NEW UNIVERSE INTERNATIONAL GROUP LIMITED
新宇國際實業（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8068)

UNAUDITED THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2005

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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the "Directors") of NEW UNIVERSE INTERNATIONAL GROUP LIMITED, collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules") for the purpose of giving information with regard to NEW UNIVERSE INTERNATIONAL GROUP LIMITED. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

1) *the information contained in this announcement is accurate and complete in all material respects and not misleading;*

2) *there are no other matters the omission of which would make any statement in this announcement misleading; and*

3) *all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

FINANCIAL HIGHLIGHTS

- Turnover for the nine months ended 30 September 2005 was approximately HK$45.16 million decreased by 26.0% as compared with the previous corresponding period in 2004.

- Gross profit margin for the nine months ended 30 September 2005 was 17.8% declined from 18.9% for the previous corresponding period in 2004.

- Net loss attributable to the equity holders for the nine months ended 30 September 2005 was approximately HK$3,295,000 and improved from net loss of HK$3,341,000 for the previous corresponding period in 2004.

- Loss per share of the Group was HK cents 0.22 for the nine months ended 30 September 2005 as compared to loss per share of HK cents 0.27 in previous corresponding period in 2004.

THIRD QUARTERLY RESULTS (UNAUDITED)

The board of directors (the "Board") of New Universe International Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the nine months ended 30 September 2005, together with the comparative unaudited figures for the corresponding period in 2004.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended 30 September		Nine months ended 30 September	
		2005	2004	**2005**	2004
		Unaudited	Unaudited	**Unaudited**	Unaudited
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*2*	**16,134**	31,412	**45,158**	61,033
Cost of sales		**(14,178)**	(27,087)	**(37,131)**	(49,509)
Gross profit		**1,956**	4,325	**8,027**	11,524
Other revenue and gains	*2*	**399**	(554)	**3,652**	245
Selling and distribution expenses		**(1,348)**	(1,395)	**(3,314)**	(3,408)
Administrative expenses		**(3,159)**	(3,802)	**(9,567)**	(9,660)
Other operating expenses		**(353)**	(365)	**(1,516)**	(1,491)
Operating loss		**(2,505)**	(1,791)	**(2,718)**	(2,790)
Finance costs		**(210)**	(254)	**(577)**	(551)
Loss before tax		**(2,715)**	(2,045)	**(3,295)**	(3,341)
Income tax expense	*3*	**–**	–	**–**	–
Loss for the period		**(2,715)**	(2,045)	**(3,295)**	(3,341)
Attributable to:					
Equity holders of the Company		**(2,715)**	(2,045)	**(3,295)**	(3,341)
Minority interest		**–**	(2)	**–**	(2)
		(2,715)	(2,047)	**(3,295)**	(3,343)
Dividends		**–**	–	**–**	–
Loss per share attributable to the equity holders of the Company during the period *(expressed in HK cents per share)*					
Basic	*4*	**(0.18)**	(0.14)	**(0.22)**	(0.27)
Diluted	*4*	**N/A**	N/A	**N/A**	N/A

Note:

(1) Basis of preparation and accounting policies

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of high precision molds and plastic products.

In the opinion of the Directors, the ultimate holding company of the Company is New Universe Enterprises Limited, which is incorporated in the British Virgin Islands.

(a) Basis of preparation

These unaudited consolidated financial statements of the Group have been prepared in accordance with new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and methods of computation used in the preparation of these consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of HKFRS which are effective for accounting periods commencing on or after 1 January 2005.

This quarterly financial information has been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing this information. The HKFRS standards and interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this quarterly financial information.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in note (1) (b) below.

(b) Change in accounting policies

In 2005, the Group adopted the new/revised standards of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employees Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 33	Earnings Per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets

The adoption of HKAS 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 33, 34, 36, 37 and 38 did not result in substantial changes to the Group's accounting policies.

In summary:

- HKAS 1 affects certain presentation in the consolidated balance sheet, consolidated income statement and consolidated statement of changes in equity.

- HKASs 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 33, 34, 36, 37 and 38 had no material effect on the Group's policies.

- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.

- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

(c) Going concern basis

As at 30 September 2005, the Group had net current liabilities of HK$3,511,000 (31 December 2004: HK$3,153,000). The Directors of the Company have prepared the financial statements on a going concern basis that the Group would be able to meet the debts as and when they fall due and will have sufficient working capital to carry on its business for the foreseeable future.

