

INTERIM REPORT

2008



**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)



Stock Code : 8068

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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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.*

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### *Executive Directors*

XI Yu (*Chairman*)  
CHEUNG Siu Ling, Candy  
HON Wa Fai, Kenneth

#### *Non-Executive Director*

SUEN Ki

#### *Independent Non-Executive Directors*

CHAN Yan Cheong  
YUEN Kim Hung, Michael  
HO Yau Hong, Alfred

### **AUDIT COMMITTEE**

CHAN Yan Cheong  
YUEN Kim Hung, Michael  
HO Yau Hong, Alfred

### **REMUNERATION COMMITTEE**

CHAN Yan Cheong  
YUEN Kim Hung, Michael  
HO Yau Hong, Alfred

### **NOMINATION COMMITTEE**

CHAN Yan Cheong  
YUEN Kim Hung, Michael  
HO Yau Hong, Alfred

### **AUTHORISED REPRESENTATIVES**

XI Yu  
HON Wa Fai, Kenneth

### **COMPLIANCE OFFICER**

XI Yu

### **QUALIFIED ACCOUNTANT AND COMPANY SECRETARY**

HON Wa Fai, Kenneth *FCPA ACS*

### **AUDITORS**

CCIF CPA Limited  
Certified Public Accountants

### **REGISTERED OFFICE**

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

### **HEAD OFFICE AND**

#### **PRINCIPAL PLACE OF BUSINESS**

Rooms 2110-2112  
Telford House  
16 Wang Hoi Road  
Kowloon Bay  
Kowloon  
Hong Kong

### **SHARE REGISTRAR AND TRANSFER OFFICES**

#### *Principal*

Bank of Bermuda (Cayman) Limited  
P.O. Box 513 G.T.  
3rd Floor British American Tower  
Dr. Roy's Drive  
Grand Cayman  
Cayman Islands

#### *Hong Kong Branch*

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### **PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

Industrial and Commercial Bank of  
China

Suzhou Wuzhong Sub-branch  
398 East Baodai Road  
Wuzhong Zone, Suzhou City  
Jiangsu Province  
The People's Republic of China

### **STOCK CODE**

8068

### **WEBSITE**

[www.nuigl.com](http://www.nuigl.com)

## FINANCIAL HIGHLIGHTS

- The Group's turnover was HK\$32,194,000 in 2Q 2008 (2Q 2007: HK\$22,524,000).
- Profit attributable to the equity holders of the Company was HK\$8,397,000 for 2Q 2008 (2Q 2007: loss of HK\$6,242,000).
- Basic earnings per share for 2Q 2008 was Hong Kong cent 0.46 (basic loss per share for 2Q 2007: Hong Kong cent 0.57).
- Equity attributable to equity holders of the Company was HK\$269,778,000 as at 30 June 2008 (31 December 2007: HK\$255,670,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of New Universe International Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2008 (“2Q 2008”), together with the comparative unaudited figures for the corresponding period in 2007 (“2Q 2007”).

### **BUSINESS REVIEW**

#### **Overview**

Entering 2008 the Group has a mandate to make “New Universe Environmental”, and on the other hand, the Group will sustain its manufacturing operations of mold making and plastic injection under tightened control. During the six months ended 30 June 2008, both sales of plastic injection molds and sales of plastic products of the Group have been scaled down as compared to the corresponding period in 2007. The reduction of the revenue from the manufacture and sale of molds and plastic products was caused by the completion of the disposal of the Group’s entire equity interest in Dongguan Smartech Tooling and Plastics Limited (“Disposal of Dongguan Smartech”) by the end of 2007. Sales of mold products and sales of plastic products represented 27.4% and 14.0% respectively of the Group’s turnover in 2Q 2008, as compared to 60.8% and 39.2% respectively in 2Q 2007. Service revenue from environmental waste disposal operations accounted for 58.6% of the Group’s turnover in 2Q 2008.

Comparing to a loss of HK\$6,242,000 in 2Q 2007, the Group recorded a profit of HK\$9,767,000 for 2Q 2008 and with profit attributable to equity holders of the Company amounted to HK\$8,397,000.

#### **Manufacturing Operations**

Suzhou New Universe Smartech Tooling & Plastics Limited (“Suzhou New Universe”) is a 97% owned manufacturer of the Group situated at Changjiang River Delta, Mainland China. Suzhou New Universe manufactures and sells injection molds and plastic injection products both locally in Mainland China and overseas. Total turnover of Suzhou New Universe for 2Q 2008 was HK\$13,319,000 representing an increase of 25.3% as compared to 2Q 2007. Sales of molds and plastic products of Suzhou New Universe maintained a growth of 27.6% and 20.9% respectively in 2Q 2008 as compared to 2Q 2007.

## Environmental Operations

Since the acquisition of 100% equity interest in New Universe Environmental Protection Investment Limited (“NUEPIL”) was completed on 12 October 2007, the Group indirectly owns 82% equity interest in New Universe Environmental Technologies (Jiang Su) Limited (“NUET(JS)”). NUET(JS) in turn directly owns 100% equity interests in three environmental subsidiaries, namely, Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), Yancheng New Universe Solid Waste Disposal Company Limited (“Yancheng New Universe”) and Taizhou New Universe Solid Waste Disposal Company Limited (“Taizhou New Universe”). Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe are principally engaged in environmental treatment and disposal of industrial and medical hazardous waste in the Jiangsu Province, Mainland China. These three subsidiaries have their own pyrolyzing incinerators, and they service over 95% of the major hospitals and clinics for the disposal of hazardous medical waste in their cities. The Group’s service revenue from environmental operations in 2Q 2008 was HK\$18,875,000. The net revenue growth of these three environmental subsidiaries in 2Q 2008 has exceeded 200% as compared to the last corresponding period in 2007.

## Investments in Plastics Dyeing Operations

Since the acquisition of 100% equity interest in New Universe (China) Investment Limited (“NUCIL”) was completed on 12 October 2007, the Group indirectly owns 100% equity interest in New Universe (China) Limited (“NUCL”). NUCL in turn directly owns equity interests of 18.62%, 24.5% and 28.67% respectively in Suzhou New Huamei Plastics Company Limited (“Suzhou New Huamei”), Danyang New Huamei Plastics Company Limited (“Danyang New Huamei”) and Qingdao Zhongxin Huamei Plastics Company Limited (“Qingdao Huamei”). Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei are principally engaged in plastic material dyeing in the Mainland China with sustainable growth in their business history. The Group holds Qingdao Huamei as an interest in associate and holds both Suzhou New Huamei and Danyang New Huamei as available-for-sale equity investments. In 2Q 2008, the Group shared net profit of Qingdao Huamei amounted to HK\$522,000. The net profit margins of Suzhou New Huamei and Danyang New Huamei were 3.2% and 7.1% in 2Q 2008 respectively. According to the valuation report dated 7 August 2008 prepared by the independent professional valuer, BMI Appraisals Limited, the total fair value of the available-for-sale equity investments was HK\$53,123,000 as at 30 June 2008 (31 December 2007: HK\$57,022,000).

