



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 2007

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

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 howsoever 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 (the “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 (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:– (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

- The Group's turnover was HK\$52,028,000 in 2007 (2006: HK\$68,099,000)
- Profit attributable to equity holders of the Company was HK\$1,873,000 for 2007 (2006: loss of HK\$11,210,000)
- Basic earnings per share for the year 2007 was Hong Kong cents 0.15 (basic loss per share for 2006: Hong Kong cents 6.21)
- Total equity was HK\$261,087,000 at 31 December 2007 (2006: HK\$24,487,000)

The board of directors (the “Board”) of New Universe International Group Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2007, together with the comparative audited figures for 2006.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

| | <i>Notes</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Turnover | 3 | 52,028 | 68,099 |
| Cost of sales | | (42,848) | (56,296) |
| Gross profit | | 9,180 | 11,803 |
| Other income and gain | 3 | 4,109 | 1,882 |
| Selling and distribution costs | | (3,551) | (5,306) |
| Administrative expenses | | (11,977) | (13,271) |
| Other operating expenses | | (4,977) | (5,884) |
| Gain on disposal of a subsidiary | 5 | 4,042 | – |
| Loss from operations | 6 | (3,174) | (10,776) |
| Finance costs | 7 | (785) | (1,046) |
| Excess of fair value of net assets over the cost of acquisition of subsidiaries | 8 | 6,057 | – |
| Share of profit of an associate, net | | 90 | – |
| Profit/(loss) before income tax | | 2,188 | (11,822) |
| Income tax | 9 | – | – |
| Profit/(loss) for the year | | 2,188 | (11,822) |
| Attributable to: | | | |
| Equity holders of the Company | | 1,873 | (11,210) |
| Minority interests | | 315 | (612) |
| | | 2,188 | (11,822) |
| Dividends | 10 | – | – |
| Earnings/(loss) per share (expressed in HK cents per share) | 11 | | |
| Basic | | 0.15 | (6.21) |
| Diluted | | N/A | N/A |

CONSOLIDATED BALANCE SHEET

31 December 2007

| | <i>Notes</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 51,296 | 42,450 |
| Land lease prepayments | | 22,349 | 2,076 |
| Deposits paid for docks development | | 49,796 | 19,324 |
| Docks under development | | 5,550 | 3,617 |
| Goodwill | | 33,688 | – |
| Interest in an associate | | 4,778 | – |
| Available-for-sale equity investments | | 57,022 | – |
| | | <hr/> | <hr/> |
| | | 224,479 | 67,467 |
| Current assets | | | |
| Inventories | | 10,706 | 17,925 |
| Trade and bills receivables | 12 | 9,168 | 9,439 |
| Prepayments, deposits and other receivables | | 10,624 | 3,076 |
| Land lease prepayments | | 498 | 46 |
| Cash and bank balances | | 44,421 | 29,155 |
| | | <hr/> | <hr/> |
| | | 75,417 | 59,641 |
| Total assets | | <hr/> 299,896 <hr/> | <hr/> 127,108 <hr/> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Interest-bearing bank borrowings | | 9,184 | 16,210 |
| Trade and bills payables | 13 | 4,666 | 5,796 |
| Deposits received | | 8,959 | 13,754 |
| Accrued liabilities and other payables | | 8,091 | 4,493 |
| Obligations under finance leases | | 5 | 592 |
| Amounts due to related companies | | 419 | 2,000 |
| Shareholder's loans | | 2,416 | 2,262 |
| | | <hr/> | <hr/> |
| | | 33,740 | 45,107 |
| Net current assets | | <hr/> 41,677 <hr/> | <hr/> 14,534 <hr/> |
| Total assets less current liabilities | | <hr/> 266,156 <hr/> | <hr/> 82,001 <hr/> |

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2007

| | <i>Notes</i> | 2007 HK\$'000 | 2006 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Non-current liabilities | | | |
| Obligations under finance leases | | 4 | 9 |
| Shareholder's loans | | – | 57,505 |
| Deferred tax | | 5,065 | – |
| | | <hr/> 5,069 | <hr/> 57,514 |
| Total liabilities | | <hr/> 38,809 | <hr/> 102,621 |
| Net assets | | <hr/> 261,087 | <hr/> 24,487 |
| CAPITAL AND RESERVES | | | |
| Issued capital | | 18,259 | 1,490 |
| Reserves | | 237,411 | 22,697 |
| | | <hr/> 255,670 | <hr/> 24,187 |
| Equity attributable to equity holders of the Company | | <hr/> 255,670 | <hr/> 24,187 |
| Minority interests | | 5,417 | 300 |
| | | <hr/> 261,087 | <hr/> 24,487 |
| Total equity | | <hr/> 261,087 | <hr/> 24,487 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

The consolidated statement of changes in equity showing movement of reserves of the Group is as follows:

| | | Share | Exchange | Investment | | | | | | | |
|---|-------|----------|----------|-------------|-------------|-------------|---------------|-------------|-----------|-----------|----------|
| | | Share | premium | fluctuation | revaluation | Contributed | Distributable | Accumulated | | Minority | |
| | Notes | Capital | account | reserve | reserve | surplus | reserve | losses | Sub-total | interests | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| At 1 January 2006 | | 74,480 | 27,847 | 1,866 | - | 31,929 | - | (100,216) | 35,906 | 926 | 36,832 |
| Capital reduction | (a) | (72,990) | - | - | - | - | 72,990 | - | - | - | - |
| Cancellation of share premium and distributed surplus | (a) | - | (27,847) | - | - | (31,929) | 59,776 | - | - | - | - |
| Transfers | (a) | - | - | - | - | - | (100,837) | 100,837 | - | - | - |
| Translation differences arising on consolidation of overseas subsidiaries | | - | - | (509) | - | - | - | - | (509) | (14) | (523) |
| Loss for the year | | - | - | - | - | - | - | (11,210) | (11,210) | (612) | (11,822) |
| At 31 December 2006 and 1 January 2007 | | 1,490 | - | 1,357 | - | - | 31,929 | (10,589) | 24,187 | 300 | 24,487 |
| Rights issue | (b) | 10,427 | 93,845 | - | - | - | - | - | 104,272 | - | 104,272 |
| Issuance of new shares | (c) | 6,342 | 114,158 | - | - | - | - | - | 120,500 | - | 120,500 |
| Share issue expenses | | - | (1,515) | - | - | - | - | - | (1,515) | - | (1,515) |
| Fair value gain on available for sale equity investments | | - | - | - | 4,110 | - | - | - | 4,110 | - | 4,110 |
| Acquisition of subsidiaries | | - | - | - | - | - | - | - | - | 4,806 | 4,806 |
| Disposal of a subsidiary | | - | - | (3,584) | - | - | - | - | (3,584) | - | (3,584) |
| Translation differences arising on consolidation of overseas subsidiaries | | - | - | 5,827 | - | - | - | - | 5,827 | (4) | 5,823 |
| Profit for the year | | - | - | - | - | - | - | 1,873 | 1,873 | 315 | 2,188 |
| At 31 December 2007 | | 18,259 | 206,488 | 3,600 | 4,110 | - | 31,929 | (8,716) | 255,670 | 5,417 | 261,087 |

