The Stock Exchange of Hong Kong Limited 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 howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors ("Director") of NEW UNIVERSE INTERNATIONAL GROUP LIMITED ("Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company, 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.

HIGHLIGHTS

- *The Group's turnover was HK$60,442,000 in 2005 (2004: HK$85,741,000)*
- *The Group's other income was HK$5,838,000 in 2005 (2004: HK$4,153,000)*
- *Loss attributable to equity holders reduced to HK$5,683,000 (2004: HK$32,814,000)*
- *Basic loss per share for the year was HK$0.0038 (2004: HK$0.0255)*
- *Total equity was HK$36,832,000 at 31 December 2005 (2004: HK$41,065,000)*

CONSOLIDATED INCOME STATEMENT

The audited consolidated results of the Company and its subsidiaries ("Group") for the year ended 31 December 2005 together with the comparative figures for the corresponding year are as follows:

	Note	**2005** *HK$'000*	2004 *HK$'000*
Turnover	4	**60,442**	85,741
Cost of sales		**(50,129)**	(71,316)
Gross profit		**10,313**	14,425
Other income	4	**5,838**	4,153
Selling and distribution costs		**(5,499)**	(5,028)
Administrative expenses		**(12,292)**	(13,259)
Other operating expenses		**(4,180)**	(7,499)
Loss from operations	5	**(5,820)**	(7,208)
Revaluation deficit on property, plant and equipment		**–**	(24,863)
Finance costs	6	**(793)**	(827)
Loss before taxation		**(6,613)**	(32,898)
Income tax	7	**930**	50
Loss for the year		**(5,683)**	(32,848)
Attributable to:			
Equity holders of the Company	8	**(5,683)**	(32,814)
Minority interests		**–**	(34)
		(5,683)	(32,848)
Dividends	9	**–**	–
Loss per share for loss attributable to the equity holders of the Company (expressed in HK cents per share)	10		
Basic		**(0.38)**	(2.55)
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

	Note	At 31 December 2005 HK$'000	2004 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**44,957**	47,159
Interest in leasehold land held for own use under operating lease		**2,158**	2,154
		47,115	49,313
Current assets			
Inventories		**22,558**	21,377
Trade receivables	11	**7,162**	9,721
Prepayments, deposits and other receivables		**1,508**	1,658
Tax recoverable		**–**	1,599
Cash and bank balances		**12,953**	12,884
		44,181	47,239
Total assets		**91,296**	96,552
LIABILITIES			
Current liabilities			
Interest-bearing bank borrowings		**12,919**	11,515
Trade and bills payables	12	**9,571**	14,177
Deposits received		**14,982**	14,478
Accrued liabilities and other payables		**4,572**	8,970
Obligations under finance leases		**1,768**	749
Amount due to a director		**–**	503
		43,812	50,392
Net current assets/(liabilities)		**369**	(3,153)
Total assets less current liabilities		**47,484**	46,160
Non-current liabilities			
Obligations under finance leases		**600**	655
Shareholder's loans		**10,052**	3,510
Deferred taxation		**–**	930
		10,652	5,095
Total liabilities		**54,464**	55,487
Net assets		**36,832**	41,065
CAPITAL AND RESERVES			
Share capital		**74,480**	74,480
Reserves	13	**(38,574)**	(34,341)
Equity attributable to equity holders of the Company		**35,906**	40,139
Minority interests		**926**	926
Total equity		**36,832**	41,065

NOTES

1. GENERAL

As 31 December 2005, the directors of the Company consider the parent and ultimate controlling party of the Group to be New Universe Enterprises Limited ("NUEL") which is incorporated in the British Virgin Islands.

During the year, the principal activities of the Group were the manufacture and sale of high precision molds and plastic products. The financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

Statement of compliance

The financial statements of the Group have been prepared in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005. The adoption of new/revised HKFRSs did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has effected the presentation of minority interests and other disclosures.

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

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of land use rights to operating leases. The up-front prepayments made for the land use rights are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In prior years, land use rights were accounted for at cost less accumulated depreciation and accumulated impairment.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets/financial liabilities at fair value through profit or loss.

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement Contains a Lease
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market, Waste Electrical and Electronic Equipment

Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2005 comprise the financial statements of the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. SEGMENT REPORTING

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

During the current and prior years, there were no intersegment transactions.

