

NEW UNIVERSE INTERNATIONAL GROUP LIMITED

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



INTERIM REPORT **2012**

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

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This report, for which the directors (the “Directors”) of NEW UNIVERSE INTERNATIONAL GROUP LIMITED (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

Mr. XI Yu ¹ (*Chairman*)
Mr. SONG Yuqing ¹ (*Chief Executive Officer
and Vice-Chairman*)
Mr. HON Wa Fai ¹
Ms. CHEUNG Siu Ling ¹

Non-Executive Director

Mr. SUEN Ki

Independent Non-Executive Directors

Dr. CHAN Yan Cheong ^{2,3,4}
Mr. YUEN Kim Hung, Michael ^{2,3,4}
Mr. HO Yau Hong, Alfred ^{2,3,4}

- ¹ Member of Executive Committee
- ² Member of Audit Committee
- ³ Member of Nomination Committee
- ⁴ Member of Remuneration Committee

AUTHORIZED REPRESENTATIVES

Mr. XI Yu
Mr. HON Wa Fai

COMPLIANCE OFFICER

Mr. XI Yu

COMPANY SECRETARY

Mr. 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

SHARE REGISTRAR AND TRANSFER OFFICES

Principal

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch

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

LEGAL ADVISERS

As to Hong Kong Laws

Troutman Sanders
Loong & Yeung

As to PRC Laws

Beijing Sinobridge PRC Lawyers

AUDITOR

CCIF CPA Limited

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong)
Limited
The Hongkong and Shanghai Banking
Corporation Limited
Bank of China Limited
China Construction Bank

STOCK CODE

8068.HK

WEBSITE

www.nuigl.com

FINANCIAL HIGHLIGHTS

- Total turnover of continuing operations for the six months ended 30 June 2012 increased by 47.1% to HK\$65,286,000 compared to HK\$44,375,000 for the corresponding period in 2011.
- Profit attributable to the Company's owners for the six months ended 30 June 2012 decreased by 38.8% to HK\$10,234,000 compared to HK\$16,721,000 (inclusive of a gain on deemed disposal of associates amounted to HK\$5,817,000) for the corresponding period in 2011.
- Revenue from environmental waste treatment services for the six months ended 30 June 2012 increased by 27.6% to HK\$41,654,000 compared to HK\$32,646,000 for the corresponding period in 2011.
- Revenue from environmental sewage treatment and rental services in the eco-plating specialized zone for the six months ended 30 June 2012 increased by 101.5% to HK\$23,632,000 compared to HK\$11,729,000 for the corresponding period in 2011.
- Total earnings per share attributable to the Company's owners were HK cents 0.46 for the six months ended 30 June 2012 compared to HK cents 0.83 for the corresponding period in 2011.
- Equity attributable to the Company's owners was HK\$419,784,000 at 30 June 2012 versus HK\$421,298,000 at 31 December 2011.
- Cash and cash equivalents of the Group's continuing operations amounted to HK\$82,525,000 at 30 June 2012 compared to HK\$128,542,000 at 31 December 2011.
- The Group has presented (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials as discontinued operations in the current period under review with certain respective comparative figures being reclassified.
- The Board does not recommend a dividend for the six months ended 30 June 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Waste Integrated Treatment Services

For the six months ended 30 June 2012, the Group has collected for treatment in aggregate 9,145 metric tons of hazardous industrial waste, 2,597 metric tons of general industrial waste, and 1,650 metric tons of regulated medical waste from the cities of Zhenjiang, Yancheng and Taizhou as comparing to 9,735 metric tons, 2,682 metric tons, and 1,316 metric tons respectively for the corresponding period in 2011. For the six months ended 30 June 2012, the average profit margin of the Group's environmental waste treatment services was approximately 60.5%.

On 15 February 2012, the Group acquired an additional equity interest of 0.66% in Zhenjiang New Universe Rubber Company Limited, a 51.66% indirectly owned subsidiary, which was established in 2011 to specialize in recycling nitrite rubber for resale, and has recorded a profit of HK\$25,000 for the six months ended 30 June 2012.

On 6 March 2012, the Group has entered into a joint venture agreement with Jiangsu Huifeng Agrochemical Co., Limited ("Jiangsu Hui Feng") to form a sino-foreign joint venture ("JV") to carrying out industrial and medical waste treatment operations. With revision to the mutual agreement of the JV on 12 June 2012, the JV named Yancheng NUHF Environmental Technology Limited ("Yancheng NUHF") has been established on 28 June 2012 with 51% equity interest owned by Jiangsu Hui Feng and 49% owned by New Universe Recyclables Limited ("NURL", a 100% indirectly owned subsidiary of the Company). The registered capital of the Yancheng NUHF is HK\$66,000,000, of which HK\$32,340,000 would be contributed by NURL. NURL has contributed HK\$6,468,000 to the registered capital of Yancheng NUHF on 6 July 2012. It is expected that Yancheng NUHF will start operations by the end of 2012 and commence production in early 2013.

On 15 May 2012, the deregistration of Zhenjiang New Universe Recyclables Company Limited was completed after the Company decided to close down the proposed recycling operation of that indirectly wholly own subsidiary, and the Group recorded a gain of HK\$383,000 from the deregistration mainly arising from exchange gain.

Environmental Industrial Sewage Treatment in Eco-plating Specialized Zone

For the six months ended 30 June 2012, industrial buildings in the eco-plating industrial zone located in Zhenjiang with a total gross floor area of approximately 84,000 square metres were completed and approximately 74% were occupied. For the six months ended 30 June 2012, the eco-plating industrial zone has handled over 166,000 metric tons of plating sewage discharge from the manufacturers in the zone. For the six months ended 30 June 2012, the average profit margin of the Group's industrial sewage treatment services at the eco-plating industrial zone was approximately 25.9%.

Manufacturing Operations

On 3 July 2012, Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”), a 97% indirectly owned subsidiary of the Company and 蘇州市吳中區木瀆旅遊開發區管理委員會 (the “Purchaser”, The Administrative Committee of Mudu Tourism Development Zone in Wuzhong District of Suzhou City*) entered into an agreement, pursuant to which Suzhou New Universe conditionally agreed to sell and the Purchaser conditionally agreed to acquire the land, buildings and ancillary structures owned by Suzhou New Universe at an aggregate consideration of RMB52,000,000 (approximately HK\$63,804,000).

The operations of Suzhou New Universe, comprising (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials, have been classified as discontinued operations in the current period under review. For the six months ended 30 June 2012, Suzhou New Universe recorded a loss of HK\$302,000 (2011: a profit of HK\$918,000) and the average profit margin of mold sale, plastic product sale and plastic trading was approximately 2.9%, 17.1% and -1.3%, respectively (2011: 15.5%, 16.8% and 2.6% respectively).

The Group will continue to hold equity interests 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”) which principally engage in plastic materials dyeing operations in PRC, as strategic investments. For the six months ended 30 June 2012, the average profit margins of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei were 4.2%, 1.4% and 2.6%, respectively.

Follow-up Actions on Disposal of Zhenjiang Dock Project

The Group has appointed PRC lawyers to advise on and take appropriate course of action to recover the balance consideration in relation to the disposal of the Zhenjiang Dock Project. Legal actions have been instituted against the purchaser and the guarantors in January 2012 for recovery of the balance of consideration together with claims for compensation in relation to the disposal of the Zhenjiang Dock Project. First hearing with the presence of all relevant parties has been held on 30 March 2012 at the Zhenjiang City Intermediate Court of the People in the PRC, and parties to the agreements in relation to the disposal of the Zhenjiang Dock Project are awaiting judgement on the amounts of consideration balance outstanding and an agreed amount of compensation of deferred payment thereon. With the consent of the Court, the parties have been negotiating for settlement out of Court.

Up to 30 June 2012, out of the total consideration for the disposal of Zhenjiang Dock Project of RMB85,849,100, payments amounted to RMB80,549,100 (including deposit on account of RMB3,500,000) have been received by the Group in cash. To further protect the interest of the Group, the ultimate holding company, New Universe Enterprises Limited (“NUEL”) has entered into a deed of indemnity on 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 as a result of not being able to recover the consideration in full as contemplated under the disposal of the Zhenjiang Dock Project.

* for identification purposes only

Outlook

The Company's focus on pursuing opportunities of environmental operations will continue. Barring unforeseeable circumstances in the future, the Group is fully aware of the existing operations and opportunities could not be without challenges and risks, and the Group will continue to enhance its corporate governance and seek for investment opportunities pragmatically to ensure sustainable growth.

FINANCIAL REVIEW

The unaudited consolidated financial information of the Group's continuing operations for the six months ended 30 June 2012 as comparing to the unaudited figures for the corresponding period in 2011 are summarized as follows:

(Expressed in HK\$'000 unless indicated otherwise)	Notes	For the three months			For the six months		
		ended 30 June		Change	ended 30 June		Change
		2012	2011	%	2012	2011	%
Continuing operations							
Turnover	(a)	36,038	27,592	+30.6	65,286	44,375	+47.1
Average gross profit margin (%)	(b)	51.0	50.8	+0.4	48.0	52.8	-9.1
Other revenue	(c)	4,842	3,225	+50.1	6,021	5,298	+13.6
Other net income	(d)	450	864	-47.9	532	1,510	-64.8
Exceptional income from gain on deemed disposal of associates	(e)	-	-	-	-	5,817	N/A
Distribution and selling expenses	(f)	1,785	1,379	+29.4	3,522	2,374	+48.4
Administrative expenses	(g)	6,458	5,639	+14.5	11,564	10,441	+10.8
Other operating expenses	(h)	2,375	1,791	+32.6	4,825	2,914	+65.6
Finance costs	(i)	1,253	542	+131.2	2,491	988	+152.1
Share of net profits of associates	(j)	110	424	-74.1	399	491	-18.7
Income tax	(k)	1,117	836	+33.6	2,702	1,528	+76.8
Net profit for the period	(l)	10,792	8,335	+29.5	13,172	18,295	-28.0
Net profit before exceptional income for the period	(m)	10,792	8,335	+29.5	13,172	12,478	+5.6
Profit attributable to owners of the Company	(l)	9,040	7,015	+28.9	10,536	15,803	-33.3
Profit before exceptional income attributable to owners of the Company	(m)	9,040	7,015	+28.9	10,536	9,986	+5.5

Notes:

- (a) Net increase in total turnover for the first two quarters of 2012 was mainly attributable to increase in revenue both from environmental waste service and from industrial sewage treatment rental services in the eco-plating specialized zone.
- (b) Decrease in average gross profit margin of the Group for the first two quarters of 2012 was mainly attributable to decrease in gross profit margin of environmental waste treatment service to 60.5% (2011: 63.8%).
- (c) Net increase in other revenue for the first two quarters of 2012 was mainly attributable to increase in scrap sales and dividend income from the available-for-sale equity investments in current period.
- (d) Net decrease in other net income for the first two quarters of 2012 was mainly attributable to decrease in net gain on foreign exchange in current period.
- (e) In the corresponding period in 2011, the Group recognized a gain on deemed disposal of associates amounted to HK\$5,817,000 upon the completion of acquisition of additional 60% equity interest in New Sinotech Investments Limited and its subsidiaries ("New Sinotech Group") on 17 February 2011 which has been adjusted to conform with the presentation of the Group's audited financial statements for the year ended 31 December 2011. The exceptional income caused a higher profit in the first quarter of 2011 as compared to the current period in 2012.
- (f) Net increase in distribution and selling expenses for the first two quarters of 2012 was mainly attributable to the increase in marketing expenses for environment related operations.
- (g) Net increase in administrative expenses for the first two quarters of 2012 was mainly attributable to increase in PRC staff costs.
- (h) Net increase in other operating expenses for the first two quarters of 2012 was mainly attributable to increase in legal costs incurred to pursue for the consideration balance and compensation in relation to the disposal of Zhenjiang Dock Project.
- (i) Net increase in finance costs for the first two quarters of 2012 was mainly attributable to increase in bank borrowings of the Group in current period as compared to the last corresponding period.
- (j) Net decrease in profits shared from associates for the first two quarters of 2012 was mainly attributable to (i) decrease in profits shared from Qingdao Huamei for the current period, (ii) desist from sharing net results from New Sinotech Group upon as associates of the Group after the completion of acquisition of additional 60% equity interest in New Sinotech Group took place in 17 February 2011, and (iii) increase in net losses shared from Zhenjiang New District Solid Waste Treatment Limited (鎮江新區固廢處置有限公司).
- (k) Net increase in income tax for the first two quarters of 2012 was mainly attributable to certain subsidiaries engaged in the environmental waste treatment have been taxed at the standard PRC Corporate Income Tax of 25% in current period which were taxed at the PRC Enterprise Income Tax of 12.5% in previous year.

- (l) Net decrease in net profit of the Group and profit attributable to the Company's equity holders for the first two quarters of 2012 comparing to last corresponding period was mainly attributable to no exceptional income being recorded in the first two quarters of 2012, while there was a gain on deemed disposal of associates recorded in last corresponding period.
- (m) Net profit before exceptional income and profit before exceptional income attributable to the Company's equity holders for the first two quarters of 2012 increased by 5.6% and 5.5% respectively as compared to the last corresponding period.

Liquidity and financial resources

The Group financed its operations with internally generated cash flows, banking facilities, loans from NUEL, the ultimate holding company of the Group, and funds raising exercises. The Group remained in a stable financial position with unaudited equity attributable to owners of the Company amounted to HK\$419,784,000 as at 30 June 2012 (31 December 2011: HK\$421,298,000) and unaudited total assets amounted to HK\$736,357,000 as at 30 June 2012 (31 December 2011: HK\$774,030,000).

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

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
(a) Cash and bank balances		
– Continuing operations	82,525	120,700
– Discontinued operations	5,818	7,842
(b) Available unused secured loan facilities for subsidiaries in PRC		
– Continuing operations	32,516	–
(c) Available unused revolving loan facilities for the Company in Hong Kong		
– Continuing operations	16,400	–

Capital structure

There was no significant change to the capital structure of the Group as at 30 June 2012 compared to that as at 31 December 2011.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 6 March 2012, the Group has entered into a joint venture agreement with Jiangsu Hui Feng to form a sino-foreign JV to carrying out industrial and medical waste treatment operations. With revision to the mutual agreement of the JV on 12 June 2012, the JV named Yancheng NUHF has been established on 28 June 2012 with 51% equity interest owned by Jiangsu Hui Feng and 49% owned by NURL. The registered capital of the Yancheng NUHF is HK\$66,000,000, of which HK\$32,340,000 would be contributed by NURL. On 6 July 2012, NURL has contributed HK\$6,468,000 to the registered capital of Yancheng NUHF.

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 2012.

Charges on assets

As at 30 June 2012, the continuing operations of the Group pledged the land use rights together with its property, plant and equipment with an aggregate carrying amount of HK\$105,946,000 (31 December 2011: HK\$78,288,000) to different banks to secure bank loans in an aggregate amount of approximately HK\$25,154,000 (31 December 2011: HK\$33,921,000).

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 2012 HK\$'000	31 December 2011 HK\$'000
Current liabilities (excluding government grant, but including liabilities of disposal group classified as held for sale)	138,902	159,796
Non-current liabilities (excluding government grant and deferred taxes)	125,081	142,712
Total debts	263,983	302,508
Less: cash and cash equivalents	82,525	128,542
Net debts	181,458	173,966
Total equity	443,764	442,844
Gearing ratio	40.9%	39.3%

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 10 August 2012 issued by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited (“Cushman & Wakefield”), 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 2012 was HK\$42,600,000 and HK\$14,400,000 respectively (31 December 2011: HK\$37,100,000 and HK\$18,800,000 respectively as revalued by BMI Appraisals Limited (“BMI”).

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. According to the valuation report dated 10 August 2012 prepared by Cushman & Wakefield, the fair value attributable to the Group’s interest in Qingdao Huamei as at 30 June 2012 was HK\$18,400,000 (31 December 2011: HK\$17,900,000 as revalued by BMI, 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 2012, there was no significant change to the carrying amount of the available-for-sale equity investments that were being stated at cost.

Goodwill

According to the valuation report dated 10 August 2012 issued by an independent professional valuer, Cushman and Wakefield, after their review on the cash flows projection of the environmental entities of the Group comprising Zhenjiang New Universe Solid Waste Disposal Company Limited, Yancheng New Universe Solid Waste Disposal Company Limited, and Taizhou New Universe Solid Waste Disposal Company Limited, no impairment to the carrying amount of the goodwill was considered necessary for the six months ended 30 June 2012.

Capital expenditure

For the six months ended 30 June 2012, the continuing operations of the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental operations amounted to HK\$33,531,000 (2011: HK\$18,884,000), and (ii) for the Eco-plating Specialized Zone amounted to HK\$13,268,000 (2011: HK\$19,026,000).

Commitments

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

(i) Capital commitments

At 30 June 2012, the Group had the following capital commitments not provided for in the financial statements:

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Contracted for:		
– Acquisition of property, plant and equipment	126,326	78,243
Authorized but not contracted for:		
– Investment in available-for-sale equity investments	6,724	6,724
– Investment in associates	39,702	7,401

(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 2012 HK\$'000	31 December 2011 HK\$'000
Within one year	388	202
After one and within five years	232	330
After five years	–	–
	620	532

Contingent liabilities

There were no significant contingent liabilities of the Group as at 30 June 2012 (31 December 2011: 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 2012, no related hedging has been arranged by the Group.

Employee information

As at 30 June 2012, the Group had 396 (30 June 2011: 438) full-time employees of which 16 (30 June 2011: 18) were based in Hong Kong, and 203 (30 June 2011: 189) and 177 (30 June 2011: 231) respectively for continuing operations and discontinued operations in Mainland China. Staff costs, including directors' remuneration and amount capitalized as inventories, was HK\$13,860,000 for continuing operations of the Group for the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$11,643,000). 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

A dividend of HK\$9,958,000 that relates to the year ended 31 December 2011 was paid in May 2012. The Board does not recommend a dividend for the six months ended 30 June 2012.

CHANGE IN DIRECTORS AND CHIEF EXECUTIVE

On 11 May 2012 (after trading hours of the Stock Exchange), Mr. CHAN Chun Hing ("Mr. CHAN") tendered his resignation as the executive director and Chief Executive Officer of the Company with effect from 12 June 2012. Details of Mr. CHAN's resignation are set out in the announcement of the Company dated 11 May 2012.

On 12 June 2012, Mr. SONG Yuqing ("Mr. SONG") has been re-designated as the executive director and Chief Executive Officer of the Company with effect from 12 June 2012. Mr. SONG would retain his position as the Vice Chairman of the Board. Details of Mr. SONG's re-designation are set out in the announcement of the Company dated 12 June 2012.

On 18 July 2012 (after trading hours of the Stock Exchange), Mr. LEE Kwan Hung ("Mr. LEE") tendered his resignation as the independent non-executive director of the Company with immediate effect. Details of Mr. LEE's resignation are set out in the announcement of the Company dated 19 July 2012.

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

As at 30 June 2012, 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 Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO") which were required to be 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, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be 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			Number of shares held	% of total shares in issue
	Personal/beneficial	Interests of children or spouse	Interests of controlled corporation		
Mr. Xi Yu ⁽ⁱ⁾	–	–	1,453,657,382	1,453,657,382	65.68

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 1,453,657,382 shares of the Company, representing approximately 65.68% of the issued share capital of the Company as at 30 June 2012.

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	Interests of children or spouse	Interests 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 2012, 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 to be 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, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2012, 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 by the Company under section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name of shareholder	Number of ordinary shares of HK\$0.01 each				% of total shares in issue
	Beneficial owner	Family interest	Interest of controlled corporation	Number of shares held	
NUEL ⁽ⁱ⁾	1,453,657,382	–	–	1,453,657,382	65.68

Note:

(i) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors of NUEL.

Save as disclosed above, as at 30 June 2012, the Directors were not aware of any other persons who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

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"), which 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 2012 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 2012 and during the six months then ended, no option has been granted or 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.

SERVICE CONTRACTS

There is no service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

DIRECTORS' INTERESTS IN ASSETS

Set out below are particulars of transactions involving assets in which any Director has direct or indirect interest have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011, being the date to which the latest published audited accounts of the Company were made up:

A 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 ("NUHL"), 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 2011 to 31 July 2012. On 26 July 2012, the tenancy agreement has been renewed for a further term from 1 August 2012 to 31 July 2013 at a monthly rental of HK\$20,000 ("Tenancy Agreement").

As at 30 June 2012, save as disclosed above, none of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2011.

MATERIAL CONTRACTS

As at 30 June 2012, the following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group and subsisted during the period under review which are considered to be material to the business of the Group:

- (1) On 13 December 2010, a sale and purchase agreement was entered into between the Company as purchaser, and NUEL and Mr. CHAN Son Neng (together, the "Vendors"), pursuant to which the Company agreed to acquire from the Vendors 60% the issued share capital of New Sinotech Investments Limited for an aggregate consideration of HK\$53,000,000 (the "Acquisition"). Upon the completion of the Acquisition on 17 February 2011, a deed was executed, pursuant to which NUEL agreed the loans previously advanced by NUEL to New Sinotech Investments Limited and its subsidiaries ("New Sinotech Group") thereafter 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 for repayment of the whole or any portion of the amount being due each time upon the written request of the New Sinotech Group). As at 30 June 2012, balance of loans owed by the New Sinotech Group (which being the Group's 98% owned subsidiaries)

to NUEL was approximately HK\$36,084,000 which are unsecured and non-interest bearing ("Shareholder's Loan I"). After the completion of the Acquisition on 17 February 2011, consideration payable by the Company to one of the Vendors, NUEL, amounted to HK\$34,420,000 together with the interest at 2% per annum thereon in an aggregate amount of approximately HK\$35,363,000 was outstanding as at 30 June 2012; and a remaining balance of consideration of HK\$5,000,000 was also outstanding upon the issue of the audited financial statements of the New Sinotech Group for the year ended 31 December 2011 proving that the net profit of New Sinotech Group for 2011 has exceeded HK\$5,000,000 for the year then ended. As at 30 June 2012, the total consideration balance together with interest for the Acquisition due to NUEL amounted to HK\$40,363,000 ("Shareholder's Loan II"). 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 the consideration payable upon the completion, NUEL shall unconditionally agree to an extension of not more than 3 months each time upon such written request being made by the Company, and NUEL will charge such part of the consideration that subject to the extension granted with an interest of 2% per annum (based on 365 days a year) until the said amount is fully settled.

- (2) On 6 May 2011, NUEL granted an unsecured interest free loan of US\$4,000,000 (mutually agreed to be equivalent to HK\$31,080,000) to the Company for the Group's contribution to the registered capital of Zhenjiang Sinotech Eco-Electroplating Development Limited ("Zhenjiang Sinotech"), which was repayable on demand. On 20 September 2011, the Company repaid HK\$5,000,000 of that loan to NUEL. As at 30 June 2012, the loan balance of HK\$26,080,000 remained outstanding, which is unsecured and non-interest bearing ("Shareholder's Loan III").
- (3) 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 the Zhenjiang Dock Project in full ("Shareholder's Deed of Indemnity").
- (4) 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 as of 30 June 2011) on or before 31 August 2012 to ensure the Group will not encounter any working capital deficiency issue (Shareholder's Undertaking I").
- (5) On 16 December 2011, China (HK) Chemical & Plastics Co. Limited ("China (HK) Chemical") granted an unsecured loan of US\$300,000 (mutually agreed to be equivalent to HK\$2,340,000) which bearing interest at 3% per annum to the Company for the Group's contribution to the registered capital of Zhenjiang Sinotech ("China (HK) Chemical's Loan I"). China (HK) Chemical's Loan I together with interest thereon was fully repaid on 26 April 2012.
- (6) On 19 December 2011, China (HK) Chemical granted an unsecured loan of HK\$450,000 which bearing interest at 3% per annum to the Company for general working capital purposes ("China (HK) Chemical's Loan II"). China (HK) Chemical's Loan II together with interest thereon was fully repaid on 26 April 2012.

- (7) On 1 February 2012, China (HK) Chemical granted an unsecured loan of HK\$7,000,000 which bearing interest at 4% per annum to the Company for general working capital purposes ("China (HK) Chemical's Loan III"). China (HK) Chemical's Loan III was fully repaid on 19 June 2012.
- (8) On 14 May 2012, China (HK) Chemical granted an unsecured loan of US\$2,500,000 (equivalent to HK\$19,425,000) which bearing interest at 3% per annum to the Company for general working capital purposes ("China (HK) Chemical's Loan IV").

DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT

As at 30 June 2012, contracts or arrangements subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

- (1) Directors' interests in the Tenancy Agreement:
Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of Smartech Services and Sun Ngai.
- (2) Directors' interests in the Shareholder's Loans I, II and III, the Shareholder's Deed of Indemnity and Shareholder's Undertaking I:
- (a) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors of NUEL; and
- (b) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki beneficially hold 83.66%, 12.14% and 4.2% respectively of the shareholding interest in NUEL.
- (3) Directors' interests in the China (HK) Chemical's Loans I, II, III, and IV:
- (a) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors of China (HK) Chemical; and
- (b) Mr. XI Yu and Ms. CHEUNG Siu Ling are also directors of NUHL, the immediate holding company of China (HK) Chemical, that holds 97% direct shareholding interest in China (HK) Chemical.

Save as disclosed above, none of the Directors is materially interested in contracts or arrangements subsisting as at 30 June 2012 which is significant to the business of the Group.

COMPETING BUSINESS OR INTEREST

As at 30 June 2012, 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 OR OF LISTED SECURITIES OF THE COMPANY

Neither of the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2012.

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange has issued amendments to the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules effective on 1 April 2012. To fully comply with all the new code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, the Board has adopted relevant amendments and new adoptions of the Company on 19 March 2012 as follows:

- (i) Terms of Reference of Audit Committee;
- (ii) Terms of Reference of Remuneration Committee;
- (iii) Terms of Reference of Nomination Committee;
- (iv) Terms of Reference of Corporate Governance Functions;
- (v) Responsibilities of the Chairman and the Chief Executive;
- (vi) List of Directors and Their Roles and Functions;
- (vii) Shareholders Communication Policy;
- (viii) Code of Conduct for Securities Transactions by Relevant Employees;
- (ix) Policy for Employees for Raising Possible Improprieties; and
- (x) Procedures for Shareholders to Propose a Person for Election as a Director.

To align with the latest requirements of the GEM Listing Rules, the Company has adopted a new Memorandum and Articles of Association by a special resolution duly passed by the shareholders of the Company on 4 May 2012, and registered with the Registrar of Companies in the Cayman Islands on 10 May 2012.

Save for the above, none of the Directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the six months ended 30 June 2012, in compliance with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

During the six months ended 30 June 2012, the Company has adopted 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 2012.

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, Dr. CHAN Yan Cheong (Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

The Audit Committee reviewed with management on the accounting principles and practices adopted by the Group and discussed on the internal controls and financial reporting matters including a review of these unaudited interim financial statements of the Company for the six months ended 30 June 2012.

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

Hong Kong, 10 August 2012

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

Mr. XI Yu	<i>(Executive Director and Chairman)</i>
Mr. SONG Yuqing	<i>(Executive Director, Chief Executive Officer and Vice-Chairman)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Ms. CHEUNG Siu Ling	<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>

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 22 to 48 which comprises the condensed consolidated statement of financial position of New Universe International Group Limited (the “Company”) and its subsidiaries (together the “Group”) as of 30 June 2012 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, 10 August 2012

Leung Chun Wa

Practising Certificate Number P04963

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000 (restated)	2012 HK\$'000	2011 HK\$'000 (restated)
Continuing operations					
Turnover	5	36,038	27,592	65,286	44,375
Cost of sales		(17,660)	(13,583)	(33,962)	(20,951)
Gross profit		18,378	14,009	31,324	23,424
Other revenue	6	4,842	3,225	6,021	5,298
Other net income	7	450	864	532	1,510
Gain on deemed disposal of associates		–	–	–	5,817
Distribution and selling expenses		(1,785)	(1,379)	(3,522)	(2,374)
Administrative expenses		(6,458)	(5,639)	(11,564)	(10,441)
Other operating expenses		(2,375)	(1,791)	(4,825)	(2,914)
Finance costs	8	(1,253)	(542)	(2,491)	(988)
Share of profits of associates		110	424	399	491
Profit before taxation from continuing operations		11,909	9,171	15,874	19,823
Income tax	9	(1,117)	(836)	(2,702)	(1,528)
Profit for the period from continuing operations		10,792	8,335	13,172	18,295
Discontinued operations					
(Loss)/profit for the period from discontinued operations	10	(473)	(42)	(302)	918
Profit for the period		10,319	8,293	12,870	19,213
Profit for the period attributable to:					
Owners of the Company		8,567	6,973	10,234	16,721
Non-controlling interests		1,752	1,320	2,636	2,492
		10,319	8,293	12,870	19,213

	Notes	Three months ended 30 June		Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000 (restated)	2012 HK\$'000	2011 HK\$'000 (restated)
Earnings per share from continuing and discontinued operations attributable to the owners of the Company during the period <i>(expressed in HK cents per share)</i>					
Basic and diluted	11				
From continuing operations		0.40	0.35	0.47	0.79
From discontinued operations		(0.02)	–	(0.01)	0.04
From continuing and discontinued operations		0.38	0.35	0.46	0.83

The notes on pages 29 to 48 are an integral part of these condensed interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

	Three months ended 30 June		Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (restated)	2012 HK\$'000	2011 HK\$'000 (restated)
Profit for the period	10,319	8,293	12,870	19,213
Other comprehensive income:				
Currency translation differences				
– on translation of financial statements of overseas subsidiaries	(2,845)	4,120	(2,847)	7,259
– reclassification of translation reserve included in gain on deemed disposal of overseas associates	–	–	–	(2,743)
Fair value changes on available-for-sale equity investments, net of deferred tax	90	(3,510)	990	(7,110)
Share of other comprehensive income of associates				
– exchange differences arising on translation of financial statements of overseas associates	(60)	94	(60)	166
Other comprehensive income for the period	(2,815)	704	(1,917)	(2,428)
Total comprehensive income for the period	7,504	8,997	10,953	16,785
Total comprehensive income attributable to:				
Owners of the Company	5,879	7,420	8,444	13,832
Non-controlling interests	1,625	1,577	2,509	2,953
	7,504	8,997	10,953	16,785
Total comprehensive income attributable to owners of the Company arising from:				
– Continuing operations	7,912	9,153	11,190	16,125
– Discontinued operations	(408)	(156)	(237)	660
	7,504	8,997	10,953	16,785

The notes on pages 29 to 48 are an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2012 (unaudited) HK\$'000	31 December 2011 (audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	13	351,865	343,487
Prepaid lease payments	14	98,250	101,925
Goodwill	15	33,000	33,000
Interests in associates	16	11,351	11,012
Available-for-sale equity investments	17	59,026	57,926
		553,492	547,350
Current assets			
Inventories		1,000	20,425
Trade and bills receivables	18	29,801	40,008
Prepayments, deposits and other receivables	19	8,996	34,987
Dividend receivables		2,665	–
Prepaid lease payments	14	2,649	2,718
Cash and cash equivalents		82,525	128,542
		127,636	226,680
Assets of discontinued operations and disposal group classified as held for sale	10	55,229	–
		182,865	226,680
Current liabilities			
Interest-bearing bank borrowings	20	58,306	82,997
Trade payables	21	593	14,610
Accrued liabilities and other payables		30,284	42,203
Deposits received from customers		906	10,415
Deferred government grant		268	269
Income tax payable		2,217	1,777
Amounts due to a related party	22	19,608	2,794
Amounts due to ultimate holding company	23	5,000	5,000
		117,182	160,065
Liabilities of discontinued operations and disposal group classified as held for sale	10	21,988	–
		139,170	160,065
Net current assets		43,695	66,615
Total assets less current liabilities		597,187	613,965

		30 June 2012 (unaudited) HK\$'000	31 December 2011 (audited) HK\$'000
	Notes		
Non-current liabilities			
Interest-bearing bank borrowings	20	27,554	45,528
Deferred government grant		3,241	3,146
Deferred tax liabilities		25,101	25,263
Amounts due to ultimate holding company	23	97,527	97,184
		153,423	171,121
Net assets			
		443,764	442,844
Capital and reserves			
Share capital	24	22,131	22,131
Reserves	25	397,653	399,167
Equity attributable to owners of the Company		419,784	421,298
Non-controlling interests		23,980	21,546
Total equity			
		443,764	442,844

The notes on pages 29 to 48 are an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										Total equity HK\$'000	
	Issued capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investment		General reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		Non- controlling interests HK\$'000
				revaluation reserve HK\$'000	revaluation reserve HK\$'000							
At 1 January 2012 (audited)	22,131	266,502	28,503	6,437	-	4,185	8,197	85,343	421,298	21,546	442,844	
Profit for the period	-	-	-	-	-	-	-	10,234	10,234	2,636	12,870	
Other comprehensive income	-	-	(2,780)	990	-	-	-	-	(1,790)	(127)	(1,917)	
Total comprehensive income	-	-	(2,780)	990	-	-	-	10,234	8,444	2,509	10,953	
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(75)	(75)	
Dividend	-	-	-	-	-	-	-	(9,958)	(9,958)	-	(9,958)	
At 30 June 2012 (unaudited)	22,131	266,502	25,723	7,427	-	4,185	8,197	85,619	419,784	23,980	443,764	
At 1 January 2011 (audited)	20,119	239,609	15,040	17,597	31,929	-	4,899	25,126	354,319	17,275	371,594	
Profit for the period	-	-	-	-	-	-	-	16,721	16,721	2,492	19,213	
Other comprehensive income	-	-	4,221	(7,110)	-	-	-	-	(2,889)	461	(2,428)	
Total comprehensive income	-	-	4,221	(7,110)	-	-	-	16,721	13,832	2,953	16,785	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	1,881	1,881	
Deemed contribution from shareholders of the Company, net of related costs HK\$1,398,000	-	-	-	-	-	4,185	-	-	4,185	-	4,185	
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	6,049	6,049	
At 30 June 2011 (unaudited)	20,119	239,609	19,261	10,487	31,929	4,185	4,899	41,847	372,336	28,158	400,494	

The notes on pages 29 to 48 are an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (restated)
Cash flows from operating activities		
Continuing operations:		
– Cash generated from/(used in) operations	16,944	(25,727)
– Income taxes paid	(2,523)	(1,214)
– Interest paid	(2,065)	(736)
Discontinued operations	(6,072)	(4,106)
Net cash generated from/(used in) operating activities	6,284	(31,783)
Cash flows from investing activities		
Continuing operations		
– Acquisition of controlling interests in subsidiaries, net of cash acquired	–	25,786
– Acquisition of additional interest in a subsidiary	(296)	–
– Acquisition of available-to-sale equity investments	–	(1,940)
– Proceeds from disposal of available-for-sale equity investments	–	8
– Purchases of property, plant and equipment	(46,799)	(37,910)
– Proceeds from disposal of property, plant and equipment	447	15
– Net receipt of consideration receivable in relation to disposal of Zhenjiang Dock Project in prior year	24,705	2,350
– Receipt of government grant	247	–
Discontinued operations	–	–
– Purchases of property, plant and equipment	(168)	(1,002)
Net cash used in investing activities	(21,864)	(12,693)
Cash flows from financing activities		
Continuing operations		
– Dividends paid	(9,941)	–
– Bank loan raised	13,135	10,500
– Repayment of interest-bearing bank borrowings	(44,756)	(13,368)
– Proceeds of borrowings from a related company	26,425	–
– Repayment of borrowings to a related company	(9,794)	(310)
– Proceeds of borrowings from ultimate holding company	–	34,143
– Capital contribution from non-controlling shareholders	222	546
Discontinued operations		
– Repayment of interest-bearing bank borrowings	(5,522)	–
Net cash (used in)/generated from financing activities	(30,231)	31,511
Net decrease in cash and cash equivalents	(45,811)	(12,965)
Cash and cash equivalents at 1 January	128,542	76,907
Effect of foreign exchange rate changes	(206)	328
Cash and cash equivalents at 30 June	82,525	64,270

The notes on pages 29 to 48 are an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

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 interim financial statements were approved for issue on 10 August 2012. These unaudited condensed interim financial statements have been reviewed by CCIF CPA Limited.

These condensed interim 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 waste treatment services;
- (b) provision of environmental sewage treatment and facility rental services in an eco-plating specialized industrial zone; and
- (c) investment in plastic materials dyeing.

Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe", a 97% indirectly owned subsidiary of the Company) is principally engaged in the manufacturing and sale of molds and plastic products, and trading of plastic materials. Owing to the change in state policy of the PRC, the use of land owned by Suzhou New Universe has been changed to non-industrial use. During the period under review, the Group negotiated with the local PRC government, which will repurchase the land and immovable properties thereon via administrative means, for a compensation to Suzhou New Universe. The Group decided to discontinue the operations of Suzhou New Universe (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials, which have been accounted for as discontinued operations and disposal group in the condensed interim financial statements for the period ended 30 June 2012. On 3 July 2012, the Group entered into a conditional agreement ("Disposal Agreement") with the purchaser, the Administrative Committee of Mudu Tourism Development Zone in Wuzhong District of Suzhou City (蘇州市吳中區木瀆旅遊開發區管理委員會), pursuant to which, the Group has agreed to sell and the purchaser has agreed to buy the land, buildings and ancillary structures owned by Suzhou New Universe ("Disposal Property") ("Disposal"). Further details of the Disposal were disclosed in the Company's announcement dated 12 July 2012. The Group expects that the Disposal will be completed by the end of December 2013.

2. Basis of preparation

These condensed interim financial statements for the six months ended 30 June 2012 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 (the “GEM Listing Rules”). The condensed interim financial statement should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs) issued by the HKICPA.

3. Principal accounting policies

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

The accounting policies used in these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011.

As a result of the adoption of the HKFRS 5, certain comparative figures have been reclassified to conform with the presentation of the current period.

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 2012

	Operating segments			Total HK\$’000
	Environmental waste treatment services HK\$’000	Industrial waste treatment and facility rental services HK\$’000	Plastic dyeing investments HK\$’000	
Turnover from external customers	41,654	23,632	–	65,286
Other revenue	1,740	1,279	2,962	5,981
Reportable segment revenue	43,394	24,911	2,962	71,267
Reportable segment results	16,147	2,419	3,713	22,279
Other net income	380	152	–	532
Interest income	418	698	–	1,116
Interest expenses	1,006	1,485	–	2,491
Depreciation	4,447	4,767	–	9,214
Amortization	229	975	–	1,204
Reportable segment assets	554,265	42,801	68,418	665,484
Additions to non-current segment assets	33,531	13,268	–	46,799
Reportable segment liabilities	37,986	230,513	673	269,172

Continuing operations

For the six months ended 30 June 2011

	Operating segments			Total HK\$'000
	Environmental waste treatment services HK\$'000	Industrial waste treatment and facility rental services HK\$'000	Plastic dyeing investments HK\$'000	
Turnover from external customers	32,646	11,729	-	44,375
Other revenue	2,550	227	2,340	5,117
Reportable segment revenue	35,196	11,956	2,340	49,492
Reportable segment results	16,166	5,592	3,038	24,796
Other net income	1,576	(66)	-	1,510
Interest income	246	227	-	473
Interest expenses	45	943	-	988
Depreciation	2,216	2,132	-	4,348
Amortization	228	669	-	897
Reportable segment assets	202,739	286,653	70,638	560,030
Additions to non-current segment assets	18,884	19,026	-	37,910
Reportable segment liabilities	14,998	230,059	1,013	246,070

(b) Reconciliation of reportable segment revenue and results

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Continuing operations		
Revenue		
Consolidated turnover	65,286	44,375
Elimination of inter-segment revenue	-	-
Other revenue	5,981	5,117
Reportable segment revenue	71,267	49,492
Profit		
Reportable segment profit	22,279	24,796
Unallocated head office and corporate expenses	(6,405)	(4,973)
Consolidated profit before taxation	15,874	19,823

(c) Reconciliation of reportable segment assets and liabilities

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Assets		
Reportable segment assets	665,484	736,002
Unallocated head office and corporate assets	15,644	38,028
Assets of discontinued operations and disposal group classified as held for sale	55,229	–
Consolidated total assets	736,357	774,030
Liabilities		
Reportable segment liabilities	269,172	329,310
Unallocated head office and corporate liabilities	1,433	1,876
Liabilities of discontinued operations and disposal group classified as held for sale	21,988	–
Consolidated total liabilities	292,593	331,186

(d) Geographical information

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

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Hong Kong	–	1,644
Mainland China	71,267	47,848
	71,267	49,492

5. Turnover

	Three months ended 30 June		Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Continuing operations				
Environmental waste treatment service income	23,582	19,232	41,654	32,646
Industrial sewage treatment and facility rental services income	12,456	8,360	23,632	11,729
	36,038	27,592	65,286	44,375

6. Other revenue

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Bank interest income	777	271	1,116	473
Dividend income from available-for-sale equity investments	2,962	2,340	2,962	2,340
Scrap sales	1,103	614	1,943	2,485
	4,842	3,225	6,021	5,298

7. Other net income

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Governmental grant	68	66	135	105
Net gain on foreign exchange	–	798	–	1,405
Net gain on deregistration of a subsidiary	382	–	382	–
Sundry	–	–	15	–
	450	864	532	1,510

8. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest on				
Bank loans wholly repayable within five years	939	370	1,938	729
Consideration payable to NUEL wholly repayable within 5 years	171	172	343	253
Loans from a related party wholly repayable within 5 years	143	–	210	6
	1,253	542	2,491	988

9. Income tax

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

	Three months ended 30 June		Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Continuing operations				
Current tax:				
PRC Corporate Income Tax	2,482	1,156	4,203	1,875
Over-provision in respect of prior periods	(1,229)	(292)	(1,229)	(292)
	1,253	864	2,974	1,583
Deferred tax credit	(136)	(28)	(272)	(55)
	1,117	836	2,702	1,528

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 not subject to any income tax in the Cayman Islands.

Hong Kong Profits Tax is calculated at 16.5% (2011: 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 both periods.

Except those disclosed below, the subsidiaries of the Company in the PRC are subject to PRC Corporate Income Tax ("CIT") at the rate of the 25% (2011: 25%).

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. 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.

Yancheng New Universe and Taizhou New Universe are subject CIT at 25% (2011: EIT of 12.5%).

Xiangshui New Universe Environmental Technology Limited was established on 19 July 2011 which had no assessable profit subject to PRC corporate income tax in current period.

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

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Continuing operations		
Profit before taxation	15,874	19,823
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	4,439	4,286
Tax effect of expenses not deductible for tax purpose	33	–
Tax effect of income not taxable for tax purpose	(589)	(1,724)
Tax effect of tax losses not recognized	1,399	1,263
Tax effect of tax losses utilized	–	(261)
Over provision in respect of prior years	(1,229)	(292)
Tax effect of temporary differences recognized	(272)	(55)
Tax effect of tax exemption in PRC	(1,079)	(1,689)
Income tax for the period	2,702	1,528

10. Discontinued operations and disposal group

As disclosed in note 1 to these condensed interim financial statements, the Group entered into the Disposal Agreement with an independent third party in relation to the Disposal Property for a consideration of RMB52,000,000 (equivalent to approximately HK\$63,804,000). In accordance with HKFRS 5, the Group's business of manufacturing molds and plastic products and trading of plastic materials are classified as discontinued operations, and the analysis of the results of which for the periods ended 30 June 2012 and 2011 is as follows:

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Discontinued operations		
Turnover	32,523	40,417
Cost of sales	(29,561)	(35,695)
Gross profit	2,962	4,722
Other revenue	58	8
Other net income	–	68
Distribution and selling expenses	(791)	(1,354)
Administrative expenses	(1,828)	(1,989)
Other operating expenses	(349)	(211)
Finance costs	(354)	(326)
(Loss)/profit before income tax from discontinued operations	(302)	918
Income tax	–	–
(Loss)/profit after income tax from discontinued operations	(302)	918

The transaction was intended prior to, but not completed as at 30 June 2012 and the assets and liabilities of the discontinued operations and disposal group were classified as held for sale as at 30 June 2012.

The major classes of assets and liabilities of the discontinued operations and disposal group classified as held for sale, Suzhou New Universe, are as follows:

	30 June 2012 HK\$'000
Assets	
Property, plant and equipment (note 13)	24,756
Land use rights (note 14)	2,371
Inventories	10,933
Trade and bills receivables	9,039
Prepayment, deposits and other receivables	2,312
Cash and cash equivalents	5,818
<hr/>	
Total assets of discontinued operations and disposal group classified as held for sale	55,229
<hr/>	
Liabilities	
Interest-bearing bank borrowings (note 20)	5,522
Trade payables	9,337
Accrued liabilities and other payables	2,438
Deposits received from customers	4,691
<hr/>	
Total liabilities of discontinued operations and disposal group classified as held for sale	21,988
<hr/>	
Total net assets of discontinued operations and disposal group classified as held for sale	33,241
<hr/>	

11. 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\$10,234,000 for the six months ended 30 June 2012 (2011: HK\$16,721,000) and the weighted average number of 2,213,080,849 (2011: 2,011,891,681) ordinary shares of the Company in issue during the periods.

Number of shares:

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,213,080,849	2,011,891,681	2,213,080,849	2,011,891,681

Earnings/(losses) for the period:

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For continuing operations	9,040	7,015	10,536	15,803
For discontinued operations	(473)	(42)	(302)	918
Earnings for the purpose of basic and diluted earnings per share	8,567	6,973	10,234	16,721

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.

12. Dividend

A dividend of HK\$0.0045 per share with a total of approximately HK\$9,958,000 that relates to the year ended 31 December 2011 was paid in May 2012 (2011: Nil).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

13. Property, plant and equipment

Movements in property, plant and equipment are analyzed as follows:

	HK\$'000
Six months ended 30 June 2012	
Net carrying amount at 1 January 2012	343,487
Additions	
– continuing operations	46,799
– discontinued operations	168
Disposals	(841)
Property, plant and equipment classified as assets of discontinued operations and disposal group held for sale (note 10)	(24,756)
Depreciation	
– charge for the period in relation to continuing operations	(9,214)
– charge for the period in relation to discontinued operations	(2,021)
– eliminated on disposals	172
Exchange adjustments	(1,929)
<hr/>	
Net carrying amount at 30 June 2012	351,865
<hr/>	
Six months ended 30 June 2011	
Net carrying amount at 1 January 2011	79,520
Acquisition of subsidiaries	150,870
Additions	
– continuing operations	37,910
– discontinued operations	1,002
Disposals	(118)
Depreciation	
– charge for the period in relation to continuing operations	(4,348)
– charge for the period in relation to discontinued operations	(1,952)
– eliminated on disposals	99
Exchange adjustments	5,311
<hr/>	
Net carrying amount at 30 June 2011	268,294

As at 30 June 2012, property, plant and equipment of the Group with a total carrying amount of HK\$73,334,000 (31 December 2011: HK\$64,775,000) were pledged to banks to secure banking facilities granted to the Group.

14. Prepaid lease payments

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Classification of prepaid lease payments:		
Non-current assets	98,250	101,925
Current assets	2,649	2,718
	100,899	104,643

Movements in prepaid lease payments are analyzed as follows:

	HK\$'000
Six months ended 30 June 2012	
Net carrying amount at 1 January 2012	104,643
Additions	–
Prepaid lease payments for land use rights classified as assets of discontinued operations and disposal group held for sale (note 10)	(2,371)
Amortization	
– charge for the period in relation to continuing operations	(1,204)
– charge for the period in relation to discontinued operations	(30)
Exchange adjustments	(139)
Net carrying amount at 30 June 2012	100,899
Six months ended 30 June 2011	
Net carrying amount at 1 January 2011	21,965
Acquisition of subsidiaries	83,660
Amortization	
– charge for the period in relation to continuing operations	(897)
– charge for the period in relation to discontinued operations	(29)
Exchange adjustments	607
Net carrying amount at 30 June 2011	105,306

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

As at 30 June 2012, the land use rights of the Group with a total carrying amount of HK\$32,612,000 (31 December 2011: HK\$13,513,000) were pledged to banks to secure banking facilities granted to the Group.

15. Goodwill

The goodwill arose 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 2012 (31 December 2011: HK\$33,000,000). Based on the valuation report on goodwill prepared by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman & Wakefield"), dated 10 August 2012, no impairment on goodwill was required for the period under review (six months ended 30 June 2011: Nil).

16. Interests in associates

Share of net assets of associates:

	HK\$'000
Six months ended 30 June 2012	
At 1 January 2012	11,012
Share of profits	399
Share of other comprehensive income	(60)
<hr/>	
At 30 June 2012	11,351
<hr/>	
Six months ended 30 June 2011	
At 1 January 2011	60,911
Share of profits	491
Share of other comprehensive income	166
Equity advance to associates reclassified as interest in subsidiaries	(23,461)
Transfer to interests in subsidiaries	(30,493)
<hr/>	
At 30 June 2011	7,614
<hr/>	

17. Available-for-sale equity investments

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Unlisted equity investments at fair value	57,000	55,900
Unlisted equity investments at cost less impairment	2,026	2,026
	59,026	57,926

Movements in available-for-sale equity investments are analyzed as follows:

	HK\$'000
Six months ended 30 June 2012	
At 1 January 2012	57,926
Change in fair value	1,100
At 30 June 2012	59,026
Six months ended 30 June 2011	
At 1 January 2011	68,670
Additions	1,940
Disposals	(8)
Change in fair value	(7,900)
At 30 June 2011	62,702

The unlisted available-for-sale equity investments carried at fair value as at 30 June 2012 were determined by reference to the valuation report dated 10 August 2012 prepared by Cushman & Wakefield, an independent professional valuer.