Notes:

- (a) During the year 2006, the Company's capital re-organisation was approved by the shareholders of the Company on 18 September 2006 and, thereafter the following changes in share capital of the Company took place after the capital re-organisation became fully effective on 18 December 2006:
- (i) a share consolidation under which every ten of the authorised shares (both issued and unissued) of HK\$0.05 each was consolidated into one share of HK\$0.50 each;
 - (ii) a reduction of HK\$72,990,400 on the Company's issued share capital was effected by reducing the nominal value of the 148,960,000 consolidated shares of HK\$0.50 each to HK\$0.01 each;
 - (iii) a share subdivision under which each of the total 1,851,040,000 authorised but unissued consolidated shares of HK\$0.50 each was subdivided to make up total 99,851,040,000 shares of HK\$0.01 each;
 - (iv) the amount of capital reduction mentioned in item (a)(ii) totalling HK\$72,990,400 was transferred to distributable reserve account;
 - (v) the share premium account of the Company carried forwarded as of 31 December 2005 of approximately HK\$27,847,000 was cancelled and transferred to distributable reserve account.
 - (vi) the contributed surplus of the Company carried forwarded as of 31 December 2005 of approximately HK\$58,078,000 was cancelled and transferred to distributable reserve account; and
 - (vii) the accumulated losses of the Company as of 31 December 2005 of approximately HK\$100,837,000 was set off against part of the distributable reserve account with credit effected by the transfers as mentioned in items (a)(iv), (a)(v) and (a)(vi) above.
- (b) On 17 January 2007, the Company completed the Rights Issue of 1,042,720,000 rights shares at a subscription price of HK\$0.10 each on the basis of seven rights shares for every share of the Company then held on 28 December 2006.
- (c) On 12 October 2007, the Company issued 634,211,681 new shares at a price of HK\$0.19 each as consideration shares for the settlement of the transactions to acquire 100% interests of NUEPIL and NUCIL respectively in relation to the Environmental Acquisitions and the Dyeing Acquisition.

NOTES

1. GENERAL INFORMATION

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

The Company acts as investment holding company. During the year, the Group was involved in the following principal activities:

- (i) the manufacturing and sale of molds and plastic products,
- (ii) medical and industrial waste environmental disposal services; and
- (iii) property investment, development and operation of docks, warehouses and logistics facilities at Xinminzhou, Zhenjiang City, Jiangsu Province, the People’s Republic of China (“PRC”).

These financial statements are presented in Hong Kong dollars, unless otherwise stated.

At 31 December 2007, the directors of the Company consider the ultimate controlling party of the Group to be New Universe Enterprises Limited (“NUEL”), which is incorporated in the British Virgin Islands.

On 8 October 2007, the Company’s independent shareholders approved the following agreements entered into by the Company which affected materially the principal activities of the Company:

- (a) a sale and purchase agreement dated 23 August 2007 entered into between the Company as purchaser, New Universe Environmental Protection Group Limited (“NUEPGL”) as the vendor and Mr. XI Yu as the guarantor relating to the sale and purchase of 4,000,000 issued shares of US\$1.00 each representing the entire issued share capital of New Universe Environmental Protection Investment Limited (“NUEPIL”) for a consideration of HK\$59,458,000 (the “Environmental S&P Agreement A”);
- (b) a sale and purchase agreement dated 23 August 2007 entered into between the Company as purchaser and Mr. SUN Jia Qing as the vendor relating to the sale and purchase of 700,000 shares of HK\$1.00 each in the issued share capital of New Universe Environmental Technologies (Jiang Su) Limited (“NUET(JS)”) for a consideration of HK\$6,713,000 (the “Environmental S&P Agreement B”);
- (c) a sale and purchase agreement dated 23 August 2007 entered into between the Company as purchaser and Mr. YIN Yong Xiang as the vendor relating to the sale and purchase of 700,000 shares of HK\$1.00 each in the issue share capital of NUET(JS) for a consideration of HK\$6,713,000 (the “Environmental S&P Agreement C”);

- (d) a sale and purchase agreement dated 23 August 2007 entered into between the Company as purchaser and Mr. LIU Lai Gen as the vendor relating to the sale and purchase of 600,000 shares of HK\$1.00 each in the issued share capital of NUET(JS) for a consideration of HK\$5,754,000 (the “Environmental S&P Agreement D”);

(the transactions contemplated under the Environmental S&P Agreement A, the Environmental S&P Agreement B, the Environmental S&P Agreement C, and the Environmental S&P Agreement D are therein collectively referred to as the “Environmental Acquisitions”)

- (e) a sale and purchase agreement dated on 23 August 2007 entered into between the Company as purchaser, NUEL as the vendor and Mr. XI Yu as the guarantor relating to the sale and purchase of 1,800,000 shares of US\$1.00 each representing the entire issued share capital of New Universe (China) Investment Limited (“NUCIL”) for a consideration of HK\$56,862,220, and the loan due from NUCIL to NUEL in the amount of HK\$51,216,430 for a consideration of HK\$1.00 (the “Dyeing S&P Agreement”).

(the transactions contemplated under the Dyeing S&P Agreement is therein referred to as the “Dyeing Acquisition”; and the Environmental Acquisitions and Dyeing Acquisition are hereinafter collectively referred to as the “Acquisitions”)

- (f) an equity interest transfer agreement dated 23 August 2007 entered into between Smartech Manufacturing Limited, a wholly owned subsidiary of the Company as the vendor and Sky Sight International Limited (“SSIL”) as the purchaser relating to the disposal of the entire equity interest of Dongguan Smartech Tooling and Plastics Limited (“Dongguan Smartech”) for a consideration of HK\$24,161,603 (subject to upward or downward adjustment of not more 10% upon completion) (the “Disposal Agreement”)

(the transactions contemplated under Disposal Agreement is therein referred to as the “Disposal of Dongguan Smartech”)

2. BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These 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 HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

From 1 January 2007, the Group has adopted all the new and revised HKFRSs, which are first effective on 1 January 2007 and relevant to the Group. The adoption of these HKFRSs has given rise to additional disclosures as follows:

HKAS 1 (Amendment) – Capital Disclosures

In accordance with the HKAS 1 (Amendment) – Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report.

HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 – Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its financial statements for the year ended 31 December 2007. All disclosures relating to financial instruments including the comparative information have been updated to reflect the new requirements. In particular, the Group's financial statements now feature:

- a sensitivity analysis explaining the Group's market risk exposure in regard to its financial instruments, and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities,
- each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net income or balance sheet items.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

| | |
|-------------------|--|
| HKAS 1 (Revised) | Presentation of Financial Statements ¹ |
| HKAS 23 (Revised) | Borrowing costs ¹ |
| HKFRS 8 | Operating segments ¹ |
| HK(IFRIC)-Int 11 | HKFRS 2: Group and Treasury Share Transactions ² |
| HK(IFRIC)-Int 12 | Service Concession Arrangements ³ |
| HK(IFRIC)-Int 13 | Customer Loyalty Programmes ⁴ |
| HK(IFRIC)-Int 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³ |

Notes:

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

3. TURNOVER AND OTHER INCOME AND GAIN

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

| | | Group | |
|---|-------------|--------------------------------|-------------------------|
| | <i>Note</i> | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
| Turnover | 4 | 52,028 | 68,099 |
| Other income and gain | | | |
| Gain on fair value of shareholder's loans | | – | 126 |
| Interest income | | 1,552 | 64 |
| Net gain on disposal of property, plant and equipment | | 148 | 59 |
| Scrap sales | | 981 | 1,093 |
| Sundry income | | 1,428 | 540 |
| | | 4,109 | 1,882 |
| Total | | 56,137 | 69,981 |

4. 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.