(a) Business segments

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) the mold products segment engages in the manufacture and sale of high precision molds; and

(b) the plastic products segment engages in the manufacture and sale of plastic products.

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

	Mold products		**Plastic products**		**Consolidated**	
	2005	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**47,108**	46,048	**13,334**	39,693	**60,442**	85,741
Other income	**1,787**	1,340	**251**	470	**2,038**	1,810
Total	**48,895**	47,388	**13,585**	40,163	**62,480**	87,551
Segment results	**238**	(28,880)	**(3,180)**	4,759	**(2,942)**	(24,121)
Unallocated other income					**3,800**	2,343
Unallocated expenses					**(6,678)**	(10,293)
Loss from operations					**(5,820)**	(32,071)
Finance costs					**(793)**	(827)
Loss before taxation					**(6,613)**	(32,898)
Income tax					**930**	50
Loss after taxation					**(5,683)**	(32,848)

The following tables present certain asset, liability and expenditure information for the Group's business segments.

	Mold products		Plastic products		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**68,675**	63,850	**16,033**	27,296	**84,708**	91,146
Unallocated assets					**6,588**	5,406
Total assets					**91,296**	96,552
Segment liabilities	**35,934**	38,773	**2,798**	4,112	**38,732**	42,885
Unallocated liabilities					**15,732**	12,602
Total liabilities					**54,464**	55,487
Other segment information:						
Depreciation and amortization	**5,571**	7,587	**2,241**	2,559	**7,812**	10,146
Other non-cash expenses:						
– Revaluation deficit on property, plant and equipment	**–**	24,074	**–**	789	**–**	24,863
– Provision for doubtful debts	**–**	2,441	**–**	–	**–**	2,441
Capital expenditure	**4,532**	1,897	**114**	569	**4,646**	2,466

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments.

	Hong Kong		Mainland China		North America		Europe		Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**18,293**	32,514	**20,683**	34,784	**2,883**	1,457	**13,241**	9,937	**5,342**	7,049	**60,442**	85,741
Other income	**1,559**	2,588	**1,153**	1,565	**–**	–	**–**	–	**3,126**	–	**5,838**	4,153
	19,852	35,102	**21,836**	36,349	**2,883**	1,457	**13,241**	9,937	**8,468**	7,049	**66,280**	89,894

	Hong Kong		Mainland China		Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Segment assets	**13,194**	19,043	**78,102**	77,509	**–**	–	**91,296**	96,552
Capital expenditure	**38**	40	**4,608**	2,426	**–**	–	**4,646**	2,466

* *North America principally relates to the United States and Canada.*

4. TURNOVER AND OTHER INCOME

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

	2005	2004
	HK$'000	*HK$'000*
Turnover – sale of goods	**60,442**	85,741
Other income		
Interest income	**23**	36
Exchange gains, net	**–**	34
Gain on fair value of shareholder's loans	**720**	–
Waiver of a director's remuneration	**503**	–
Gain on deregistration of subsidiaries	**2,220**	–
Sub-contracting income	**–**	239
Scrap sales	**768**	597
Net gain on disposal of property, plant and equipment	**–**	68
Bad debts recovery	**1,006**	280
Rental overprovided in previous years	**–**	970
Overpayment from customers	**–**	333
Sundry income	**598**	1,596
	5,838	4,153
Total	**66,280**	89,894

5. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging:

	2005	2004
	HK$'000	*HK$'000*
Staff costs		
(exclusive of directors' remuneration):		
Retirement costs		
Contributions to retirement benefits schemes	**98**	141
Less: Forfeited contributions	**–**	–
Net retirement benefits scheme contributions	**98**	141
Salaries, wages and other benefits	**16,479**	17,456
	16,577	17,597
Directors' remuneration		
Fees	**360**	270
Other emoluments:		
Salaries and allowances	**240**	1,077
Contributions to retirement benefits scheme	**4**	22
	604	1,369
Other items		
Depreciation		
– owned assets	**7,517**	9,496
– assets held under finance leases	**249**	294
Loss on disposal of property, plant and equipment	**157**	–
Amortisation of leasehold land under operating lease	**46**	356
Impairment losses		
– on goodwill	**–**	735
– property, plant and equipment	**–**	24,863
– trade and other receivables (doubtful)	**–**	2,441
– inventories (obsolete)	**1,013**	1,144
Auditors' remuneration		
– audit services	**395**	395
– tax services	**–**	–
– other services	**–**	–
Operating lease charges: minimum lease payments		
– hire of properties	**357**	469
– hire of an industrial plant	**3,346**	3,400
Cost of inventories consumed	**50,129**	70,584