## Development of Zhenjiang Docks Project

The co-operation 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 for the construction of dock infrastructure and development of warehouses and depot facilities at a site area in Xinminzhou, Jingkou District, Zhenjiang City, Jiangsu Province, Mainland China (therein referred to as “Zhenjiang Docks Project”) has no significant progress during the period in 2Q 2008. As at 30 June 2008, the two wholly foreign owned enterprises incorporated for the Zhenjiang Docks Project in Zhenjiang, the Mainland China, namely, New Universe International (Zhenjiang) Port Company Limited (“Zhenjiang Port Company”) and New Universe International (Zhenjiang) Warehouses Company Limited (“Zhenjiang Warehouses Company”) were injected US\$8,500,000 (approximately HK\$66,300,000) and US\$1,500,000 (approximately HK\$11,700,000) respectively as their paid-up registered capital.

The dock construction feasibility studies for the first phase of the Zhenjiang Docks Project were finalized. The kick-off of the first phase dock construction of the Zhenjiang Docks Project is still awaiting the PRC Transport Department for the approvals of operating rights for the first phase waterfront line of the dock site. As at 30 June 2008, land deposits totally amounted to RMB48,800,000 (or equivalent to approximately HK\$53,192,000) were paid by Zhenjiang Port Company to the local government to secure land use rights for the site area would be granted to commence construction and operations along the first phase waterfront line.

The Board has been in touch with the China Parties of Zhenjiang Docks Project on the progress of Zhenjiang Docks Project that has been deferred from the original plan of 2006 because the execution of the co-operative agreement was affected by the revision plan of the local government on the whole district area surrounding Xinminzhou.

## Prospects

The Group sees the importance of business diversification to the environmental operations with promising growth potential in the Mainland China. In order to ensure sustainable growth of the existing environmental operations of the Group, the Group will input its own resources to enhance the environmental disposition capacity of the three environmental subsidiaries, Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe. In addition, following the signing of the letter of intent on 15 October 2007, the supplemental extended letter of intent on 15 April 2008, together with the payment of HK\$5,000,000 to the independent third party as earnest money for the proposed acquisition of equity interest in an environmental electroplating recycling project in Zhenjiang Province (“Eco-plating Project”), the Company has completed its due diligence review on the latest status of the Eco-plating Project. The Eco-plating Project is to engage in the development and operation of a specialized zone for environmental electroplating recycling business, that including, but not limited to, the environmental treatment of electroplating sewage and sludge, and the recycling of metallic substance and resources. Up to the date of this report, the Company has been finalizing the feasible plans of co-operation and the proposed acquisition of the equity interest of the Eco-plating Project.

The Group will continue to fine-tune the mold making facilities and plastic injection production lines of Suzhou New Universe to ensure its competitiveness surrounding the Changjiang River Delta in the Mainland China. Suzhou New Universe owes the latest state-of-the-art mold making and plastic injection equipments. Quality control on manufacturing of its own molds and plastic products ensures competitive pricing and satisfactory lead-time. With tight connection to Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei, Suzhou New Universe widens its customer networks in the plastic industry.

The Board expects that barring any unforeseeable circumstances, the manufacturing operations of Suzhou New Universe, the environmental operations of Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe, and the investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei will be the Group's cornerstone to sustain profitability in the coming future. The Board would also undertake to resolve any issues encountered with the Zhenjiang Docks Project. The Board remains confident in continuous growth of the Group in the year 2008.

## **FINANCIAL REVIEW**

### **Turnover**

The Group's turnover was HK\$32,194,000 in 2Q 2008 representing an increase of 42.9% from HK\$22,524,000 for 2Q 2007. Suzhou New Universe contributed 41.4% of the Group's turnover in 2Q 2008 as compared to its contribution of 47.2% of the Group's turnover in 2Q 2007. Turnover of the Group's manufacturing operations of mold making and plastic injection have been scaled down in 2Q 2008, though the sale growth of Suzhou New Universe remains stable. Service revenue from environmental operations accounted for 58.6% of the Group's turnover in 2Q 2008 and is expected to increase continuously in the coming future.

### **Gross profit**

Gross profit of the Group in 2Q 2008 increased by 352.1% to HK\$14,588,000 as compared to HK\$3,227,000 for 2Q 2007. The average gross profit margin of the Group was 45.3% in 2Q 2008 as compared to 14.3% for 2Q 2007. The average gross profit margin of manufacturing operations carried out by Suzhou New Universe was 23.7% in 2Q 2008 (year ended 31 December 2007: 21.1%). The average gross profit margin of the Group's environmental operations was 60.6% in 2Q 2008 (post acquisition in 2007: 63.6%).

### **Profit/(loss) from ordinary activities attributable to equity holders of the Company**

Mainly attributable to the effect of the Disposal of Dongguan Smartech, the overall expenses of the Group decreased in 2Q 2008 as compared to the corresponding period in 2007. On the other hand, revenue contributed by the environmental operations in 2Q 2008 has already made up for the loss of revenue arisen from the Disposal of Dongguan Smartech.



The Group made a profit from ordinary activities attributable to equity holders of the Company in 2Q 2008 amounted to HK\$8,397,000 as compared to a loss of HK\$6,242,000 in 2Q 2007.

Basic earnings per share attributable to the equity holders of the Company was Hong Kong cent 0.46 for 2Q 2008 as compared to basic loss per share attributable to the equity holders of the Company of Hong Kong cent 0.57 for 2Q 2007.

### **Other income**

The Group's other income increased to HK\$4,283,000 in 2Q 2008 as compared to HK\$1,502,000 in 2Q 2007. The current increase was mainly attributable to the dividends declared by available-for-sale equity investments and increase in sundry income from non-core operations in 2Q 2008.

### **Selling and distribution costs**

The Group's selling and distribution expenses increased by 69.4% to HK\$2,787,000 in current period, representing 8.7% to the Group's turnover in 2Q 2008, as compared to HK\$1,645,000 in last corresponding period that representing 7.3% to the turnover in 2Q 2007. The current increase in selling and distribution costs was mainly attributable to increase in commission and incentive payment made to marketing agencies in 2Q 2008.