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 that offers products and services that are subject to risks and returns which are different from those of the other business segments.

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:

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

- (ii) the plastic products segment engages in the manufacture and sale of plastic products; and
- (iii) the environmental services segment engages in the environmental collection and disposal of hazardous medical and industrial wastes.

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

Group

| | Mold products | | Plastic products | | Environmental services | | Consolidated | |
|---|---------------|----------|------------------|----------|------------------------|----------|---------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue: | | | | | | | | |
| Sales to external customers | 31,056 | 52,084 | 14,992 | 16,015 | 5,980 | – | 52,028 | 68,099 |
| Other income | 2,073 | 706 | 134 | 840 | 20 | – | 2,227 | 1,546 |
| Total | 33,129 | 52,790 | 15,126 | 16,855 | 6,000 | – | 54,255 | 69,645 |
| Segment results | (2,585) | (3,742) | (2,143) | (389) | 3,821 | – | (907) | (4,131) |
| Unallocated income | | | | | | | 5,924 | 336 |
| Unallocated expenses | | | | | | | (8,191) | (6,981) |
| Loss from operations | | | | | | | (3,174) | (10,776) |
| Finance costs | | | | | | | (785) | (1,046) |
| Excess of fair value of net assets over the cost of acquisition of subsidiaries | | | | | | | 6,057 | – |
| Share of profit of an associate, net | | | | | | | 90 | – |
| Profit/(loss) before income tax | | | | | | | 2,188 | (11,822) |
| Income tax | | | | | | | – | – |
| Profit/(loss) for the year | | | | | | | 2,188 | (11,822) |

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

Group

| | Mold products | | Plastic products | | Environmental services | | Consolidated | |
|---|---------------|----------|------------------|----------|------------------------|----------|----------------|----------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment assets | 37,346 | 54,210 | 14,020 | 23,293 | 92,233 | - | 143,599 | 77,503 |
| Docks development | | | | | | | 80,816 | 41,273 |
| Interest in an associate | | | | | | | 4,778 | - |
| Available-for-sale equity investments | | | | | | | 57,022 | - |
| Unallocated assets | | | | | | | 13,681 | 8,332 |
| Total assets | | | | | | | <u>299,896</u> | <u>127,108</u> |
| Segment liabilities | 22,398 | 30,728 | 1,241 | 1,592 | 10,293 | - | 33,932 | 32,320 |
| Unallocated liabilities | | | | | | | 4,877 | 70,301 |
| Total liabilities | | | | | | | <u>38,809</u> | <u>102,621</u> |
| Other segment information: | | | | | | | | |
| Depreciation and amortization | 4,355 | 3,916 | 1,833 | 3,898 | 674 | - | 6,862 | 7,814 |
| Provision for impairment loss of trade receivables/(written back) | 86 | 900 | (53) | 54 | - | - | 33 | 954 |
| Capital expenditure | 2,443 | 4,604 | 4,052 | 901 | 963 | - | 7,458 | 5,505 |

(b) Geographical segments

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

Group

| | Hong Kong | | Mainland China | | North America | | Europe | | Others | | Consolidated | |
|-----------------------------|--------------|--------------|----------------|---------------|---------------|--------------|---------------|---------------|------------|---------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | 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 | 3,987 | 7,833 | 24,597 | 19,415 | 3,981 | 6,336 | 18,942 | 23,853 | 521 | 10,662 | 52,028 | 68,099 |
| Other revenue | 1,477 | 359 | 2,632 | 1,523 | - | - | - | - | - | - | 4,109 | 1,882 |
| | <u>5,464</u> | <u>8,192</u> | <u>27,229</u> | <u>20,938</u> | <u>3,981</u> | <u>6,336</u> | <u>18,942</u> | <u>23,853</u> | <u>521</u> | <u>10,662</u> | <u>56,137</u> | <u>69,981</u> |

| | Hong Kong | | Mainland China | | Others | | Consolidated | |
|----------------------------|-----------|----------|----------------|----------|----------|----------|--------------|----------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Other segment information: | | | | | | | | |
| Segment assets | 110,783 | 13,226 | 189,113 | 113,882 | - | - | 299,896 | 127,108 |
| Capital expenditure | 52 | 47 | 7,406 | 5,458 | - | - | 7,458 | 5,505 |

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

5. GAIN ON DISPOSAL OF A SUBSIDIARY

| | 2007 |
|--|-----------------|
| | <i>HK\$'000</i> |
| Net assets disposed of: | |
| Plant and equipment | 15,946 |
| Inventories | 9,820 |
| Trade receivables | 1,133 |
| Other receivables | 790 |
| Cash and cash equivalents | 202 |
| Trade payables | (3,034) |
| Deposits received | (2,729) |
| Other payables | (1,021) |
| | <hr/> |
| | 21,107 |
| Realisation of exchange translation reserve | (3,584) |
| Legal and professional fees incurred on disposal | 180 |
| Consideration | (21,745) |
| | <hr/> |
| Gain on disposal of Dongguan Smartech | <u>(4,042)</u> |

6. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging/(crediting):

| | Group | |
|---|-----------------|-----------------|
| | 2007 | 2006 |
| | HK\$'000 | HK\$'000 |
| Staff costs | | |
| (exclusive of directors' remuneration): | | |
| Retirement costs | | |
| Contributions to retirement benefits schemes | 56 | 84 |
| Less: Forfeited contributions | – | – |
| | <hr/> | <hr/> |
| Net retirement benefits scheme contributions | 56 | 84 |
| Salaries, wages and other benefits | 14,018 | 16,331 |
| | <hr/> | <hr/> |
| | 14,074 | 16,415 |
| Directors' remuneration | | |
| Fees | 360 | 360 |
| Other emoluments | | |
| Salaries, allowances and benefits in kind | 616 | 525 |
| Retirement benefits scheme contributions | 12 | 12 |
| | <hr/> | <hr/> |
| | 988 | 897 |
| Other items | | |
| Amortisation of land lease prepayments | 161 | 46 |
| Auditors' remuneration | | |
| – Audit services | 550 | 438 |
| – Non-audit services | 800 | 100 |
| Cost of inventories consumed | 42,082 | 53,537 |
| Depreciation | | |
| – owned assets | 6,694 | 7,507 |
| – assets held under finance leases | 7 | 261 |
| Impairment loss of inventories | 766 | 2,759 |
| Net foreign exchange loss | 1,202 | 432 |
| Operating lease charges: minimum lease payments | | |
| – hire of properties | 237 | 288 |
| – hire of an industrial plant | 2,663 | 3,362 |
| Impairment loss of trade receivables | 33 | 954 |
| | <hr/> <hr/> | <hr/> <hr/> |