6. FINANCE COSTS

	2005	2004
	HK$'000	*HK$'000*
Interest expense on:		
Bank loans wholly repayable within five years	**487**	327
Bank import loans wholly repayable within five years	**166**	91
Finance charges on obligations under finance leases	**128**	409
Others	**12**	–
	793	827

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2005	2004
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – Overseas		
Provision for the year	**–**	–
Deferred tax		
Origination and reversal of temporary differences	**930**	50
	930	50

The provision for Hong Kong profits tax for 2005 is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year. 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 year.

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 15%.

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.

Reconciliation between tax expense and accounting profit at applicable tax rates:

Group – 2005

	Hong Kong		**Mainland China**		**Total**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Loss before taxation	**(1,410)**		**(5,203)**		**(6,613)**	
Tax at the statutory/ applicable tax rates	**(247)**	**17.5**	**(780)**	**15.0***	**(1,027)**	**15.5***
Income not subject to tax	**(315)**		**–**		**(315)**	
Expenses not deductible for tax	**50**		**780**		**830**	
Tax losses utilised from previous periods	**(418)**		**–**		**(418)**	
Tax charge at the Group's effective rate	**(930)**	**66.0***	**–**	**–**	**(930)**	**14.1***

Group – 2004

	Hong Kong		Mainland China		Total	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Loss before taxation	(18,882)		(14,016)		(32,898)	
Tax at the statutory/ applicable tax rates	(3,304)	17.5	(3,364)	24.0*	(6,668)	20.3*
Income not subject to tax	(14)		–		(14)	
Expenses not deductible for tax	3,327		3,364		6,691	
Tax losses utilised from previous periods	(59)		–		(59)	
Tax charge at the Group's effective rate	(50)	0.3*	–	–	(50)	0.2*

* *representing effective tax rate*

8. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidation loss attributable to equity holders of the Company includes a loss of HK$308,000 (2004: HK$681,000) which has been dealt with in the financial statements of the Company.

9. DIVIDENDS

The Board of Directors of the Company does not recommended the payment of any dividend for the year ended 31 December 2005 (2004: Nil).

10. LOSS PER SHARE

The calculation of basic loss (2004: loss) per share is based on the net loss from ordinary activities attributable to equity holders for the year ended 31 December 2005 of HK$5,683,000 (2004: HK$32,814,000), and the weighted average of 1,489,600,000 (2004: 1,286,102,732) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 December 2005 and 2004 have not been presented as the effect of any dilution is anti-dilutive.

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. For the mold products segment, the credit period is generally granted to customers for a period of one month. For the plastic products segment, the credit period is generally for a period of one month, extending up to two months for major customers.

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

	2005	2004
	HK$'000	*HK$'000*
Within 1 month	**2,663**	3,162
1 to 2 months	**2,114**	1,636
2 to 3 months	**335**	1,603
Over 3 months	**2,050**	3,320
	7,162	9,721

12. TRADE AND BILLS PAYABLES

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

	2005	2004
	HK$'000	*HK$'000*
Within 1 month	**2,323**	2,814
1 to 2 months	**1,215**	2,983
2 to 3 months	**1,965**	2,071
Over 3 months	**4,068**	6,309
	9,571	14,177

13. RESERVES

	Share premium account HK$'000	Exchange fluctuation reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority Interests HK$'000
At 1 January 2004	28,666	601	31,929	(61,719)	(523)	–
Translation differences arising on consolidation of overseas subsidiaries	–	(185)	–	–	(185)	–
Share issue expenses	(819)	–	–	–	(819)	–
Net loss for the year	–	–	–	(32,814)	(32,814)	926
At 31 December 2004 and 1 January 2005	27,847	416	31,929	(94,533)	(34,341)	926
Translation differences arising on consolidation of overseas subsidiaries	–	1,450	–	–	1,450	–
Net loss for the year	–	–	–	(5,683)	(5,683)	–
At 31 December 2005	**27,847**	**1,866**	**31,929**	**(100,216)**	**(38,574)**	**926**

Nature and purpose of reserves

(a) *Share premium*

The application of the share premium account is governed by the article 146(1) of the articles and association of the Company and Section 48B of the Hong Kong Companies Ordinance.