### **Administrative expenses**

The Group's administrative expenses decreased by 15.9% to HK\$5,406,000 in current period, representing 16.8% to the Group's turnover in 2Q 2008, as compared to HK\$6,428,000 in last corresponding period that representing 28.5% to the turnover in 2Q 2007. The current decrease in administrative expenses was mainly attributable to decrease in staff costs effected by the Disposal of Dongguan Smartech.

### **Other operating expenses**

The Group's other operating expenses decreased to HK\$1,160,000 in current period, representing 3.6% to the Group's turnover in 2Q 2008, as compared to HK\$2,465,000 in last corresponding period that representing 10.9% to the turnover in 2Q 2007. The current decrease in other operating expenses was mainly attributable to decrease in exchange losses on remittance and receipt from the manufacturing operations in 2Q 2008.

### **Finance costs**

The Group's total finance costs decreased by 9.7% to HK\$391,000 in current period as compared to HK\$433,000 in 2Q 2007. The decrease was mainly attributable to decrease in interest on financing the manufacturing operations.

## Segment results

Details of segment results of the Group are set out in note 3 to the unaudited condensed financial statements.

Sales distribution by business and geographical area has changed slightly as compared to last corresponding period after the acquisition of interests in environmental operations. The sales distribution by mold products, plastic products and environmental services was 27.4%, 14.0% and 58.6% respectively. The sales distribution for Mainland China (excluding Hong Kong and Taiwan), European countries and North America was 78.0%, 21.3% and 0.7% respectively during the period.

## Material acquisitions and disposals of subsidiaries and affiliate companies

During the six months ended 30 June 2008, the Group did not have any material acquisition or disposal of subsidiaries and affiliate companies.

## Capital structure

During the six months ended 30 June 2008, there was no significant change to the capital structure of the Group.

## Commitments

As at 30 June 2008, the commitments of operating leases payable within 5 years for the Group's office premises in Hong Kong and the landfill for waste disposal totally amounted to HK\$403,000 (31 December 2007: HK\$325,000), and the commitments of operating lease payable after 5 years for the landfill was HK\$109,000 (31 December 2007: HK\$153,000). As at 30 June 2008, there were also capital commitments of the Group authorised but not contracted for amounted to HK\$71,922,000 (31 December 2007: HK\$63,761,000) and capital commitments contracted for but not provided for amounted to HK\$166,647,000 (31 December 2007: HK\$154,025,000).

## Contingent liabilities

There was no significant contingent liability of the Group as at 30 June 2008 (31 December 2007: Nil).

## Charges on Group assets

As at 30 June 2008, the Group pledged the land use rights with a carrying value of HK\$2,315,000 (31 December 2007: HK\$2,192,000), together with property, plant and equipment with carrying value of HK\$9,653,000 (31 December 2007: HK\$9,234,000) to a bank in the Mainland China to secure bank loans granted to the Group of HK\$9,810,000 (equivalent to RMB9,000,000) (31 December 2007: HK\$9,184,000). As at 30 June 2008, the Group's property, plant and equipment with carrying value of HK\$9,000 (31 December 2007: HK\$13,000) were held under finance leases amounted to HK\$6,000 (31 December 2007: HK\$9,000).

## Employee information

As at 30 June 2008, the Group had 350 (31 December 2007: 332) full-time employees. Staff costs, excluding directors' remuneration but including amount capitalised as inventory was HK\$4,288,000 for the six months ended 30 June 2008 (year ended 31 December 2007: HK\$14,018,000). Employees were paid in commensurate with the prevailing market standards, with regulated employee benefits and other fringe benefits such as bonus, medical insurance, mandatory provident fund, share options and necessary training.

## Liquidity and financial resources

The Group operates with conservative treasury policies to avoid risky investments and to minimize interest-bearing borrowings. In the current period, the Group financed its operation activities with internally generated cash flows, banking facilities, and loan from the controlling shareholder, New Universe Enterprises Limited ("NUEL").

As at 30 June 2008, the Group had total cash and bank balances of HK\$45,447,000 (31 December 2007: HK\$44,421,000).

As at 30 June 2008, the Group had available unused general banking facilities amounted to HK\$14,360,000 (31 December 2007: HK\$14,082,000).

As at 30 June 2008, the Group had total outstanding interest bearing borrowings of approximately HK\$9,816,000 (31 December 2007: HK\$9,193,000) as follows:

- (i) secured interest bearing bank borrowings of approximately HK\$9,810,000 (31 December 2007: HK\$9,184,000); and
- (ii) finance lease payables of approximately HK\$6,000 (31 December 2007: HK\$9,000).

As at 30 June 2008, the Group had total outstanding non-interest bearing borrowings on amounts due to the Group's related companies of approximately HK\$2,543,000 (31 December 2007: HK\$2,835,000) as follows:

- (i) unsecured non-interest bearing borrowings from NUEL of approximately HK\$2,416,000 (31 December 2007: HK\$2,416,000); and
- (ii) amounts due to Beijing New Universe Mirai Environmental Engineering Company Limited of approximately HK\$127,000 (31 December 2007: HK\$419,000).

## Gearing ratio

The Group monitors its capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity. For this purpose, the Group defines total borrowings as the total liabilities (which including current and non-current liabilities).

The gearing ratio as at 30 June 2008 and 31 December 2007 was as follows:

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Current liabilities	<b>40,572</b>	33,740
Non-current liabilities	<b>4,948</b>	5,069
<b>Total borrowings</b>	<b>45,520</b>	38,809
<b>Total equity</b>	<b>277,047</b>	261,087
<b>Gearing ratio</b>	<b>16.4%</b>	14.9%

Except for the commitments disclosed therein, neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

## Exposure to exchange rate fluctuations

During the period ended 30 June 2008, the Group experienced fluctuations on exchange rates as most of the Group's monetary assets and liabilities were denominated and most of the business were conducted in Hong Kong Dollars, Renminbi and United States Dollars. The Group considered the exchange rate risks of the Group is moderately low, the Group did not employ any financial instruments for hedging purposes.

## SHARE OPTION SCHEME

The Company has a share option scheme which was adopted by the Company's shareholders in general meeting on 10 December 2003 ("Share Option Scheme"), whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The purpose of the scheme is to provide an opportunity for employees of the Group to acquire an equity participation in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for a period of 10 years ending on 9 December 2013, after which no further options will be granted.