7. FINANCE COSTS

| | Group | |
|--|-----------------|-----------------|
| | 2007 | 2006 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interest expense on: | | |
| Bank loans wholly repayable within five years | 588 | 549 |
| Bank import loans wholly repayable within five years | 185 | 397 |
| Finance charges on obligations under finance leases | 12 | 100 |
| | <u>785</u> | <u>1,046</u> |

8. EXCESS OF FAIR VALUE OF NET ASSETS OVER THE COST OF ACQUISITION OF SUBSIDIARIES

| | 2007 |
|--|-----------------|
| | <i>HK\$'000</i> |
| Fair value of net assets acquired: | |
| Investment in an associate | 5,858 |
| Available-for-sale equity investments | 52,911 |
| Dividends receivable | 2,976 |
| Cash and bank balances | 2,487 |
| Other payables | (10) |
| | <u>64,222</u> |
| 100% of net assets acquired | 64,222 |
| Legal and professional fees directly incurred on acquisition | (1,303) |
| Consideration | (56,862) |
| | <u>6,057</u> |

9. INCOME TAX

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 exempt from payment of the Cayman Islands income tax.

The provision for Hong Kong tax for 2007 is calculated at 17.5% (2006: 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.

Dongguan Smartech was located and operated in the PRC and was subject to state corporate income tax 12% and local corporate income tax of 3%, which was disposed of on 12 October 2007.

Suzhou New Universe, Zhenjiang New Universe, Taizhou New Universe, Yancheng New Universe, Zhenjiang Port Co. and Zhenjiang Warehouses Co. are located and operated in the PRC, are entitled to the exemptions from PRC Foreign Enterprise Income Tax (“FEIT”) of 24%, and the local FEIT rate of 3% for two years starting from their first profit-making, followed by a 50% tax relief for the next three years. The first profit making year of Zhenjiang New Universe and Taizhou New Universe was 2006. As at 31 December 2007, Zhenjiang New Universe, Taizhou New Universe and Yancheng New Universe were still in a tax loss position while Zhenjiang Port Co. and Zhenjiang Warehouses Co. have not commenced its operations. Accordingly, they are not subject to the FEIT.

The National People’s Congress of the PRC approved the Corporate Income tax Law of the PRC (the “New Tax Law”) on 16 March 2007. With effective from 1 January 2008, the tax rate applicable to the enterprises established in the PRC will be unified at 25% with certain grandfather provisions and preferential provisions. The change in tax rate does not have any impact on the financial statements, as the New Tax Law was neither enacted nor substantially enacted by 31 December 2007.

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

Group – 2007

| | Hong Kong | | Mainland China | | Total | |
|---|---------------|------|----------------|-------|--------------|-------|
| | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % |
| Profit/(loss) before income tax | <u>11,490</u> | | <u>(9,302)</u> | | <u>2,188</u> | |
| Tax at the statutory/applicable tax rates | 2,011 | 17.5 | (1,395) | 15.0* | 616 | 28.2* |
| Income not subject to tax | (2,061) | | – | | (2,061) | |
| Expenses not deductible for tax | 645 | | 1,395 | | 2,040 | |
| Tax losses not recognised as deferred tax asset | <u>(595)</u> | | – | | <u>(595)</u> | |
| Tax charge at the Group’s effective rate | <u>–</u> | – | <u>–</u> | – | <u>–</u> | – |

Group – 2006

| | Hong Kong | | Mainland China | | Total | |
|---|-----------------|------|-----------------|-------|-----------------|-------|
| | <i>HK\$'000</i> | % | <i>HK\$'000</i> | % | <i>HK\$'000</i> | % |
| Loss before income tax | <u>(3,212)</u> | | <u>(8,610)</u> | | <u>(11,822)</u> | |
| Tax at the statutory/applicable tax rates | (562) | 17.5 | (1,292) | 15.0* | (1,854) | 15.7* |
| Income not subject to tax | (353) | | – | | (353) | |
| Expenses not deductible for tax | 1,536 | | 1,292 | | 2,828 | |
| Tax losses not recognised as deferred tax asset | <u>(621)</u> | | <u>–</u> | | <u>(621)</u> | |
| Tax credit at the Group's effective rate | <u>–</u> | – | <u>–</u> | – | <u>–</u> | – |

* representing effective tax rate

10. DIVIDENDS

The Board of Directors of the Company does not recommend the payment of any dividend for the year ended 31 December 2007 (2006: Nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings (2006: loss) per share is based on the profit attributable to equity holders of the Company for the year ended 31 December 2007 (2006: loss) and the weighted average number of ordinary shares in issue during the year.

Diluted earnings/(loss) per share for the years ended 31 December 2007 and 2006 have not been presented as no diluting event existed during these years.

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

| | 2007 | 2006 |
|---|-----------------------------|--------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Profit/(loss) attributable to equity holders of the Company, used in the basic earnings/(loss) per share calculation: | <u>1,873</u> | <u>(11,210)</u> |
| Shares | | |
| Weighted average number of ordinary shares in issue during the year | <u>1,285,329,000</u> | <u>180,558,000</u> |

12. TRADE AND BILLS RECEIVABLES

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

| | Group | |
|----------------|-------------------------|-------------------------|
| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
| Within 1 month | 2,860 | 3,630 |
| 1 to 2 months | 1,503 | 2,728 |
| 2 to 3 months | 2,451 | 1,673 |
| Over 3 months | 2,354 | 1,408 |
| | <hr/> | <hr/> |
| | 9,168 | 9,439 |
| | <hr/> <hr/> | <hr/> <hr/> |

13. 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:

| | Group | |
|----------------|-------------------------|-------------------------|
| | 2007 <i>HK\$'000</i> | 2006 <i>HK\$'000</i> |
| Within 1 month | 1,544 | 1,606 |
| 1 to 2 months | 1,184 | 1,316 |
| 2 to 3 months | 673 | 681 |
| Over 3 months | 1,265 | 2,193 |
| | <hr/> | <hr/> |
| | 4,666 | 5,796 |
| | <hr/> <hr/> | <hr/> <hr/> |

14. COMMITMENTS

At the balance sheet date, the Group had the following commitments:

(a) Capital commitments

At 31 December 2007, the Group had capital commitments not provided for in the financial statements as follows:

| | 2007 | Group |
|---------------------------------------|-----------------|-----------------|
| | HK\$'000 | 2006 |
| | | HK\$'000 |
| Contracted for | | |
| – Zhenjiang Docks Project | 183,171 | 173,437 |
| – Plant and machinery | 242 | 36 |
| Authorised for but not contracted for | | |
| – Zhenjiang Docks Project | 63,761 | 60,372 |
| – Plant and machinery | – | 13 |
| | 247,174 | 233,858 |

(b) Operating lease commitments

At 31 December 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | 2007 | Group |
|---|-----------------|-----------------|
| | HK\$'000 | 2006 |
| | | HK\$'000 |
| Within one year | 121 | 3,602 |
| In the second to fifth years, inclusive | 204 | 6,525 |
| After five years | 153 | – |
| | 478 | 10,127 |

As at 31 December 2007, the Group leases its office premises in Hong Kong and a landfill for waste disposal in PRC under operating lease arrangements. Leases for the office premises and the landfill are negotiated for terms ranging from one to ten years.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year 2007, both turnover and gross profit of the Group declined. However, the Group recorded a profit attributable to the equity holders of the Company of HK\$1,873,000 in 2007, as compared to loss attributable to the equity holders of the Company amounted to HK\$11,210,000 in 2006. The Group has become profitable again mainly because the Group has restructured its businesses and repositioned its medium-term strategies during the year 2007. The Group's equity attributable to equity holders of the Company increased to HK\$255,670,000 as at 31 December 2007 as compared to HK\$24,187,000 as at 31 December 2006, and the debt gearing of the Group was significantly reduced to 4.6%.