(b) *Exchange fluctuation reserve*

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

(c) *Contributed surplus*

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 then 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.

(d) *Distributability of reserves*

At 31 December 2005, the Company did not have reserves available for distribution to its equity holders (2004: Nil).

BUSINESS REVIEW

Overview

The Group has a turnover of HK$60,442,000 in 2005 (2004: HK$85,741,000) and the total equity was HK$36,832,000 as of 31 December 2005 (2004: HK$41,065,000). Sales of tooling products and plastic products represented 77.9% and 22.1% respectively of the Group's turnover in 2005, as compared to 53.7% and 46.3% respectively for the year 2004. Substantial hikes in statutory minimum wages in Mainland China and generally tight labour supply in Dongguan did cause unexpected cost increases that the Group's management had to deal with in 2005. Despite tight control on cost of the Group in 2005, factors, such as countrywide energy shortage in Mainland China and appreciation of Renminbi, still posed direct or indirect impact to the production cost of the Group.

Streamline of operations

During the year under review, the Board has been refreshed by new members and the management team has started strategic planning and operational reengineering of the Group's factories. While maintaining the Group's operational efficiency and production capacities, the Group would continue its effort on cost control and lead time optimization on production.

Commencing June 2005, with the support of ultimate holding company, New Universe Enterprises Limited ("NUEL"), the Group has started upgrading its existing ERP system to a new ERP system with emphasis on latest manufacturing solutions. By implementing the new system, lean manufacturing concept will be introduced to the Group. The product lifecycle management module of the new ERP system acquired will expect to provide space for enhancing new product development and engineering change management of the Group in the future.

Performance of two plants in Mainland China

Though the total turnover of the Group declined in 2005, the overall performance of its two factories in Mainland China was comparatively improved in current year. The Group has planned to continuously strengthen its facilities of plastic injection and tooling production for two plants in Mainland China.

Dongguan SmarTech Tooling & Plastics Limited ("Dongguan SmarTech"):

Tooling sales represented 70.5% of the total turnover of Dongguan Smartech in 2005, of which 76.9% was sales to Hong Kong and overseas customers. Plastics sales represented 29.5% of the turnover of Dongguan Smartech, of which 88.2% was sales to Hong Kong and overseas customers. After re-organisation of the operations in Dongguan SmarTech has been carried out since early 2005, the factory has strengthened its workflows as a foundation for further business expansions in the future. While maintaining long lasting relationship with its major clients, Dongguan SmarTech started cooperation with new renowned customers proficient in products development. Dongguan Smartech has positioned itself to serve overseas customers, and could keep long lasting relationship with clients by its assured quality. The top management of Dongguan SmarTech considers that the existing production capacity of the plant is able to cope with new challenges in the future, and considers increase of capital expenditure will be needed to enhance it.

Suzhou New Universe Tooling & Plastic Limited ("Suzhou New Universe"):

Suzhou New Universe has confined its effort on sales of molding products in 2005, and was breakeven in current year. Tooling sales of Suzhou New Universe in current year was triple the post-acquisition tooling sales in 2004. The total turnover of Suzhou New Universe was HK$15,117,000, of which 77.5% was sales in Mainland China. Suzhou New Universe is expected to sustain its growth by maintaining a list of renowned customers. The top management of Suzhou New Universe considers that the factory performance will grow steadily in the coming year.

Investments and finance

The Group intends to increase capital expenditure for replacing certain machineries of Dongguan Smartech and will review from time to time the need for enhancing technical know-how and production efficiency of the two plants in Mainland China.

The Group's long-range plan on establishing a new plant in Pearl River delta has been temporarily suspended since the third quarter of 2005. Feasibility studies on the choice of plant location have been carrying on, but not yet finalised. There is no legally binding documents being signed in respect of the intended investment. The Board is still locating a satisfactory site for the new plant. Once the plan becomes concrete, the Board intends to finance the project by the Group's internal resources and support of its bankers and/or NUEL.