(2) Turnover and revenue

Turnover represents the net invoiced value of goods sold, less sales returns and discounts. An analysis of turnover, other revenue and gains is as follows:

	Nine months ended 30 September	
	2005	2004
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Sale of molding products	**34,909**	27,722
Sale of plastic products	**10,249**	33,311
Turnover	**45,158**	61,033
Interest income	**17**	12
Exchange losses, net	**(100)**	(50)
Gain on deregistration of subsidiaries	**2,224**	–
Waiver of directors' remuneration	**503**	–
Sundry income	**1,008**	283
Other revenue and gains	**3,652**	245
Total	**48,810**	61,278

(3) Income tax expense

No provision for Hong Kong profits tax has been made as the Group had accumulated tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong during the period and in the previous corresponding period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The PRC enterprise income tax rate applicable to Dongguan SmarTech Tooling and Plastics Limited, a wholly owned subsidiary established in Mainland China, is 24%.

Pursuant to the income tax rules and regulations in the PRC, Suzhou New Universe Tooling and Plastic Limited is eligible for a 100% relief from PRC enterprise income tax for the first two years from its first profit-making year of operation and thereafter, it will be entitled to a 50% relief from PRC enterprise income tax for the following three years.

(4) Loss per share

The calculation of basic loss (2004: loss) per share is based on the net loss for the three months ended 30 September 2005 of HK$2,715,000 (2004: net loss of HK$2,047,000) and for the nine months ended 30 September 2005 of HK$3,295,000 (2004: net loss of HK$3,343,000) and the weighted average of 1,489,600,000 and 1,489,600,000 (2004: 1,489,600,000 and 1,217,775,000) ordinary shares in issue during the periods respectively.

No diluted earnings/loss per share for the period ended 30 September 2005 has been presented, as there was no dilutive potential ordinary shares. Diluted earnings/loss per share for the periods ended 30 September 2005 and 2004 have not been presented as the effect of any dilution is anti-dilutive.

(5) Reserves

Unaudited consolidated statement of changes in equity showing movement of reserves is as follows:

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Exchange fluctuation reserve** *HK$'000*	**Contributed surplus (Note)** *HK$'000*	**Accumulated losses** *HK$'000*	**Minority interest** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2004	53,200	28,666	601	31,929	(61,719)	–	52,677
Issue of Rights Shares	21,280	(819)	–	–	–	–	20,461
Net loss for the period	–	–	–	–	(3,343)	–	(3,343)
At 30 September 2004	74,480	27,847	601	31,929	(65,062)	–	69,795

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Exchange fluctuation reserve** *HK$'000*	**Contributed surplus (Note)** *HK$'000*	**Accumulated losses** *HK$'000*	**Minority interest** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2005	74,480	27,847	416	31,929	(94,533)	926	41,065
Translation differences arising on consolidation of overseas subsidiaries	–	–	1,404	–	–	–	1,404
Net loss for the period	–	–	–	–	(3,295)	–	(3,295)
At 30 September 2005	74,480	27,847	1,820	31,929	(97,828)	926	39,174

Note:

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the share capital of the Company issued in exchange therefor.

The contributed surplus of the Company represents the difference between the combined net asset values of the subsidiaries acquired pursuant to the same reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor.

BUSINESS REVIEW

Overview

Turnover of the Group for the nine months ended 30 September 2005 was HK$45.16 million, of which 77.3% representing sales of molding products and 22.7% representing sales of plastic products, as compared to 54% and 46% respectively for the whole year of 2004. The overall performance of the Group remained steady though Dongguan SmarTech Tooling & Plastics Limited ("Dongguan SmarTech") has experienced keen competition on its product pricing. Factors, such as higher oil price and appreciation of Renminbi, still posed direct or indirect impact to the production cost of the Group. The Group would start to increase capital expenditure in the fourth quarter to improve manufacturing facilities and strengthen capacity of plastic injection and tooling production for two plants in Mainland China.

Streamline of operations

New members of the Company's Board have refreshed new staff to their management team for strategic planning and reengineering of the factories' operations. Since June 2005, the Group has started to upgrade its existing ERP system to a new ERP system with emphasis on latest manufacturing solutions. The Group considers that the new ERP system will improve the process of turning orders into actual works, and will enable the Group's plants to manufacture and ship complex molds on the short lead times demanded by customers. ERP consultants have already finished their operation review of workflows for Dongguan SmarTech and have prepared for the parallel run of the new system there. By implementing the new system, lean manufacturing concept will be introduced to the Group at a later stage of implementation that it is expected materials will move smoothly from value-added operations to next value-added operations, labour will work constantly by adding value to products, and machine will run in a more productive manner according to customers' requirement. The product lifecycle management module of the new ERP system acquired will also provide space for enhancing new product development and engineering change management of the Group in the future.