With the effort of the management and accumulation of past experience, 2007 was registered as a year of remarkable change to the Group, and the following vision, missions and actions will continuously motivate the Group to improve and grow toward higher goals in the future:

Vision

To exceed expectations of the stakeholders, and sustain as a profitable organisation

Missions

To ensure business with all customers and suppliers is conducted in an efficient and effective manner

To ensure working environment is maintained at a high quality and environmentally sound manner

To grow continuously

Actions

To strengthen the financial position of the Group

To consolidate resources for manufacturing operations with slim profitability

To re-invest resources for environmental operations with higher growth potential

To seek for feasible opportunities of diversification into growing markets

To explore for financing alternatives and co-operation partners

To build up responsible and professional human capital

To target for reasonable goals of return

Outlook

The Group disposed of its entire equity interest in Dongguan Smartech in the fourth quarter of 2007, but the Group will continuously engage in the manufacturing and trading of high precision molds and plastic products through running the operations of Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”). The senior management team of Suzhou New Universe commits to the key missions of re-enforcement of quality control and betterment of cost control in order to the sustain continuous growth, and also commits to the goals of profitability in the coming future.

After the completion of the acquisition of 100% equity interest in NUCIL in 2007, the Group became indirectly interested in 18.62%, 24.5% and 28.67% respectively of 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”). The Board considers those interests acquired are strategic investments in the Mainland China that business networks would be capitalised in the Jiangsu Province surrounding the Changjiang River Delta.

After the completion of the acquisition of 100% equity interest in NUEPIL in 2007, the Group became indirectly interested in 82% equity interests respectively in Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), Yancheng New Universe Solid Waste Disposal Company Limited (“Yancheng New Universe”), and Taizhou New Universe Solid Waste Disposal Company Limited (“Taizhou New Universe”). The Board considers those interests acquired are the cornerstone of the Group for further diversification of its business to capture growth potential on the environmental operations in the coming years.

In the long run, the Group will consolidate its available resources for the development of environmental projects in the Jiangsu Province, and will explore co-operation with industrial experts for the development phase by phase.

BUSINESS REVIEW

Overview

During the year 2007, the Group’s sales of plastic injection molds sales of plastic products have been scaled down after the Disposal of Dongguan Smartech was completed. Sales of mold products and sales of plastic products represented 59.7% and 28.8% respectively of the Group’s turnover for the year ended 31 December 2007, as compared to 77.9% and 22.1% respectively in 2006. Post acquisition services income from the environmental operations also accounted for 11.5% of the Group’s turnover in 2007. Comparing to a loss of HK\$11,822,000 for the year 2006, the Group recorded a profit of HK\$2,188,000 for the year 2007.

The Group has a turnaround to profit making since the fourth quarter of 2007 after the disposal of its interest in Dongguan Smartech and acquisition of environmental operations.

Manufacturing Operations

Suzhou New Universe is a 97% owned manufacturer of the Group situated at Changjiang River Delta, Mainland China. Suzhou New Universe manufactures and sells injection molds both locally and overseas, which has launched plastics injection production since third quarter of 2006. Turnover of Suzhou New Universe for the year ended 31 December 2007 was HK\$26,847,000 representing an increase of 34.0% as compared to 2006. The core competence of Suzhou New Universe is the production of automobile parts and office equipment that maintained stable growth in 2007. The newly invested production lines of plastic injection have strengthened its customer base of Suzhou New Universe ordering for mold making and also strengthened its income base. Besides its emphasis on persistent quality control, Suzhou New Universe has been working toward the goals of continuous improvement of its productivity and efficiency with its engineering technology on mold making and plastic injection.

Dongguan Smartech had been a 100% owned subsidiary of the Group and was previously a key manufacturer of molds and plastic products of the Group. Dongguan Smartech was a wholly owned subsidiary of Smartech Manufacturing Limited (“HK Smartech”, a wholly subsidiary of the Group in Hong Kong). Dongguan Smartech recorded losses for the past few years, whose performance was mainly affected by the increasing operational constraints in Guangdong Province, in the Mainland China. On 23 August 2007, the Board proposed to dispose of the Group’s entire equity interest in Dongguan Smartech to a wholly owned subsidiary of the Company’s controlling shareholder, NUEL; and the disposal was completed in fourth quarter of 2007 at an adjusted consideration of approximately HK\$21,746,000 (hereinafter referred to as the “Disposal of Dongguan Smartech”) together with the novation of the current accounts between Dongguan Smartech and HK Smartech to the buyer. The Disposal of Dongguan Smartech was intended to discontinue loss-making operations of the Group and, upon the approval of minority shareholders of the Company, allowed the controlling shareholder, NUEL, to take up the operations for a more thorough restructuring.

Environmental Operations

The acquisition of 100% equity interest in NUEPIL was completed on 12 October 2007. NUEPIL owns 82% indirect equity interests in Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe. The three subsidiaries are principally engaged in environmental operations, and their performance were satisfactory during the fourth quarter of 2007 thereafter the completion of the acquisitions. Up to the end of 2007, the market shares and coverage in terms of contracted major hospitals for medical waste disposals for each of Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe in their respective cities have exceeded 95%. NUEPIL has contributed post-acquisition profits to the Group in 2007.

In January 2008, the boards of both Yancheng New Universe and Taizhou New Universe have considered to declare dividends to their investor, NUET(JS). At the same time, the board of NUET(JS) has also considered to increase the registered capital of Zhenjiang New Universe by US\$500,000 (approximately HK\$3,900,000) for investing on the liquid waste treatment system to enhance capability of the overall liquid waste treatment.

Development of Zhenjiang Docks Project

The co-operation between the Company and the China parties (“China Parties”, comprising The District Government of Jingkou, Zhenjiang and State Owned Gongqingtuan Farm of Jiangsu Province) in relation to the investment for the construction of dock infrastructure and development of warehouses and depot facilities at a site area in Xinminzhou, Jingkou District, Zhenjiang City, Jiangsu Province, Mainland China (“Zhenjiang Docks Project”) has been moving forward in a progressive sequence. In 2007, the port construction feasibility studies for the first phase of the Zhenjiang Docks Project have been finalized. With the assistance of the China Parties, preliminary riverbank strengthening works have started surrounding the waterfront of the first phase development site. The kick-off of first phase construction of the Zhenjiang Docks Project is still awaiting the PRC Transport Department for the approvals of operating rights in order to start the first phase water front construction.