PROSPECTS

Entering the year of 2006, we see optimism on the strength of continuous economic growth in Mainland China and the stability of global economic environment. Given a marketing and management platform in Hong Kong and the timely backup by NUEL, improvement of Group's performance in 2006 and beyond will be closely tied to the continuous betterment of the productivity and technology of Dongguan SmarTech and the Suzhou New Universe.

The Group's mold making facilities in Dongguan Factory and Suzhou Factory contain the latest state-of-the-art mold making equipment and technology with core competence on production of plastic injection molds for automobile, office equipment and domestic appliance. Our experienced staff can provide sophisticated engineering and design services. Quality in-house control of manufacturing of our own molds ensures competitive pricing and reduced lead-times. The factories' quality systems have to pass periodical internal audits. From conceptual prototype to final product packaging, the Group's facilities provide complete value chain to satisfy customers' need.

The Board believes the existing production facilities in Dongguan SmarTech will strengthen the Group's customer network surrounding the Pearl River Delta, and the production facilities in Suzhou New Universe will capture customer base surrounding the Changjiang River Delta in the Mainland China. The Board considers that the two production facilities of the Group are complimentary to each other. The Board remains confident in our future sustainable growth and that our performance will be better in the coming year.

FINANCIAL REVIEW

The Group recorded a turnover of HK$60,442,000 for the year ended 31 December 2005, reflecting a decrease of 29.5% from HK$85,741,000 for last year. Two plants of the Group in Dongguan Smartech and Suzhou New Universe have contributed 75% and 25% respectively to the Group's turnover in 2005. The gross profit of the Group in 2005 decreased by 28.5% to HK$10,313,000 compared to HK$14,425,000 in 2004. Owing to tight control on production cost in current year of increasing materials and labour cost, gross profit margin was kept at 17.1% in 2005 as compared to last year of 16.8%. Net loss for 2005 was HK$5,683,000 decreased from HK$32,814,000 for last corresponding year in 2004.

The Group's selling and distribution expenses were increased by 9.4% to HK$5,499,000 in current year, representing 9.1% to the Group's turnover in 2005, as compared to HK$5,028,000 in last year which representing 5.9% to the turnover in 2004. The current increase in selling and distribution expenses is attributable to increases in expenses for after sales services and freight cost.

The Group's administrative expenses were decreased by 7.3% to HK$12,292,000 in current year, representing 20.3% to the Group's turnover in 2005, as compared to HK$13,259,000 in last year which representing 15.5% to the turnover in 2004.

The Group's other operating expenses decreased by 44.3% to HK$4,180,000 in current year, representing 6.9% to the Group's turnover in 2005, as compared to HK$7,499,000 in last year which representing 8.7% to the turnover in 2004. The reason for decrease in operating expenses was mainly because the Group did not need to make additional provision for doubtful debts in current year, as the Group insisted on implementing conservative credit policy. The Group did not have any revaluation deficit on property, plant and equipment during the year under review. The board considered that the net book value of the Group's property, plant and equipment as at 31 December 2005 was close to the fair market value.

The total finance cost of the Group decreased by 4.1% to HK$793,000 in 2005 as compared to HK$827,000 in 2004. With timely backup by NUEL, the Group could utilize its banking facilities in an effective way.

The Group's net loss attributable to equity holders for the year ended 31 December 2005 was HK$5,683,000 compared to loss of HK$32,814,000 in 2004. Loss per share was Hong Kong cents 0.38 for the year 2005 compared to loss per share of Hong Kong cents 2.55 for last year.

The Group's earnings arising from operating activities before interest, taxes, depreciation and amortization ("EBITDA") was HK$1,992,000 in current year, and EBITDA was HK$2,972,000 for 2004.

Sales distribution by business and geographical area has changed slightly during the year under review. The sales distribution by tooling products and plastic products was 77.9% and 22.1% respectively. The Group's biggest market was still Mainland China in 2005. The sales distribution for Mainland China (excluding Hong Kong and Taiwan), Hong Kong, European countries, North America and others (including Taiwan) was 34.2%, 30.3%, 21.9%, 4.8% and 8.8% respectively.

Net profit/loss from ordinary activities attributable to equity holders

The Group recorded a net loss from ordinary activities attributable to equity holders of HK$5,683,000 for the year ended 31 December 2005, whereas the net loss for the year 2004 was HK$32,814,000.

Employee information

As at 31 December 2005, the Group employed 661 (2004: 763) employees in Hong Kong and factories in Mainland China.