Under the rules of the Share Option Scheme:

- (1) the maximum numbers of the Company's shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes (excluding those options that have already been granted by the Company prior to the date of approval of the Share Option Scheme and those options that have lapsed in accordance with the terms of the Share Option Scheme) shall not, in aggregate, exceed the scheme mandate limit; and
- (2) the maximum numbers of the Company's shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes shall not, in any event and in aggregate, exceed 30 per cent. of the Company's shares in issue from time to time.

For options to be granted under the Share Option Scheme, the exercise price of options is the highest of:

- (1) the nominal value of the Company's shares;
- (2) the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited on the date of grant; and
- (3) the average closing price of the Company's shares on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant.

The total number of securities available for issue under the Share Option Scheme as at 30 June 2008 was 182,589,168 shares of the Company which represented the current scheme mandate limit given to the directors to issue 10 per cent. of the Company's shares in issue as refreshed by the Company's shareholders on 28 April 2008.

During the period and as at 30 June 2008, no options have been granted or outstanding under the Company's Share Option Scheme.

## DIRECTOR'S INTERESTS IN CONTRACTS

The following contracts or arrangements subsisted during the six months ended 30 June 2008 of which certain Directors of the Company had interests that were deemed significant to the business of the Group:

- (a) On 30 August 2007, a rental agreement was entered into between Smartech Services Limited ("Smartech Services", an indirectly wholly owned subsidiary of the Company) and Sun Ngai International Investment Limited ("Sun Ngai") at normal commercial terms in the ordinary and usual course of business of the Company, pursuant to which Smartech Services shall pay Sun Ngai monthly rental of HK\$10,000 to rent an office unit for one year commencing 1 August 2007. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, Smartech Services and Sun Ngai. The rental agreement was a continuing connected transaction of the Company exempted under the GEM Listing Rules.
  
- (b) On 12 October 2007, NUEL granted an unsecured interest-free loan of approximately HK\$2,416,000 to the Company for the settlement of the price adjustment in cash upon the completion of the Disposal of Dongguan Smartech, which was repayable on demand or before 12 October 2008. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and NUEL. The loan was connected transaction of financial assistance provided by NUEL to the Company exempted under the GEM Listing Rules.

Save as disclosed, as at 30 June 2008, 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.

## COMPETITION AND CONFLICT OF INTERESTS

Save as disclosed therein, 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.

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

As at 30 June 2008, the interests and short positions of the directors and chief executives 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			Total number of shares held	% of total shares in issue
	Beneficial owner	Family interests	Interest of controlled corporation		
XI Yu *	–	–	1,349,649,115	1,349,649,115	73.91

Note:

- \* XI Yu is the shareholder of 16,732 shares at US\$1.00 each in the issued share capital of NUEL, representing 83.66% of the issued share capital of NUEL, which in turn holds 1,349,649,115 shares of the Company that representing approximately 73.91% 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 US\$1.00 each in NUEL			Total number of shares held	% of total shares in issue
	Beneficial owner	Family interests	Interest of controlled corporation		
XI Yu	16,732	–	–	16,732	83.66
CHEUNG Siu Ling	1,214	1,214	–	2,428	12.14
SUEN Ki	840	–	–	840	4.20

Save as disclosed above, as at 30 June 2008, none of the directors and chief executives 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 the required standards of dealings by directors under the GEM Listing Rules.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed therein, at no time during the period was the Company or any of its subsidiaries, a party to any arrangement to enable the directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or the chief executives, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

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

As at 30 June 2008, 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 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				% of total shares in issue
	Beneficial owner	Family interests	Interest of controlled corporation	Total number of shares held	
NUEL	1,349,649,115	–	–	1,349,649,115	73.91
XI Yu *	–	–	1,349,649,115	1,349,649,115	73.91

Note:

- \* The interest disclosed by XI Yu is the same as the 1,349,649,115 shares disclosed as held by NUEL.



Save as disclosed above, as at 30 June 2008, 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, SALE OR REDEMPTION OF LISTED SECURITIES BY THE COMPANY**

Neither of 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 2008.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Directors, the Company has complied with the code provisions ("Code Provision(s)") set out in the Code of Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 June 2008 except for the following deviation:

Code Provision A.2.1 requires the separation of the roles of the Chairman and Chief Executive Officer. However, the Company's chairman, Mr. XI Yu until the date of this report, has to share the responsibilities of the vacant office of the chief executive officer of the Company subsequent to the resignation of the ex-managing director of the Group since 1 February 2007. The Directors considered the deviation will not significantly affected the Group's operations, because the process of decision-making and delegation of authority has become centralized and more efficient.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the directors of the Company on terms no less exacting than the required standard of dealings by directors 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 six months ended 30 June 2008.

## 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. During the six months ended 30 June 2008, the audit committee has held two meetings and has performed the following duties:

- (1) reviewed and commented on the Company's annual report for the year ended 31 December 2007;
- (2) reviewed and commented on the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2008; and
- (3) reviewed and commented on the internal control and financial reporting procedures of the Group, and other matters in compliance with the GEM Listing Rules.

The Company's audit committee has reviewed and commented on the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2008.

By order of the Board

**New Universe International Group Limited**

**XI Yu**

*Chairman*

Hong Kong, 7 August 2008

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>

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT



**CCIF**  
**CCIF CPA LIMITED**

20/F Sunning Plaza  
10 Hysan Avenue  
Causeway Bay  
Hong Kong

To the board of directors of  
**New Universe International Group Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

### Introduction

We have reviewed the interim financial statements set out on pages 19 to 40 which comprise the condensed consolidated balance sheet of New Universe International Group Limited as of 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and fair presentation of these interim financial statements in accordance with Hong Kong Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements does not give a true and fair view of the financial position of the Group as at 30 June 2008, and of its financial performance and its cash flows for the six months then ended in accordance with Hong Kong Financial Reporting Standards.