As of 31 December 2007, the two wholly foreign owned enterprises incorporated for the Zhenjiang Docks Project in Zhenjiang, the Mainland China, namely, New Universe International (Zhenjiang) Port Company Limited (“Zhenjiang Port Co.”) and New Universe International (Zhenjiang) Warehouses Company Limited (“Zhenjiang Warehouses Co.”) were injected US\$8,500,000 (approximately HK\$66,300,000) and US\$1,500,000 (approximately HK\$11,700,000) respectively as their paid-up registered capital. The necessary land use rights for the hinterland of the Zhenjiang Docks Project shall be granted by phases and the site of Zhenjiang Docks Project shall be plotted to cope with different operating purposes, such as warehouses and logistics and depot facilities. As at 31 December 2007, land deposits totally amounted to RMB48,800,000 (or equivalent to approximately HK\$49,796,000) were paid by Zhenjiang Port Co. to the local government to secure land use rights for the site area would be granted in order to commence construction and operations along the first phase water front line.

The Board expects the schedule for kicking off the first phase construction of Zhenjiang Docks Project will be deferred from the original plan of 2006. All parties to the co-operative agreement intend the Zhenjiang Docks Project to be gone ahead in accordance with the original agreement, though the execution of which may be affected by the revision plan of the local government on the whole district area surrounding Xinminzhou. Barring any unforeseeable circumstances, the Company does not expect any difficulties in obtaining the required approvals for Zhenjiang Docks Project construction from the relevant authorities in the Mainland China.

Fund Raising Exercise

Subsequent to the completion of the capital re-organisation of the Company on 18 December 2006, the Company proceeded with a rights issue of 1,042,720,000 rights shares at a subscription price of HK\$0.10 per rights share on the basis of seven rights shares for every share held by the Company's shareholders on 28 December 2006 ("Rights Issue"). The Rights Issue was completed on 17 January 2007. The net proceeds of the Rights Issue (after deduction of expenses amounted to approximately HK\$1,204,000) was approximately HK\$103,068,000, of which approximately HK\$56,944,000 was received in cash. The balance of Rights Issue proceeds amounted to HK\$46,124,000 was applied to directly set off against the pro-rata entitlements of NUEL to the Rights Issue on a dollar-to-dollar basis for the settlement and capitalization of the unsecured interest free loans previously granted by NUEL to the Company. The main purpose of the Rights Issue is for the investment in the Zhenjiang Docks Project.

Corporate Restructuring Exercise

On 12 October 2007, the Company completed the transactions to acquire the 100% interest in NUEPIL and 100% interest in NUCIL with the vendors. Upon completion of the acquisitions, the Company issued an aggregate of 634,211,681 new shares at a price of HK\$0.19 per share ("Consideration Shares") for the settlement of the share consideration, among the others, of which 533,264,315 new shares were issued to NUEL being the key vendor of the transactions. NUEPIL becomes a wholly owned subsidiary of the Group and is the holding company of the controlling interests in three environmental entities in Jiangsu Province. NUCIL becomes a wholly owned subsidiary of the Group and is the holding company of the strategic investments in three different plastic dyeing factories with one in Qingdao and two in the Jiangsu Province. At the same time, the Group also completed the Disposal of Dongguan Smartech.

Strategic Investments

The acquisition of 100% equity interest in NUCIL was also completed on 12 October 2007. The major assets of NUCIL are its indirect investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei. Those companies are plastics dyeing factories in the Mainland China, which all have past records of stable growth in their business operations. After the completion of the acquisition in the fourth quarter of 2007, the operations of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei remained stable and satisfactory.

PROSPECTS

The Group will maintain the mold making facilities and plastic injection production lines of Suzhou New Universe in desirable conditions to ensure its competitiveness surrounding the Changjiang River Delta in the Mainland China. Suzhou New Universe owes the latest state-of-the-art mold making and plastic injection equipments. Quality control on manufacturing of its own molds and plastics ensures competitive pricing and satisfactory lead-time. Through connections with Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei, Suzhou New Universe widens its customer networks and shares experience of their quality management.

Acquisitions of interests in environmental operations in 2007 would lead the Group diversifying into business with growth potential in the Mainland China. On 15 October 2007, the Company has also signed a letter of intent to acquire controlling interest in an environmental electroplating recycling project in Zhenjiang Province, which engages in the development and operation of an industrial park for the business of environmental electroplating recycling, including but not limited to environmental treatment of electroplating waste water and residue and recycling of metallic substance and resources. Up to the date of this announcement, the Company has been carrying out a due diligence review of the project status.

The Board expects that barring any unforeseeable circumstances, manufacturing operations of Suzhou New Universe, the environmental operations of Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe, and the investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei will be the Group's cornerstone to sustain profitability in the coming future. The Board also expects the Zhenjiang Dock's Project will contribute to the Group in the long run. The Board remains confident in sustainable growth of the Group and that the Group's performance will be better in the coming year.

FINANCIAL REVIEW

Turnover

The Group's turnover was HK\$52,028,000 for the year ended 31 December 2007 representing a decrease of 23.6% from HK\$68,099,000 for the year 2006. HK Smartech (together with Dongguan Smartech) and Suzhou New Universe contributed 51.6% and 36.9% respectively of the Group's turnover for the year ended 31 December 2007 as compared to 70.6% and 29.4% respectively for the year 2006. Turnover of the Group's manufacturing operations of mold making and plastic injection have been scaled down. Post acquisition services income of environmental operations also accounted for 11.5% of the Group's turnover for the year 2007 and is expected to increase in the coming year.

Gross profit

Gross profit of the Group for the year ended 31 December 2007 decreased by 22.2% to HK\$9,180,000 as compared to HK\$11,803,000 for the year 2006. The overall gross profit margin of the Group was 17.6% in 2007 as compared to 17.3% for the year 2006. The average gross profit margin of Suzhou New Universe was 21.1% in 2007. The gross loss margin of Dongguan Smartech was 0.1% in 2007 before its interests was being disposed of. The average post acquisition gross profit margin of the newly acquired environmental operations was 63.6% in 2007.

Profit and loss

Mainly attributable to the effect of the Disposal of Dongguan Smartech, the overall expenses of the Group decreased in 2007 as compared to 2006.

The Group's profit attributable to equity holders for the year ended 31 December 2007 was HK\$1,873,000 as compared to loss of HK\$11,210,000 in 2006. The profit made in 2007 was mainly attributable to (i) the net gain of HK\$4,042,000 on the Disposal of Dongguan Smartech, and (ii) the excess of fair value of assets acquired over cost on acquisition in the amount to HK\$6,057,000 arisen on the completion of the acquisition of 100% interest in NUCIL (the major assets of which are its indirect interests in 18.62%, 24.5% and 28.67% respectively of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei).