Performance of two plants in Mainland China

In the third quarter of 2005, sales orders processed by Dongguan SmarTech were declined as compared to the corresponding period in last year. As the order pricing was also strategically adjusted, total sales were decreased accordingly during the period under review. Dongguan SmarTech has started working with renowned customers during the current period, and it also kept long lasting relation with loyal customers. The top management of Dongguan SmarTech considers that production capacity of the plant is stable to cope with all new challenges.

Suzhou New Universe Tooling and Plastic Limited ("Suzhou New Universe") has confined its effort to tooling production in current year. The tooling business of Suzhou New Universe has remained steady in the first three quarters of 2005. Currently, Suzhou New Universe has been accepted as approved vendor of various new renowned customers. The top management of Suzhou New Universe considers that the plant's performance is expected to grow steadily in the coming year.

Investments and finance

The Group's plan on establishing a new plant in Pearl River delta has been temporarily pended in the third quarter of 2005. Feasibility studies on the choice of plant location have been discussed, but not yet finalised. There is no legally binding documents in respect of the intended investment being signed. The Board intends to locate a satisfactory site for the new plant in its long-range strategic plan and has got all necessary means of finance ready for the project once it becomes concrete.

Outlook

Besides taking up new tooling projects, the Group has cooperated with certain major customers for manufacture and assembly of patent plastic products. In order to strengthen sales performance and foreign customer base, the Group is in cooperation with local and overseas sourcing agents, and has established co-operative relation with buyers in the plastic molding industry. The Group remains confident and optimistic in its future growth and has a vision to be one of the best corporations in the plastic molding industry in the Asian Pacific Region.

FINANCIAL REVIEW

First three quarters' results of 2005

Turnover of the Group for the nine months ended 30 September 2005 was HK$45,158,000 representing a decrease of 26.0% from HK$61,033,000 in the first three quarters of last year. Two plants of the Group in Dongguan and Suzhou have contributed 76.3% and 23.7% respectively to the Group's turnover for the nine months ended 30 September 2005. The gross profit of the Group for the nine months ended 30 September 2005 decreased by 30.3% to HK$8,027,000 compared to HK$11,524,000 for the corresponding period in 2004. Owing to moderate increase in prices of raw materials, gross profit margin was declined to 17.8% for the first nine months of 2005 as compared to last corresponding period of 18.9%. Net loss for the first nine months of 2005 was HK$3,295,000 decreased from HK$3,343,000 for last corresponding period.

The Group's selling and distribution expenses decreased by 2.8% to HK$3,314,000 for the nine months ended 30 September 2005, representing 7.3% to the Group's turnover in the current period, as compared to HK$3,408,000 for the first three quarters of last year which representing 5.6% to the turnover for last corresponding period.

The Group's administrative expenses decreased by 1.0% to HK$9,567,000 for the nine months ended 30 September 2005, representing 21.2% to the Group's turnover in the current period, as compared to HK$9,660,000 for the first three quarters of last year which representing 15.8% to the turnover for last corresponding period.

The Group's other operating expenses increased by 1.7% to HK$1,516,000 for the nine months ended 30 September 2005, representing 3.4% to the Group's turnover in the current period, as compared to HK$1,491,000 for the first three quarters of last year which representing 2.4% to the turnover for last corresponding period.

In 2005, the Group persists in ensuring its quality management and upkeep of its productivity and efficiency. The Group would continue its effort on cost control and inventory management in current year.

The Group's net loss attributable to equity holders for the nine months ended 30 September 2005 was HK$3,295,000 compared to loss of HK$3,341,000 in the first nine months of 2004. Loss per share was Hong Kong cents 0.22 for the first three quarters year of 2005 compared to loss per share of Hong Kong cents 0.27 for last corresponding period.

The Group's earnings arising from operating activities before interest, taxes, depreciation and amortization ("EBITDA") was HK$3,165,000 in current period, and EBITDA was HK$4,670,000 for last corresponding period in 2004.

Liquidity and financial resources

The Group's liquidity position has improved during first quarter of 2005 and was slightly tightened for the second and third quarters of 2005 to reduce trade payables. In current period, the Group financed its operations and investing activities with internally generated cash flows, banking facilities, and short term revolving bank loans.

As at 30 September 2005, the Group had total cash and bank balances of HK$4.10 million. The Group had outstanding borrowings of approximately HK$18.92 million, comprising unsecured import loan of HK$3.95 million, secured bank loans of HK$3.85 million, unsecured bank loans of HK$4.80 million, finances lease payables of HK$2.81 million and unsecured interest-free shareholder's loans of HK$3.51 million. Out of the total indebtedness, approximately HK$14.41 million is repayable within one year.

Gearing ratio

The gearing ratio was 118% as at 30 September 2005 (31 December 2004: 135%), representing total liabilities of HK$46.32 million (31 December 2004: HK$55.49 million) divided by total equity of HK$39.17 million (31 December 2004: HK$41.07 million).

Capital structure

There was no material change in the capital structure of the Company for the nine months ended 30 September 2005.

Material acquisition and disposals of subsidiaries

There were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the nine months ended 30 September 2005.

Employee information

As at 30 September 2005, the Group had 666 (30 September 2004: 795) full-time employees. Staff costs, excluding directors' remuneration but including amount capitalised as inventory was HK$10.90 million for the nine months ended 30 September 2005 (30 September 2004: HK$10.04 million). Employees were paid at market remuneration with bonus and benefits of medical insurance, mandatory provident fund, share options and necessary training.

Charges on Group assets

As at 30 September 2005, the Group pledged the land use rights with a carrying value of HK$2.17 million (31 December 2004: HK$2.15 million), and property, plant and equipment with carrying value of HK$8.38 million (31 December 2004: HK$8.49 million) to a bank in Mainland China to secure banking facilities to the extent of HK$8.65 million (31 December 2004: HK$8.46 million) granted to the Group. As at 30 September 2005, the Group's property, plant and equipment with carrying value of HK$4.16 million (31 December 2004: HK$1.39 million) were held under finance leases amounted to HK$2.81 million (31 December 2004: HK$1.40 million).

Exposure to exchange rate fluctuations

During the period ended 30 September 2005, the Group experienced immaterial fluctuation on exchange rates as the Group's business was conducted and most of its monetary assets and liabilities were denominated in Hong Kong Dollars, US Dollars and Chinese Renminbi Yuan. Although Chinese Renminbi Yuan was appreciated in July 2005 relative to both Hong Kong Dollars and US Dollars, the appreciation mainly captured increase in translation reserves to the Group. The Group considered that as the exchange rate risk of the Group was considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

Contingent liabilities

There was no significant contingent liabilities of the Group as at 30 September 2005 (31 December 2004: Nil).

Dividend

The Board does not recommend the payment of dividend for the nine months ended 30 September 2005 (2004: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2005, the interests and short positions of the directors and the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance ("SFO")) as required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors under the GEM Listing Rules, were as follows:

(1) Long positions in shares of the Company

	Number of ordinary shares				% of
Name of director	Personal interest	Family interest	Corporate interest	Total	shares in issue
XI Yu ("Mr. XI")	–	–	1,020,481,000*	1,020,481,000	68.51

Note:

* Mr. XI is the beneficial owner of 16,732 shares of US$1.00 each in New Universe Enterprises Limited ("NUEL"), representing 83.66% of the issued share capital of NUEL, which, in turn holds 1,020,481,000 shares of the Company representing approximately 68.51% of the issued share capital of the Company.

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

	Number of ordinary shares				
Name of director	**Personal interest**	**Family interest**	**Corporate interest**	**Total**	**% of shares in issue**
CHEUNG Siu Ling	1,214	1,214	–	2,428	12.14

Save as disclosed above and the interests of an ex-director in share options of the Company as disclosed in the section headed "Share Option Schemes" below, as at 30 September 2005, none of the directors of the Company and their associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to required standards of dealings by Directors under the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Schemes", at no time for the nine months ended 30 September 2005 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their associates, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

The Company operates a pre-IPO share option plan ("Pre-IPO Plan") and a share option scheme adopted by the Company's shareholders on 10 December 2003 ("Scheme") (collectively the "Share Option Schemes") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

(1) The Pre-IPO Plan

On 4 May 2000, options to subscribe for 40,000,000 shares of the Company at an exercise price of HK$0.50 per share were granted under the Pre-IPO Plan, with a vesting period from 4 May 2002 to 3 May 2005. Eligible participants of the Pre-IPO Plan include the Company's executive directors and other employees of the Group. The maximum number of shares issuable under share options to each eligible participant in the Pre-IPO Plan is limited to 25% of the aggregate number of shares of the Company for the time being issued and issuable under the Pre-IPO Plan. The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. Share options do not confer rights on the holders to dividends or to vote at shareholder meetings. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which are cancelled prior to their exercise date are deleted from the register of outstanding options. No share options have been granted nor exercised under the Pre-IPO Plan during the period and up to the date of approval of this announcement. During the nine months ended 30 September 2005, the Company had 8,000,000 share options outstanding under the Pre-IPO Plan granted, but the outstanding share options have not been exercised before it lapsed on 3 May 2005. The details of outstanding share options under the Pre-IPO Plan during the period was set out as follows:

	Number of share options						Price of the Company's shares	
Name or category of participant	At 1 January 2005	Lapsed during the period	At 30 September 2005	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	At grant date of options	At exercise date of options
Director								
TANG Kwok Yuen#	8,000,000	8,000,000	–	4 May 2000	4 May 2002 to 3 May 2005	HK$0.5 per share	N/A	N/A

\# Mr. TANG Kwok Yuen resigned as the Company's director with effect from 30 April 2005.

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(2) The Scheme

Eligible participants of the Scheme include employees, executive and non-executive directors of the Group (including independent non-executive directors), suppliers of the Group, customers of the Group, professional advisers and consultants of the Group. The Scheme became effective on 10 December 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of exercisable share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting. The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options. The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of an ordinary share. No share option had been granted under the Scheme during the period and up to the date of approval of this announcement.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 September 2005, persons or corporations who have interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares of the Company

	Number of ordinary shares				% of
Name	Personal interest	Family interest	Corporate interest	Total	shares in issue
NUEL	1,020,481,000	–	–	1,020,481,000	68.51
Mr. XI	–	–	1,020,481,000*	1,020,481,000	68.51

Save as disclosed above, as at 30 September 2005, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

During the nine months ended 30 September 2005, the Group purchased raw materials amounting to HK$230,000 from a related company, China (HK) Chemical & Plastics Co. Limited ("China HK Chemical"). The Company's directors, Mr. XI Yu and Ms. CHEUNG Siu Ling are also directors of China HK Chemical. The Board considered that the aforementioned purchases were in the ordinary and usual course of business of the Group and were transacted on normal commercial terms no less favourable to the Group than those available from other independent third parties.

As at 30 September 2005, a 97% owned subsidiary of the Group, Bestwin (China) Limited owed an unsecured interest-free loan of HK$3,510,000 to the Company's substantial shareholder, NUEL. The loan is repayable on 31 December 2006. The Board considered the financial assistance provided by NUEL was an exempted transaction under the GEM Listing Rules.

Save for the aforementioned, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

The Group did not have transaction with connected parties as defined in the GEM Listing Rules during the period ended 30 September 2005.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the nine months ended 30 September 2005, none of the directors of the Company or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with the Company or might compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the Company's directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the quarterly results announcement, in compliance with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out Rules 5.48 to 5.67 of the GEM Listing Rules in relation to the accounting period covered by the quarterly results announcement. The Directors have complied with, and there has no non-compliance with, the required standard of dealings and the code of conduct regarding directors' securities transactions, as supported by specific enquiry made of all Directors of the Company

AUDIT COMMITTEE

The Company's audit committee has been established since May 2000 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules, which is chaired by an independent non-executive director, currently comprising three independent non-executive directors of the Company, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred. During the nine months ended 30 September 2005, the audit committee has held four meetings and has performed the following duties:

(1) reviewed and commented on the Company's annual report for the year ended 31 December 2004;

(2) reviewed and commented on the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2005;

(3) reviewed and commented on the unaudited consolidated interim results of the Group for the six months ended 30 June 2005 which have been reviewed by independent accountants, CCIF CPA Limited;

(4) reviewed and commented on the unaudited consolidated third quarterly results of the Group for the nine months ended 30 September 2005; and

(5) reviewed and commented on the internal control and financial reporting procedures of the Group, and other matters in compliance with the GEM Listing Rules.

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

By order of the Board
New Universe International Group Limited

XI Yu
Chairman

Hong Kong, 8 November 2005

The Board as of the date of this announcement comprises of Mr. XI Yu, Ms. CHEUNG Siu Ling and Ms. KUNG May Lan, who are the executive directors of the Company; Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, who are the independent non-executive directors of the Company.

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