



NEW UNIVERSE

New Universe International Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8068

Interim Report 2011

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This report, for which the directors (the “Directors”) of NEW UNIVERSE INTERNATIONAL GROUP LIMITED (the “Company”) 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 the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

XI Yu (*Chairman*)

CHAN Chun Hing (*Chief Executive Officer*)

CHEUNG Siu Ling

HON Wa Fai

Non-Executive Directors

SONG Yuqing (*Vice-chairman*)

SUEN Ki

Independent Non-Executive Directors

CHAN Yan Cheong

YUEN Kim Hung, Michael

HO Yau Hong, Alfred

LEE Kwan Hung

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

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16 Wang Hoi Road

Kowloon Bay

Kowloon

Hong Kong

LEGAL ADVISERS

As to Hong Kong Laws

Troutman Sanders

As to PRC Laws

Beijing Sinobridge PRC Lawyers

AUDITOR

CCIF CPA Limited

SHARE REGISTRAR AND

TRANSFER OFFICES

Principal

Bank of Bermuda (Cayman) Limited

3rd Floor, 36C Bermuda House

Dr. Roy's Drive

P.O. Box 513 G.T.

George Town

Grand Cayman

Cayman Islands

Hong Kong Branch

Tricor Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong)
Limited

The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

8068

WEBSITE

www.nuigl.com

FINANCIAL HIGHLIGHTS

- Total turnover for the six months ended 30 June 2011 increased by 52.5% to HK\$84,792,000 compared to HK\$55,598,000 for the corresponding period in 2010.
- Profit attributable to the Company's owners for the six months ended 30 June 2011 increased by 193.9% to HK\$15,323,000 compared to HK\$5,214,000 for the corresponding period in 2010.
- Reportable segment revenue from environmental waste treatment services for the six months ended 30 June 2011 increased by 36.6% to HK\$35,196,000 compared to HK\$25,764,000 for the corresponding period in 2010.
- Reportable segment revenue from manufacturing operations for the six months ended 30 June 2011 increased by 32.7% to HK\$42,946,000 compared to HK\$32,370,000 for the corresponding period in 2010.
- Reportable segment revenue from the eco-plating specialized zone for the period from 17 February 2011 (date of completion of the acquisition of additional 60% equity interest in New Sinotech) to 30 June 2011 was HK\$12,061,000.
- Total earnings per share attributable to the Company's owners were HK cents 0.76 for the six months ended 30 June 2011 compared to HK cents 0.28 for the corresponding period in 2010.
- Equity attributable to the Company's owners was HK\$372,336,000 at 30 June 2011 versus HK\$354,319,000 at 31 December 2010.
- Cash and cash equivalents amounted to HK\$68,050,000 at 30 June 2011 compared to HK\$76,907,000 at 31 December 2010.
- The Board resolved not to declare a dividend for the six months ended 30 June 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Solid Waste Treatment

Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), Yancheng New Universe Solid Waste Disposal Company Limited (“Yancheng New Universe”), Taizhou New Universe Solid Waste Disposal Company Limited (“Taizhou New Universe”) have handled in aggregate 9,735 metric tons of hazardous industrial waste, 2,682 metric tons of general industrial waste, and 1,316 metric tons of regulated medical wastes for the six months ended 30 June 2011 compared to 9,055 metric tons, 3,288 metric tons, and 1,061 metric tons respectively in the corresponding period of 2010.

Eco-plating Specialized Zone

Upon the completion of acquisition of additional 60% equity interest in New Sinotech Investments Limited (“New Sinotech”) took place on 17 February 2011, New Sinotech together with its subsidiaries (the “New Sinotech Group”) becomes 98% indirectly owned subsidiaries of the Company. The principal activities of New Sinotech Group are to develop, manage and operate an eco-plating specialized zone with total land area of approximately 182,520 square metres owned by New Sinotech’s indirectly wholly owned subsidiary, 鎮江華科生態電鍍科技發展有限公司 (Zhenjiang Sinotech Eco-electroplating Development Limited, “Zhenjiang Sinotech”) that is capable to accommodate industrial buildings with a total rentable gross floor area of more than 125,000 square metres (the “Eco-plating Specialized Zone”) upon full development. As at 30 June 2011, industrial buildings with a total gross floor area of more than 65,000 square metres were completed, 25,000 square metres were under construction, and approximately 62% of the completed buildings were leased out and occupied by manufacturers to carrying out plating operations under a centralized discharge control system in the Eco-plating Specialized Zone. For the six months ended 30 June 2011, the Eco-plating Specialized Zone has handled over 138,000 cubic metres of plating sewage discharge from the occupants into harmless discharge liquid.

Manufacturing Operations

Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”) is the production and outlet base of the Group’s injection molds and plastic products in Mainland China, which provides complete value chain, from conceptual mold prototype to final plastics product finishing, to satisfy customers’ orders in the plastic injection industries. By entering into a framework supply agreement with a related company, China (HK) Chemical & Plastics Co. Limited (“China (HK) Chemical”) on 26 February 2009 (“Supply Contract”), stable supply of plastic materials has been catered for the purposes of production of Suzhou New Universe and the plastic materials demand of the customer networks at the region in the Yangtze River Delta for three years ending 31 December 2011. For the six months ended 30 June 2011, the gross profit margin of Suzhou New Universe was 11.7% respectively (six months ended 30 June 2010: 6.6%).

The Group 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, which are considered to be the Group’s strategic investments to enhance customer networks for both of its manufacturing and environmental operations in Mainland China. For the six months ended 30 June 2011, the net profit margins of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei were 3.0%, 1.4% and 2.3% respectively (six months ended 30 June 2010: 3.1%, 1.9% and 4.5% respectively).

Update on the Disposal of Zhenjiang Dock Project

The Group has been monitoring the status of final settlement of the balance consideration in relation to the disposal of the Group’s entire equity interests in two wholly owned subsidiaries that engaged in the construction of dock infrastructure and the development of warehouses and depot facilities in Xinminzhou, Zhenjiang since the completion took place in 2009 (therein referred to as the “Disposal of Zhenjiang Dock Project”). As at 30 June 2011, out of a total consideration of RMB85,849,100, RMB44,549,100 has been received. Settlement of the balance of consideration (which amounted to RMB41,300,000 or approximately HK\$49,663,000 as at 30 June 2011) on or before 31 March 2012 is jointly guaranteed by two China parties comprising 鎮江新民州港口產業園區管委會 (Zhenjiang Xinminzhou Harbour Estate District Administrative Committee) and 江蘇省國營共青團農場 (Stated Owned Gongqingtuan Farm of Jiangsu Province) (“Guarantors”). On 15 March 2011, the purchaser together with its two subsidiaries has provided a written letter of undertaking to the Group that they agreed to use the deposits of RMB48,800,000 paid to the local government for acquisition of certain land use rights for the settlement of the outstanding balance of the consideration if the purchaser has decided not to proceed with the land use rights acquisition by 31 December 2011. To further protect the interest of the Group, New Universe Enterprises Limited (“NUEL”), being the controlling shareholder, has entered into a deed of indemnity dated 23 June 2011 in favour of the Company pursuant to which NUEL irrevocably agreed to indemnify the Group for any loss that the Group may suffer from not being paid the consideration under the disposal in full.

Fund raising exercise

On 1 August 2011, the Group successfully raised funds of approximately HK\$30.2 million through a rights issue of 201,189,168 rights shares of the Company. The net proceeds, after deduction of related expenses, of approximately HK\$28.9 million from the rights issue would be applied as to approximately HK\$25 million for financing the capital commitment requirement for development of the Group’s environmental operations and the remaining balance for the general working capital of the Company.

FINANCIAL REVIEW

The change in consolidated financial information of the Group for the six months ended 30 June 2011 as comparing to the unaudited figures for the corresponding period in 2010 is shown as follows:

(Expressed in HK\$'000 unless indicated otherwise)	Note	For the three months			For the six months		
		ended 30 June		Change	ended 30 June		Change
		2011	2010	%	2011	2010	%
Turnover	(a)	51,907	29,872	+73.8	84,792	55,598	+52.5
Average gross profit margin (%)	(b)	30.6	34.7	-11.8	33.2	33.9	-2.1
Other revenue	(c)	3,294	2,448	+34.6	5,411	3,801	+42.4
Other net income	(d)	779	23	+3,287.0	1,473	23	+6,304.3
Distribution and selling expenses	(e)	2,099	1,201	+74.8	3,728	2,359	+58.0
Administrative expenses	(f)	6,510	4,379	+48.7	12,430	8,120	+53.1
Other operating expenses	(g)	1,888	642	+194.1	3,125	1,698	+84.0
Finance costs	(h)	747	477	+56.6	1,314	1,170	+12.3
Share of net profits of associates	(i)	424	350	+21.1	491	312	+57.4
Income tax	(j)	836	834	+0.2	1,528	1,382	+10.6
Net profit for the period	(k)	8,293	4,332	+91.4	17,815	6,962	+155.9
Profit attributable to							
owners of the Company		6,973	3,328	+109.5	15,323	5,214	+193.9
Basic and diluted EPS (HK cents)		0.35	0.18	+94.4	0.76	0.28	+171.4

Note

- (a) Net increase in total turnover for the first two quarters of 2011 was mainly attributable to (i) stable growth in revenue from environmental services, and (ii) consolidation of post-acquisition revenue and results of the New Sinotech Group after the completion of acquisition of additional 60% equity interest of the Group took place on 17 February 2011.
- (b) Decrease in average gross profit margin of the Group for the first two quarters of 2011 was mainly attributable to decrease in average gross profit margin of the Group's trading of plastic materials to 2.6% (first two quarters of 2010: 5.1%).
- (c) Net increase in other revenue for the first two quarters of 2011 was mainly attributable to increase in scrap sales for the current period.
- (d) Net increase in other net income for the first two quarters of 2011 was mainly attributable to gain on exchanges from operations for the current period.

- (e) Net increase in distribution and selling expenses for the first two quarters of 2011 was mainly attributable to (i) increase in incentive payments made to sale agents of the Group's operations, and (ii) consolidation of post-acquisition results and relevant expenses of New Sinotech Group.
- (f) Net increase in administrative expenses for the first two quarters of 2011 was mainly attributable to (i) increase in senior staff cost of the head office in Hong Kong as comparing with that of the corresponding period in 2010, and (ii) consolidation of post-acquisition results and relevant expenses of New Sinotech Group.
- (g) Net increase in other operating expenses for the first two quarters of 2011 was mainly attributable to increase in PRC property taxes and PRC with holding dividend tax.
- (h) Net increase in finance costs for the first two quarters of 2011 was mainly attributable to consolidation of post-acquisition interest on bank borrowings for New Sinotech Group.
- (i) Net increase in profits shared from associates for the first two quarters of 2011 was mainly attributable to (i) increase in profits shared from Qingdao Huamei for the current period, and (ii) desist from sharing net results from New Sinotech Group upon its being ceased to be associates of the Group when the completion of acquisition of additional 60% equity interest in New Sinotech Group took place in 17 February 2011.
- (j) Net increase in income tax for the first two quarters of 2011 was mainly attributable to increase in taxable profits arisen from environmental operations for the current period.
- (k) Net increase in net profit of the Group together with profit attributable to the Group's owners for the first two quarters of 2011 was mainly attributable to (i) increase in profits from core operations of the Group, and (ii) gain on deemed disposal of the previously held 38% equity interest in New Sinotech Group.

Liquidity and financial resources

The Group financed its operations with internally generated cash flows, banking facilities, loans from NUEL, the controlling shareholder of the Company, and funds raising exercises. The Group remained in a stable financial position with unaudited equity attributable to owners of the Company amounted to HK\$372,336,000 as at 30 June 2011 (31 December 2010: HK\$354,319,000) and unaudited total assets amounted to HK\$675,559,000 as at 30 June 2011 (31 December 2010: HK\$428,993,000).

At the end of the reporting periods, the Group had:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
(a) Cash and bank balances	68,050	76,907
(b) Available unused standby banking facility as guaranteed by a related company	–	10,000
(c) Available unused bridging loan facility as guaranteed by the chairman of the Company, Mr. XI Yu	16,800	–

Capital structure

On 9 June 2011, the Company announced and proposed to raise approximately HK\$30.2 million before expenses by way of a rights issue of 201,189,168 rights shares at a price of HK\$0.15 per rights share (“Rights Shares”) on the basis of one rights share for every ten of the then existing shares held on the record date at 28 June 2011 (“Rights Issue”). On 9 June 2011, the Company had entered into an Underwriting Agreement with NUEL to underwrite 76,224,257 rights share (the “Underwriter”), and NUEL and Mr. XI Yu have also irrevocably undertaken under an Undertaking Letter to take up in full of its entitlement under the Rights Issue relating to the shares beneficially owned by NUEL amounting to 124,964,911 Rights Shares. The Company completed the Rights Issue by issuing 201,189,168 rights shares on 1 August 2011. Net proceeds of approximately HK\$28.9 million (after related expenses of approximately HK\$1.3 million) from the Rights Issue is expected to be applied as to approximately HK\$25 million for financing the capital commitment requirement for development of the Group’s environmental operations and the remaining balance for the general working capital of the Company.

Save as disclosed therein, there was no significant change to the capital structure of the Group as at 30 June 2011 compared to that as at 31 December 2010.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 13 December 2010, the Company entered into a sale and purchase agreement with NUEL and Mr. CHAN Son Neng, pursuant to which the Company has conditionally agreed to acquire 53% and 7% equity interests in New Sinotech from NUEL and Mr. CHAN Son Neng respectively, at an aggregate consideration of HK\$53,000,000 (“Acquisition”) subject to, amongst others, approval by the Company’s independent shareholders. The Acquisition constituted a major and connected transaction of the Company, and was approved by the independent shareholders of the Company on 16 February 2011. On 17 February 2011, the Group completed the Acquisition and the Group’s equity interest in New Sinotech increased from the previously held 38% to 98%. New Sinotech became 98% owned subsidiary of the Group. Details of the Acquisition are set out in the Company’s circular dated 27 January 2011.

Save as disclosed therein, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the six months ended 30 June 2011.

Charges on Group assets

As at 30 June 2011, the Group pledged the land use rights together with its property, plant and equipment owned by Suzhou New Universe with an aggregate carrying amount of HK\$11,348,000 (31 December 2010: HK\$11,444,000) to a bank in China to secure bank loans of HK\$10,823,000 or equivalent to RMB9,000,000 (31 December 2010: HK\$10,575,000 or equivalent to RMB9,000,000) granted to the Suzhou New Universe.

Gearing ratio

The Group monitors its capital through gearing ratio. The gearing ratio at the end of the reporting period was as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Current liabilities	169,017	50,920
Non-current liabilities (excluding deferred taxes)	81,643	–
Total debts	250,660	50,920
Less: cash and cash equivalents	68,050	76,907
Net debts/(net cash)	182,610	(25,987)
Total equity	400,494	371,594
Gearing ratio	45.6%	N/A

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

Investments held and their performance

According to the valuation report dated 5 August 2011 issued by an independent professional valuer, BMI Appraisals Limited (“BMI”), after their review, the fair value attributable to the Group’s interests in the available-for-sale equity investments in Suzhou New Huamei and Danyang New Huamei as at 30 June 2011 was HK\$37,100,000 and HK\$23,300,000 respectively (31 December 2010: HK\$46,200,000 and HK\$22,100,000 respectively).

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. According to the valuation report dated 5 August 2011 prepared by BMI, the fair value attributable to the Group’s interest in Qingdao Huamei as at 30 June 2011 was HK\$18,700,000 (31 December 2010: HK\$20,100,000), and no impairment to the carrying amount of the associate was considered necessary for the six months then ended.

For the six months ended 30 June 2011, there was no significant change to the carrying amounts of the available-for-sale equity investments that were being stated at cost.

Goodwill

According to the valuation report dated 5 August 2011 issued by an independent professional valuer, BMI, after their review on the cash flows projection of the environmental entities of the Group comprising Zhenjiang New Universe, Yancheng New Universe, and Taizhou New Universe, no impairment to the carrying amount of the goodwill was considered necessary for the six months ended 30 June 2011.

Capital expenditure

For the six months ended 30 June 2011, the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental operations amounted to HK\$18,884,000 (2010: HK\$6,943,000), (ii) for the manufacturing operations amounted to HK\$1,002,000 (2010: HK\$60,000), and (iii) for the Eco-plating Specialized Zone amounted to HK\$19,026,000 after completion of acquisition of additional 60% equity interest in New Sinotech Group took place in 17 February 2011.

Commitments

At the end of the reporting period, the Group had the following commitments:

(i) Capital commitments

At 30 June 2011, the Group had the following capital commitments:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment	69,809	22,056
Authorized but not contracted for:		
– Acquisition of property, plant and equipment	21,716	–
– Investment in available-for-sale equity investments	8,075	11,687
– Investment in an equity joint venture	16,320	–
– Investment in an associate	9,488	23,651
– Acquisition of additional 60% equity interest in New Sinotech	–	53,000

(ii) Operating lease commitments

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating leases in respect of rented premises and landfill which fall due as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within one year	301	332
After one and within five years	374	461
After five years	–	–
	675	793

Contingent liabilities

There were no significant contingent liabilities of the Group as at 30 June 2011 (31 December 2010: Nil).

Exposure to exchange rate fluctuations

As most of the Group's monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars, and US dollars, the exchange risks of the Group were considered to be minimal. For the six months ended 30 June 2011, no related hedging has been arranged by the Group.

Employee information

As at 30 June 2011, the Group had 438 (30 June 2010: 356) full-time employees of which 18 (30 June 2010: 18) were based in Hong Kong, and 420 (30 June 2010: 338) in Mainland China. Staff costs, including directors' remuneration and amount capitalized as inventories, was HK\$17,103,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: HK\$12,137,000). Employees and directors 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 resolved not to declare a dividend for the six months ended 30 June 2011.

UPDATED PROFILE OF DIRECTORS

Executive Directors

Mr. XI Yu was appointed as executive director of the Company on 7 June 2002, and nominated as the chairman of the Board, compliance officer and authorized representative of the Company on 9 December 2004. Mr. XI is the chairman of all other member companies of the Group. He leads the Company's board of directors for corporate strategic planning and long-term development of the Group. Mr. XI has substantial experience in the chemical manufacturing industry, plastics industry and environmental industry. He graduated from the Chemistry Department of the University of Beijing in 1980. He is the director and major shareholder of the Company's controlling shareholder, and holds 83.66% equity interests in NUEL. He is also currently the director of China (HK) Chemical and its holding company, New Universe Holdings Limited.

Mr. CHAN Chun Hing was appointed as chief executive officer and executive director of the Company on 3 May 2010. He is responsible for corporate development and sustainable growth of the Group, exploring new investment opportunities and enhancing the Group's standard of corporate governance. Mr. CHAN has substantial professional experience in the fields of finance, investment and real estate development. He previously worked in senior management positions of various listed companies in Hong Kong. He holds a Bachelor of Science degree from Thames Polytechnic in the U.K. and a MBA degree from Murdoch University in the Australia. He is a fellow member of the Institute of Financial Accountants (U.K.) and a member of the National Institute of Accountants (Australia), Hong Kong Institute of Surveyors (H.K.) and Chartered Institute of Arbitrators (U.K.).

Mr. HON Wa Fai was appointed to the Group as financial controller on 6 September 2004. He was nominated as the qualified accountant, company secretary and authorised representative of the Company on 6 October 2004, and appointed as executive director of the Company on 28 September 2006. Mr. HON is responsible for accounting, finance and company secretarial functions of the Group. Mr. HON has extensive experience in accounting, auditing, taxation and finance. He holds a MBA degree from the University of Strathclyde, Master of Professional Accounting degree from the Hong Kong Polytechnic University, and Master of Applied Finance degree from the University of Western Sydney. He is a practising fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants. He is a senior associate of the Financial Services Institute of Australasia. He is also an associate both of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.

Ms. CHEUNG Siu Ling was appointed as executive director of the Company on 1 April 2005. Ms. CHEUNG is also the director of various major subsidiaries of the Group. She is responsible for business administration and human resources management of the Group. Ms. CHEUNG has extensive experience in business administration in the commercial fields both of manufacturing and trading. She holds a MBA degree from the University of South Australia. Ms. CHEUNG is the director and shareholder of the Company's controlling shareholder, NUEL. She is also currently the director of China (HK) Chemical and its holding company, New Universe Holdings Limited.

Non-executive Director

Mr. SONG Yuqing was appointed as vice-chairman of the Board and non-executive director of the Company on 15 June 2010. He is responsible for providing valuable advices on strategic planning and driving the Group toward further expansion. Mr. SONG was formerly a non-executive director of Sinofert Holdings Limited, a listed company in Hong Kong. He has distinguished experience in the industries of resources, chemicals and real estate, and has substantial experience in strategic and corporate planning functions.

Mr. SUEN Ki was appointed as non-executive director of the Company on 28 September 2006. Mr. SUEN is a director and shareholder of the Company's controlling shareholder, NUEL. He is currently the managing director of China (HK) Chemical. Mr. SUEN has extensive experience in plastics industry in Hong Kong, Taiwan and the Mainland China. Mr. SUEN holds a Bachelor's degree of Arts from the Department of Foreign Languages and Literature of the National Taiwan University in Taiwan.

Independent non-executive Directors

Prof. CHAN Yan Cheong was appointed as independent non-executive director of the Company on 1 February 2000. Prof. CHAN is currently a Chair Professor of Electronic and Engineering, and director of the EPA Centre in the Department of Electronic Engineering of City University of Hong Kong. Prof. CHAN holds B.Sc. degree in Electrical Engineering, M.Sc. degree in Materials Science, and a Ph.D. degree in Electrical Engineering, from Imperial College of Science and Technology, University of London. He also awarded a MBA degree from the University of Hong Kong. Prof. CHAN is a fellow member of each of the Institute of Electrical and Electronic Engineers, INC (USA) and Hong Kong Institution of Engineers and a member of the Institution of Engineering & Technology (UK). His current research interests include RoHS & WEEE research, green electronics manufacturing, failure analysis, and reliability engineering.

Mr. YUEN Kim Hung, Michael was appointed as independent non-executive director of the Company on 24 April 2002. Mr. YUEN is currently practising in Hong Kong with his own accounting firm. Mr. YUEN holds a Professional Diploma in Accountancy from the Hong Kong Polytechnic University. He is a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants, a Certified General Accountant of Canadian Certified General Accountants Association of Hong Kong, and a fellow member of Association of Chartered Certified Accountants. Mr. YUEN is currently an independent non-executive director of a listed company in Hong Kong, Prosperity International Holdings (H.K.) Ltd., and a listed company in the London Stock Exchange, Prosperity Minerals Holdings Limited. He has substantial experience in accounting, taxation and auditing.

Mr. HO Yau Hong, Alfred was appointed as independent non-executive director of the Company on 30 September 2004. Mr. HO is currently practising in Hong Kong with his own accounting firm. He is currently a facilitator in the Qualification Program of the Hong Kong Institute of Certified Public Accountants in accounting, auditing and taxation. He was formerly a part-time professor in accounting and auditing at Algonquin College, Ottawa, Canada, and was a part-time tutor in taxation at the Open University of Hong Kong. Mr. HO holds Bachelor of Commerce (Honours) degree from University of Windsor, Windsor, Canada. Mr. HO is a Canadian chartered accountant, a practising fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Taxation Institute of Hong Kong. Mr. HO was formerly a finance director of Sinsoft Technology PLC., a company previously listed in the London Stock Exchange. Mr. HO has substantial experience in accounting, auditing and taxation.

Mr. LEE Kwan Hung was appointed as independent non-executive director of the Company on 15 June 2010. He retired from the partnership of a leading law firm in Hong Kong on 23 February 2011 and is currently an independent non-executive director of listed companies in Hong Kong namely, Asia Cassava Resources Holdings Limited, Embry Holdings Limited, Futong Technology Development Holdings Limited, GZI REIT Asset Management Limited, Net Dragon Websoft Inc., Walker Group Holdings Limited and Newton Resources Ltd. Mr. LEE was also formerly a non-executive director of GST Holdings Limited and Mirabell International Holdings Limited, whose shares were previously listed in Hong Kong. He holds a LL.B (Honours) degree and a Postgraduate Certificate in Laws from the University of Hong Kong. He was admitted as a solicitor in Hong Kong in 1991 and the United Kingdom in 1997. He has over 20 years' experience in advising on commercial laws and listing matters.

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

As at 30 June 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were recorded in the register required to be kept pursuant to section 352 of the SFO; or pursuant to Rules 5.46 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

The Company

Long positions in ordinary shares

Name of director	Number of ordinary shares of HK\$0.01 each			% of total shares in issue	
	Personal/beneficial	Interest of children or spouse	Interest of controlled corporation		
Mr. Xi Yu ⁽ⁱ⁾⁽ⁱⁱ⁾	–	–	1,249,649,115	1,249,649,115	62.11

Note:

- (i) Mr. Xi Yu is the shareholder of 16,732 shares of US\$1.00 each in NUEL, representing 83.66% of the issued share capital of NUEL, which in turn beneficially interested in 1,249,649,115 Shares, representing approximately 62.11% of the issued share capital of the Company.
- (ii) As at 30 June 2011, Mr. Xi Yu is also deemed to have corporate interest in 201,189,168 Rights Shares as referred to (a) the underwriting agreement dated 9 June 2011, pursuant to which NUEL agreed to underwrite 76,224,257 Rights Shares of the Company, and (b) the undertaking letter dated 9 June 2011, pursuant to which NUEL and Mr. Xi has undertaken to subscribe for 124,964,911 Rights Shares of the Company. On 1 August 2011, NUEL was finally allotted 179,008,267 Rights Shares of the Company, of which 54,043,356 Rights Shares were subscribed by NUEL pursuant to its underwriting obligations.

Associated corporation

Long positions in ordinary shares of NUEL

Name of director	Number of ordinary shares of US\$1.00 each			Number of shares held	% of total shares in issue
	Personal/beneficial	Interest of children or spouse	Interest of controlled corporation		
Mr. Xi Yu	16,732	–	–	16,732	83.66
Ms. CHEUNG Siu Ling	1,214	1,214	–	2,428	12.14
Mr. SUEN Ki	840	–	–	840	4.20

Save as disclosed above, as at 30 June 2011, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, recorded in the register required to be kept pursuant to section 352 of the SFO; or pursuant to Rules 5.46 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

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

So far as is known to any Director or chief executives of the Company, the persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2011 were as follows:

Long positions in ordinary shares of the Company

Name of shareholder	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Beneficial owner	Family interest	Interest of controlled corporation		
NUEL ⁽ⁱ⁾	1,249,649,115	–	–	1,249,649,115	62.11

Note:

- (i) As at 30 June 2011, NUEL also has interest in 201,189,168 Rights Shares as it has agreed to underwrite 76,224,257 Rights Shares and has undertaken to subscribe for 124,964,911 Rights Shares. On 1 August 2011, NUEL was finally allotted 179,008,267 Rights Shares of the Company, of which 54,043,356 Rights Shares were subscribed by NUEL pursuant to its underwriting obligations.

Save as disclosed above, the Directors were not aware of any other persons (other than a Director or the chief executive officer of the Company) who had an interest or short position in the shares or underlying shares of the Company of the SFO as recorded in the register required to be kept under section 336 as at 30 June 2011.

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 2011 was 182,589,168 shares of the Company which represented the current scheme mandate limit given to the 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 2011 and during the six months then ended, no option has been granted or outstanding under the Company's Share Option Scheme.

CONNECTED TRANSACTIONS

(i) Continuing Connected transactions

Pursuant to the requirements of the GEM Listing Rules, an ordinary resolution duly passed under poll voting by the independent shareholders of the Company at an extraordinary general meeting held on 18 September 2009, the Company was approved to procure Suzhou New Universe to purchase plastic materials from China (HK) Chemical according to the Supply Contract at the annual caps in the amounts of US\$12,800,000 (approximately HK\$99,328,000), US\$14,080,000 (approximately HK\$109,261,000) and US\$15,488,000 (approximately HK\$120,187,000) for the three financial years ending 31 December 2011 respectively ("Annual Caps").

Details of the Supply Contract and Annual Caps are set out in the announcements of the Company dated 27 February 2009, 14 August 2009 and 18 September 2009, and the circular of the Company dated 31 August 2009.

Pursuant to the Supply Contract, for the six months ended 30 June 2011, Suzhou New Universe ordered plastic materials of 255 metric tons for an aggregate amount of HK\$5,238,000 from China (HK) Chemical; and China (HK) Chemical delivered 215 metric tons of plastic materials for an aggregate amount of HK\$4,503,000 to Suzhou New Universe ("Continuing Connected Transactions").

The audit committee of the Company has reviewed the Continuing Connected Transactions and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on terms no less favourable than terms available from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(ii) Connected transactions

On 13 December 2010, the Company entered into a sale and purchase agreement with NUEL and Mr. CHAN Son Neng (collectively referred to as the “Vendors”), pursuant to which the Company conditionally agreed to the Acquisition from the Vendors the 3,000,000 issued shares of US\$1 each in the share capital of New Sinotech, representing 60% of the issued share capital of New Sinotech for an aggregate cash consideration of HK\$53,000,000 subject to, amongst others, approval by the Company’s independent shareholders. The Acquisition constituted a major transaction for the Company under the GEM Listing Rules. NUEL, being one of the Vendors, is the controlling shareholder interested in approximately 62.11% of the issued share capital of the Company. Accordingly, NUEL is a connected person of the Company and the Acquisition also constituted a connected transaction for the Company under the GEM Listing Rules, which was subject to the requirements of announcement and circular and approval of the Company’s independent shareholders under the GEM Listing Rules. On 16 February 2011, an extraordinary general meeting of the Company was held with both (i) NUEL, and (ii) Mr. CHAN Son Neng who was then interested in 58,150,519 issued shares of the Company, together with their respective associates, abstained from voting on the resolution to approve the Acquisition and the transactions contemplated. The resolution to confirm and approve the Acquisition was duly passed by the independent shareholders of the Company at the extraordinary general meeting held on 16 February 2011. The completion of the Acquisition and the transfer of the 60% equity interests to the Group took place on 17 February 2011 (the “Completion”).

Details of the Acquisition are set out in the announcements of the Company dated 13 December 2010, 4 January 2011, 27 January 2011 and 16 February 2011, and the circular of the Company dated 27 January 2011.

A tenancy agreement dated 26 July 2010 together with a renewed tenancy agreement dated 11 July 2011 entered into between Smartech Services Limited (“Smartech Services”, an indirectly wholly owned subsidiary of the Company) as tenant and Sun Ngai International Investment Limited (“Sun Ngai”, a subsidiary of New Universe Holdings Limited, the board of directors of which comprises Mr. XI Yu and Ms. CHEUNG Siu Ling who are also the executive Directors) as landlord, pursuant to which Smartech Services rented an office unit located at Room 2109, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong from Sun Ngai at a monthly rental of HK\$20,000 for the term from 1 August 2010 to 31 July 2012.

(iii) Financial assistance

As at 30 June 2011, loans owed by the New Sinotech Group (being the Group's 98% owned subsidiaries) to NUEL was approximately HK\$33,177,000 which are unsecured and non-interest bearing, to which in accordance with a deed executed on 17 February 2011, NUEL agreed the loan advanced by NUEL to New Sinotech Group, following the Completion shall be (a) interest free, (b) unsecured, and (c) repayable upon being served a 90-day notice (subject to unconditional and irrevocable undertaking by NUEL to grant an extension for 3 months each time for repayment of the whole or any portion of the amount being due upon the written request of the New Sinotech Group).

Upon the Completion and up to 30 June 2011, balance of consideration for acquisition of 53% equity interest in New Sinotech amounted to HK\$39,673,000 remained outstanding, of which HK\$34,673,000 bore interest at 2% per annum and HK\$5,000,000 will be payable as when the audited net profit of New Sinotech Group for the year ending 31 December 2011 exceeds HK\$5,000,000 or be offset against any shortfall below that target amount. NUEL has unconditionally and irrevocably undertaken to the Company that upon the Company's written request for time extension for payment of the whole or any part of such part of the consideration, NUEL would unconditionally agree to an extension of not more than 3 months each time upon such written request being made and NUEL would charge the principal amount of such part of the consideration subject to the extension with interest of 2% per annum (based on 365 days a year) until the said amount is fully settled. On 30 June 2011, NUEL has irrevocably undertaken to the Company in writing that time for payment of the consideration balance together with interest totally amounted to HK\$34,673,000 be extended to 31 August 2012.

In February 2011 and after the Completion, NUEL made unsecured interest-free advances of approximately HK\$3,063,000 to New Sinotech for its working capital purposes, which were repayable on demand.

On 6 May 2011, NUEL granted an unsecured interest free loan of US\$4,000,000 (approximately HK\$31,080,000) to the Company for the Group's contribution to the registered capital of Zhenjiang Sinotech, which was repayable on or before 9 May 2012.

On 30 June 2011, NUEL has irrevocably undertaken to the Company in writing that NUEL shall not demand for repayment of any amounts due by the Group to NUEL (in aggregate of approximately HK\$106,993,000) on or before 31 August 2012 to ensure the Group will not encounter any working capital deficiency issue.

On 23 June 2011, a deed of indemnity was entered into by NUEL in favour of the Company, pursuant to which NUEL irrevocably agreed to indemnify the Group for any loss that the Group may suffer from not being paid the consideration under the Disposal of Zhenjiang Dock Project in full ("Deed of Indemnity").

The loans owed by New Sinotech Group to NUEL, the balance of consideration together with interest thereon due by the Company to NUEL, and the Deed of Indemnity constitute financial assistance granted by NUEL as a connected person for the benefit of the Group on normal commercial terms (or better to the Company) with no security over the assets of the Group under the GEM Listing Rules, which will be exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

COMPETING BUSINESS OR INTEREST

As at 30 June 2011, the Directors were not aware of any business or interest of the Directors or any controlling shareholder (as defined under the GEM Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

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 2011.

CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2011, the Company complied with the principles of the code provisions set out in the Code on Corporate Governance Practices as set in Appendix 15 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

During the six months ended 30 June 2011, the Company has applied the principals of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the six months ended 30 June 2011.

EXECUTIVE COMMITTEE

On 29 April 2011, with the approval of the all members of the Board, the Company's executive committee has been established with written terms of reference to which the Board may delegate the powers and authorities to manage the business of the Group, and to make investment and business decisions for the Group within its authority and to take all actions to give effect to such decisions. The executive committee comprises all executive directors of the Company.

1. The executive committee is vested with the following powers and authorities:
 - (a) to manage generally the operation of the Group in its ordinary course of business;
 - (b) to recommend to the Board on investment opportunities and proposals;
 - (c) to manage the agenda and papers for Board meetings;
 - (d) to consider and approve any transaction (the “Authorized Transaction(s)”) which is not subject to the compliance with any requirement under the Rules Governing the Listing of Securities on the Growth Enterprise Market and/or Main Board of The Stock Exchange of Hong Kong Limited, the Codes on Takeovers and Mergers and Share Repurchases or other rules and regulations governing listed companies in Hong Kong (the “Applicable Rules”); and
 - (e) to consider and approve all deeds and documents in relation to the Authorized Transactions so as to implement the Authorized Transactions.
2. The executive committee is authorized to seek any information it requires from any employee of the Group, and all employees will be directed to co-operate with any request made by the Executive Committee. The executive committee is authorized to access to professional advice at the Company’s expense if it considers necessary.
3. The executive committee shall be provided with sufficient resources to discharge its duties.
4. The executive committee shall be entitled to sub-delegate any of its power or authority within the Company.

The executive committee shall discharge the following duties:

1. to refer the transactions to the Board for decision making if the members of the executive committee have doubt on any compliance issue under the Applicable Rules in respect of the transactions under consideration;
2. to report on any commitment (within its authority) approved by the executive committee and entered into on behalf of the Group to the Board in the next scheduled meeting of the Board; and
3. to ensure that all the relevant management personnel of the Group and the company secretary of the Company will be provided with all deeds, documents or contracts entered into on behalf of the Group pursuant to the approval of the executive committee (within its authority) for record keeping.

AUDIT COMMITTEE

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

The Audit Committee reviewed with management on the accounting principles and practices adopted by the Group and discussed on the internal controls and financial reporting matters including a review of these unaudited financial statements of the Company for the six months ended 30 June 2011.

By order of the Board
New Universe International Group Limited
CHAN Chun Hing
Chief Executive Officer

Hong Kong, 5 August 2011

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

Mr. XI Yu	<i>(Executive Director and Chairman)</i>
Mr. CHAN Chun Hing	<i>(Executive Director and Chief Executive Officer)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. SONG Yuqing	<i>(Non-executive Director and Vice-Chairman)</i>
Mr. SUEN Ki	<i>(Non-executive Director)</i>
Prof. 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>
Mr. LEE Kwan Hung	<i>(Independent Non-executive Director)</i>

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



CCIF

CCIF CPA LIMITED

34/F The Lee Gardens
33 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 26 to 54 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 2011 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 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company 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, 5 August 2011

Leung Chun Wa

Practising Certificate Number P04963

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	5	51,907	29,872	84,792	55,598
Cost of sales		(36,031)	(19,512)	(56,646)	(36,727)
Gross profit		15,876	10,360	28,146	18,871
Other revenue	6	3,294	2,448	5,411	3,801
Other net income	7	779	23	1,473	23
Distribution and selling expenses		(2,099)	(1,201)	(3,728)	(2,359)
Administrative expenses		(6,510)	(4,379)	(12,430)	(8,120)
Other operating expenses		(1,888)	(642)	(3,125)	(1,698)
Loss on redemption of promissory notes		–	(1,316)	–	(1,316)
Net gain on deemed disposal of associates	8	–	–	4,419	–
Share of profits of associates, net		424	350	491	312
Finance costs	9	(747)	(477)	(1,314)	(1,170)
Profit before tax		9,129	5,166	19,343	8,344
Income tax	10	(836)	(834)	(1,528)	(1,382)
Profit for the period	11	8,293	4,332	17,815	6,962
Profit for the period attributable to:					
Owners of the Company		6,973	3,328	15,323	5,214
Non-controlling interests		1,320	1,004	2,492	1,748
		8,293	4,332	17,815	6,962
Earnings per share (expressed in HK cents per share)					
Basic and diluted	12	0.35	0.18	0.76	0.28

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 30 June		Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Profit for the period	8,293	4,332	17,815	6,962
Other comprehensive income:				
Exchange differences arising on translation of financial statements of foreign subsidiaries	4,120	775	7,259	779
Reclassification adjustments of translation reserve upon deemed disposal of associates	–	–	(2,743)	–
Fair value changes on available-for-sale equity investments, net of deferred tax	(3,510)	(540)	(7,110)	(540)
Share of other comprehensive income of associates				
– exchange differences arising on translation of financial statements of foreign associates	94	461	166	461
Other comprehensive income for the period	704	696	(2,428)	700
Total comprehensive income for the period	8,997	5,028	15,387	7,662
Total comprehensive income attributable to:				
Owners of the Company	7,421	3,929	12,435	5,819
Non-controlling interests	1,576	1,099	2,952	1,843
	8,997	5,028	15,387	7,662

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June	31 December
		2011	2010
		(unaudited)	(audited)
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	14	268,294	79,520
Prepaid lease payments	15	102,967	21,453
Goodwill	16	33,000	33,000
Interests in associates	17	7,614	60,911
Available-for-sale equity investments	18	62,702	68,670
		474,577	263,554
Current assets			
Inventories		11,672	14,689
Trade and bills receivables	19	29,644	19,428
Prepayments, deposits and other receivables	20	86,937	53,903
Dividend receivables		2,340	–
Prepaid lease payments	15	2,339	512
Cash and cash equivalents		68,050	76,907
		200,982	165,439
Current liabilities			
Interest-bearing bank borrowings	21	48,553	10,575
Trade payables	22	7,753	13,103
Accrued liabilities and other payables		30,054	16,721
Deposits received		8,003	8,606
Income tax payable		2,334	1,915
Amount due to a shareholder	23	72,320	–
		169,017	50,920
Net current assets		31,965	114,519
Total assets less current liabilities		506,542	378,073

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

		30 June 2011 (unaudited) HK\$'000	31 December 2010 (audited) HK\$'000
	Notes		
Capital and reserves			
Share capital	24	20,119	20,119
Reserves	25	352,217	334,200
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Equity attributable to owners of the Company		372,336	354,319
Non-controlling interests		28,158	17,275
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Total equity		400,494	371,594
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Non-current liabilities			
Interest-bearing bank borrowings	21	43,762	–
Amount due to a shareholder	23	34,673	–
Deferred government grant	26	3,208	–
Deferred tax liabilities		24,405	6,479
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		106,048	6,479
<hr/>			
		506,542	378,073
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	General reserve HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2010 (audited)	18,259	206,488	9,620	4,637	31,929	-	18,020	288,953	10,418	299,371
Changes in equity for six months ended 30 June 2010:										
Profit for the period	-	-	-	-	-	-	5,214	5,214	1,748	6,962
Other comprehensive income for the period	-	-	1,145	(540)	-	-	-	605	95	700
Total comprehensive income for the period	-	-	1,145	(540)	-	-	5,214	5,819	1,843	7,662
Shares issued upon redemption of promissory notes	360	3,933	-	-	-	-	-	4,293	-	4,293
Shares issued upon top-up placing, net of share issuance costs	1,500	29,188	-	-	-	-	-	30,688	-	30,688
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	2,095	2,095
At 30 June 2010 (unaudited)	20,119	239,609	10,765	4,097	31,929	-	23,234	329,753	14,356	344,109
At 1 January 2011 (audited)	20,119	239,609	15,040	17,597	31,929	-	30,025	354,319	17,275	371,594
Changes in equity for six months ended 30 June 2011:										
Profit for the period	-	-	-	-	-	-	15,323	15,323	2,492	17,815
Other comprehensive income for the period	-	-	4,221	(7,110)	-	-	-	(2,889)	461	(2,428)
Total comprehensive income for the period	-	-	4,221	(7,110)	-	-	15,323	12,434	2,953	15,387
Excess of fair value over cost of net assets of subsidiaries acquired	-	-	-	-	-	5,583	-	5,583	1,881	7,464
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	6,049	6,049
At 30 June 2011 (unaudited)	20,119	239,609	19,261	10,487	31,929	5,583	45,348	372,336	28,158	400,494

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Net cash (used in)/generated from operating activities	(28,003)	8,333
Acquisition of interests in subsidiaries	25,786	–
Acquisition of available-to-sale equity investments	(1,940)	(17)
Purchases of property, plant and equipment	(38,912)	(7,003)
Proceeds from disposal of property, plant and equipment	15	66
Receipt of consideration receivable on disposal of subsidiaries	2,350	35,837
Proceeds from disposal of available-for-sale equity investments	8	–
Capital contribution to an associate	–	(4,459)
Net cash (used in)/generated from investing activities	(12,693)	24,424
Bank loans raised	10,500	5,196
Repayment of interest-bearing bank borrowings	(13,615)	–
Loans from a shareholder	34,143	–
Repayment of loan from a related company	(310)	(936)
Capital contribution from non-controlling shareholders	546	2,095
Redemption of promissory notes	–	(20,052)
Expenses paid on redemption of promissory notes	–	(87)
Issuance of new shares	–	31,800
Expenses paid in connection with issuance of shares	–	(1,112)
Net cash generated from financing activities	31,264	16,904
Net (decrease)/increase in cash and cash equivalents	(9,432)	49,661
Cash and cash equivalents at 1 January	76,907	42,823
Effect of foreign exchange rate changes	575	(149)
Cash and cash equivalents at 30 June	68,050	92,335

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. General Information

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

The immediate and ultimate holding company of the Company is New Universe Enterprises Limited ("NUEL"), which is a limited liability company incorporated in the British Virgin Islands.

These condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company, while the functional currency of the subsidiaries in The People's Republic of China ("PRC") is Renminbi ("RMB").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are as follows:

- (a) provision of environmental services on treatment and disposal of solid waste;
- (b) operation of eco-plating specialized zone;
- (c) manufacture and sale of molds;
- (d) manufacture and sale of plastic products;
- (e) trading of plastic materials; and
- (f) investment in plastic dyeing.

2. Basis of preparation

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

3. Principal accounting policies

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for the available-for-sale equity investments, which are measured at fair values.

The principal accounting policies used in these unaudited condensed consolidated financial statements are consistent with those followed in the preparation in the Group's audited consolidated financial statements for the year ended 31 December 2010, except for described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 in relation to amendments to HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13
HKAS 24 (Revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of these new and revised HKFRSs had no material effect on the unaudited condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Groups has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 7 (Amendments)	Disclosures-Transfers of Financial Assets ¹
HKFRS 9	Financial Instruments ²
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ³
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²

1. Effective for annual periods beginning on or after 1 July 2011
2. Effective for annual periods beginning on or after 1 January 2013
3. Effective for annual periods beginning on or after 1 January 2012

4. Segment information

(a) Segment revenue, results, assets and liabilities

Information regarding the Group's reportable segments for the periods under review is as follows:

Continuing operations

For the six months ended 30 June 2011

	Operating segments						Total HK\$'000
	Environmental						
	waste treatment services	Eco-plating specialized zone	Mold products	Plastic products	Plastic materials trading	Plastic dyeing investments	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Turnover from external customers	32,646	11,729	16,468	10,987	12,962	–	84,792
Other revenue	2,550	332	184	2	3	2,340	5,411
Reportable segment revenue	35,196	12,061	16,652	10,989	12,965	2,340	90,203
Reportable segment results	16,166	4,194	647	454	(111)	3,038	24,388
Other net income	1,576	(171)	28	18	22	–	1,473
Interest income	246	227	3	2	3	–	481
Interest expenses	45	943	196	130	–	–	1,314
Depreciation and amortization	2,444	2,801	1,275	693	13	–	7,226
Reportable segment assets	202,739	286,653	34,131	22,908	4,383	70,638	621,452
Additions to non-current segment assets	18,884	19,025	–	1,003	–	–	38,912
Reportable segment liabilities	14,998	230,059	18,685	5,648	1,799	1,013	272,202

Continuing operations
For the six months ended 30 June 2010

	Operating segments						Total HK\$'000
	Environmental waste treatment services HK\$'000	Eco-plating specialized zone HK\$'000	Mold products HK\$'000	Plastic products HK\$'000	Plastic materials trading HK\$'000	Plastic dyeing investments HK\$'000	
	Turnover from external customers	25,427	–	5,134	8,499	16,538	
Other revenue	337	–	152	2	3	2,042	2,536
Reportable segment revenue	25,764	–	5,286	8,501	16,541	2,042	58,134
Reportable segment results	8,208	–	(839)	(512)	376	3,028	10,261
Other net income	388	–	(345)	(20)	–	–	23
Interest income	153	–	6	–	–	–	159
Interest expenses	931	–	41	67	131	–	1,170
Depreciation and amortization	2,158	–	1,205	541	12	–	3,916
Reportable segment assets	183,179	–	38,384	19,443	16,727	62,228	319,961
Additions to non-current segment assets	6,943	–	48	12	–	–	7,003
Reportable segment liabilities	14,572	–	25,315	10,518	9,920	303	60,628

(b) Reconciliation of reportable segment revenue and results

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Revenue		
Consolidated turnover	84,792	55,598
Elimination of inter-segment revenue	–	–
Other revenue by segment	5,411	2,536
Reportable segment revenue	90,203	58,134
Profit		
Reportable segment profit	24,388	10,261
Unallocated head office and corporate expenses	(5,045)	(1,917)
Consolidated profit before taxation	19,343	8,344

(c) Reconciliation of reportable segment assets and liabilities

	30 June	31 December
	2011 HK\$'000	2010 HK\$'000
Assets		
Reportable segment assets	621,452	355,189
Unallocated head office and corporate assets	54,107	73,804
Consolidated total assets	675,559	428,993
Liabilities		
Reportable segment liabilities	272,202	54,755
Unallocated head office and corporate liabilities	2,863	2,644
Consolidated total liabilities	275,065	57,399

(d) Geographical information

Reportable segment revenue of the Group based on geographical location of customers is analysed as follows:

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Hong Kong	1,644	4
Mainland China	88,559	58,130
	90,203	58,134

5. Turnover

	Three months ended 30 June		Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Continuing operations				
Environmental service income	19,232	14,130	32,646	25,427
Services income from eco-plating specialized zone	8,360	–	11,729	–
Sale of mold products	10,278	1,029	16,468	5,134
Sale of plastic products	5,635	4,539	10,987	8,499
Sale of plastic materials	8,402	10,174	12,962	16,538
	51,907	29,872	84,792	55,598

6. Other revenue

	Three months ended 30 June		Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Continuing operations				
Bank interest income	275	89	481	1,414
Dividends from available-for-sale equity investments	2,340	2,042	2,340	2,042
Scrap sales	679	317	2,590	345
	3,294	2,448	5,411	3,801

7. Other net income

	Three months		Six months	
	ended 30 June		ended 30 June	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Net foreign exchange gain	779	23	1,473	23
	779	23	1,473	23

8. Net gain on deemed disposal of equity interests in associates and acquisition of additional controlling equity interests in subsidiaries of the Group

The Company had 38% equity interests in New Sinotech Investments Limited ("New Sinotech", which in turn directly held 100% equity interest in Fair Time International Limited ("Fair Time"), and indirectly held 100% equity interest in 鎮江華科生態電鍍科技發展有限公司 ("Zhenjiang Sinotech", Zhenjiang Sinotech Eco-Electroplating Development Limited) (collectively referred to as the "New Sinotech Group") as associates since 8 August 2008. On 13 December 2010, the Company entered into a sale and purchase agreement with NUEL and Mr. CHAN Son Neng, pursuant to which the Company has conditionally agreed to acquire from NUEL and Mr. CHAN Son Neng the equity interests of 53% and 7% respectively in New Sinotech, at an aggregate cash consideration of HK\$53,000,000 (therein referred to as the "Acquisition") subject to, amongst others, the approval to the Acquisition by the Company's independent shareholders. The Acquisition was approved by the independent shareholders of the Company at the extraordinary meeting held on 16 February 2011.

Upon completion of the transfer of the aggregate 60% equity interests of New Sinotech to the Group on 17 February 2011 (the "Completion"), New Sinotech Group ceased to be associates of the Group. The Group's share of net losses of New Sinotech Group for the amount of HK\$206,000 was equity accounted for before the completion of the Acquisition for the period from 1 January 2011 to 17 February 2011. The Group recognized a net gain of HK\$4,419,000 on the deemed disposal of the previously held 38% equity interest in New Sinotech Group upon the Completion.

In addition, upon the Completion, the Group's effective interests in New Sinotech Group increased from 38% to 98%. Consequently, New Sinotech Group becomes 98% owned subsidiaries of the Group, and the excess of fair value of net assets acquired over cost of acquisition of 98% equity interests in New Sinotech Group of HK\$5,583,000 has been recognized as deemed contribution from NUEL and Mr. CHAN Son Neng as shareholders of the Company and fully credited as capital reserve in the equity of the Group.

The fair value and carrying amounts of assets and liabilities arising from the Acquisition on Completion when the equity interests held by the Group in New Sinotech Group became 98% are as follows:

	Carrying amount	Fair value adjustments	Fair value
	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	147,876	2,994	150,870
Land use rights	68,273	15,387	83,660
Trade and bills receivables	2,896	–	2,896
Prepayments, deposits and other receivables	869	–	869
Cash and cash equivalents	39,366	–	39,366
Accrued liabilities and other payables	(12,938)	–	(12,938)
Deposits received	(1,954)	–	(1,954)
Interest-bearing bank borrowings	(84,608)	–	(84,608)
Amounts due to NUJEL	(33,177)	–	(33,177)
Amounts due to CHAN Son Neng	(5,504)	–	(5,504)
Amounts due to the Group	(23,461)	–	(23,461)
Amounts due to a related company	(310)	–	(310)
Deferred government grant	(2,907)	–	(2,907)
Deferred tax liabilities	(14,176)	(4,595)	(18,771)
Net assets	80,245	13,786	94,031
Non-controlling interests (2%)	(1,605)	(276)	(1,881)
Net assets acquired upon Completion	78,640	13,510	92,150
38% identified net assets previously held	30,493	5,239	35,732
60% identified net assets acquired for the Acquisition	48,147	8,271	56,418
	78,640	13,510	92,150

	HK\$'000
Cash consideration for the Acquisition of 60% equity interests in New Sinotech Group	53,000
Fair value of previously held 38% equity interest in New Sinotech Group	33,567
Fair value of 2% non-controlling interests	1,881
	<hr/> 88,448
Less: Fair value of net assets on Completion	94,031
	<hr/>
Excess of fair value over costs of net assets acquired being classified as shareholders' contribution	5,583
	<hr/>
Fair value of previously 38% equity interest in New Sinotech Group	33,567
Carrying amount of previously 38% equity interest in New Sinotech Group	(30,493)
Direct transaction costs	(1,398)
Release of translation reserve	2,743
	<hr/>
Net gain on deemed disposal of 38% equity interest in New Sinotech Group on Completion	4,419
	<hr/>

9. Finance costs

	Three months		Six months	
	ended 30 June		ended 30 June	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest on				
Bank loans wholly repayable within five years	575	124	1,055	199
Consideration payable to NUEL wholly repayable within 5 years	172	–	253	–
Loans from related parties wholly repayable within 5 years	–	17	6	40
Imputed interest on promissory notes	–	336	–	931
	<hr/>	<hr/>	<hr/>	<hr/>
	747	477	1,314	1,170
	<hr/>	<hr/>	<hr/>	<hr/>

10. Income tax

(a) Income tax in the condensed consolidated income statement represents:

	Three months ended 30 June		Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Continuing operations				
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Income Tax	(1,156)	(861)	(1,875)	(1,436)
	(1,156)	(861)	(1,875)	(1,436)
(Under)/over provision in prior periods				
Hong Kong Profits Tax	–	–	–	–
PRC Income Tax	292	–	292	–
	292	–	292	–
Deferred tax	28	27	55	54
	(836)	(834)	(1,528)	(1,382)

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

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the periods. No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits arising in Hong Kong for the periods under review (2010: Nil).

The subsidiaries of the Company in the PRC are subject to PRC corporate income tax rate of 25% (2010: 25%), except for certain subsidiaries of the Company in the PRC which still enjoy preferential tax rates approved by local authorities before 1 January 2008.

Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), Taizhou New Universe Solid Waste Disposal Company Limited (“Taizhou New Universe”), and Yancheng New Universe Solid Waste Disposal Company Limited (“Yancheng New Universe”) are entitled to the exemptions from PRC Foreign Enterprise Income Tax (“EIT”) for two years starting from their first profit-making year, followed by a 50% tax relief for the next three years. Yancheng New Universe and Taizhou New Universe would be subject to EIT of 12.5% for the years from 2009 to 2011. The first profit-making year of Zhenjiang New Universe was 2008, which was not subject to EIT in 2008 and 2009, but would be subject to EIT of 12.5% for the years from 2010 to 2012. Zhenjiang Sinotech, Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”), Zhenjiang New Universe Recyclables Company Limited and Zhenjiang New Universe Rubber Company Limited had no assessable profit subject to PRC corporate income tax for the six months ended 30 June 2010 and 2011.

(b) Reconciliation between tax expense and accounting profit at the applicable rates is as follows:

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Profit before tax	19,343	8,344
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	4,015	1,891
Tax effect of expenses not deductible for tax purpose	34	456
Tax effect of income not taxable for tax purpose	(887)	(163)
Tax effect of tax losses not recognized	160	313
Tax effect of tax losses utilized	(293)	–
Effect of tax exemptions granted to PRC subsidiaries	(1,501)	(1,115)
	1,528	1,382

11. Profit for the period

Profit for the period is stated after charging the following:

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Cost of sales				
– Cost of goods sold	22,448	14,679	35,695	28,185
– Cost of services rendered	13,583	4,833	20,951	8,542
	36,031	19,512	56,646	36,727
Depreciation of property, plant and equipment	3,421	1,879	6,300	3,661
Amortization of land lease prepayments	531	128	926	255

12. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to owners of the Company of HK\$15,323,000 for the six months ended 30 June 2011 (2010: HK\$5,214,000) and the weighted average number of 2,011,891,681 (2010: 1,845,416,543) ordinary shares of the Company in issue during the periods.

Number of shares:

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,011,891,681	1,864,726,846	2,011,891,681	1,845,416,543

Earnings for the period:

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings for the purpose of basic and diluted earnings per share	6,973	3,328	15,323	5,214

There were no dilutive ordinary shares in existence during the periods under review; therefore, diluted earnings per share is the same as basic earnings per share.

13. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

14. Property, plant and equipment

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Net carrying amount at 1 January	79,520	60,348
Acquisition of subsidiaries	150,870	–
Additions	38,912	25,083
Disposals	(118)	(1,246)
Depreciation		
– charge for the period	(6,300)	(7,573)
– eliminated on disposals	99	702
Exchange adjustments	5,311	2,206
Net carrying amount at the end of the reporting period	268,294	79,520

As at 30 June 2011, property, plant and equipment of the Group with carrying amount of HK\$8,967,000 (31 December 2010: HK\$9,089,000) were pledged to a bank to secure banking facilities granted to the Group.

15. Prepaid lease payments

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Net carrying amount at 1 January	21,965	22,327
Acquisition of subsidiaries	83,660	–
Amortization	(926)	(511)
Exchange adjustments	607	149
Net carrying amount at the end of the reporting period	105,306	21,965
Classification		
as non-current assets	102,967	21,453
as current assets	2,339	512
	105,306	21,965

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 2011, the land use rights of the Group with net carrying value of HK\$2,381,000 (31 December 2010: HK\$2,355,000) were pledged to a bank to secure banking facilities granted to the Group.

16. Goodwill

The goodwill arisen in 2007 from the acquisitions of 100% interest in New Universe Environmental Protection Investments Limited which in turn holds 82% direct or indirect equity interests in New Universe Environmental Technologies (Jiang Su) Limited, Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe, of which the carrying amount was HK\$33,000,000 as at 30 June 2011 (31 December 2010: HK\$33,000,000). Based on the valuation report on the impairment assessment of the goodwill prepared by an independent professional valuer, BMI Appraisals Limited, dated 5 August 2011, no impairment on goodwill was required for the period under review (six months ended 30 June 2010: Nil).

17. Interests in the associates

Share of net assets of associates:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Net carrying amount at 1 January	60,911	37,411
Capital contribution to associates	–	21,469
Share of net profits	491	726
Share of other comprehensive income	166	2,301
Dividends received	–	(996)
Deemed disposal of associates	(53,954)	–
Net carrying amount at the end of the reporting period	7,614	60,911

The Company had held 38% equity interests in New Sinotech Group as associates since 8 August 2008. Upon Completion of the Acquisition of additional 60% equity interests of New Sinotech Group on 17 February 2011, New Sinotech Group ceased to be associates of the Group.

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. Based on the valuation report on the fair valuation of the associate as prepared by an independent professional valuer, BMI Appraisals Limited, dated 5 August 2011, no impairment on the carrying amount of interests in the associate was required for the period under review (six months ended 30 June 2010: Nil).

18. Available-for-sale equity investments

Fair value of the unlisted equity investments:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Net carrying amount at 1 January	68,670	53,900
Additions	1,940	370
Disposals	(8)	–
Change in fair value	(7,900)	14,400
Net carrying amount at the end of the reporting period	62,702	68,670
Comprises:		
unlisted equity investments at fair value	60,400	68,300
unlisted equity investments at cost less impairment	2,302	370
	62,702	68,670

The unlisted available-for-sale equity investments as at 30 June 2011 were stated at fair value which were determined by reference to the valuation report dated 5 August 2011 prepared by BMI, an independent professional valuer.

The unlisted available-for-sale equity investments measured at cost less impairment at the end of each report period represent investments in private entities which are at the early stage of development in environmental waste recycling services business. As at 30 June 2011, no impairment on these investments was considered necessary.

19. Trade and bills receivables

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 90 days to its customers of the mold products segment, an average credit period of 60 days to its customers of the plastic products, plastic materials segments and the environmental services segment. The following is an ageing analysis of trade and bills receivables (net of allowance for doubtful debts) presented based on the invoice date at the end of the reporting period:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
0 to 30 days	13,477	10,491
31 to 60 days	5,535	4,539
61 to 90 days	4,136	1,376
91 to 180 days	3,055	2,262
181 to 360 days	2,945	616
Over 360 days	496	144
	29,644	19,428

20. Prepayment, deposits and other receivables

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Deposits paid to suppliers	2,137	1,631
Other receivables	35,137	1,394
	37,274	3,025
Consideration receivable on Disposal of Zhenjiang Dock Project	49,663	50,878
	86,937	53,903

21. Interest-bearing bank borrowings

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Bank borrowings – unsecured	81,492	–
Bank borrowings – secured	10,823	10,575
	92,315	10,575

Classification:

Amounts due within 1 year classified as current liabilities	48,553	10,575
Amounts due after 1 year classified as non-current liabilities	43,762	–
	92,315	10,575

22. Trade payables

The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
0 to 30 days	2,513	5,713
31 to 60 days	3,006	4,185
61 to 90 days	1,335	2,845
Over 90 days	899	360
	7,753	13,103

23. Amount due to a shareholder

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Amount due to a shareholder – unsecured	106,993	–
Classification:		
Amounts due within 1 year classified as current liabilities	72,320	–
Amounts due after 1 year classified as non-current liabilities	34,673	–
	106,993	–

The loan of HK\$33,177,000 previously due by New Sinotech Group to NUEL was being consolidated as the Group's liabilities upon the Completion took place on 17 February 2011. Pursuant to a deed dated 17 February 2011 entered into amongst NUEL, the Company and others, NUEL irrevocably and unconditionally agreed to grant extension of the loan to New Sinotech for three months every time upon written application made by New Sinotech, and the loan is interest free.

On 17 February 2011, upon completion of the Company's acquisition of 53% equity interest in New Sinotech from NUEL, the Company has settled HK\$7,397,000 of the consideration payable to NUEL, and the consideration balance of HK\$39,673,000 remained outstanding as at 30 June 2011, of which HK\$34,673,000 bore interest at 2% per annum and HK\$5,000,000 will be payable as when the audited net profit of New Sinotech Group for the year ending 31 December 2011 exceeds HK\$5,000,000 or be offset against any shortfall below that target amount. Pursuant to the sale and purchase agreement dated 13 December 2010 for the Acquisition entered into amongst NUEL, the Company and others, NUEL irrevocably and unconditionally agreed to grant extension of the consideration balance for three months every time upon written application made by the Company. On 30 June 2011, NUEL has irrevocably undertaken to the Company in writing that time for payment of the consideration balance together with interest totally HK\$34,673,000 be extended to 31 August 2012.

In February 2011 and after the Completion, NUEL made unsecured interest-free advances of approximately HK\$3,063,000 to New Sinotech for its working capital purposes which were repayable on demand.

On 6 May 2011, NUEL granted an unsecured interest free loan of US\$4,000,000 (approximately HK\$31,080,000) to the Company for the Group's contribution to the registered capital of Zhenjiang Sinotech, which was repayable on or before 9 May 2012.

On 30 June 2011, NUEL has irrevocably undertaken to the Company in writing that NUEL shall not demand for repayment of any amounts due by the Group to NUEL on or before 31 August 2012 to ensure the Group will not encounter any working capital deficiency issue.

24. Share capital

	Numbers of shares		Share capital	
	30 June 2011 '000	31 December 2010 '000	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorized				
At 1 January and at the end of the reporting period	100,000,000	100,000,000	1,000,000	1,000,000
Issued and fully paid				
At 1 January	2,011,892	1,825,892	20,119	18,259
Issue of new shares on redemption of promissory notes	-	36,000	-	360
Issue of new shares on top-up placement	-	150,000	-	1,500
At the end of the reporting period	2,011,892	2,011,892	20,119	20,119

25. Movement of reserves

	Share premium HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	General reserve HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2010 (audited)	206,488	9,620	4,637	31,929	-	18,020	270,694
Changes in equity for six months ended 30 June 2010:							
Profit for the period	-	-	-	-	-	5,214	5,214
Other comprehensive income for the period	-	1,145	(540)	-	-	-	605
Total comprehensive income for the period	-	1,145	(540)	-	-	5,214	5,819
Shares issued upon redemption of promissory notes	360	3,933	-	-	-	-	4,293
Shares issued upon top-up placing, net of share issuance costs	1,500	29,188	-	-	-	-	30,688
At 30 June 2010 (unaudited)	239,609	10,765	4,097	31,929	-	23,234	309,634
At 1 January 2011 (audited)	239,609	15,040	17,597	31,929	-	30,025	334,200
Changes in equity for six months ended 30 June 2011:							
Profit for the period	-	-	-	-	-	15,323	15,323
Other comprehensive income for the period	-	4,221	(7,110)	-	-	-	(2,889)
Total comprehensive income for the period	-	4,221	(7,110)	-	-	15,323	12,434
Deemed contribution from shareholders of the Company for acquisition of subsidiaries	-	-	-	-	5,583	-	5,583
At 30 June 2011 (unaudited)	239,609	19,261	10,487	31,929	5,583	45,348	352,217

At 30 June 2011, the Company has reserves available for distribution to its owners amounting to HK\$255,135,000 (31 December 2010: HK\$257,257,000).

26. Deferred government grant

Upon Completion, Zhenjiang Sinotech becomes an indirectly owned 98% subsidiary of the Company. In November 2010 and March 2011, Zhenjiang Sinotech was granted government subsidies of RMB2,500,000 and RMB500,000 respectively for ensuring continuous environmental compliance of the plant facilities completed for sewage treatment in the Eco-plating Specialized Zone owned by Zhenjiang Sinotech in PRC.

During the year of 2010, the construction of the plant facilities for sewage treatment was completed, and Zhenjiang Sinotech has commenced to use the plant facilities servicing the Eco-plating Specialized Zone. As such, the government grants have been recognized over the estimated useful life of the relevant assets of Zhenjiang Sinotech in accordance with the intended purpose of subsidy.

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Classification of deferred government grant		
Current liabilities (included in other payables)	263	–
Non-current liabilities	3,208	–
	3,471	–

27. Commitments

At the end of the reporting periods, the Group had the following commitments:

(a) Capital commitments

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

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Continuing operations		
Contracted for		
Acquisition of property, plant and equipment	69,809	22,056
Authorized and not contracted for		
Acquisition of property, plant and equipment	21,716	–
Investment in available-for-sale equity investments	8,075	11,687
Investment in an equity joint venture	16,320	–
Investment in an associate	9,488	23,651
Acquisition of additional 60% equity interest in New Sinotech	–	53,000

(b) Operating lease commitments

The Group had future minimum lease payments under non-cancellable operating leases in respect of rented premises and landfill which fall due as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Continuing operations		
Within 1 year	301	332
After 1 year but within 5 years	374	461
After 5 years	–	–
	675	793

28. Related party transactions

During the periods under review, the Directors are of the view that they following companies are related parties to the Group:

Name of related party	Relationship
New Universe Holdings Limited (therein referred to as "NUHL")	Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors
China (HK) Chemical & Plastics Co. Limited (therein referred to as "China (HK) Chemical")	97% owned subsidiary of NUHL; Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors
Sun Ngai International Investment Limited (therein referred to as "Sun Ngai")	100% owned subsidiary of NUHL; Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors
New Universe Enterprises Limited (therein referred to as "NUEL")	Ultimate holding company of the Group; Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors

(i) Transactions with related parties:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Recurring transactions:		
Purchase of raw materials		
– China (HK) Chemical	4,503	14,471
Rental paid		
– Sun Ngai	144	132
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Non-recurring transactions:		
Interest paid/payable to		
– NUEL	256	–
– China (HK) Chemical	3	40
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(ii) Balances due to related parties:

	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Trade balances		
– China (HK) Chemical	1,799	4,034
Other payable balances		
– NUEL	106,993	–
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(iii) Key management personnel remuneration:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Salaries and other benefits	3,068	1,902
Discretionary bonuses	–	–
Retirement scheme contributions	36	24
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