Basic earnings per share attributable to the equity holders of the Company was Hong Kong cents 0.15 for the year 2007 as compared to basic loss per share attributable to the equity holders of the Company of Hong Kong cents 6.21 for last year 2006.

Other income

The Group's other income increased to HK\$4,109,000 for the year ended 31 December 2007 as compared to HK\$1,882,000 for the year 2006. The current increase was mainly attributable to increases in interest income from funds raised for the Zhenjiang Docks Project in 2007.

Selling and distribution costs

The Group's selling and distribution expenses decreased by 33.1% to HK\$3,551,000 in current year, representing 6.8% to the Group's turnover in 2007, as compared to HK\$5,306,000 in last year that representing 7.8% to the turnover in 2006. The current decrease in selling and distribution costs was mainly attributable to decreases in commission paid to agencies and expenses incurred for after sales services during the year 2007.

Administrative expenses

The Group's administrative expenses decreased by 9.8% to HK\$11,977,000 in current year, representing 23.0% to the Group's turnover in 2007, as compared to HK\$13,271,000 in last year that representing 19.5% to the turnover in 2006. The current decrease in administrative expenses was mainly attributable to decreases in staff costs caused by the reduction in labour head counts in the Mainland China during the year 2007.

Other operating expenses

The Group's other operating expenses decreased to HK\$4,977,000 in current year, representing 9.6% to the Group's turnover in 2007, as compared to HK\$5,884,000 in last year that representing 8.6% to the turnover in 2006. The current decrease in other operating expenses was mainly attributable to decreases in impairments on receivables and inventories in 2007.

Finance costs

The total finance costs of the Group decreased by 25.0% to HK\$785,000 in 2007 as compared to HK\$1,046,000 in 2006. The decrease was mainly attributable to decrease in interest on import loans and bank borrowings for financing the operations of Dongguan Smartech in 2007.

Segment business

Sales distribution by business and geographical area has changed slightly during the year under review after the acquisition of interests in environmental operations. The sales distribution by mold products, plastic products and environmental services was 59.7%, 28.8% and 11.5% respectively. The sales distribution for Mainland China (excluding Hong Kong and Taiwan), Hong Kong, European countries, North America and others (including Taiwan) was 47.3%, 7.7%, 36.4%, 7.7% and 0.9% respectively.

Profit from ordinary activities attributable to equity holders of the Company

The Group made a profit from ordinary activities attributable to equity holders of HK\$1,873,000 for the year ended 31 December 2007, whereas the loss for the last corresponding year was HK\$11,210,000.

Commitments

As at 31 December 2007, except for the commitments of operating leases payable within 5 years for its office premises in Hong Kong amounted to HK\$70,000 (31 December 2006: for office premises in Hong Kong and industrial premises in the Mainland China amounted to HK\$10,127,000), there were also capital commitments of the Group authorised but not contracted for amounted to HK\$63,761,000 (31 December 2006: HK\$60,385,000) and capital commitments contracted for but not provided for amounted to HK\$183,413,000 (31 December 2006: HK\$173,473,000) mainly in relation to the development of Zhenjiang Docks Project.

Capital structure

On 17 January 2007, the Company completed the Rights Issue of 1,042,720,000 rights shares at a subscription price of HK\$0.10 each on the basis of seven rights shares for every share of the Company then held on 28 December 2006. The net proceeds of the Rights Issue (after deduction of expenses) were approximately HK\$103,068,000, and the amount of cash received by the Company from the Rights Issue was approximately HK\$56,944,000. The balance of the Rights Issue proceeds amounted to HK\$46,124,000 was set-off on a dollar-to-dollar basis against the unsecured interest free shareholder's loans previously granted to the Company by the controlling shareholder, NUEL, as loan capitalization.

On 12 October 2007, the Company issued 634,211,681 new shares at a price of HK\$0.19 each as consideration shares ("Consideration Shares") for the settlement of the Environmental Acquisitions and Dyeing Acquisition.

Equity

As of 31 December 2007, total equity of the Group amounted to HK\$261,087,000, representing an increase of 966.2% compared with HK\$24,487,000 as of 31 December 2006. The increase was mainly attributable to (i) the Rights Issue, (ii) the issuance of the Consideration Shares, and (iii) increase of HK\$2,188,000 from the profit for the year 2007.

Employee information

As at 31 December 2007, the Group had 332 (31 December 2006: 603) full-time employees. Staff costs, excluding directors' remuneration but including amount capitalised as inventory was HK\$14,018,000 for the year ended 31 December 2007 (31 December 2006: HK\$15,970,000). Employees were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, share options and necessary training.

Liquidity and financial resources

The Group operates with conservative treasury policies to avoid risky investments and to minimize interest-bearing borrowings. In the current year, the Group financed its operation activities with internally generated cash flows, banking facilities, loans from NUEL, and the Rights Issue.

As at 31 December 2007, the Group had total cash and bank balances of HK\$44,421,000 (31 December 2006: HK\$29,155,000). As at 31 December 2007, the Group had available unused general banking facilities amounted to HK\$14,082,000 (31 December 2006: HK\$6,350,000).

As at 31 December 2007, the Group had total outstanding borrowings of approximately HK\$11,609,000 (31 December 2006: HK\$76,578,000) as follows:

- (i) secured interest bearing bank borrowings of approximately HK\$9,184,000 (31 December 2006: HK\$8,695,000);
- (ii) unsecured interest bearing bank borrowings of Nil (31 December 2006: HK\$7,515,000);
- (iii) finance lease payables of approximately HK\$9,000 (31 December 2006: HK\$601,000); and
- (iv) unsecured non-interest bearing borrowings from the Company's controlling shareholder, NUEL, with a fair value of approximately HK\$2,416,000 (31 December 2006: HK\$59,767,000).

As at 31 December 2007, there were outstanding amounts due to the Group's related companies of approximately HK\$419,000 (31 December 2006: HK\$2,000,000) set out as follows:

- (i) due to Beijing New Universe Mirai Environmental Engineering Co. Limited of approximately HK\$419,000 (31 December 2006: Nil); and
- (ii) due to China (HK) Chemical & Plastics Company Limited ("China (HK) Chemical") of Nil (31 December 2006: HK\$2,000,000).

Out of the abovementioned total outstanding borrowings and amounts due to related companies as at 31 December 2007, approximately HK\$12,024,000 (31 December 2006: HK\$21,064,000) was repayable within one year.

Gearing ratio

As at 31 December 2007, the Group's gearing ratio was 4.6% (31 December 2006: 320.9%), representing net debt of HK\$12,028,000 (31 December 2006: HK\$78,578,000) divided by total equity of HK\$261,087,000 (31 December 2006: HK\$24,487,000).

Material acquisitions and disposals of subsidiaries

With details referred to in the announcement and the circular dated 31 August 2007 and 21 September 2007 respectively of the Company, the Company has entered into the following transactions to acquire and dispose of interests in subsidiaries of the Company:

- (a) the Environmental S&P Agreement A;
- (b) the Environmental S&P Agreement B;
- (c) the Environmental S&P Agreement C;
- (d) the Environmental S&P Agreement D;

(the transactions contemplated under the Environmental S&P Agreement A, the Environmental S&P Agreement B, the Environmental S&P Agreement C, and the Environmental S&P Agreement D are therein collectively referred to as the "Environmental Acquisitions")

- (e) the Dyeing S&P Agreement; and

(the transactions contemplated under the Dyeing S&P Agreement is therein referred to as the "Dyeing Acquisition"; and the Environmental Acquisitions and Dyeing Acquisition are hereinafter collectively referred to as the "Acquisitions")

(f) the Disposal Agreement.

(the transactions contemplated under Disposal Agreement is therein referred to as the “Disposal of Dongguan Smartech”)

Each of the Company’s directors, Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are deemed interested in the Acquisitions and the Disposal of Dongguan Smartech. Under the GEM Listing Rules, each of the Acquisitions and the Disposal of Dongguan Smartech constituted major transaction of the Company, and they were also connected transactions of the Company subject to the approval of the independent shareholders of the Company. At the extraordinary general meeting held on 8 October 2007, the Environmental Acquisitions, the Dyeing Acquisition, and the Disposal of Dongguan Smartech were approved by the independent shareholders of the Company. On 12 October 2007, the consideration shares and cash consideration as contemplated under the Environmental Acquisitions, the Dyeing Acquisition, and the Disposal of Dongguan Smartech were fully settled by all parties to the agreements respectively.

Save as disclosed, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the year ended 31 December 2007.

Charges on Group assets

As at 31 December 2007, the Group pledged the land use rights with a carrying value of HK\$2,192,000 (31 December 2006: HK\$2,122,000), together with property, plant and equipment with carrying value of HK\$9,234,000 (31 December 2006: HK\$8,092,000) to a bank in Mainland China to secure bank loans of HK\$9,184,000 (equivalent to RMB9,000,000) (31 December 2006: HK\$8,696,000) granted to the Group. As at 31 December 2007, the Group’s property, plant and equipment with carrying value of HK\$13,000 (31 December 2006: HK\$2,553,000) were held under finance leases amounted to HK\$9,000 (31 December 2006: HK\$601,000).

Exposure to exchange rate fluctuations

During the year ended 31 December 2007, the Group experienced only immaterial exchange rates fluctuations. Though most of the Group’s monetary assets and liabilities were denominated and most of the businesses were conducted in Hong Kong Dollars, US Dollars and Renminbi, the Group has no significant foreign exchange risk due to limited foreign currency translations. The effect of the fluctuations among Hong Kong Dollars, US Dollars and Renminbi is mostly of capital nature to the Group that did not have material effects to the Group’s results in 2007. The Group considered that as the exchange rate risks of the Group is moderately low, and 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 2007 (31 December 2006: Nil).

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.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 31 December 2007, the interests and short positions of the directors and chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance ("SFO")) as 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 issued shares of the Company

| Name of director | Number of ordinary shares of HK\$0.01 each | | | Total number of share held | % of total shares in issue |
|-------------------|--|------------------|------------------------------------|----------------------------|----------------------------|
| | Beneficial owner | Family interests | Interest of controlled corporation | | |
| XI Yu ("Mr. XI")* | - | - | 1,349,649,115 | 1,349,649,115 | 73.91 |

Notes:

* 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 holds 1,349,649,115 shares of the Company representing approximately 73.91% of the issued share capital of the Company.

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

| Name of director | Number of ordinary shares of US\$1.00 each | | | Total number of share held | % of total shares in issue |
|---------------------|--|------------------|------------------------------------|----------------------------|----------------------------|
| | Beneficial owner | Family interests | Interest of controlled corporation | | |
| Mr. XI | 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 31 December 2007, none of the directors and chief executive of the Company nor their associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to required standards of dealings by directors under the GEM Listing Rules.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted by the Company's shareholders in general meeting on 10 December 2003 ("Share Option Scheme"), whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The purpose of the scheme is to provide an opportunity for employees of the Group to acquire an equity participation in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for a period of 10 years ending on 9 December 2013, after which no further options will be granted.

Under the rules of the Share Option Scheme:

- (1) the maximum numbers of the Company's shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes (excluding those options that have already been granted by the Company prior to the date of approval of the Share Option Scheme and those options that have lapsed in accordance with the terms of the Share Option Scheme) shall not, in aggregate, exceed the scheme mandate limit; and
- (2) the maximum numbers of the Company's shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes shall not, in any event and in aggregate, exceed 30 per cent. of the Company's shares in issue from time to time.

For options to be granted under the Share Option Scheme, the exercise price of options is the highest of:

- (1) the nominal value of the Company's shares;
- (2) the closing price of the Company's shares on The Stock Exchange of Hong Kong Limited on the date of grant; and
- (3) the average closing price of the Company's shares on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant.

The total number of securities available for issue under the Share Option Scheme as at 31 December 2007 was 119,168,000 shares of the Company which represented the current scheme mandate limit given to the directors to issue 10 per cent. of the Company's shares as refreshed by the Company's shareholders on 27 April 2007.

During the year and at 31 December 2007, no options have been granted or outstanding under the Company's Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed therein, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the chief executive, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

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

As at 31 December 2007, 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 issued shares of the Company

| Substantial shareholder | Number of ordinary shares of HK\$0.01 each | | | Total number of share held | % of total shares in issue |
|--------------------------------|---|-------------------------|----------------------------|-----------------------------------|-----------------------------------|
| | Personal interests | Family interests | Corporate interests | | |
| NUEL | 1,349,649,115 | – | – | 1,349,649,115 | 73.91 |
| Mr. XI | – | – | 1,349,649,115* | 1,349,649,115 | 73.91 |

Notes:

* The interest disclosed by Mr. XI Yu is the same as the 1,349,649,115 shares disclosed as held by NUEL.

Save as disclosed above, as at 31 December 2007, 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.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to upholding good standard of corporate governance to ensure transparency and quality of disclosure and effective risk control. During the year 2007, on a best effort basis, the Company complied with the code provisions of the Code on Corporate Governance Practices (“Code Provisions”) as set in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprises Market (the “GEM Listing Rules”). Every effort will be undertaken by the board of directors to comply with the principles and practice in order to protect and enhance the benefits of Company’s shareholders.

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 2007 with the following exception:

Code Provision A.2.1 requires the separation of the roles of the Chairman and Chief Executive Officer though the Company’s chairman, Mr. XI Yu until the date of this report, has to share the responsibilities of the vacant office of the chief executive officer of the Company subsequent to the resignation of the ex-managing director of the Group, Ms. KUNG May Lan, on 1 February 2007. The Directors considered the deviation will not significantly affected the Group’s operations, because the process of decision-making and delegation of authority will become centralized and more efficient.

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 2007.

AUDIT COMMITTEE

Since 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 consolidation financial statements of the Company and the Group for the year ended 31 December 2007 has been reviewed by the audit committee and audited by the Company's independent auditors, CCIF CPA Limited, Certified Public Accountants.

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

Hong Kong, 19 March 2008

The Board as of the date of this announcement comprises of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. HON Wa Fai as executive directors; Mr. SUEN Ki as non-executive director; Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, as 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.