended 31 March 2007, whereas the loss for the last corresponding period was HK\$2,907,000

Liquidity and financial resources

The Group operates with conservative treasury policies to avoid risky investments and to minimize interest-bearing borrowings. In current period, the Group financed its operation activities with the Rights Issue, internally generated cash flows, banking facilities, and loans from NUEL.

As at 31 March 2007, the Group had total cash and bank balances of HK\$67,612,000 (31 December 2006: HK\$29,155,000) and had total outstanding borrowings of approximately HK\$18,430,000 (31 December 2006: HK\$78,578,000) as follows:

- (i) secured interest bearing bank borrowings of approximately HK\$8,911,000 (31 December 2006: HK\$8,695,000);
- (ii) unsecured interest bearing bank borrowings of approximately HK\$2,618,000 (31 December 2006: HK\$7,515,000);
- (iii) finance lease payables of approximately HK\$308,000 (31 December 2006: HK\$601,000); and
- (iv) unsecured non-interest bearing borrowings from the Company's controlling shareholder, NUEL, at a fair value of approximately HK\$6,593,000 (31 December 2006: HK\$59,767,000).

As at 31 March 2007, there was no outstanding to the related company, China (HK) Chemical (31 December 2006: HK\$2,000,000).

Out of the total outstanding borrowings as at 31 March 2007, approximately HK\$11,830,000 (31 December 2006: HK\$21,064,000) was repayable within one year.

Gearing ratio

As at 31 March 2007, the Group's gearing ratio was 27.9% (31 December 2006: 80.7%), representing total liabilities of HK\$48,713,000 (31 December 2006: HK\$102,621,000) divided by total assets of HK\$174,381,000 (31 December 2006: HK\$127,108,000).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 31 March 2007, the interests and short positions of the directors and chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance ("SFO")) as required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors under the GEM Listing Rules, were as follows:

(1) Long positions in issued shares of the Company

Name of director	Number of ordinary shares of HK\$0.01 each				% of total shares in issue
	Personal interests	Family interests	Corporate interests	Total number of shares held	
XI Yu	-	-	816,384,800	816,384,800	68.51

Note:

- * XI Yu is the beneficial shareholder of 16,732 shares of USD1.00 each in New Universe Enterprises Limited ("NUEL"), representing 83.66% of the issued share capital of NUEL, which in turn holds 816,384,800 shares of the Company representing approximately 68.51% of the issued share capital of the Company.

(2) Long positions in shares of an associated company, NUEL

Name of director	Number of ordinary shares of USD1.00 each				% of total shares in issue
	Personal interests	Family interests	Corporate interests	Total number of shares held	
XI Yu	16,732	-	-	16,732	83.66
CHEUNG Siu Ling	1,214	1,214	-	2,428	12.14
SUEN Ki	840	-	-	840	4.2

Save as disclosed above, as at 31 March 2007, none of the directors and chief executive of the Company nor their associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to required standards of dealings by directors under the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2007, persons or corporations who have interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to 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 meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Substantial shareholder	Number of ordinary shares of HK\$0.01 each			Total number of shares held	% of total shares in issue
	Personal interests	Family interests	Corporate interests		
NUEL	816,384,800	–	–	816,384,800	68.51
Xi Yu *	–	–	816,384,800	816,384,800	68.51

Note:

- * The interest disclosed by Xi Yu is the same as the 816,384,800 shares disclosed as held by NUEL.

Save as disclosed above, as at 31 March 2007, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or debentures 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 meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OR OF LISTED SECURITIES OF THE COMPANY

Neither of the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the three months ended 31 March 2007.

DIRECTOR'S INTERESTS IN CONTRACTS

Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, being directors of the Company, were interested in the following contracts or arrangements which subsisted during the three months ended 31 March 2007 and were deemed significant to the business of the Group:

- (a) On 20 October 2005, a loan agreement was entered into between Bestwin (China) Limited, a 97% indirectly owned subsidiary of the Company, as the borrower and NUEL as the lender, pursuant to which NUEL granted an unsecured interest-free loan of USD290,000 (approximately HK\$2,262,000) to Bestwin. The loan was repaid on 3 January 2007. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (b) On 30 December 2005, NUEL granted an unsecured interest-free revolving loan facility of HK\$5,000,000 to the Company. The revolving loan was repaid on 31 January 2007, and shall be available to the Company anytime, if necessary, for the purpose of its working capital. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (c) On 21 August 2006, NUEL granted an unsecured interest-free loan of EUR205,000 (equivalent to HK\$1,927,000) to the Company, which was repayable on demand or before 22 August 2007 though extendable subject to NUEL's consent. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (d) On 30 August 2006, NUEL granted an unsecured interest-free loan of HK\$1,000,000 to the Company, which was repayable on demand or before 31 August 2007. The loan was capitalised as subscription to the Rights Issue on 19 January 2007. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (e) On 18 September 2006, NUEL granted an unsecured interest-free loan of USD3,000,000 (equivalent to HK\$23,280,000) to the Company, which was repayable on demand or before 19 September 2007. The loan was used to finance the initial capital contributions to the Zhenjiang WFOEs established in the Mainland China. The loan was capitalised as subscription to the Rights Issue on 19 January 2007. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (f) On 10 October 2006, China (HK) Chemical granted an unsecured interest-free loan of HK\$2,000,000 to the Company, which was repayable on demand and was being used for working capital purposes. The loan was repaid on 3 January 2007. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.

- (g) On 15 November 2006, NUEL granted an unsecured interest-free loan of USD1,400,000 (equivalent to HK\$10,864,000) to the Company, which was repayable on demand or before 16 November 2007. The loan was used to finance the initial capital contribution to Zhenjiang Warehouses Co. established in the Mainland China. The loan was capitalised as subscription to the Rights Issue on 19 January 2007. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (h) On 1 December 2006, NUEL granted an unsecured interest-free loan of USD215,000 (equivalent to HK\$1,668,400) to the Company, which was repayable on demand or before 2 December 2007. The loan was used to finance additional capital contribution to Dongguan Smartech. The loan was capitalised as subscription to the Rights Issue on 19 January 2007. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (i) On 6 December 2006, NUEL granted an unsecured interest-free loan of USD200,000 (equivalent to HK\$1,552,000) to the Company, which was repayable on demand or before 7 December 2007. The loan was used to finance the additional capital contribution to Suzhou New Universe. The loan was capitalised as subscription to the Rights Issue on 19 January 2007. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (j) On 18 December 2006, NUEL granted an unsecured interest-free loan of USD1,000,000 (equivalent to HK\$7,760,000) to the Company, which was repayable on demand or before 19 December 2007. The loan was used to finance the initial capital contribution to Zhenjiang Port Co. established in the Mainland China. The loan was capitalised as subscription to the Rights Issue on 19 January 2007. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.
- (k) On 29 December 2006, NUEL granted an unsecured interest-free loan of HK\$5,300,000 to the Company, which was repayable on demand or before 31 December 2007 though extendable subject to NUEL's consent. The financial assistance provided by NUEL was an exempted connected transaction under the GEM Listing Rules.

Save as disclosed, as at 31 March 2007, none of the directors of the Company is materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

Save as disclosed herein, as at 31 March 2007, the Directors were not aware of any business or interest of the Directors or any management shareholder (as defined under the GEM Listing Rules) of the Company and their respective associates that had completed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

According to Appendix 15 of the GEM Listing Rules, code provision A.2.1. stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief should be clearly established and set out in writing. Mr. XI Yu was appointed chairman of the Company with effect from 9 December 2004. Following the resignation of Ms. KUNG May Lan as managing director (acting in the capacity of chief executive officer) of the Company was effective on 1 February 2007 and before suitable candidate could be nominated to fill the causal vacancy, Mr. XI Yu took up the responsibilities of managing director of the Company. The Board considers that the current structure shall not impair the balance of power and authority between the Board and the management of the Company and shall enable the Company to make and implement decisions promptly and efficiently.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the Code of Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules throughout the three months ended 31 March 2007.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions by the Directors of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry of all Directors, the Directors of the Company have complied with the required standard of dealings set out in the GEM Listing Rules throughout the three months ended 31 March 2007.

AUDIT COMMITTEE

The Company's Audit Committee has been established since May 2000 with written terms of reference in compliance with the GEM Listing Rules, which has three members comprising three independent non-executive directors, Dr. CHAN Yan Cheong (Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

The Audit Committee reviewed with management on the accounting principles and practices adopted by the Group and discussed on the internal controls and financial reporting matters including a review of the unaudited consolidated results for the three months ended 31 March 2007.

By order of the Board
New Universe International Group Limited

XI Yu
Chairman

Hong Kong, 10 May 2007

As of the date of this report, the Board comprises the following directors:

Mr. XI Yu	<i>(Executive Director)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Mr. SUEN Ki	<i>(Non-executive Director)</i>
Dr. CHAN Yan Cheong	<i>(Independent Non-executive Director)</i>
Mr. YUEN Kim Hung, Michael	<i>(Independent Non-executive Director)</i>
Mr. HO Yau Hong, Alfred	<i>(Independent Non-executive Director)</i>