## **CCIF CPA Limited**

*Certified Public Accountants*

Hong Kong, 7 August 2008

## **Leung Chun Wa**

*Practising Certificate Number P04963*

## INTERIM FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Three months ended 30 June		Six months ended 30 June	
		2008	2007	2008	2007
		Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
<b>Turnover</b>	4	<b>18,030</b>	15,331	<b>32,194</b>	22,524
Cost of sales		(9,914)	(12,577)	(17,606)	(19,297)
<b>Gross profit</b>		<b>8,116</b>	2,754	<b>14,588</b>	3,227
Other income and gain	4	3,894	840	4,283	1,502
Selling and distribution costs		(1,425)	(850)	(2,787)	(1,645)
Administrative expenses		(2,609)	(3,304)	(5,406)	(6,428)
Other operating expenses		(856)	(1,101)	(1,160)	(2,465)
<b>Profit/(loss) from operations</b>	5	<b>7,120</b>	(1,661)	<b>9,518</b>	(5,809)
Finance costs		(205)	(233)	(391)	(433)
Share of profit of an associate, net		306	–	522	–
<b>Profit/(loss) before income tax</b>		<b>7,221</b>	(1,894)	<b>9,649</b>	(6,242)
<b>Income tax</b>	6	<b>27</b>	–	<b>118</b>	–
<b>Profit/(loss) for the period</b>		<b>7,248</b>	(1,894)	<b>9,767</b>	(6,242)
<b>Attributable to:</b>					
Equity holders of the Company		6,541	(1,894)	8,397	(6,242)
Minority interests		707	–	1,370	–
		<b>7,248</b>	(1,894)	<b>9,767</b>	(6,242)
<b>Dividends</b>	7	–	–	–	–
<b>Earnings/(loss) per share</b> (expressed in HK cents per share)					
Basic	8	0.36	(0.17)	0.46	(0.57)
Diluted	8	N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2008 Unaudited HK\$'000	31 December 2007 Audited HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	57,602	51,296
Land lease prepayments	10	22,385	22,349
Deposits paid for docks development		53,192	49,796
Docks under development		6,598	5,550
Goodwill	11	33,688	33,688
Interest in an associate	12	5,626	4,778
Available-for-sale equity investments	13	53,123	57,022
		<b>232,214</b>	<b>224,479</b>
<b>Current assets</b>			
Inventories		16,610	10,706
Trade and bills receivables	14	14,875	9,168
Dividend receivables		1,822	–
Prepayments, deposits and other receivables		11,095	10,624
Land lease prepayments	10	504	498
Cash and cash equivalents		45,447	44,421
		<b>90,353</b>	<b>75,417</b>
<b>Total assets</b>		<b>322,567</b>	<b>299,896</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Interest-bearing bank borrowings	15	9,810	9,184
Trade and bills payables	16	6,384	4,666
Deposits received		14,481	8,959
Accrued liabilities and other payables		7,349	8,091
Obligation under finance leases	17	5	5
Amounts due to related companies	18	127	419
Shareholder's loans	18	2,416	2,416
		<b>40,572</b>	<b>33,740</b>
<b>Net current assets</b>		<b>49,781</b>	<b>41,677</b>
<b>Total assets less current liabilities</b>		<b>281,995</b>	<b>266,156</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

		<b>30 June 2008 Unaudited HK\$'000</b>	31 December 2007 Audited HK\$'000
	<i>Note</i>		
<b>Non-current liabilities</b>			
Obligation under finance leases	17	1	4
Deferred tax liabilities		4,947	5,065
		<b>4,948</b>	<b>5,069</b>
<b>Total liabilities</b>		<b>45,520</b>	<b>38,809</b>
<b>Net assets</b>		<b>277,047</b>	<b>261,087</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		18,259	18,259
Reserves		251,519	237,411
<b>Equity attributable to equity holders of the Company</b>			
		<b>269,778</b>	<b>255,670</b>
Minority interests		7,269	5,417
<b>Total Equity</b>		<b>277,047</b>	<b>261,087</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

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						Sub-total	Minority interests	Total
	Share capital	Share premium reserve	Exchange fluctuation reserve	Investment revaluation reserve	Distributable reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2008	18,259	206,488	3,600	4,110	31,929	(8,716)	255,670	5,417	261,087
Change in fair value of available-for-sale equity investments	-	-	-	(3,899)	-	-	(3,899)	-	(3,899)
Translation differences arising on consolidation of overseas subsidiaries	-	-	9,284	-	-	-	9,284	482	9,766
Net gain/(loss) recognised directly in equity	-	-	9,284	(3,899)	-	-	5,385	482	5,867
Profit for the period	-	-	-	-	-	8,397	8,397	1,370	9,767
Total recognised profit/(loss)	-	-	9,284	(3,899)	-	8,397	13,782	1,852	15,634
Share of reserves of an associate	-	-	326	-	-	-	326	-	326
At 30 June 2008	18,259	206,488	13,210	211	31,929	(319)	269,778	7,269	277,047



Attributable to equity holders of the Company

	Share capital	Share premium reserve	Exchange fluctuation reserve	Investment revaluation reserve	Distributable reserve	Accumulated losses	Sub-total	Minority interests	Total
	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
Translation differences arising on consolidation of overseas subsidiaries	-	-	5,847	-	-	-	5,847	-	5,847
Net gain recognised directly in equity	-	-	5,847	-	-	-	5,847	-	5,847
Loss for the period	-	-	-	-	-	(6,242)	(6,242)	-	(6,242)
Total recognised profit/(loss)	-	-	5,847	-	-	(6,242)	(395)	-	(395)
Rights issue	10,427	93,845	-	-	-	-	104,272	-	104,272
Share issue expenses	-	(1,204)	-	-	-	-	(1,204)	-	(1,204)
At 30 June 2007	11,917	92,641	7,204	-	31,929	(16,831)	126,860	300	127,160

## Nature and purpose of reserves

(a) *Share premium*

The application of the share premium account is governed by section 34 of the Companies Law (revised) of the Cayman Islands and every modification thereof.

(b) *Exchange fluctuation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The exchange fluctuation reserve is dealt with in accordance with the accounting policies of translation of foreign currencies.

(c) *Investment revaluation reserve*

The investment revaluation reserve comprises changes in fair value of the available-for-sale equity investments of the Group and is stated net of any applicable deferred taxes. The investment revaluation reserve is dealt with in accordance with the accounting policies of available-for-sale equity investments.

(d) *Distributability of reserves*

At 30 June 2008, the Company has reserves available for distribution to its equity holders amounted to HK\$25,441,000 (31 December 2007: HK\$25,976,000) which is being the Company's distributable reserve reduced by the accumulated losses.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Net cash generated from operating activities	4,419	6,614
Net cash used in investing activities	(6,360)	(8,347)
Net cash (used in)/generated from financing activities	(3)	50,294
Net (decrease)/increase in cash and cash equivalents	(1,944)	48,561
Cash and cash equivalents at the beginning of the period	44,421	10,589
Effect of foreign exchange rate changes, net	2,970	3,357
<b>Cash and cash equivalents at the end of the period</b>	<b>45,447</b>	<b>62,507</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	45,447	62,507

## NOTES TO INTERIM FINANCIAL STATEMENTS

### 1 Basis of preparation and accounting policies

The Company is an investment holding company. Its subsidiaries are principally engaged in the following activities:

- (i) medical and industrial waste environmental disposal services;
- (ii) manufacture and sale of molds and plastic products;
- (iii) investments on plastic material dyeing operations; and
- (iv) property investment, development and operation of docks, warehouses and logistics facilities at Xinminzhou, Zhenjiang City, Jiangsu Province, the People's Republic of China (therein referred to as "Zhenjiang Docks Project").

At 30 June 2008, the directors of the Company consider the ultimate controlling party of the Group is New Universe Enterprises Limited ("NUEL"), which is a private investment holding company incorporated in the British Virgin Islands.

These condensed consolidated financial statements are presented in Hong Kong Dollars, unless otherwise stated; and the functional currency of the Company is Hong Kong Dollars. For the sole purpose of these condensed consolidated financial statements, the People's Republic of China ("PRC" or "Mainland China") shall exclude Hong Kong, Macau Special Administrative Region and Taiwan.

These condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These condensed consolidated financial statements should be read in conjunction with the 2007 annual financial statements of the Company.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2007. In the current interim period, the Group has applied, for the first time, new standards, amendments and interpretations ("new HKFRSs") issued by HKICPA, which are effective for the Group's financial year commencing 1 January 2008. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group in this interim period.

## 2 The Independent Accountants' Review Report

The Independent Accountants have reviewed the unaudited interim financial statements for the six months ended 30 June 2008 which does not constitute an audit. On the basis of their review, the Independent Accountants are not aware of any material modifications that should be made to the interim financial statements for the six months ended 30 June 2008.

## 3 Segment information

Segment information is presented in respect of the Group's primary business segment and secondary geographical segment. During the current and prior periods, there were no intersegment transactions.

### (a) Business segments

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

	Six months ended 30 June							
	Mold products		Plastic products		Environmental services		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	8,825	13,690	4,494	8,834	18,875	-	32,194	22,524
Other income	197	612	4	123	61	-	262	735
<b>Total</b>	<b>9,022</b>	<b>14,302</b>	<b>4,498</b>	<b>8,957</b>	<b>18,936</b>	<b>-</b>	<b>32,456</b>	<b>23,259</b>
Segment expenses	(9,451)	(19,046)	(3,875)	(10,470)	(11,482)	-	(24,808)	(29,516)
<b>Segment results</b>	<b>(429)</b>	<b>(4,744)</b>	<b>623</b>	<b>(1,513)</b>	<b>7,454</b>	<b>-</b>	<b>7,648</b>	<b>(6,257)</b>
Unallocated other income							4,021	767
Unallocated expenses							(2,151)	(319)
Profit/(loss) from operations							9,518	(5,809)
Finance costs							(391)	(433)
Share of profit of an associate, net							522	-
Profit/(loss) before income tax							9,649	(6,242)
Income tax							118	-
<b>Profit/(loss) for the period</b>							<b>9,767</b>	<b>(6,242)</b>

(b) *Geographical segments*

The following tables present revenue for the Group's geographical segments.

	Six months ended 30 June			
	Sales to external customers		Other income	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mainland China	25,103	8,579	4,105	799
European countries	6,851	10,671	–	–
Hong Kong	–	2,213	178	703
North America	240	639	–	–
Others	–	422	–	–
	<b>32,194</b>	<b>22,524</b>	<b>4,283</b>	<b>1,502</b>

4 **Turnover, other income and gain**

Turnover represents the net invoiced value of goods sold and services rendered to customers, less sales returns and discounts. An analysis of turnover, other income and gain is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover				
Sale of mold and plastic products	7,762	15,331	13,319	22,524
Environmental waste disposal services	10,268	–	18,875	–
	<b>18,030</b>	<b>15,331</b>	<b>32,194</b>	<b>22,524</b>
Other income and gain				
Dividend income	1,822	–	1,822	–
Interest income	213	360	423	755
Scrap sales, net	1,817	–	1,817	–
Gain on disposal of property, plant and equipment, net	–	–	73	–
Exchange gain/(loss), net	(19)	–	72	–
Sundry income	61	480	76	747
	<b>3,894</b>	<b>840</b>	<b>4,283</b>	<b>1,502</b>
Total	<b>21,924</b>	<b>16,171</b>	<b>36,477</b>	<b>24,026</b>

## 5 Profit/(loss) from operations

Profit/(loss) from operations is stated after charging the following:

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of land lease prepayments	126	12	252	24
Cost of inventories consumed	9,914	12,577	17,606	19,297
Depreciation	1,454	1,954	2,880	3,645

## 6 Income tax

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Hong Kong Profits Tax</b>				
Current tax	-	-	-	-
Provision for the period	-	-	-	-
Under/(over)-provision in respect of prior periods	-	-	-	-
	-	-	-	-
<b>PRC Corporate Income Tax</b>				
Current tax	-	-	-	-
Provision for the period	-	-	-	-
Under/(over)-provision in respect of prior periods	-	-	-	-
	-	-	-	-
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(27)	-	(118)	-
	(27)	-	(118)	-
	(27)	-	(118)	-

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

The provision for Hong Kong tax for 2008 is calculated at 16.5% (2007: 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 for both periods.

Suzhou New Universe, Zhenjiang New Universe, Taizhou New Universe, Yancheng New Universe, Zhenjiang Port Company and Zhenjiang Warehouses Company are located and operated in the PRC, are entitled to the exemptions from PRC Foreign Enterprise Income Tax ("FEIT") of 24% and the local FEIT rate of 3% for two years starting from their first profit-making, followed by a 50% tax relief for the next three years.

The first profit making year of Yancheng New Universe and Taizhou New Universe was 2007. For the six months ended 30 June 2008, Zhenjiang New Universe also started making profit after previous accumulated losses were being offset. Barring any unforeseeable circumstances in the forthcoming quarters of 2008, Zhenjiang New Universe, Yancheng New Universe, Taizhou New Universe are entitled to tax exemption for two years starting from their first profit-making; and accordingly, no provision for FEIT has been made for the current period.

Zhenjiang Port Company and Zhenjiang Warehouses Company have not commenced its operations; and accordingly, they are not subject to the FEIT.

The National People's Congress of the PRC approved the Corporate Income tax Law of the PRC (the "New Tax Law") on 16 March 2007. With effective from 1 January 2008, the tax rate applicable to the enterprises established in the PRC will be unified at 25% with certain grandfather provisions and preferential provisions. The change in tax rate does not have any impact on the consolidated financial results of the Group for the six months ended 30 June 2008.

The Group's provision for deferred tax represents timing differences arising from revaluation surplus of land use rights and fixed assets of the PRC subsidiaries based on the their applicable tax rates.

Deferred tax assets not recognised:

In accordance with the accounting policy of the Group, the Group has not recognised deferred assets in respect of cumulated tax losses of HK\$27,644,000 (31 December 2007: HK\$29,323,000) as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.



Deferred tax liabilities not recognised:

As at 30 June 2007, temporary differences relating to the undistributed profits of subsidiaries amounted to HK\$10,226,000. Deferred tax liabilities of HK\$1,148,000 have not been recognised in respect of tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable the profits will not be distributed in the forthcoming periods.

Reconciliation between income tax expense and the Group's accounting profit/(loss) at applicable tax rates is as follows:

**For six months ended 30 June 2008**

	Hong Kong		PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before income tax	2,113		7,536		9,649	
Tax at the statutory/applicable tax rates	349	16.5	1,130	15.0	1,479	15.3*
Income not subject to tax	(558)		-		(558)	
Expenses not deductible for tax	62		-		62	
Tax losses not recognised as deferred tax asset	29		-		29	
Effect of tax exemptions granted to PRC subsidiaries	-		(1,130)		(1,130)	
Tax credit at the Group's effective rate	(118)		-		(118)	

**For six months ended 30 June 2007**

	Hong Kong		PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Loss before income tax	(1,669)		(4,573)		(6,242)	
Tax at the statutory/applicable tax rates	(292)	17.5	(686)	15.0	(978)	15.7*
Income not subject to tax	(110)		–		(110)	
Expenses not deductible for tax	402		–		402	
Tax losses not recognised as deferred tax asset	–		686		686	
Tax charge at the Group's effective rate	–		–		–	

\* *representing effective tax rate*

**7 Dividends**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

**8 Earnings/(loss) per share**

The calculation of basic earnings (2007: loss) per share is based on the profit attributable to equity holders of the Company for three months ended 30 June 2008 (three months ended 30 June 2007: loss) and six months ended 30 June 2008 (six months ended 30 June 2007: loss) and the weighted average number of ordinary shares in issue during the periods respectively.

Diluted earnings/(loss) per share for the six months ended 30 June 2008 and 2007 have not been presented as no diluting event existed during these periods.

The calculation of basic earnings/(loss) per share is based on:

	Three months ended 30 June		Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Profit/(loss) attributable to equity holders of the Company (expressed in HK\$'000)	6,541	(1,894)	8,397	(6,242)
Weighted average number of ordinary shares in issue during the period	1,825,891,681	1,096,713,000	1,825,891,681	1,096,713,000
Basic earnings/(loss) per share (expressed in HK cents per share)	0.36	(0.17)	0.46	(0.57)

## 9 Property, plant and equipment

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Net carrying value at the beginning of the period	51,296	42,450
Additions	5,712	7,458
Disposals	(16)	(6,298)
Acquisition of subsidiaries	–	22,298
Disposal of a subsidiary	–	(57,730)
Depreciation		
– charge for the period	(2,880)	(6,701)
– written back	–	5,663
– disposal of a subsidiary	–	41,784
Exchange adjustments	3,490	2,372
Net carrying value at the end of the period	57,602	51,296

The net carrying value of the property, plant and equipment of the Group held under finance leases as at 30 June 2008 amounted to HK\$9,000 (31 December 2007: HK\$13,000).

As at 30 June 2008, property, plant and equipment with net carrying value of HK\$9,653,000 (31 December 2007: HK\$9,234,000) were pledged to a bank to secure the banking facilities granted to the Group.

## 10 Land lease prepayments

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Net carrying value at the beginning of the period	<b>22,847</b>	2,122
Acquisition of subsidiaries	–	20,767
Amortisation	<b>(252)</b>	(161)
Exchange adjustments	<b>294</b>	119
<b>Net carrying value at the end of the period</b>	<b>22,889</b>	22,847
<b>Classified as</b>		
Non-current assets	<b>22,385</b>	22,349
Current assets	<b>504</b>	498
	<b>22,889</b>	22,847

All interests in land use rights of the Group are held in Jiangsu Province, the PRC and on leases over the period of 50 years.

As at 30 June 2008, the land use rights with net carrying value of HK\$2,315,000 (31 December 2007: HK\$2,192,000) were pledged to a bank to secure the banking facilities granted to the Group.

## 11 Goodwill

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Net carrying value at the beginning of the period	<b>33,688</b>	–
At cost – acquisition of subsidiaries	–	33,688
<b>Net carrying value at the end of the period</b>	<b>33,688</b>	33,688

The goodwill arose in 2007 from the acquisitions of 100% interest in NUEPIL which in turn holds 82% direct or indirect equity interests in each of NUET(JS), Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe was HK\$33,688,000 (31 December 2007: HK\$33,688,000). Based on the report on the impairment assessment of the recoverable amount of the goodwill prepared by the independent professional valuer, BMI Appraisals Limited, dated 7 August 2008, no impairment provision is considered necessary for the carrying value of the Group's goodwill at the balance sheet date.

## 12 Interest in an associate

Share of net assets of an associate:

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Net carrying value at the beginning of the period	4,778	–
Business combination, at fair value	–	5,858
Share of post acquisition profit of an associate, net	522	90
Share of reserves of an associate, recognised directly in equity	326	–
Dividends received from the associate	–	(1,170)
	<hr/>	
Net carrying value at the end of the period	<b>5,626</b>	4,778

## 13 Available-for-sale equity investments

Fair value of the unlisted equity investments:

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Net carrying value at the beginning of the period	57,022	–
Acquisition, at fair value	–	57,022
Transfer to investment revaluation reserve	(3,899)	–
	<hr/>	
Net carrying value at the end of the period	<b>53,123</b>	57,022

The fair values of the unlisted equity investments as at 30 June 2008 and 31 December 2007 were determined by the Directors by reference to the professional valuation report prepared by the independent professional valuer, BMI Appraisals Limited, dated 7 August 2008 and 18 March 2008 respectively, using the market approach.

#### 14 Trade and bills 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 extending up to three months for major customers. For the plastic products segment and environmental services segment, the credit period is generally for a period of one month extending up to three months for major customers.

An ageing analysis of the trade and bills receivables as at the balance sheet date, based on invoice date and net of provisions, is as follows:

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Within 1 month	<b>6,227</b>	2,860
1 to 2 months	<b>3,138</b>	1,503
2 to 3 months	<b>1,567</b>	2,451
Over 3 months	<b>3,943</b>	2,354
	<b>14,875</b>	9,168

#### 15 Interest-bearing bank borrowings

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Bank loans – secured	<b>9,810</b>	9,184
Amounts due within 1 year classified as current liabilities	<b>9,810</b>	9,184

All the interest-bearing bank borrowings of the Group are denominated in Renminbi. The secured bank loans bore interest of 5.346% to 8.5905% per annum for the six months ended 30 June 2008 (year ended 31 December 2007: 4.785% to 6.633% per annum).

## 16 Trade and bills payables

An ageing analysis of the trade and bills payables as at the balance sheet date, based on invoice date and net of provisions, is as follows:

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Within 1 month	2,509	1,544
1 to 2 months	2,126	1,184
2 to 3 months	1,405	673
Over 3 months	344	1,265
	<b>6,384</b>	<b>4,666</b>

## 17 Obligation under finance leases

The Group leases certain of its plant and machinery. These leases are classified as finance leases and have remaining lease terms ranging from less than one year to three years.

At 30 June 2008, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2008 HK\$'000	31 December 2007 HK\$'000	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Amounts payable:				
Within one year	6	6	5	5
In the second year	2	5	1	4
In the third to fifth years, inclusive	–	–	–	–
Total minimum finance lease payments	<b>8</b>	11	<b>6</b>	9
Future finance charges	<b>(2)</b>	(2)		
Total net finance lease payables	<b>6</b>	9		
Portion classified as current liabilities	<b>(5)</b>	(5)		
Portion classified as non-current liabilities	<b>1</b>	4		

## 18 Amounts due to related companies and shareholder's loans

The amounts due to a related company and the shareholder's loans are unsecured, interest-free and repayable on demand. In the opinion of the Directors, the amounts due to a related company and the shareholder's loans were financial assistance provided to the Group that constituted exempted connected party transactions under the GEM Listing Rules.

## 19 Commitments

At the balance sheet date, the Group had the following commitments:

### (a) Capital commitments

The Group had capital commitments not provided for in the financial statements as follows:

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Contracted for		
– Zhenjiang Docks Project	<b>159,070</b>	153,783
– Plant and machinery	<b>7,577</b>	242
Authorised but not contracted for		
– Zhenjiang Docks Project	<b>68,109</b>	63,761
– Plant and machinery	<b>3,813</b>	–
	<b>238,569</b>	217,786

In respect of the capital commitments for the Zhenjiang Docks Project, the Group has obtained a letter of intent from a PRC bank which has agreed in principle to provide necessary financing subject to all the necessary approvals to be obtained from the relevant PRC authorities. In addition, China (HK) Chemical and Plastics Company Limited, a related company of the Company, in which Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are the common directors, has also agreed to provide financial support for the Zhenjiang Docks Project.



(b) *Operating lease commitments*

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Within one year	113	121
In the second to fifth years, inclusive	290	204
After five years	109	153
	<b>512</b>	<b>478</b>

The Group leases its office premises in Hong Kong and a landfill for waste disposal in PRC under operating lease arrangements. Leases for the office premises and the landfill are negotiated for terms ranging from one to ten years.

## 20 **Connected and related party transactions**

During the six months ended 30 June 2008, there were connected and related party transactions of the Group subsisted as follows:

(a) *Continuing connected transactions*

The Board of directors considered the following transactions were transacted at arm's length basis and on normal commercial terms no more favourable to the connected persons than those available to independent third parties or no less favourable to the Company than those available from independent third parties (as the case may be), and were exempted connected transactions under the GEM Listing Rules:

- (i) During the six months ended 30 June 2008, a 97% owned subsidiary of the Group, Suzhou New Universe purchased raw materials amounted to HK\$450,000 from China (HK) Chemical and Plastics Company Limited, a related company of which the Company's directors, Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors.
- (ii) On 30 August 2007, a rental agreement was entered into between a 100% owned subsidiary of the Group, Smartech Services Limited, and Sun Ngai International Investment Limited ("Sun Ngai") at normal commercial terms in the ordinary and usual course of business of the Company, pursuant to which Smartech Services Limited shall pay Sun Ngai monthly rental of HK\$10,000 to rent an office unit for one year commencing 1 August 2007. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, Smartech Services Limited and Sun Ngai.

(b) *Financial assistance*

The Board of directors considered the following financial assistance provided by the related parties to the Group were exempted connected transactions under the GEM Listing Rules:

- (i) On 12 October 2007, NUEL granted an unsecured interest-free loan of HK\$2,416,000 to the Company for financing the Company to settle the adjustment to the consideration in relation to the disposal of the 100% equity interests of the Group in Dongguan Smartech Tooling and Plastics Limited in 2007. The loan was repayable on demand or before 12 October 2008.
- (ii) After the completion of the acquisition of the 100% interest of NUEPIL on 12 October 2007, the Group took up the assets and liabilities of NUEPIL and its subsidiaries, in which there subsisted up to date unsecured interest-free amounts in an aggregate of HK\$127,000 (31 December 2007: HK\$419,000) due by the subsidiaries of NUEPIL to Beijing New Universe Mirai Environmental Engineering Company Limited, of which Mr. XI Yu are common director.

(c) *Corporate guarantee provided by NUEL*

NUEL acted as guarantor to the following loans granted by the Company to its 97% indirectly owned subsidiary, Bestwin (China) Limited ("Bestwin"), which has invested the loan funding entirely to its 100% owned subsidiary, Suzhou New Universe Smartech Tooling and Plastics Limited as its paid-up registered capital:

- (i) On 13 April 2007, the Company granted an unsecured interest-free loan of HK\$1,100,000 to Bestwin, which was repayable on demand or before 13 July 2008. The maturity of the loan was extended to 13 July 2009 under a supplement agreement dated 11 July 2008, pursuant to which the extended loan bears interest at 5.25% per annum and is guaranteed by NUEL to settle as when the Company demands repayment.
- (ii) On 8 May 2007, the Company granted an unsecured loan of HK\$1,273,000 to Bestwin, which was repayable on demand or before 8 August 2008. The loan bears interest at a rate of 3.5% per annum and is guaranteed by NUEL to settle as when the Company demands repayment.
- (iii) On 22 June 2007, the Company granted an unsecured loan of US\$348,000 (equivalent to HK\$2,714,400) to Bestwin, which was repayable on demand or before 22 September 2008. The loan bears interest at a rate of 3.5% per annum and is guaranteed by NUEL to settle as when the Company demands repayment.