Total staff and labour costs of the Group (excluding directors' remuneration but including amount capitalized as inventory) was HK$16.58 million for the year ended 31 December 2005, a 5.8% decrease from HK$17.60 million for 2004. The decrease was mainly attributed to decrease in average head count of the Group during the year.

Employees' remuneration packages were structured in commensurate with individual's responsibility, qualifications, experience and performance and remained competitive prevailing the markets rates. The Group provided other fringe benefits such as discretionary bonus, medical insurance, mandatory provident fund, share options and necessary training and development. The Group has provided management skills workshops, practical seminars for knowledge update and on-the-job training to its employees during the year. The Group has a share option scheme in force but no share option was granted during the year under review.

Liquidity and financial resources

The Group operates with conservative treasury policies to avoid risky investments and to minimize interest-bearing borrowings. The Group's liquidity position has improved during the year of 2005 though the position was slightly tightened for the second and third quarters of 2005 to reduce trade payables. In current year, the Group financed its operation activities with internally generated cash flows, banking facilities, and short term revolving bank loans, and financed its investing activities with the financial support of NUEL.

As at 31 December 2005, the Group had total cash and bank balances of HK$12,953,000 and had outstanding interest-bearing borrowings of approximately HK$15,287,000, comprising trust receipt loans of HK$327,000, clean import loan of HK$3,937,000, secured bank loans of HK$8,655,000, finances lease payables of HK$2,368,000. The Group also had outstanding non-interest borrowings in respect of the unsecured interest-free loans from a controlling shareholder of HK$10,772,000 (at fair value of HK$10,052,000). Out of the total indebtedness as at 31 December 2005, approximately HK$14,687,000 is repayable within one year.

Gearing ratio

The gearing ratio was 148% as at 31 December 2005 (2004: 135%), representing total liabilities of HK$54.46 million (2004: HK$55.49 million) divided by total equity of HK$36.83 million (2004: HK$41.07 million).

Capital structure

There was no material change in the capital structure of the Company for the year ended 31 December 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 year ended 31 December 2005.

Charges on Group assets

As at 31 December 2005, the Group pledged the land use rights with a carrying value of HK$2,158,000 (2004: HK$2,154,000), and property, plant and equipment with carrying value of HK$8,460,000 (2004: HK$8,491,000) to a bank in Mainland China to secure banking facilities to the extent of HK$8,654,000 (2004: HK$8,458,000) granted to the Group.

Exposure to exchange rate fluctuations

During the period ended 31 December 2005, the Group experienced minimal 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 arising on equity investments in Mainland China. 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 were no significant contingent liabilities of the Group as at 31 December 2005 (2004: Nil). At the balance sheet, the Group had contingent liabilities not provided for in the financial statements relating to corporate guarantees on the liabilities of subsidiaries in respect of obligations under finance leases amounted to HK$2,349,000 (2004: HK$1,302,000)

Non-adjusting post balance sheet events

(a) After the balance sheet date on 9 January 2006, the Company's wholly owned subsidiary, Smartech Manufacturing Limited ("SML") entered into an agreement with China (HK) Chemical & Plastics Company Limited for an interest-bearing loan of HK$2,000,000 granted to SML. The loan is repayable within 6 months from the date of agreement in 5 equal monthly instalments of HK$400,000 each and bears interest at prime lending rate (as quoted by HSBC in Hong Kong) minus 2% per annum.

(b) After the balance sheet date on 17 January 2006, the Company reached an agreement with an independent supplier to purchase a high speed numeric computer milling machine at a consideration of EUR205,000 (equivalent approximately to HK$1,927,000).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code of Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2005.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the directors of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry of all directors, the directors of the Company have complied with the required standard of dealings set out in the GEM Listing Rules throughout the year ended 31 December 2005.

AUDIT COMMITTEE

In May 2000, the Company's audit committee had been established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules which comprises Dr. CHAN Yan Cheong (chairman of audit committee), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

The financial statements of the Company and the Group for the year ended 31 December 2005 has been reviewed by the audit committee and audited by the Company's external auditors, CCIF CPA Limited, Certified Public Accountants.

On behalf of the Board
New Universe International Group Limited

KUNG May Lan
Managing Director

Hong Kong, 20 March 2006

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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting.