



2009

INTERIM REPORT

**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”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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  
HON Wa Fai

#### *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

### **AUTHORIZED REPRESENTATIVES**

XI Yu  
HON Wa Fai

### **COMPLIANCE OFFICER**

XI Yu

### **COMPANY SECRETARY**

HON Wa Fai

### **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

### **LEGAL ADVISER**

Troutman Sanders

### **AUDITOR**

CCIF CPA Limited

### **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  
Standard Chartered Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China Limited

### **STOCK CODE**

8068

### **WEBSITE**

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

## FINANCIAL HIGHLIGHTS

- The Group's turnover was HK\$32,334,000 for 2Q 2009 (2Q 2008: HK\$32,194,000).
- Loss attributable to the owners of the Company was HK\$1,048,000 for 2Q 2009 (2Q 2008: profit of HK\$8,397,000).
- Loss per share from continuing and discontinued operations was in total Hong Kong cent 0.06 for 2Q 2009 (earnings per share for 2Q 2008: Hong Kong cent 0.46).
- Equity attributable to owners of the Company was HK\$273,354,000 as at 30 June 2009 (31 December 2008: HK\$283,679,000).
- As at 30 June 2009, the Group had cash and bank balances of HK\$29,362,000 for the continuing operations and HK\$23,203,000 for the discontinued operation (31 December 2008 – continuing operations: HK\$23,128,000; and discontinued operation: HK\$23,258,000).
- The Board of the Company does not recommend the payment of an interim dividend for 2Q 2009.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 six months ended 30 June 2009 ("2Q 2009"), and the comparative unaudited figures for the corresponding period in 2008 ("2Q 2008").

### **BUSINESS REVIEW**

#### **Overview**

The Mainland China economy experienced significant fluctuations in the first half of 2009 amid the global financial tsunami. Nevertheless, after a marked correction in the early part of this year, the China domestic economy staged a resilient rebound in the second quarter as the government introduced various economic stimulus measures. During the period under review, the Group initiated a number of measures to strengthen its operating efficiency, laying a solid foundation for sustainable growth. With all staff members working closely with each other, the Company's operating performance for the second quarter improved from the first quarter.

For the six months ended 30 June 2009, the Group achieved total revenue of HK\$32,334,000, representing a slight improvement over 2Q 2008. Loss attributable to the shareholders of the Company was HK\$1,048,000 as compared to a profit of HK\$8,397,000 for the corresponding period in 2008. During the period under review, the Group had to account for net decrease in fair value of the equity investments in plastic materials dyeing operations amounting to HK\$9,700,000 due to the worsening operating environment.

On 3 November 2008, the Group entered into two sale and purchase agreements with an independent buyer for the disposal of the Group's entire interests in the Zhenjiang Docks Project ("Disposal of the Zhenjiang Docks Project"). A supplemental agreement was also signed on 27 April 2009, pursuant to which the aggregate consideration for the Disposal of the Zhenjiang Docks Project adjusted from RMB84,951,300 (approximately HK\$95,995,000) to RMB85,849,100 (approximately HK\$97,009,000) and the payment terms were re-scheduled to three stages. In accordance with the supplemental agreement, refundable earnest money of RMB3,500,000 (approximately HK\$3,955,000) was paid by the buyer on 6 May 2009 that has been under the custody of the Group's subsidiary at Zhenjiang.

### **Environmental Operations**

The environmental businesses of the Group are currently carried out by three 82% indirectly owned subsidiaries, 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"). They are engaged in environmental treatment and disposal of general industrial and regulated medical hazardous waste in the Jiangsu Province, China, servicing various clinics, major hospitals, and major industrial enterprises in the cities where they are situated. The companies have their own pyrolyzing incinerators each with annual incineration capacity of over 3,000 tons of hazardous solid waste. In addition, Zhenjiang New Universe has specialized filtration facilities to handle over 96 cubic metres of industrial liquid waste per day, and it also operates a landfill with 750,000 cubic metres capable of handling 35,000 tons of general industrial solid waste per annum.

For 2Q 2009, Zhenjiang New Universe handled over 2,800 tons of general industrial waste, over 2,500 tons of hazardous industrial waste, and over 260 tons of regulated medical solid waste; Yancheng New Universe handled over 2,600 tons of general and hazardous industrial waste and over 300 tons of regulated medical solid waste; and Taizhou New Universe handled over 900 tons of general and hazardous industrial waste and over 290 tons of regulated medical solid waste.

For the six months ended 30 June 2009, the Group's total revenue from environmental operations amounted to HK\$13,822,000 (2Q 2008: HK\$18,875,000).

### **Investment in Eco-plating Specialized Zone Project**

Since the acquisition completed on 8 August 2008, the Group has a 38% equity interests in New Sinotech Investments Limited ("New Sinotech") (therein referred to as the "Acquisition of Interests in New Sinotech"). The Acquisition of Interests in New Sinotech constituted a discloseable transaction of the Company with details set out in the announcement dated 18 August 2008 and the circular dated 4 September 2008 of the Company. New Sinotech holds a 100% direct equity interests in Fair Time International Limited ("Fair Time") and 100% indirect equity interests in Zhenjiang Sinotech Eco-electroplating Development Limited ("Zhenjiang Sinotech") (collectively referred to as the "New Sinotech Group"). Zhenjiang Sinotech is a wholly foreign owned enterprise established in Zhenjiang, China, to engage in the development and operation of an eco-plating specialized zone with a total area of

approximately 183,521 square kilometres (“Eco-plating Specialized Zone Project”). The Eco-plating Specialized Zone Project is engaged in the development, operation and management of a specialized zone for the environmental electroplating recycling business, environmental treatment of electroplating sewage and sludge, and recycling of metallic substance and resources.

The Company’s controlling shareholder, New Universe Enterprises Limited (“NUEL”), also acquired a 53% direct equity interests in New Sinotech Group on 8 August 2008. Under the support of syndicated loans granted by major bankers as guaranteed by the Company’s chairman, Mr. XI Yu, together with his private affiliate company, the construction of Eco-plating Specialized Zone Project has been carried out in good progress. Industrial buildings with gross floor area of 22,758 square metres have been completed in the specialized zone. The specialized plating sewage discharge system has been completed and is now at its testing stage.

As the Eco-plating Specialized Zone Project is still under construction and has commenced its operations in the second quarter of 2008, the Group’s shared net loss of the New Sinotech Group amounted to HK\$89,000 for the six months ended 30 June 2009 (2Q 2008: Nil).

### **Manufacturing Operations**

Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”) is a 97% owned subsidiary of the Group situated at Changjiang River Delta in China. It is currently the major production base for the Group’s injection molds and plastic products in Mainland China and is also responsible for the marketing of these products. Total turnover of Suzhou New Universe for 2Q 2009 was HK\$18,512,000 representing an increase of 39.0% as compared to HK\$13,319,000 for 2Q 2008. Suzhou New Universe’s sales of molds for 2Q 2009 decreased by 4.1% to HK\$8,461,000 (2Q 2008: HK\$8,825,000) while sales of plastic products for the same period increased by 123.7% to HK\$10,051,000 (2Q 2008: HK\$4,494,000).

To ensure a stable and reliable supply of plastic materials for Suzhou New Universe’s production, the Group entered into a supply contract with a related company, China (HK) Chemical & Plastics Co. Limited (“China (HK) Chemical”) on 26 February 2009 (“Supply Contract”). Pursuant to the Supply Contract, Suzhou New Universe will purchase and China (HK) Chemical will supply plastic materials with an estimated annual cap amount of US\$1,280,000 (approximately HK\$9,984,000) for each of the three financial years ending 31 December 2011 at favorable payment terms offered by China (HK) Chemical that will not be available to Suzhou New Universe from other independent suppliers. The transactions as contemplated under the Supply Contract constitute continuing connected transactions of the Company with details set out in the Company’s announcement dated 27 February 2009.

As the annual cap to purchase plastic materials from China (HK) Chemical pursuant to the Supply Contract for the year ending 31 December 2009 has almost been fully utilized up to the date of this announcement. The Board has monitored the demand of Suzhou New Universe and the Company will propose to increase the annual cap if required.

## Investments in Plastics Dyeing Operations

The Group indirectly 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 engaged in plastic materials dyeing in the Mainland China. The Group’s equity interests in Qingdao Huamei will be treated as an investment in an associate while its investments in Suzhou New Huamei and Danyang New Huamei as available-for-sale equity investments.

The net profit margins of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei were 3.0%, 3.8% and 6.3% for 2Q 2009 respectively (2Q 2008: 3.2%, 7.1% and 4.3% respectively). According to the valuation report dated 7 August 2009 issued by the independent professional valuer, BMI Appraisals Limited, the total market value attributable to the Group for the available-for-sale equity investments in Suzhou New Huamei and Danyang New Huamei was in the aggregate of HK\$39,200,000 as at 30 June 2009 (31 December 2008: HK\$48,900,000). In 2Q 2009, the Group shared net profit of Qingdao Huamei amounted to HK\$618,000 (2Q 2008: HK\$522,000).

## Disposal of Zhenjiang Docks Project

The co-operation agreement between the Company and the China parties (therein referred to as the “China Parties”, comprising The District Government of Jingkou, Zhenjiang and the State-owned Gongqingtuan Farm of Jiangsu Province) in relation to the investment in the construction of dock infrastructure and the development of warehouses and depot facilities in Xinminzhou, Jingkou District, Zhenjiang City, Jiangsu Province, China (therein referred to as the “Zhenjiang Docks Project”) yielded no significant progress during 2Q 2009. The Board has closely monitored the progress of the Zhenjiang Docks Project and reviewed the Group’s investment in the project from time to time. The management of New Universe International (Zhenjiang) Port Company Limited (“Zhenjiang Port Company”) and New Universe International (Zhenjiang) Warehouses Company Limited (“Zhenjiang Warehouses Company”) have negotiated periodically with the China Parties on the progress of Zhenjiang Docks Project, though the original plan of 2006 was unlikely to be materialized owing to revision policies of the local government on the whole district area surrounding Xinminzhou.

The two wholly foreign owned enterprises (“Dock WFOEs”, therein also referred to as “disposal group held for sale”) established for the purpose of carrying out the Zhenjiang Docks Project, Zhenjiang Port Company and Zhenjiang Warehouses Company were injected with 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 up to 30 June 2009. Up to 30 June 2009, land deposits amounting to RMB48,800,000 (or equivalent to approximately HK\$55,144,000) were paid by Zhenjiang Port Company to the local government to secure land use rights for the dock site to commence construction and operations along the first phase waterfront line.

On 3 November 2008, the Group entered into two sale and purchase agreements (“Dock Disposal Agreements”) to dispose of the entire equity interests of the Group in Zhenjiang Port Company and Zhenjiang Warehouses Company to an independent third party, as witnessed by representative of the China Parties, at an aggregate consideration of RMB84,951,300 (approximately HK\$95,995,000) (therein referred to as the “Disposal of Zhenjiang Docks Project”). The Disposal of Zhenjiang Docks Project constituted a major disposal transaction of the Company in 2008 and to which the controlling shareholder of the Company, NUEL issued a written approval for the transactions as contemplated. On 5 November 2008 and 18 November 2008, the Company made an announcement and dispatched a circular respectively on the details of the Disposal of Zhenjiang Docks Project. On 27 April 2009, a supplemental sale and purchase agreement was entered into amongst Zhenjiang Port Company, Zhenjiang Warehouses Company, a nominated party of the original buyer, and the China Parties as the witness (“Supplemental Dock Disposal Agreement”). Details of the Supplemental Dock Disposal Agreement were set out in the Company’s announcement dated 7 May 2009. Pursuant to the Supplemental Dock Disposal Agreement, a refundable deposit of RMB3,500,000 (approximately HK\$3,955,000) was paid by the buyer on 6 May 2009 and under custody by the Group’s subsidiary, Zhenjiang New Universe, and the adjusted consideration for the Disposal of Zhenjiang Docks Project in aggregate of RMB85,849,100 (approximately HK\$97,009,000) would be settled by the buyer as to (i) RMB17,049,100 (approximately HK\$19,265,000) after the termination of the approval certificates of Dock WFOEs, (ii) RMB20,000,000 (approximately HK\$22,600,000) after the change of business licenses of the Dock WFOEs in favour of the buyer, and (iii) RMB48,800,000 (approximately HK\$55,144,000) after the buyer obtains legal title of the land for the Zhenjiang Docks Project.

Up to the date of this report the Disposal of Zhenjiang Docks Project as revised by the Supplemental Dock Disposal Agreement has not yet been completed. Parties to the Supplemental Dock Disposal Agreement have been procuring necessary approvals from different governmental departments for completing the transactions as contemplated.

## Prospects

Looking ahead to the second half of 2009, management expects many continuing uncertainties in the macro operating environment. However, we will strive to enhance our operating efficiency and to optimize our operations. In addition, the China economy is expected to recover gradually. As a result, we are confident that the Group’s businesses will resume their growth momentum. The Group’s diversification strategy has started to produce results. Since 2007, the environmental operations have contributed a significant portion to the Group’s revenue. Meanwhile, as the domestic demand in China continues to grow, our manufacturing operations should improve gradually. Management believes the Group will create greater value for shareholders through relentless efforts made by all staff members and under the continuous support from customers and business partners.

## FINANCIAL REVIEW

### Turnover

The Group’s turnover was HK\$32,334,000 for the six months ended 30 June 2009 representing an increase of 0.4% from HK\$32,194,000 for the six months ended 30 June

2008. The manufacturing operations contributed for 57.3% of the Group's turnover for 2Q 2009 as compared to 41.4% for 2Q 2008. The environmental operations contributed for 42.7% of the Group's turnover for 2Q 2009 as compared to 58.6% for 2Q 2008. The increase in total turnover of the Group for 2Q 2009 was mainly attributable to increase in turnover of the Group's manufacturing operations in 2Q 2009, though the profit margin declined during the period. Manufacturing industries in the Jiangsu region slowed down in 2Q 2009 that resulted in decrease in industrial wastes handled by the environmental entities and hence decrease in environmental revenue of the Group during the period under review.

### **Gross profit**

Gross profit of the Group for 2Q 2009 decreased by 39.4% to HK\$8,838,000 as compared to HK\$14,588,000 for 2Q 2008. The overall gross profit margin of the Group was 27.3% for 2Q 2009 (2Q 2008: 45.3%). The average gross profit margin of the Group's manufacturing operations was 5.7% for 2Q 2009 (2Q 2008: 23.7%). The average gross profit margin of the Group's environmental operations was 56.3% for 2Q 2009 (2Q 2008: 60.6%).

### **(Loss)/profit attributable to owners of the Company**

The Group made a loss attributable to owners of the Company of HK\$1,048,000 for 2Q 2009 as compared to a profit of HK\$8,397,000 for 2Q 2008.

Loss per share attributable to the owners of the Company in relation to the continuing operations and the discontinued operation were Hong Kong cents 0.06 and Hong Kong cents Nil respectively for 2Q 2009 as compared to earnings per share attributable to the continuing operations and the discontinued operation of Hong Kong cents 0.44 and Hong Kong cents 0.02 respectively for 2Q 2008.

Decrease in fair value of the Group's available-for-sale equity investments amounted to HK\$9,700,000 for 2Q 2009 (2Q 2008: HK\$3,899,000) was accounted for in the consolidated statement of comprehensive income of the Group during the period under review.

### **Other revenue and income**

The Group's other revenue and income from continuing operations decreased to HK\$2,190,000 for 2Q 2009 as compared to HK\$3,916,000 for 2Q 2008. Other revenue and income from discontinued operation mainly attributable to bank interest income amounted to HK\$2,000 for 2Q 2009 (2Q 2008: HK\$367,000).

### **Selling and distribution costs**

Selling and distribution costs of the Group for continuing operations decreased by 24.6% to HK\$2,101,000 for 2Q 2009, representing 6.5% to the Group's turnover for 2Q 2009 (2Q 2008: HK\$2,787,000 representing 8.7% to Group's turnover for 2Q 2008). The current decrease in selling and distribution costs was mainly attributable to decrease in incentive payments to sales persons and marketing agencies of both environmental and manufacturing operations for 2Q 2009. There were no selling and distribution costs incurred on discontinued operation for 2Q 2009 and 2Q 2008.

### Administrative expenses

Administrative expenses of the Group for continuing operations increased by 13.8% to HK\$6,087,000 for 2Q 2009, representing 18.8% to the Group's turnover for 2Q 2009 (2Q 2008: HK\$5,348,000 representing 16.6% to the Group's turnover for 2Q 2008). Administrative expenses on discontinued operation amounted to HK\$19,000 for 2Q 2009 (2Q 2008: HK\$58,000).

### Other operating expenses

Other operating expenses of the Group for continuing operations increased by 36.7% to HK\$1,586,000 for 2Q 2009, representing 4.9% to the Group's turnover for 2Q 2009 (2Q 2008: HK\$1,160,000 representing 3.6% to Group's turnover for 2Q 2008). The current increase in other operating expenses was mainly attributable to increase in expenses on research and development for the Group's environmental operations in 2Q 2009. There were no other operating expenses incurred on discontinued operation for 2Q 2009 (2Q 2008: Nil).

### Finance costs

Finance costs of the Group for continuing operations increased by 269.1% to HK\$1,443,000 for 2Q 2009 as compared to HK\$391,000 for 2Q 2008. The increase was mainly attributable to the interest imputed on the promissory notes issued for the Acquisition of Interests in Zhenjiang Sinotech that amounted to HK\$1,085,000 for 2Q 2009 (2Q 2008: Nil). There was no finance costs incurred on discontinued operation for 2Q 2009 and 2Q 2008.

### Segment results

Details of segment results of the Group are set out in note 5 to the unaudited condensed consolidated financial statements.

The revenue distribution by environmental services segment, molds segment, plastics segment, and plastic materials dyeing segment was 40.9%, 25.2%, 29.1% and 4.8% respectively for 2Q 2009.

### Liquidity and financial resources

For the period under review, the Group financed its operations activities with internally generated cash flows, banking facilities, and loans from NUEL and China (HK) Chemical. Taking into account the existing financial resources available to the Group, it is anticipated that the Group have adequate financial resources to meet its operating and development requirements.

As at 30 June 2009, the Group had total cash and bank balances of approximately HK\$29,362,000 (31 December 2008: HK\$23,128,000) and also had cash and bank balances of the disposal group held for sale amounted approximately to HK\$23,203,000 (31 December 2008: HK\$23,258,000).

As at 30 June 2009, the Group had available unused general banking facilities amounted to HK\$10,000,000 (31 December 2008: HK\$10,000,000).

As at 30 June 2009, the Group had total outstanding interest bearing borrowings of approximately HK\$9,823,000 (31 December 2008: HK\$10,174,000) as follows:

- (i) secured interest bearing bank borrowing of approximately HK\$6,780,000 (31 December 2008: HK\$10,170,000);
- (ii) unsecured interest bearing borrowing from a related company, China (HK) Chemical, of approximately HK\$3,042,000 (31 December 2008: Nil); and
- (iii) finance lease payable of approximately HK\$1,000 (31 December 2008: HK\$4,000).

As at 30 June 2009, the Group had promissory notes with carrying fair value of approximately HK\$21,041,000 (31 December 2008: HK\$19,956,000) (par value before imputed interests: HK\$26,920,000).

As at 30 June 2009, the Group had total outstanding non-interest bearing amounts due to the Group's related companies of approximately HK\$2,435,000 (31 December 2008: HK\$2,435,000) as follows:

- (i) unsecured non-interest bearing borrowing from the Company's controlling shareholder, NUEL, of approximately HK\$2,416,000 (31 December 2008: HK\$2,416,000); and
- (ii) due to Beijing New Universe Mirai Environmental Engineering Company Limited of approximately HK\$19,000 (31 December 2008: HK\$19,000).

### **Treasury policies**

The Group operates with conservative treasury policies to avoid risky investments and to minimize interest-bearing borrowings. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. The Board also closely monitors the Group's liquidity position to ensure the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement and minimize liquidity risk.

### **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 2009 and 31 December 2008 was as follows:

|                         | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|-------------------------|--------------------------------------|---------------------------------|
| Current liabilities     | <b>41,803</b>                        | 35,017                          |
| Non-current liabilities | <b>28,814</b>                        | 27,437                          |
| <b>Total borrowings</b> | <b>70,617</b>                        | 62,454                          |
| <b>Total equity</b>     | <b>273,354</b>                       | 283,679                         |
| <b>Gearing ratio</b>    | <b>25.8%</b>                         | 22.0%                           |

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

### Goodwill

In October 2007, the Group acquired from NUEL 100% interest in New Universe Environmental Protection Investment Limited (therein referred to as "NUEPIL") (collectively referred to as the "Environmental Acquisitions") which holds 82% direct equity interest in New Universe Environmental Technologies (Jiang Su) Limited, and 82% indirect equity interests in Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe. They are engaged in environmental treatment and disposal of general industrial and regulated medical hazardous waste in the Jiangsu Province, China. The goodwill represented the excess of the consideration over the fair value of net assets of the Environmental Acquisitions that amounted to approximately HK\$33,688,000 arisen on the completion date on 12 October 2007.

BMI Appraisals Limited, an independent professional valuer, was engaged by the Company to conduct the assessment of the carrying value of the goodwill arisen on the Environmental Acquisitions periodically. Based on the goodwill valuation report dated 7 August 2009 issued by the independent professional valuer, BMI Appraisals Limited, the Directors of the Company opined that the recoverable amount of the goodwill at of 30 June 2009 has to be impaired by HK\$688,000 to HK\$33,000,000.

### Capital structure

There was no significant change to the capital structure of the Group during the six months ended 30 June 2009.

## Material acquisitions and disposals of subsidiaries and affiliated companies

There were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the six months ended 30 June 2009.

## Investments held and their performance

In April 2009, the boards of Suzhou New Huamei and Danyang New Huamei have declared dividends with HK\$1,136,000 and HK\$504,000 respectively distributable to the Group (2008: HK\$1,624,000 and HK\$400,000).

Based on the valuation report dated 7 August 2009 issued by the independent professional valuer, BMI Appraisals Limited, the market value of the available-for-sale equity investments attributable to the Group as at 30 June 2009 in relation to the investment in Suzhou New Huamei was HK\$26,900,000 (31 December 2008: HK\$39,000,000) and the investment in Danyang New Huamei was HK\$12,300,000 (31 December 2008: HK\$9,900,000). For 2Q 2009, net decrease in fair value of HK\$9,700,000 was accounted for in the statement of comprehensive income of the Group.

The Group holds 28.67% equity interest in Qingdao Huamei as an associated company. For six months ended 30 June 2009, the Group shared net profit of the Qingdao Huamei amounted to HK\$618,000 (2Q 2008: HK\$522,000). In April 2009, the board of Qingdao Huamei has declared dividend with HK\$875,000 distributable to the Group (2008: HK\$648,000).

The Group holds 38% equity interests in New Sinotech, Fair Time and Zhenjiang Sinotech as associated companies. For six months ended 30 June 2009, the Group shared net loss of the New Sinotech Group amounted to HK\$89,000 (2Q 2008: Nil).

## Charges on Group assets

As at 30 June 2009, the Group pledged the land use rights owned by Suzhou New Universe with a carrying value of HK\$2,346,000 (31 December 2008: HK\$2,373,000), together with its property, plant and equipment with carrying value of HK\$9,423,000 (31 December 2008: HK\$9,716,000) to a bank in China to secure bank loan of HK\$6,780,000 or equivalent to RMB6,000,000 (31 December 2008: HK\$10,170,000 or equivalent to RMB9,000,000) granted to the Suzhou New Universe.

As at 30 June 2009, the Group's property, plant and equipment with carrying value of HK\$2,000 (31 December 2008: HK\$6,000) were held under finance lease with payable amounted to HK\$1,000 (31 December 2008: HK\$4,000).

## Capital expenditure

For 2Q 2009, the Group had capital expenditure to increase property, plant and equipment for its manufacturing operations amounted to HK\$728,000 (2Q 2008: HK\$349,000), and had capital expenditure to increase property, plant and equipment for its environmental operations amounted to HK\$964,000 (2Q 2008: HK\$5,306,000).

For 2Q 2009, the Group also had capital expenditure incurred on the discontinued operation in relation to the disposal group held for sale amounted to HK\$37,000 (2Q 2008: HK\$1,049,000) which represented outgoings to maintain the Dock WFOEs until final completion of the Disposal of Zhenjiang Docks Project.

### **Commitments**

As at 30 June 2009, 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\$398,000 (31 December 2008: HK\$562,000), and the commitments of operating lease payable after 5 years for the landfill amounted to HK\$79,000 (31 December 2008: HK\$158,000).

As at 30 June 2009, for continuing operations of the Group, there were capital commitments contracted for but not provided for in relation to property, plant and equipment amounted to HK\$73,000 (31 December 2008: HK\$46,000) and construction in progress amounted to HK\$1,143,000 (31 December 2008: HK\$2,033,000).

As at 30 June 2009, there were capital commitments of the Group authorized but not contracted for amounted to HK\$63,761,000 (31 December 2008: HK\$63,761,000) in relation to Zhenjiang Docks Project that was the Group's discontinued operation or the disposal group classified as held for sale; and capital commitments contracted for but not provided for in relation to Zhenjiang Docks Project amounted to HK\$153,783,000 (31 December 2008: HK\$153,783,000). Upon the final completion of the Supplemental Dock Disposal Agreement, the buyer to the agreement shall be transferred the development rights of the Zhenjiang Docks Project and shall assume commitments of the Zhenjiang Docks Project.

### **Contingent liabilities**

There were no significant contingent liabilities of the Group as at 30 June 2009 (31 December 2008: Nil).

### **Exposure to exchange rate fluctuations**

During the six months ended 30 June 2009, the Group experienced exchange rates fluctuations among key operating currencies, Hong Kong dollars, United States dollars and Renminbi, which were mostly of capital nature to the Group that did not have material effects to the Group's results for 2Q 2009. The Group considered that as the exchange rate risks of the Group were moderately low, and the Group did not employ any financial instruments for hedging purposes.

### **Employee information**

As at 30 June 2009, the Group had 296 (31 December 2008: 312) full-time employees. Staff costs, excluding directors' remuneration but including amount capitalized as inventory was HK\$6,483,000 for the six months ended 30 June 2009 (year ended 31 December 2008: HK\$16,362,000). Employees were paid in commensurate with the prevailing market

standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, share options and necessary training.

## DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2009.

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

As at 30 June 2009, 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 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:

### (i) 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 |
|------------------|--|------------------|-------------------------------------|-----------------------------|----------------------------|
|                  | Beneficial owner                           | Family interests | Interests of controlled corporation | Total number of shares held |                            |
| XI Yu *          | -  | -                | 1,349,649,115                       | 1,349,649,115               | 73.91                      |

Note:

\* Mr. XI Yu is the shareholder of 16,732 shares of 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 representing approximately 73.91% of the issued share capital of the Company.

### (ii) Long positions in shares of an associated corporation, NUEL

| Name of director | Number of ordinary shares of US\$1.00 each |                  |                                     |                             | % of total shares in issue |
|------------------|--|------------------|-------------------------------------|-----------------------------|----------------------------|
|                  | Beneficial owner                           | Family interests | Interests of controlled corporation | 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                         | 4.20                       |

Save as disclosed above, as at 30 June 2009, 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.

### **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 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.

The total number of securities available for issue under the Share Option Scheme as at 30 June 2009 was 182,589,168 shares of the Company which represented the latest scheme mandate limit given to the Company's directors as refreshed by the Company's shareholders on 28 April 2008 and approved by the Stock Exchange on 23 May 2008.

As at 30 June 2009 and during the six months then ended, no option has been granted nor outstanding under the Company's Share Option Scheme.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed therein, at no time during the period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors 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 executive, 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 2009, 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 fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO that 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 |                  |                     |               | Total number of shares held | % of total shares in issue |
|-------------------------|--|------------------|---------------------|---------------|-----------------------------|----------------------------|
|                         | Beneficial owner                           | Family interests | Corporate interests |               |                             |                            |
| 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 in 1,349,649,115 shares disclosed by Mr. Xi Yu is the same as those disclosed as held by NUEL.

Save as disclosed above, as at 30 June 2009, 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### DIRECTOR'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

The following contracts or arrangements subsisted during the six months ended 30 June 2009 of which certain directors of the Company had interests that were deemed significant to the business of the Group:

- (i) On 12 October 2007, NUEL granted an unsecured interest-free loan of HK\$2,416,000 to the Company for the settlement of the price adjustment in cash upon the completion of the Group's entire interests in Dongguan Smartech Tooling and Plastics Limited, which was repayable on demand or before 12 October 2008, and of which further extension was granted to 12 January 2010. Mr. Xi Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and NUEL.

- (ii) On 1 August 2008, a renewed 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 2008. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, Smartech Services and Sun Ngai.
- (iii) On 26 February 2009, a framework supply agreement (therein referred to as “Supply Contract”) was entered into between Suzhou New Universe (an indirect 97% owned subsidiary of the Group) and China (HK) Chemical in relation to the supply of plastic materials to Suzhou New Universe by China (HK) Chemical. The term of the Supply Contract shall commence from the date of the Supply Contract and up to 31 December 2011 which term may be renewed for three years by agreement of the parties to the Supply Contract. China (HK) Chemical will offer Suzhou New Universe payment term with credit period of 90 days from the shipment date of the plastic materials purchased without provision of any securities. It is expected that Suzhou New Universe will purchase and China (HK) Chemical will supply plastic materials with an estimated annual cap amount of US\$1,280,000 (approximately HK\$9,984,000) for each of the three financial years ending 31 December 2011. Such estimate is determined with reference to the existing average unit price range of US\$1,100 per metric ton to US\$2,500 per metric ton for different grades and different types of plastic materials offered to the Group by independent suppliers and the estimated annual consumption of plastic materials of approximately 1,000 metric tons to be supplied under the Supply Contract for the purposes of production of Suzhou New Universe. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and China (HK) Chemical. Mr. XI Yu and Ms. CHEUNG Siu Ling are also directors of Suzhou New Universe.
- (iv) Pursuant to the Supply Contract, during the six months ended 30 June 2009, Suzhou New Universe ordered plastic materials of 834 metric tons in an aggregate amount of HK\$9,366,000 from China (HK) Chemical in the ordinary and usual course of business of the Group. According to the orders, China (HK) Chemical has delivered 834 tons of plastic materials in an aggregate amount of HK\$9,366,000 to Suzhou New Universe for 2Q 2009. The independent non-executive directors of the Company opined that the transactions being undertaken under the Supply Contract during the period under review were entered into (a) on normal commercial terms and in the ordinary and usual course of business of the Company, (b) on terms no less favourable to the Company or Suzhou New Universe than terms available from independent third parties, and (c) in accordance with the Supply Contract governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

- (v) On 18 May 2009, a loan agreement was entered into between Bestwin (China) Limited ("Bestwin", the Group's 97% owned subsidiary) as the borrower and China (HK) Chemical as the lender, pursuant to which China (HK) Chemical granted an unsecured loan of US\$390,000 (approximately HK\$3,042,000) to Bestwin on 15 June 2009. The loan bearing interest at 3% per annum is repayable by the end of third year after the date of drawdown. The loan was used to on lending to Bestwin's wholly owned subsidiary in China, Suzhou New Universe as registered foreign shareholder's loan for its working capital purposes. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, Bestwin, Suzhou New Universe and China (HK) Chemical. Mr. SUEN Ki is common director of the Company and China (HK) Chemical.

Save as disclosed, as at 30 June 2009, 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.

### **PURCHASE, REDEMPTION OR SALE 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 six months ended 30 June 2009.

### **CORPORATE GOVERNANCE PRACTICES**

Throughout the six months ended 30 June 2009, the Company has complied with all code provisions of the Code on Corporate Governance Practices (the "CG Code") as set in Appendix 15 of the GEM Listing Rules except for the following deviation:

Code Provision A.2.1 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, and that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company's chairman, Mr. XI Yu up to the date of this report has to share the responsibilities of the vacant office of the Group's chief executive officer since the resignation of the last managing director of the Group was effective on 1 February 2007. The Directors considered the deviation did not significantly affect the Group's operation. Mr. XI Yu leads the Board to act in the best interests of the Company and make decision efficiently on business and strategic matters. Through the supervision of the full Board and the Board committees, balance of power and authority could be ensured.

## **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 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 its code of conduct regarding securities transactions by the directors and the required standard of dealings as set out in the GEM Listing Rules throughout the six months ended 30 June 2009.

## **NOMINATION COMMITTEE**

In May 2006, the Company's nomination committee was established with written terms of reference to ensure fair and transparent procedures for the appointment of directors to the Board. The nomination committee shall comprise at least three members, the majority of whom shall be independent non-executive directors of the Company. The existing nomination committee of the Company comprises Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, and Mr. HO Yau Hong, Alfred.

## **REMUNERATION COMMITTEE**

In May 2006, the Company's Remuneration Committee was established with written terms of reference to determine policy for the remuneration of directors and senior management of the Company, assessing their performance and approving the terms of their service contracts. The Remuneration Committee shall comprise at least three members, the majority of whom shall be independent non-executive directors of the Company. The existing Remuneration Committee comprises Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, and Mr. HO Yau Hong, Alfred.

## **AUDIT COMMITTEE**

The Company's audit committee was established on 20 May 2000 with written terms of reference in compliance with the GEM Listing Rules and of which the revised terms of reference has been adopted by the Board on 3 July 2009. The audit committee members comprise three independent non-executive directors of the Company, Dr. CHAN Yan Cheong (committee chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

During the pursuant under review, the audit committee of the Company reviewed with management on the accounting principles and practices adopted by the Group, the continuing connected transactions of the Company, and discussed on the internal controls and financial reporting matters including a review of these unaudited consolidated financial statements of the Company for the six months ended 30 June 2009.

By order of the Board  
**New Universe International Group Limited**  
**XI Yu**  
*Chairman*

Hong Kong, 10 August 2009

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 information set out on pages 23 to 48 which comprise the condensed consolidated statement of financial position of New Universe International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain 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 ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### 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 information consists of making enquiries, 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 information is not prepared, in all material respects, in accordance with HKAS 34.

## **CCIF CPA Limited**

*Certified Public Accountants*

Hong Kong, 10 August 2009

## **Leung Chun Wa**

*Practising Certificate Number P04963*

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

|  | Notes | Three months<br>ended 30 June |                  | Six months<br>ended 30 June |                  |
|--|-------|-------------------------------|------------------|-----------------------------|------------------|
|  |       | 2009<br>HK\$'000              | 2008<br>HK\$'000 | 2009<br>HK\$'000            | 2008<br>HK\$'000 |
| <b>Continuing operations</b>   |       |                               |                  |                             |                  |
| Turnover   | 5     | 15,611                        | 18,030           | 32,334                      | 32,194           |
| Cost of sales  |       | (11,080)                      | (9,914)          | (23,496)                    | (17,606)         |
| Gross profit   |       | 4,531                         | 8,116            | 8,838                       | 14,588           |
| Other revenue and income   |       | 2,047                         | 3,710            | 2,190                       | 3,916            |
| Selling and distribution costs   |       | (1,081)                       | (1,425)          | (2,101)                     | (2,787)          |
| Administrative expenses  |       | (2,907)                       | (2,608)          | (6,087)                     | (5,348)          |
| Finance costs  | 6     | (726)                         | (205)            | (1,443)                     | (391)            |
| Other operating expenses   |       | (910)                         | (856)            | (1,586)                     | (1,160)          |
| Impairment of goodwill   | 12    | (688)                         | –                | (688)                       | –                |
| Share of profits of associates, net  |       | 325                           | 306              | 529                         | 522              |
| (Loss)/profit before tax   |       | 591                           | 7,038            | (348)                       | 9,340            |
| Income tax   | 7     | (193)                         | 27               | (156)                       | 118              |
| (Loss)/profit for the period from<br>continuing operations   |       | 398                           | 7,065            | (504)                       | 9,458            |
| <b>Discontinued operation</b>  |       |                               |                  |                             |                  |
| (Loss)/profit for the period from<br>discontinued operation  | 16    | –                             | 183              | (17)                        | 309              |
| <b>(Loss)/profit for the period</b>  | 8     | 398                           | 7,248            | (521)                       | 9,767            |
| <b>(Loss)/profit attributable to:</b>  |       |                               |                  |                             |                  |
| Owners of the Company  |       | (42)                          | 6,541            | (1,048)                     | 8,397            |
| Non-controlling interests  |       | 440                           | 707              | 527                         | 1,370            |
|  |       | 398                           | 7,248            | (521)                       | 9,767            |
| (Loss)/earnings per share<br>for (loss)/profit attributable to<br>owners of the Company<br>(expressed in HK cents per share) | 9     |                               |                  |                             |                  |
| From continuing and discontinued<br>operations   |       |                               |                  |                             |                  |
| Basic and diluted  |       | (0.01)                        | 0.36             | (0.06)                      | 0.46             |
| From continuing operations   |       |                               |                  |                             |                  |
| Basic and diluted  |       | (0.01)                        | 0.35             | (0.06)                      | 0.44             |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

|   | Three months<br>ended 30 June |                                | Six months<br>ended 30 June |                                |
|---|-------------------------------|--------------------------------|-----------------------------|--------------------------------|
|   | 2009<br>HK\$'000              | 2008<br>HK\$'000<br>(restated) | 2009<br>HK\$'000            | 2008<br>HK\$'000<br>(restated) |
| <b>(Loss)/profit for the period</b>                           | <b>398</b>                    | <b>7,248</b>                   | <b>(521)</b>                | <b>9,767</b>                   |
| <b>Other comprehensive income:</b>                            |                               |                                |                             |                                |
| Exchange differences on translation of                        |                               |                                |                             |                                |
| – financial statements of overseas subsidiaries               | (27)                          | (27)                           | (28)                        | 4,321                          |
| – financial statements of disposal group held for sale        | –                             | –                              | –                           | 5,445                          |
| Change in fair value of available-for-sale equity investments | (9,700)                       | (3,899)                        | (9,700)                     | (3,899)                        |
| Share of other comprehensive income of associates             | –                             | –                              | (76)                        | 326                            |
| Other comprehensive income for the period                     | (9,727)                       | (3,926)                        | (9,804)                     | 6,193                          |
| <b>Total comprehensive income for the period</b>              | <b>(9,329)</b>                | <b>3,322</b>                   | <b>(10,325)</b>             | <b>15,960</b>                  |
| Total comprehensive income attributable to:                   |                               |                                |                             |                                |
| Owners of the Company   | (9,768)                       | 2,620                          | (10,851)                    | 14,108                         |
| Non-controlling interests                                     | 439                           | 702                            | 526                         | 1,852                          |
|   | (9,329)                       | 3,322                          | (10,325)                    | 15,960                         |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  |       | <b>30 June<br/>2009<br/>(unaudited)<br/>HK\$'000</b> | 31 December<br>2008<br>(audited)<br>HK\$'000 |
|--|-------|--|--|
|  | Notes |  |  |
| <b>Non-current assets</b>  |       |  |  |
| Property, plant and equipment  | 10    | <b>61,393</b>  | 63,083                                       |
| Land lease prepayments   | 11    | <b>22,041</b>  | 22,295                                       |
| Goodwill   | 12    | <b>33,000</b>  | 33,688                                       |
| Interests in associates  | 13    | <b>37,103</b>  | 36,962                                       |
| Available-for-sale equity investments  | 14    | <b>39,200</b>  | 48,900                                       |
|  |       | <b>192,737</b>                                       | 204,928                                      |
| <b>Current assets</b>  |       |  |  |
| Inventories  |       | <b>14,441</b>  | 10,052                                       |
| Trade and bills receivables  | 15    | <b>11,610</b>  | 13,811                                       |
| Prepayments, deposits and other receivables  |       | <b>3,588</b>   | 3,603  |
| Dividend receivables   |       | <b>1,640</b>   | –  |
| Land lease prepayments   | 11    | <b>508</b>   | 508  |
| Cash and cash equivalents  |       | <b>29,362</b>  | 23,128                                       |
|  |       | <b>61,149</b>  | 51,102                                       |
| Assets of disposal group classified<br>as held for sale                                      | 16    | <b>90,085</b>  | 90,103                                       |
|  |       | <b>151,234</b>                                       | 141,205                                      |
| <b>Current liabilities</b>   |       |  |  |
| Interest-bearing bank borrowing  | 17    | <b>6,780</b>   | 10,170                                       |
| Trade and bills payables   | 18    | <b>9,174</b>   | 4,437  |
| Accrued liabilities and other payables   |       | <b>14,082</b>  | 12,209                                       |
| Deposits received  |       | <b>9,223</b>   | 8,177  |
| Deferred tax liabilities   |       | <b>108</b>   | –  |
| Obligation under finance lease   |       | <b>1</b>   | 4  |
| Due to a related company   |       | <b>19</b>  | 19   |
| Shareholder's loan   | 19    | <b>2,416</b>   | –  |
|  |       | <b>41,803</b>  | 35,016                                       |
| Liabilities directly associated with assets of<br>disposal group classified as held for sale | 16    | –  | 1  |
|  |       | <b>41,803</b>  | 35,017                                       |
| <b>Net current assets</b>  |       | <b>109,431</b>                                       | 106,188                                      |
| <b>Total assets less current liabilities</b>   |       | <b>302,168</b>                                       | 311,116                                      |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

|   |       | <b>30 June<br/>2009</b><br>(unaudited)<br>HK\$'000 | 31 December<br>2008<br>(audited)<br>HK\$'000 |
|---|-------|--|--|
|   | Notes |  |  |
| <b>Capital and reserves</b>                         |       |  |  |
| Share capital                                       |       | <b>18,259</b>                                      | 18,259                                       |
| Reserves  | 20    | <b>246,323</b>                                     | 257,174                                      |
| <hr/>   |       |  |  |
| <b>Equity attributable to owners of the Company</b> |       | <b>264,582</b>                                     | 275,433                                      |
| Non-controlling interests                           |       | <b>8,772</b>                                       | 8,246  |
| <hr/>   |       |  |  |
| <b>Total equity</b>                                 |       | <b>273,354</b>                                     | 283,679                                      |
| <hr/>   |       |  |  |
| <b>Non-current liabilities</b>                      |       |  |  |
| Promissory notes                                    | 21    | <b>21,041</b>                                      | 19,956                                       |
| Deferred tax liabilities                            |       | <b>4,731</b>                                       | 5,065  |
| Loan from a related company                         | 22    | <b>3,042</b>                                       | –  |
| Shareholder's loan                                  | 19    | –  | 2,416  |
| <hr/>   |       |  |  |
|   |       | <b>28,814</b>                                      | 27,437                                       |
| <hr/>   |       |  |  |
| <b>Total equity and liabilities</b>                 |       | <b>302,168</b>                                     | 311,116                                      |
| <hr/>   |       |  |  |

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

|   | Attributable to owners of the Company |                       |                     |                                 |                 |                    |           |                           | Total    |
|---|---------------------------------------|-----------------------|---------------------|---------------------------------|-----------------|--------------------|-----------|---------------------------|----------|
|   | Share capital                         | Share premium reserve | Translation reserve | Investments revaluation reserve | General reserve | Accumulated losses | Sub-total | Non-controlling interests |          |
|   | HK\$'000                              | HK\$'000              | HK\$'000            | HK\$'000                        | HK\$'000        | HK\$'000           | HK\$'000  | HK\$'000                  | HK\$'000 |
| At 1 January 2009   | 18,259                                | 206,488               | 19,092              | -                               | 31,929          | (335)              | 275,433   | 8,246                     | 283,679  |
| <b>Changes in equity for 6 months ended 30 June 2009:</b>     |                                       |                       |                     |                                 |                 |                    |           |                           |          |
| Loss for the period   | -                                     | -                     | -                   | -                               | -               | (1,048)            | (1,048)   | 527                       | (521)    |
| Exchange differences on translation of                        |                                       |                       |                     |                                 |                 |                    |           |                           |          |
| - financial statements of overseas subsidiaries               | -                                     | -                     | (27)                | -                               | -               | -                  | (27)      | (1)                       | (28)     |
| - financial statements of disposal group                      | -                                     | -                     | -                   | -                               | -               | -                  | -         | -                         | -        |
| Change in fair value of available-for-sale equity investments | -                                     | -                     | -                   | -                               | -               | (9,700)            | (9,700)   | -                         | (9,700)  |
| Share of other comprehensive income of associates             | -                                     | -                     | (76)                | -                               | -               | -                  | (76)      | -                         | (76)     |
| Total comprehensive income for the period                     | -                                     | -                     | (103)               | -                               | -               | (10,748)           | (10,851)  | 526                       | (10,325) |
| At 30 June 2009   | 18,259                                | 206,488               | 18,989              | -                               | 31,929          | (11,083)           | 264,582   | 8,772                     | 273,354  |

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

(continued)

|   | Attributable to owners of the Company |                       |                     |                                 |                 |                    |               | Non-controlling interests | Total         |
|---|---------------------------------------|-----------------------|---------------------|---------------------------------|-----------------|--------------------|---------------|---------------------------|---------------|
|   | Share capital                         | Share premium reserve | Translation reserve | Investments revaluation reserve | General reserve | Accumulated losses | Sub-total     |                           |               |
|   | HK\$'000                              | 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       |
| <b>Changes in equity for 6 months ended 30 June 2008:</b>     |                                       |                       |                     |                                 |                 |                    |               |                           |               |
| Profit for the period   | -                                     | -                     | -                   | -                               | -               | 8,397              | 8,397         | 1,370                     | 9,767         |
| Exchange differences on translation of                        |                                       |                       |                     |                                 |                 |                    |               |                           |               |
| - financial statements of overseas subsidiaries               | -                                     | -                     | 3,839               | -                               | -               | -                  | 3,839         | 482                       | 4,321         |
| - financial statements of disposal group                      | -                                     | -                     | 5,445               | -                               | -               | -                  | 5,445         | -                         | 5,445         |
| Change in fair value of available-for-sale equity investments | -                                     | -                     | -                   | (3,899)                         | -               | -                  | (3,899)       | -                         | (3,899)       |
| Share of other comprehensive income of associates             | -                                     | -                     | 326                 | -                               | -               | -                  | 326           | -                         | 326           |
| <b>Total comprehensive income for the period</b>              | <b>-</b>                              | <b>-</b>              | <b>9,610</b>        | <b>(3,899)</b>                  | <b>-</b>        | <b>8,397</b>       | <b>14,108</b> | <b>1,852</b>              | <b>15,960</b> |
| At 30 June 2008   | 18,259                                | 206,488               | 13,210              | 211                             | 31,929          | (319)              | 269,778       | 7,269                     | 277,047       |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

|  | Six months ended<br>30 June |                  |
|--|-----------------------------|------------------|
|  | 2009<br>HK\$'000            | 2008<br>HK\$'000 |
| <b>Net cash from operating activities</b>                | <b>7,974</b>                | 4,419            |
| Additions to property, plant and equipment               | (1,692)                     | (5,712)          |
| Proceeds on disposal of property, plant and equipment    | –                           | 89               |
| Repayment from associates                                | 312                         | –                |
| Payment for docks development costs                      | (37)                        | (737)            |
| <b>Net cash used in investing activities</b>             | <b>(1,417)</b>              | (6,360)          |
| Loan from a related company                              | 3,042                       | –                |
| Repayment of bank loan                                   | (3,390)                     | –                |
| Capital element of finance lease payment                 | (3)                         | (3)              |
| <b>Net cash used in financing activities</b>             | <b>(351)</b>                | (3)              |
| Net increase/(decrease) in cash and cash equivalents     | 6,206                       | (1,944)          |
| <b>Cash and cash equivalents at 1 January</b>            | <b>46,386</b>               | 44,421           |
| Effect of foreign exchange rate changes, net             | (27)                        | 2,970            |
| <b>Cash and cash equivalents at 30 June</b>              | <b>52,565</b>               | 45,447           |
| <b>Analysis of balances of cash and cash equivalents</b> |                             |                  |
| Cash and bank balances                                   |                             |                  |
| – Continuing operations                                  | 29,362                      | 23,024           |
| – Discontinued operation                                 | 23,203                      | 22,423           |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

### 1 General Information

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

At 30 June 2009, the Directors of the Company consider the ultimate parent of the Group to be New Universe Enterprises Limited ("NUEL"), which is a limited liability company incorporated in the British Virgin Islands.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is same as the functional currency of the Company.

For the sole purpose of the condensed consolidated financial statements, the People's Republic of China ("PRC", "China" or "Mainland China") shall exclude Hong Kong, Macau Special Administrative Region and Taiwan.

The Company acts as an investment holding company. The Group is engaged in the following principal activities:

- (i) medical and industrial waste environmental disposal services;
- (ii) the manufacturing and sale of molds and plastic products; and
- (iii) strategic investments in plastics dyeing businesses.

In 2008, with a view to rationalize the Group's operations, the Group discontinued the development and operation of docks, warehouses and logistics facilities in Zhenjiang City, Jiangsu Province, the People's Republic of China (the "Zhenjiang Docks Project" or the "disposal group") by entering into two agreements dated 3 November 2008 as supplemented by a supplemental agreement dated 27 April 2009 to dispose of the Group's entire 100% equity interests in New Universe International (Zhenjiang) Port Company Limited (新宇國際(鎮江)港務有限公司) ("Zhenjiang Port Company") and New Universe International (Zhenjiang) Warehouses Company Limited (新宇國際(鎮江)倉儲有限公司) ("Zhenjiang Warehouses Company") to an independent third party (therein referred to as the "Disposal of Zhenjiang Docks Project"). The Disposal of Zhenjiang Docks Project constituted a major disposal transaction of the Company and for which the controlling shareholder of the Company, NUEL has issued a written approval of the transaction as contemplated on 3 November 2008. The assets attributable to Zhenjiang Docks Project have been classified and accounted for as assets of disposal group held for sale.

### 2 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and with Hong Kong Accounting Standard 34, Interim Financial Reporting.

### 3 Significant accounting policies

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities that are measured at revalued amounts or fair values, as appropriate.

A number of new or revised Standards and Interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008.

#### *HKFRS 8 Operating Segments*

(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure standard that has resulted in redesignation of the Group's reportable segments (see note 5), but has had no impact on the reported results or financial position of the Group.

#### *HKAS 1 (revised 2007) Presentation of Financial Statements*

(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

#### *HKAS 27 (revised 2008) Consolidated and Separate Financial Statements*

(effective for annual periods beginning on or after 1 July 2009)

HKAS 27 (revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognized where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognized in profit or loss. Under HKAS 27 (revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

### 3 Significant accounting policies *(continued)*

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognizes all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognized at its fair value at the date the control is lost. A gain or loss on loss of control is recognized in profit or loss as the difference between the proceeds, if any, and these adjustments.

The revised Standard is expected to affect the accounting for changes in ownership interests in future accounting periods, but the impact will only be determined once the detail of future transactions is known.

### 4 The Independent Accountants' Review Report

The independent accountants engaged by the Company have reviewed the unaudited interim financial statements for the six months ended 30 June 2009 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 2009.

### 5 Segment information

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operation decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group's reportable segments has changed.

#### *Continuing operations*

- (i) the environmental services segment engages in the environmental collection and disposal of hazardous medical and industrial wastes,
- (ii) the mold products segment engages in the manufacture and sale of high precision molds,
- (iii) the plastic products segment engages in the manufacture and sale of plastic products, and
- (iv) the plastic material dyeing segment engages in strategic investments on plastics dyeing businesses.

#### *Discontinued operation*

The dock development segment relating to the Zhenjiang Docks Project or the disposal group held for sale.

**5 Segment information (continued)**

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

|  | For six months ended 30 June 2009 |               |                  |                    |          |                        |                  |               |
|--|-----------------------------------|---------------|------------------|--------------------|----------|------------------------|------------------|---------------|
|  | Continuing operations             |               |                  |                    |          | Discontinued operation |                  | Consolidated  |
|  | Environmental services            | Mold products | Plastic products | Dyeing investments | Other    | Total                  | Dock development |               |
| HK\$'000                                       | HK\$'000                          | HK\$'000      | HK\$'000         | HK\$'000           | HK\$'000 | HK\$'000               | HK\$'000         |               |
| Segment revenue:                               |                                   |               |                  |                    |          |                        |                  |               |
| Revenue from external customers                | 13,822                            | 8,461         | 10,051           | -                  | -        | 32,334                 | -                | 32,334        |
| Other income                                   | 308                               | 242           | -                | 1,640              | -        | 2,190                  | 2                | 2,192         |
| <b>Total</b>                                   | <b>14,130</b>                     | <b>8,703</b>  | <b>10,051</b>    | <b>1,640</b>       | <b>-</b> | <b>34,524</b>          | <b>2</b>         | <b>34,526</b> |
| <b>Segment results</b>                         | <b>3,549</b>                      | <b>(789)</b>  | <b>(520)</b>     | <b>1,640</b>       | <b>-</b> | <b>3,880</b>           | <b>(17)</b>      | <b>3,863</b>  |
| Central administration and directors' salaries |                                   |               |                  |                    |          | (2,626)                | -                | (2,626)       |
| Impairment of goodwill                         |                                   |               |                  |                    |          | (688)                  | -                | (688)         |
| Finance costs                                  |                                   |               |                  |                    |          | (1,443)                | -                | (1,443)       |
| Share of profit of associates, net             |                                   |               |                  |                    |          | 529                    | -                | 529           |
| Loss before income tax                         |                                   |               |                  |                    |          | (348)                  | (17)             | (365)         |
| Income tax                                     |                                   |               |                  |                    |          | (156)                  | -                | (156)         |
| <b>Loss for the period</b>                     |                                   |               |                  |                    |          | <b>(504)</b>           | <b>(17)</b>      | <b>(521)</b>  |

## 5 Segment information (continued)

For six months ended 30 June 2008

|   | Continuing operations                 |                              |                                 |                                   |                   | Discontinued operation |                                 | Consolidated<br>HK\$'000 |
|---|---------------------------------------|------------------------------|---------------------------------|-----------------------------------|-------------------|------------------------|---------------------------------|--------------------------|
|   | Environmental<br>services<br>HK\$'000 | Mold<br>products<br>HK\$'000 | Plastic<br>products<br>HK\$'000 | Dyeing<br>investments<br>HK\$'000 | Other<br>HK\$'000 | Total<br>HK\$'000      | Dock<br>development<br>HK\$'000 |                          |
| Segment revenue:                                  |                                       |                              |                                 |                                   |                   |                        |                                 |                          |
| Revenue from external customers                   | 18,875                                | 8,825                        | 4,494                           | –                                 | –                 | 32,194                 | –                               | 32,194                   |
| Other income                                      | 148                                   | 1,737                        | 128                             | 1,822                             | 81                | 3,916                  | 367                             | 4,283                    |
| <b>Total</b>                                      | <b>19,023</b>                         | <b>10,562</b>                | <b>4,622</b>                    | <b>1,822</b>                      | <b>81</b>         | <b>36,110</b>          | <b>367</b>                      | <b>36,477</b>            |
| <b>Segment results</b>                            | <b>7,541</b>                          | <b>1,111</b>                 | <b>747</b>                      | <b>1,822</b>                      | <b>81</b>         | <b>11,302</b>          | <b>309</b>                      | <b>11,611</b>            |
| Central administration and<br>directors' salaries |                                       |                              |                                 |                                   |                   | (2,093)                | –                               | (2,093)                  |
| Finance costs                                     |                                       |                              |                                 |                                   |                   | (391)                  | –                               | (391)                    |
| Share of profit<br>of associates, net             |                                       |                              |                                 |                                   |                   | 522                    | –                               | 522                      |
| Profit before income tax                          |                                       |                              |                                 |                                   |                   | 9,340                  | 309                             | 9,649                    |
| Income tax  |                                       |                              |                                 |                                   |                   | 118                    | –                               | 118                      |
| Profit for the period                             |                                       |                              |                                 |                                   |                   | <b>9,458</b>           | <b>309</b>                      | <b>9,767</b>             |

**5 Segment information (continued)**

The following is an analysis of the Group's assets by operating segment:

|  | As at 30 June 2009     |               |                  |                    |              |                        |                  |                |
|--|------------------------|---------------|------------------|--------------------|--------------|------------------------|------------------|----------------|
|  | Continuing operations  |               |                  |                    |              | Discontinued operation |                  |                |
|  | Environmental services | Mold products | Plastic products | Dyeing investments | Other        | Total                  | Dock development | Consolidated   |
| HK\$'000                               | HK\$'000               | HK\$'000      | HK\$'000         | HK\$'000           | HK\$'000     | HK\$'000               | HK\$'000         | HK\$'000       |
| Segment assets                         | 80,282                 | 36,889        | 22,307           | 1,640              | 3,465        | 144,583                | -                | 144,583        |
| Goodwill                               | 33,000                 | -             | -                | -                  | -            | 33,000                 | -                | 33,000         |
| Interests in associates                | 30,767                 | -             | -                | 6,336              | -            | 37,103                 | -                | 37,103         |
| Available-for-sale equity investments  | -                      | -             | -                | 39,200             | -            | 39,200                 | -                | 39,200         |
| Assets of disposal group held for sale | -                      | -             | -                | -                  | -            | -                      | 90,085           | 90,085         |
| <b>Total assets</b>                    | <b>144,049</b>         | <b>36,889</b> | <b>22,307</b>    | <b>47,176</b>      | <b>3,465</b> | <b>253,886</b>         | <b>90,085</b>    | <b>343,971</b> |

|  | As at 31 December 2008 |               |                  |                    |              |                        |                  |                |
|--|------------------------|---------------|------------------|--------------------|--------------|------------------------|------------------|----------------|
|  | Continuing operations  |               |                  |                    |              | Discontinued operation |                  |                |
|  | Environmental services | Mold products | Plastic products | Dyeing investments | Other        | Total                  | Dock development | Consolidated   |
| HK\$'000                               | HK\$'000               | HK\$'000      | HK\$'000         | HK\$'000           | HK\$'000     | HK\$'000               | HK\$'000         |                |
| Segment assets                         | 77,542                 | 36,501        | 17,989           | -                  | 4,448        | 136,480                | -                | 136,480        |
| Goodwill                               | 33,688                 | -             | -                | -                  | -            | 33,688                 | -                | 33,688         |
| Interests in associates                | 31,244                 | -             | -                | 5,718              | -            | 36,962                 | -                | 36,962         |
| Available-for-sale equity investments  | -                      | -             | -                | 48,900             | -            | 48,900                 | -                | 48,900         |
| Assets of disposal group held for sale | -                      | -             | -                | -                  | -            | -                      | 90,103           | 90,103         |
| <b>Total assets</b>                    | <b>142,474</b>         | <b>36,501</b> | <b>17,989</b>    | <b>54,618</b>      | <b>4,448</b> | <b>256,030</b>         | <b>90,103</b>    | <b>346,133</b> |

## 6 Finance costs

|   | Three months ended |            | Six months ended |            |
|---|--------------------|------------|------------------|------------|
|   | 30 June            |            | 30 June          |            |
|   | 2009               | 2008       | 2009             | 2008       |
|   | HK\$'000           | HK\$'000   | HK\$'000         | HK\$'000   |
| Interest expense on   |                    |            |                  |            |
| – Bank loan wholly repayable within 5 years                 | 172                | 205        | 353              | 390        |
| – Loan from a related party wholly repayable within 5 years | 4                  | –          | 4                | –          |
| – Finance lease   | –                  | –          | 1                | 1          |
| Imputed interest expense on                                 |                    |            |                  |            |
| – Non-current promissory notes                              | 550                | –          | 1,085            | –          |
|   | <b>726</b>         | <b>205</b> | <b>1,443</b>     | <b>391</b> |

## 7 Income tax

|                             | Three months ended |           | Six months ended |            |
|-----------------------------|--------------------|-----------|------------------|------------|
|                             | 30 June            |           | 30 June          |            |
|                             | 2009               | 2008      | 2009             | 2008       |
|                             | HK\$'000           | HK\$'000  | HK\$'000         | HK\$'000   |
| Current tax                 |                    |           |                  |            |
| – Hong Kong                 | –                  | –         | –                | –          |
| – PRC Enterprise Income Tax | (220)              | –         | (382)            | –          |
| Deferred taxation           | 27                 | 27        | 226              | 118        |
|                             | <b>(193)</b>       | <b>27</b> | <b>(156)</b>     | <b>118</b> |

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

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong profits tax has been made, as the Group had no assessable profits subject to Hong Kong profits tax during the period (2008: Nil).

## 7 Income tax (continued)

The PRC subsidiaries of the Group are subject to PRC Enterprise Income Tax at 25% (2008: 25%). On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Tax Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council issued Implementation Regulation of the New Tax Law. The New Tax Law and Implementation Regulation changed the tax rate of the PRC subsidiaries to 25% from 1 January 2008 onwards.

The PRC subsidiaries of the Group, Zhenjiang New Universe Solid Waste Disposal Company Limited ("Zhenjiang New Universe"), Taizhou New Universe Solid Waste Disposal Company Limited ("Taizhou New Universe"), Yancheng New Universe Solid Waste Disposal Company Limited ("Yancheng New Universe"), are entitled to the exemptions from PRC Enterprise Income Tax 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 and accordingly, they are not subject to PRC Enterprise Income Tax in 2007 and 2008, but subject to PRC Enterprise Income Tax of 12.5% for the years 2009 to 2011. The first profit-making year of Zhenjiang New Universe was 2008 and accordingly, they are not subject to PRC Enterprise Income Tax in 2008 and 2009.

The PRC subsidiary, Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe") had no profit subject to PRC Enterprise Income Tax during the periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 8 (Loss)/profit for the period

(Loss)/profit for the period is stated after charging the following:

|   | Three months ended |          | Six months ended |          |
|---|--------------------|----------|------------------|----------|
|   | 30 June            |          | 30 June          |          |
|   | 2009               | 2008     | 2009             | 2008     |
|   | HK\$'000           | HK\$'000 | HK\$'000         | HK\$'000 |
| Cost of inventories consumed                  | 11,080             | 9,914    | 23,496           | 17,606   |
| Amortization of land lease prepayments        | 127                | 126      | 254              | 252      |
| Depreciation of property, plant and equipment | 1,709              | 1,454    | 3,382            | 2,880    |
| Impairment of goodwill                        | 688                | —        | 688              | —        |

## 9 Earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company for the six months ended 30 June 2009 and 2008 and the weighted average number of ordinary shares in issue during these periods.

There were no dilutive events in the six months ended 30 June 2009 and 2008 and therefore, the diluted earnings per share is same as basic earnings per share for both periods.

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

### (Loss)/earnings:

|  | Three months ended<br>30 June |                  | Six months ended<br>30 June |                  |
|--|-------------------------------|------------------|-----------------------------|------------------|
|  | 2009<br>HK\$'000              | 2008<br>HK\$'000 | 2009<br>HK\$'000            | 2008<br>HK\$'000 |
| <b>From continuing and discontinued operations</b>   |                               |                  |                             |                  |
| (Loss)/profit for the period attributable to owners of the Company used in the basic (loss)/earnings per share calculation | (42)                          | 6,541            | (1,048)                     | 8,397            |
| <b>From continuing operations</b>  |                               |                  |                             |                  |
| (Loss)/profit for the period attributable to owners of the Company used in the basic (loss)/earnings per share calculation | (42)                          | 6,358            | (1,031)                     | 8,088            |
| <b>From discontinued operation</b>   |                               |                  |                             |                  |
| (Loss)/profit for the period attributable to owners of the Company used in the basic (loss)/earnings per share calculation | –                             | 183              | (17)                        | 309              |
| <b>Number of shares:</b>   |                               |                  |                             |                  |
|  | Three months ended<br>30 June |                  | Six months ended<br>30 June |                  |
|  | 2009                          | 2008             | 2009                        | 2008             |
| Weighted average number of ordinary shares in issue during the period  | 1,825,891,681                 | 1,825,891,681    | 1,825,891,681               | 1,825,891,681    |

**10 Property, plant and equipment**

|  | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Net carrying value at 1 January                    | 63,083                               | 51,296                          |
| Additions  | 1,692                                | 12,542                          |
| Disposals  | (6)                                  | (645)                           |
| Depreciation                                       |                                      |                                 |
| – charge for the period                            | (3,382)                              | (6,023)                         |
| – written back                                     | 6                                    | 418                             |
| Exchange adjustments                               | –                                    | 5,495                           |
| <b>Net carrying value at the end of the period</b> | <b>61,393</b>                        | <b>63,083</b>                   |

As at 30 June 2009, the net carrying value of the property, plant and equipment of the Group held under finance lease amounted to HK\$2,000 (31 December 2008: HK\$6,000).

As at 30 June 2009, property, plant and equipment of the Group with net carrying value of HK\$9,423,000 (31 December 2008: HK\$9,716,000) were pledged to a bank to secure the banking facilities granted to the Group.

**11 Land lease prepayments**

|  | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Net carrying value at 1 January                    | 22,803                               | 22,847                          |
| Amortization                                       | (254)                                | (508)                           |
| Exchange adjustments                               | –                                    | 464                             |
| <b>Net carrying value at the end of the period</b> | <b>22,549</b>                        | <b>22,803</b>                   |
| <b>Classified as</b>                               |                                      |                                 |
| Non-current assets                                 | 22,041                               | 22,295                          |
| Current assets                                     | 508                                  | 508                             |
|  | <b>22,549</b>                        | <b>22,803</b>                   |

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 2009, the land use rights of the Group with net carrying value of HK\$2,346,000 (31 December 2008: HK\$2,373,000) were pledged to a bank to secure the banking facilities granted to the Group.

**12 Goodwill**

|  | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Net carrying value at 1 January                    | <b>33,688</b>                        | 33,688                          |
| Impairment   | <b>(688)</b>                         | –                               |
| <b>Net carrying value at the end of the period</b> | <b>33,000</b>                        | <b>33,688</b>                   |

The goodwill arisen in 2007 from the acquisitions of 100% interest in New Universe Environmental Protection Investment Limited which in turn holds 82% indirect equity interests in each of New Universe Environmental Technologies (Jiang Su) Limited, Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe amounted to HK\$33,000,000 as at 30 June 2009 (31 December 2008: 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 2009, impairment on goodwill amounted to HK\$688,000 was accounted for in the profit and loss of the Company during the period under review and the carrying value of the Group's goodwill as at 30 June 2009 amounted to HK\$33,000,000.

**13 Interests in associates**

Share of net assets of associates:

|  | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Net carrying value at 1 January                    | <b>36,962</b>                        | 4,778                           |
| Cost of interests in associates                    | –                                    | 28,867                          |
| Share of net profits of associates                 | <b>529</b>                           | 922                             |
| Share of exchange reserves                         | <b>(76)</b>                          | 894                             |
| Dividends received from an associate               | –                                    | (648)                           |
| Loan to an associate                               | <b>(312)</b>                         | 2,149                           |
| <b>Net carrying value at the end of the period</b> | <b>37,103</b>                        | <b>36,962</b>                   |

The Directors opined that there was no impairment on the carrying value of interests in associates at the balance sheet date.

The loan to an associate is unsecured, interest-free and equity in nature.

#### 14 Available-for-sale equity investments

Fair value of the unlisted equity investments:

|  | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Net carrying value at 1 January                    | 48,900                               | 57,022                          |
| Change in fair value                               | <b>(9,700)</b>                       | (8,122)                         |
| <b>Net carrying value at the end of the period</b> | <b>39,200</b>                        | 48,900                          |

The fair values of the unlisted equity investments as at 30 June 2009 and 31 December 2008 were determined by the Directors by reference to the professional valuation report prepared by the independent professional valuer, BMI Appraisals Limited, dated 7 August 2009 and 17 March 2009 respectively, using the market approach.

#### 15 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 six 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 six 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<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|----------------|--------------------------------------|---------------------------------|
| Within 1 month | 5,781                                | 7,654                           |
| 1 to 2 months  | 2,906                                | 2,045                           |
| 2 to 3 months  | 1,345                                | 1,477                           |
| 4 to 6 months  | 784                                  | 1,775                           |
| 7 to 12 months | 592                                  | 796                             |
| Over 12 months | 202                                  | 64                              |
|                | <b>11,610</b>                        | 13,811                          |

**16 Assets and liabilities of disposal group held for sale**

|   | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Deposits paid for docks development   | 55,144                               | 55,144                          |
| Docks development costs   | 7,196                                | 7,159                           |
| Prepayments, deposits and other receivables   | 4,542                                | 4,542                           |
| Cash and bank balances  | 23,203                               | 23,258                          |
|   | <hr/>                                |                                 |
| Assets of disposal group classified as held for sale                                      | <b>90,085</b>                        | 90,103                          |
|   | <hr/>                                |                                 |
| Accrued liabilities and other payables  | –                                    | 1                               |
|   | <hr/>                                |                                 |
| Liabilities directly associated with assets of disposal group classified as held for sale | –                                    | 1                               |
|   | <hr/>                                |                                 |

The Group entered into two Docks Disposal Agreements dated 3 November 2008 as supplemented by a supplemental agreement dated 27 April 2009 (collectively referred to as the “Disposal Agreements”) with an independent third party for the disposal of the Zhenjiang Docks Project which is held through the Group’s 100% interests in Zhenjiang Port Company and Zhenjiang Warehouses Company.

In the opinion of the directors of the Company, the Disposal Agreements are expected to be completed in the next 12 months.

As contemplated in the Disposal Agreements, the expected disposal proceeds are to exceed their net carrying amounts of the assets and liabilities of the disposal group, no impairment loss has been recognized under the re-classification of the assets of the disposal group held for sale as at 30 June 2009 and 31 December 2008.

**17 Interest-bearing bank borrowing**

|  | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Bank loan – secured  | 6,780                                | 10,170                          |
|  | <hr/>                                |                                 |
| Amount due within 1 year classified as current liabilities | <b>6,780</b>                         | 10,170                          |
|  | <hr/>                                |                                 |

All the interest-bearing bank borrowing of the Group are denominated in Renminbi. The secured bank loan bore interest of 6.0930% per annum for the six months ended 30 June 2009 (year ended 31 December 2008: 6.4350% to 8.5906% per annum).

**18 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:

|                | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|----------------|--------------------------------------|---------------------------------|
| Within 1 month | 6,902                                | 1,573                           |
| 1 to 2 months  | 423                                  | 846                             |
| 2 to 3 months  | 15                                   | 626                             |
| Over 3 months  | 1,834                                | 1,392                           |
|                | <b>9,174</b>                         | <b>4,437</b>                    |

**19 Shareholder's loan**

The shareholder's loan granted by NUEL is unsecured, interest-free and repayable on demand. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and the shareholder.

The Directors opined that the shareholder's loan was financial assistance provided for the benefit of the Company in the ordinary and usual course of the Group's business, on better than normal commercial terms, was fair and reasonable and in the interests of the Company's shareholders as a whole.

|   | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Shareholder's loan – unsecured                                | 2,416                                | 2,416                           |
| Amount due within 1 year classified as current liabilities    | 2,416                                | –                               |
| Amount due after 1 year classified as non-current liabilities | –                                    | 2,416                           |

## 20 Movement of reserves

Details of movements in the reserves of the Group are set out in the unaudited consolidated statement of changes in equity.

Nature and purpose of the Group reserves are as follows:

(i) *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.

(ii) *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 reserve is dealt with in accordance with the accounting policies of translation of foreign currencies.

(iii) *Investments 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.

(iv) *General reserve*

Pursuant to a capital reorganization of the Company with effect on 18 December 2006 comprising share consolidation, share subdivision, capital reduction and share premium cancellation, all the balances of the then share premium account in the amount of HK\$27,847,000 of the Group, the then contributed surplus in the amounts of HK\$31,929,000 of the Group brought forward as at 31 December 2005, and the amount of capital reduction of HK\$72,990,000 were transferred to this designated reserve as distributable reserve account of the Company, out of which, HK\$100,837,000 was applied to write off the then accumulated losses of HK\$100,837,000 of the Group brought forward as at 31 December 2006. The balance of this general reserve is distributable and for such use as permissible under the laws of Cayman Islands and the articles of association of the Company.

(v) *Distributability of reserves*

At 30 June 2009, the Company has reserves available for distribution to its equity shareholders amounting to HK\$228,651,000 (31 December 2008: HK\$230,321,000). According to the articles and association of the Company, dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law (revised) of the Cayman Islands and every modification thereof.

## 21 Promissory notes

|  | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Promissory notes – unsecured                                   | <b>21,041</b>                        | 19,956                          |
| Amounts due after 1 year classified as non-current liabilities | <b>21,041</b>                        | 19,956                          |

On 8 August 2008, the Company as purchaser and an independent third party as vendor entered into and completed at the same date a sale and purchase agreement for the acquisition of 38% equity interest in New Sinotech Investments Limited (“New Sinotech”), pursuant to which the Company acquired from the vendor 1,900,000 issued shares of US\$1 each (representing 38%) of the issued share capital of New Sinotech, and the beneficial interest in a loan amounting to HK\$133,223.44 (representing 38%) of the then outstanding shareholder’s loan of New Sinotech for an aggregate consideration of HK\$31,920,000, of which HK\$5,000,000 was set off against the earnest money paid upon signing of the initial letter of intent. The balance consideration of HK\$19,095,000 was settled by issuing four promissory notes of HK\$6,730,000 each in an aggregate nominal value of HK\$26,920,000, at zero coupon rate, repayable by the respective maturity dates on 9 February 2011, 8 August 2011, 9 February 2012 and 8 August 2012. The fair value of the promissory notes was determined at HK\$19,095,000 at the date of issue by an independent professional valuer, BMI Appraisals Limited. The difference of HK\$7,825,000 between the fair value of HK\$19,095,000 and the nominal value of HK\$26,920,000 is accounted for as interest expenses of the Group to be amortized over the terms of the promissory notes, using the effective interest rate method. The amortized and imputed effective interest expenses of the promissory notes amounting to HK\$1,085,000 was charged to the income statement for the six months ended 30 June 2009 (year ended 31 December 2008: HK\$861,000).

## 22 Loan from a related company

The loan from a related company, China (HK) Chemical & Plastics Co. Limited (“China (HK) Chemical”) is unsecured, bearing interest at 3% per annum and repayable by the end of third year from date of drawdown on 15 June 2009. The loan was used for the general working purpose of the Group’s 97% owned subsidiary, Suzhou New Universe. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and China (HK) Chemical. The Directors opined that the loan from China (HK) Chemical was financial assistance provided for the benefit of the Company in the ordinary and usual course of the Group’s business, on normal commercial terms, was fair and reasonable and in the interests of the Company’s shareholders as a whole.

|   | <b>30 June<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Loan from a related company – unsecured                       | <b>3,042</b>                         | –                               |
| Amount due after 1 year classified as non-current liabilities | <b>3,042</b>                         | –                               |

## 23 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<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|-----------------------------------|--------------------------------------|---------------------------------|
| <b>Continuing operations</b>      |                                      |                                 |
| Contracted for                    |                                      |                                 |
| – Plant and machinery             | 73                                   | 46                              |
| – Construction in progress        | 1,143                                | 2,033                           |
|                                   | <b>1,216</b>                         | <b>2,079</b>                    |
| <b>Discontinued operation</b>     |                                      |                                 |
| Contracted for                    |                                      |                                 |
| – Zhenjiang Docks Project         | 153,783                              | 153,783                         |
| Authorized but not contracted for |                                      |                                 |
| – Zhenjiang Docks Project         | 63,761                               | 63,761                          |
|                                   | <b>217,544</b>                       | <b>217,544</b>                  |
|                                   | <b>218,760</b>                       | <b>219,623</b>                  |

In respect of the Zhenjiang Docks Project, a PRC bank has provided a letter of intent under which this PRC bank has agreed in principle to finance the docks project upon the necessary approvals to be obtained from the PRC authorities. In addition, China (HK) Chemical, a related company in which Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are the common directors, has agreed to provide financial support for the docks project. The Group's capital commitments on the docks project shall be taken up by the buyer upon the final completion of the Disposal of 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<br/>2009<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Within one year                         | 58                                   | 197                             |
| In the second to fifth years, inclusive | 340                                  | 365                             |
| After five years                        | 79                                   | 158                             |
|   | <b>477</b>                           | <b>720</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.

## 24 Material related party transactions

During the six months ended 30 June 2009, there were material related party transactions of the Group subsisted as follows:

- (a) *Continuing connected transactions involving provision of goods or services*
- (i) On 1 August 2008, a renewed rental agreement was entered into between Smartech Services Limited ("Smartech Services") and Sun Ngai International Investment Limited ("Sun Ngai") on 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 2008. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, Smartech Services and Sun Ngai. The Board considered the transaction are fair and reasonable and in the interests of the Company's shareholders as a whole.
  - (ii) On 26 February 2009, a framework supply agreement (therein referred to as "Supply Contract") was entered into between Suzhou New Universe (an indirect 97% owned subsidiary of the Group) and China (HK) Chemical in relation to the supply of plastic materials to Suzhou New Universe by China (HK) Chemical. The term of the Supply Contract commences from the date of the Supply Contract and up to 31 December 2011 which term may be renewed for three years by agreement of the parties to the Supply Contract. China (HK) Chemical will offer Suzhou New Universe payment term with credit period of 90 days from the shipment date of the plastic materials purchased without provision of any securities. It is expected that Suzhou New Universe will purchase and China (HK) Chemical will supply plastic materials with an estimated annual cap amount of US\$1,280,000 (approximately HK\$9,984,000) for each of the three financial years ending 31 December 2011. Such estimate is determined with reference to the existing average unit price range of US\$1,100 per metric ton to US\$2,500 per metric ton for different grades and different types of plastic materials offered to the Group by independent suppliers and the estimated annual consumption of plastic materials of approximately 1,000 metric tons to be supplied under the Supply Contract for the purposes of production of Suzhou New Universe. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and China (HK) Chemical. Mr. XI Yu and Ms. CHEUNG Siu Ling are also directors of Suzhou New Universe.
  - (iii) Pursuant to the Supply Contract, during the six months ended 30 June 2009, Suzhou New Universe ordered plastic materials of 834 metric tons in an aggregate amount of HK\$9,366,000 from China (HK) Chemical in the ordinary and usual course of business of the Group. Accordingly, China (HK) Chemical has delivered 834 tons of plastic materials in an aggregate amount of HK\$9,366,000 to Suzhou New Universe for 2Q 2009. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and China (HK) Chemical. Mr. XI Yu and Ms. CHEUNG Siu Ling are also directors of Suzhou New Universe. The independent non-executive directors of the Company opined that the transactions completed under the Supply Contract during the period under review were entered into (a) on normal commercial terms and in the ordinary and usual course of business of the Company, (b) on terms no less favourable to the Company than terms available from independent third parties, (c) in accordance with the Supply Contract governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole, (d) with aggregate amount not exceeding the cap disclosed in the relevant announcement dated 27 February 2009 of the Company.

## 24 Material related party transactions (continued)

### (b) Financial assistance

The following financial assistance provided by the related parties to the Group were connected transactions exempt from disclosure and independent shareholders' approval requirements 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 Group's disposal of its entire interests in Dongguan Smartech Tooling and Plastics Co. Limited. The loan was repayable on demand or before 12 October 2008 though further extension was granted to 12 January 2010.
- (ii) On 18 May 2009, a loan agreement was entered into between Bestwin (China) Limited ("Bestwin", the Group's 97% owned subsidiary) as the borrower and China (HK) Chemical as the lender, pursuant to which China (HK) Chemical granted an unsecured loan of US\$390,000 (approximately HK\$3,042,000) to Bestwin on 15 June 2009. The loan bearing interest at 3% per annum is repayable by the end of third year after the date of drawdown. The loan was used for on lending to Bestwin's wholly owned subsidiary in China, Suzhou New Universe as registered foreign shareholder's loan for its working capital purposes. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, Bestwin, Suzhou New Universe and China (HK) Chemical. Mr. SUEN Ki is common director of the Company and China (HK) Chemical.

The Board of directors considered the above mentioned financial assistance granted to the Group by the connected parties were transacted in the ordinary and usual course of business of the Company 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).

## 25 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

## 26 Comparative figures

As a result of the application of HKFRS 5 to account for the disposal of Zhenjiang Docks Project and the application of HKAS 1 (revised 2007), Presentation of Financial Statements, and HKFRS 8, Operating Segments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the purposes. Further details of these development are disclosed in notes 1 and 3.