The unlisted available-for-sale equity investments measured at cost represent investments in private entities which are at the early stage of development in environmental waste treatment and recycling services. As at 30 June 2012, no impairment on these investments was considered necessary.

18. Trade and bills receivables

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 60 days to its customers of environmental waste treatment and industrial sewage treatment services. 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 2012 HK\$'000	31 December 2011 HK\$'000
0 to 30 days	11,073	20,075
31 to 60 days	6,216	8,961
61 to 90 days	4,112	5,266
91 to 180 days	3,726	3,783
181 to 360 days	4,674	1,517
Over 360 days	–	406
	29,801	40,008

19. Prepayments, deposits and other receivables

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Deposits paid to suppliers	–	661
Other receivables	2,493	3,118
Consideration receivable on disposal of Zhenjiang Dock Project	6,503	31,208
	8,996	34,987

20. Interest-bearing bank borrowings

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Bank loans – secured	78,860	101,225
Bank loans – unsecured	7,000	27,300
	85,860	128,525
Classification:		
Current liabilities		
– repayable within 1 year	48,306	72,997
– subject to demand repayment clause	10,000	10,000
	58,306	82,997
Non-current liabilities		
– repayable after 1 year but within 2 years	23,030	33,159
– repayable after 2 years but within 5 years	4,524	12,369
	27,554	45,528
	85,860	128,525

Movements in bank borrowings are analyzed as follows:

	HK\$'000
Six months ended 30 June 2012	
At 1 January 2012	128,525
Repayments of borrowings in relation to continuing operations	(44,756)
Repayments of borrowings in relation to discontinued operations	(5,522)
New borrowings raised	13,135
Borrowings classified as liabilities of discontinued operations and disposal group held for sale (note 10)	(5,522)
At 30 June 2012	85,860
Six months ended 30 June 2011	
At 1 January 2011	10,575
Liabilities assumed on acquisition of subsidiaries	84,608
Repayments of borrowings	(13,368)
New borrowings raised	10,500
At 30 June 2011	92,315

21. Trade payables

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

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
0 to 30 days	486	4,748
31 to 60 days	90	4,432
61 to 90 days	2	3,278
Over 90 days	15	2,152
	593	14,610

22. Amounts due to a related party

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Amounts due to a related party – unsecured	19,608	2,794
Classification:		
Current liabilities – amounts due within 1 year	19,608	2,794
Non-current liabilities – amounts due after 1 year	–	–
	19,608	2,794

Movements in amounts due to the related party, China (HK) Chemical & Plastics Co. Limited, are analyzed as follows:

	HK\$'000
Six months ended 30 June 2012	
At 1 January 2012	2,794
New amounts raised	26,425
Interest rollover	183
Repayments of amounts due	(9,794)
At 30 June 2012	19,608
Six months ended 30 June 2011	
At 1 January 2011	–
Liabilities assumed on acquisition of subsidiaries	310
New amounts raised	–
Repayments of amounts due	(310)
At 30 June 2011	–

23. Amounts due to ultimate holding company

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Amounts due to ultimate holding company – unsecured	102,527	102,184
Classification:		
Current liabilities – amounts due within 1 year	5,000	5,000
Non-current liabilities – amounts due after 1 year	97,527	97,184
	102,527	102,184

Movements in amounts due to the ultimate holding company, NUEL, are analyzed as follows:

	HK\$'000
Six months ended 30 June 2012	
At 1 January 2012	102,184
Interest rollover	343
Repayments of amounts due	–
At 30 June 2012	102,527
Six months ended 30 June 2011	
At 1 January 2011	–
Liabilities assumed on acquisition of subsidiaries	33,177
Consideration payable on acquisition of subsidiaries	39,673
New amounts raised	34,143
Repayments of amounts due	–
At 30 June 2011	106,993

Notes:

- (a) As at 30 June 2012, loans of approximately HK\$36,084,000 due by New Sinotech Investments Limited (“New Sinotech”, a 98% indirectly owned subsidiary of the Company) to NUEL have been agreed by NUEL under a deed dated 17 February 2011 that the loans shall be (i) interest free, (ii) unsecured, and (iii) repayable upon being served a 90-day notice (subject to unconditional and irrevocable undertaking by NUEL to grant an extension for 3 months for repayment of the whole or any portion of the amount being due each time upon the written request of New Sinotech).
- (b) As at 30 June 2012, consideration balance payable of approximately HK\$31,080,000 due by the Company to NUEL is unsecured, which has been unconditionally and irrevocably undertaken by NUEL 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.

- (c) As at 30 June 2012, consideration balance payable of HK\$5,000,000 due by the Company to NUEL is unsecured, interest free and repayable on demand.
- (d) As at 30 June 2012, loans of approximately HK\$30,363,000 due by the Company to NUEL are unsecured, interest free and repayable on demand.
- (e) NUEL has agreed not to actively demand repayment of the outstanding amounts due by the Group as referred to in notes (a), (b) and (d) above until 31 August 2013.

24. Share capital

	Numbers of shares		Share capital	
	30 June 2012 '000	31 December 2011 '000	30 June 2012 HK\$'000	31 December 2011 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	2,213,081	2,011,892	22,131	20,119
Rights Issue	–	201,189	–	2,012
At the end of the reporting period	2,213,081	2,213,081	22,131	22,131

25. Reserves

The amounts of the Group's unaudited reserves and the movements therein for the current period and the corresponding period of previous year are presented in the condensed consolidated statement of changes in equity of the interim financial information.

26. 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 2012 HK\$'000	31 December 2011 HK\$'000
Continuing operations		
Contracted for		
Acquisition of property, plant and equipment	126,326	78,243
Authorized but not contracted for		
Investment in available-for-sale equity investments	6,724	6,724
Investment in associates	39,702	7,401

(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 2012 HK\$'000	31 December 2011 HK\$'000
Continuing operations		
Within 1 year	388	202
After 1 year but within 5 years	232	330
After 5 years	–	–
	620	532

27. Related party transactions

During the periods under review, the Directors are of the view that the 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, and Ms. CHEUNG Siu Ling 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
2012 2011
HK\$'000 HK\$'000

Continuing operations

Recurring transactions: –

Rental paid

– Sun Ngai

144

144

Non-recurring transactions: –

Interest paid/payable to

– NUEL

343

256

– China (HK) Chemical

210

3

(ii) Balances due to related parties:

30 June 31 December
2012 2011
HK\$'000 HK\$'000

Continuing operations

–

–

Discontinued operations

Trade balances

– China (HK) Chemical

156

4,830

(iii) Key management personnel remuneration:

Six months ended 30 June
2012 2011
HK\$'000 HK\$'000

Continuing operations

Salaries and other benefits

2,739

2,912

Discretionary bonuses

–

–

Retirement scheme contributions

31

36