



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 2010

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Total turnover increased by 55.5% to HK\$134,940,000 in 2010 from HK\$86,793,000 in 2009.
- Profit attributable to the Company's owners for continuing operations increased by 303.8% to HK\$12,005,000 from HK\$2,973,000 in 2009.
- Total profit attributable to the Company's owners was HK\$12,005,000 in 2010 compared to HK\$18,355,000 (which comprised the net gain of HK\$15,382,000 relating to the disposal of subsidiaries engaged in the development of docks in Jingkou District, Jiangsu) recorded in 2009.
- Total revenue from the environmental waste disposal operations increased by 42.7% to HK\$55,787,000 in 2010 from HK\$39,094,000 in 2009.
- Total sales from the manufacturing operations that comprising sales of injection mold products, plastic products, plastic materials increased by 65.9% to HK\$79,153,000 in 2010 from HK\$47,699,000 in 2009.
- Total net dividends received from available-for-sales equity investments which principally engaged in plastic materials dyeing operation increased by 24.5% to HK\$2,269,000 in 2010 from HK\$1,822,000 in 2009.
- Total earnings per share attributable to the Company's owners were HK cents 0.62 in 2010 compared to HK cents 1.01 in 2009.
- Equity attributable to the Company's owners was HK\$354,319,000 at 31 December 2010 versus HK\$288,953,000 at 31 December 2009.
- Cash and cash equivalents amounted to HK\$76,907,000 at 31 December 2010 compared to HK\$42,823,000 at 31 December 2009.
- The Board resolved not to declare dividend for the year ended 31 December 2010.

The board of directors (the "Board") of 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 2010, together with the comparative figures for 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	<i>Notes</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Continuing operations			
Turnover	5	134,940	86,793
Cost of sales		(90,995)	(59,643)
Gross profit		43,945	27,150
Other revenue	6	5,272	3,370
Other net income	7	1,663	489
Loss on early redemption of promissory notes	18	(1,316)	–
Impairment of goodwill		–	(688)
Distribution and selling expenses		(5,711)	(5,098)
Administrative expenses		(21,597)	(14,323)
Other operating expenses		(3,320)	(3,123)
Finance costs	8	(1,411)	(2,798)
Share of profit of associates		726	1,303
Profit before taxation		18,251	6,282
Income tax	9	(2,858)	(1,210)
Profit for the year from continuing operations		15,393	5,072
Discontinued operation			
Profit for the year from discontinued operation	14(a)	–	15,382
Profit for the year	10	15,393	20,454
Profit for the year attributable to:			
Owners of the Company		12,005	18,355
Non-controlling interests		3,388	2,099
		15,393	20,454
Earnings per share			
<i>(expressed in HK cents)</i>			
From continuing and discontinued operations			
Basic and diluted		0.62	1.01
From continuing operations			
Basic and diluted		0.62	0.17
From discontinued operation			
Basic and diluted		–	0.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	<i>Notes</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Profit for the year	10	15,393	20,454
Other comprehensive income			
Exchange differences			
– on translation of financial statements of overseas subsidiaries		3,553	583
– reclassification adjustments relating to disposal of subsidiaries		–	(10,257)
Fair value changes on available-for-sale equity investments, net of deferred tax of HK\$1,440,000 (2009: HK\$363,000)		12,960	4,637
Share of other comprehensive income of associates			
– retranslation of financial statements of foreign associates		2,301	275
		18,814	(4,762)
Total comprehensive income for the year		34,207	15,692
Attributable to:			
Owners of the Company		30,385	13,520
Non-controlling interests		3,822	2,172
		34,207	15,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	<i>Notes</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		79,520	60,348
Prepaid lease payments		21,453	21,819
Goodwill		33,000	33,000
Interests in associates		60,911	37,411
Available-for-sale equity investments		68,670	53,900
		<u>263,554</u>	<u>206,478</u>
Current assets			
Inventories		14,689	12,343
Trade and bills receivables	13	19,428	17,071
Prepayments, deposits and other receivables	14	53,903	88,341
Prepaid lease payments		512	508
Cash and cash equivalents		76,907	42,823
		<u>165,439</u>	<u>161,086</u>
Current liabilities			
Interest-bearing bank borrowings		10,575	5,121
Trade payables	15	13,103	10,614
Accrued liabilities and other payables		16,721	13,746
Deposits received		8,606	6,135
Income tax payable		1,915	2,184
Amount due to a related company		–	19
		<u>50,920</u>	<u>37,819</u>
Net current assets		<u>114,519</u>	<u>123,267</u>
Total assets less current liabilities		<u>378,073</u>	<u>329,745</u>

	<i>Notes</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Capital and reserves			
Share capital	16	20,119	18,259
Reserves	17	334,200	270,694
		<hr/>	<hr/>
Equity attributable to owners of the Company		354,319	288,953
Non-controlling interests		17,275	10,418
		<hr/>	<hr/>
Total equity		371,594	299,371
		<hr/> <hr/>	<hr/> <hr/>
Non-current liabilities			
Promissory notes	18	–	22,185
Deferred tax liabilities		6,479	5,147
Loan from a related company		–	3,042
		<hr/>	<hr/>
		6,479	30,374
		<hr/>	<hr/>
		378,073	329,745
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company							Non- controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Investment revaluation reserve	General reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 17(i))	(note 17(ii))	(note 17(iii))	(note 17(iv))					
At 1 January 2009	18,259	206,488	19,092	-	31,929	(335)	275,433	8,246	283,679
Profit for the year	-	-	-	-	-	18,355	18,355	2,099	20,454
Other comprehensive income									
Exchange differences									
– on translation of financial statements of overseas subsidiaries	-	-	510	-	-	-	510	73	583
– release on disposal of subsidiaries	-	-	(10,257)	-	-	-	(10,257)	-	(10,257)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	-	4,637	-	-	4,637	-	4,637
Share of other comprehensive income of associates	-	-	275	-	-	-	275	-	275
Total comprehensive income for the year	-	-	(9,472)	4,637	-	18,355	13,520	2,172	15,692
At 31 December 2009 and 1 January 2010	18,259	206,488	9,620	4,637	31,929	18,020	288,953	10,418	299,371
Profit for the year	-	-	-	-	-	12,005	12,005	3,388	15,393
Other comprehensive income									
Exchange differences									
– on translation of financial statements of overseas subsidiaries	-	-	3,119	-	-	-	3,119	434	3,553
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	-	12,960	-	-	12,960	-	12,960
Share of other comprehensive income of associates	-	-	2,301	-	-	-	2,301	-	2,301
Total comprehensive income for the year	-	-	5,420	12,960	-	12,005	30,385	3,822	34,207
Shares issued upon redemption of promissory notes (note 16 (i))	360	3,933	-	-	-	-	4,293	-	4,293
Shares issued upon top-up placing (note 16 (ii))	1,500	29,188	-	-	-	-	30,688	-	30,688
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	3,035	3,035
At 31 December 2010	<u>20,119</u>	<u>239,609</u>	<u>15,040</u>	<u>17,597</u>	<u>31,929</u>	<u>30,025</u>	<u>354,319</u>	<u>17,275</u>	<u>371,594</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2010

1. GENERAL INFORMATION

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

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

The financial statements are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Company while the functional currency of the subsidiaries in the People's Republic of China ("PRC") is Renminbi ("RMB"). As the Company's shares are listed in Hong Kong, the directors of the Company consider that it is more appropriate to present the financial statements in HK\$, where most of its investors are located in Hong Kong.

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

- (i) provision of environmental services;
- (ii) manufacture and sale of molds;
- (iii) manufacture and sale of plastic products;
- (iv) trading of plastic materials; and
- (v) investment in plastic dyeing.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendment to HKAS 39 and the issuance of HK – Int 5 have had no material impact on the Group’s financial statements as the amendment and the interpretation’s conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3, HKAS 27, HKFRS 5 and HK(IFRIC)-Int 17 have not yet had a material effect on the Group’s financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.
- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree’s deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

Further details of these changes in accounting policy are as follows:

As a result of adopting of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

- Transaction costs that the Group incurs in connection with a business combination, such as finder’s fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.
- If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.
- Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.
- If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

- In addition to the Group’s existing policy of measuring the non-controlling interests (previously known as the “minority interests”) in the acquisition at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure then non-controlling interests at fair values.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying amounts of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

- If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.
- If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair values as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in the subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

In order to be consistent with the above amendments in HKFRS 3 and HKAS 27, and as a result of amendments to HKAS 28 Investments in associates, and HKAS 31 Interests in joint ventures, the following policies will be applied from 1 January 2010:

- If the Group holds interests in the acquiree immediately prior to obtaining significant influence or joint control, these interests will be treated as if disposed of and reacquired at fair value on the date of obtaining significant influence or joint control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

- If the Group loses significant influence or joint control, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

Consistent with the transitional provisions in HKFRS 3 and HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

As a result of the amendments to HKAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transactional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

As a result of the amendment to HKAS 17 Leases, arising from the "Improvements to HKFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate. This change in accounting policy has no material impact on the current or previous periods as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

The Group has not early applied any of the following new and revised Standards, Amendments and Interpretations which have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKFRS 7 (Amendments)	Disclosures- Transfer of Financial Assets ³
HKFRS 9	Financial Instruments ⁵
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁴
HKAS 24 (Revised in 2009)	Related Party Disclosures ⁷
HKAS 32 (Amendments)	Classification of Rights Issues ⁶
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ⁷
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

- ¹ Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, respectively
- ² Effective for annual periods beginning on or after 1 July 2010
- ³ Effective for annual periods beginning on or after 1 July 2011
- ⁴ Effective for annual periods beginning on or after 1 January 2012
- ⁵ Effective for annual periods beginning on or after 1 January 2013
- ⁶ Effective for annual periods beginning on or after 1 February 2010
- ⁷ Effective for annual periods beginning on or after 1 January 2011

The directors of the Company anticipate that the application of other new and revised Standards, Amendments or Interpretations will have no material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all 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 HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements comprise the Company and its subsidiaries (referred therein to as the “Group”) and the Group’s interests in associates.

The financial statements have been prepared under the historical cost convention except for certain available-for-sale equity investments which are measured at fair value.

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 estimates 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.

4. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the board of directors (i.e. the chief operating decision-maker (“CODM”)) for the purposes of resource allocation and performance assessment.

The Group has presented the following five segments. These segments are managed separately. No operating segments have been aggregated to form the following reporting segments.

Continuing operations

- (i) Environmental services
- (ii) Manufacture and sale of mold products
- (iii) Manufacture and sale of plastic products
- (iv) Trading of plastic materials
- (v) Investment in plastic dyeing

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment results represent the results from each segment without allocation of central administration costs (i.e. directors’ emoluments and finance costs). Taxation charge is not allocated to reportable segments.

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and all liabilities are allocated to reportable segments other than deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:

Continuing operations

For the year ended 31 December 2010

	Operating segments					Total HK\$'000
	Environmental services HK\$'000	Mold products HK\$'000	Plastic products HK\$'000	Plastic materials trading HK\$'000	Plastic dyeing investment HK\$'000	
Turnover from external customers	55,787	21,863	18,198	39,092	-	134,940
Other revenue	2,547	385	71	-	2,269	5,272
Other net income	1,762	(243)	126	-	18	1,663
Reportable segment revenues	60,096	22,005	18,395	39,092	2,287	141,875
Reportable segment results	22,735	(795)	605	718	4,001	27,264
Interest income	1,899	15	-	-	-	1,914
Interest expenses	931	480	-	-	-	1,411
Depreciation and amortisation for the year	4,449	2,506	1,104	25	-	8,084
Impairment of trade receivables	5	24	-	-	-	29
Reportable segment assets	211,698	34,694	23,018	10,363	75,416	355,189
Additions to non-current segment assets during the year	22,290	186	2,607	-	-	25,083
Reportable segment liabilities	18,597	27,683	1,739	4,933	1,803	54,755

Continuing operations
For the year ended 31 December 2009

	Operating segments					Total HK\$'000
	Environmental services HK\$'000	Mold products HK\$'000	Plastic products HK\$'000	Plastic materials trading HK\$'000	Plastic dyeing investment HK\$'000	
Turnover from external customers	39,094	16,568	12,355	18,776	–	86,793
Other revenue	1,103	312	133	–	1,822	3,370
Other net income	15	237	237	–	–	489
Reportable segment revenues	40,212	17,117	12,725	18,776	1,822	90,652
Reportable segment results	9,891	(1,774)	(1,135)	1,139	2,896	11,017
Interest income	176	8	–	–	–	184
Interest expenses	2,229	553	–	–	–	2,782
Depreciation and amortisation for the year	3,829	2,469	1,112	12	–	7,422
Reportable segment assets	149,653	30,628	17,785	7,689	59,757	265,512
Additions to non-current segment assets during the year	2,494	730	386	135	–	3,745
Reportable segment liabilities	38,525	14,406	1,374	7,169	363	61,837

(b) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Consolidated turnover	134,940	86,793
Elimination of inter-segment revenue	–	–
Other revenue	5,272	3,370
Other net income	1,663	489
	<hr/>	<hr/>
Reportable segment revenue	141,875	90,652
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Reportable segment profit	27,264	11,017
Finance costs	–	(16)
Unallocated head office and corporate expenses	(9,013)	(4,719)
	<hr/>	<hr/>
Consolidated profit before taxation	18,251	6,282
	<hr/> <hr/>	<hr/> <hr/>
Assets		
Reportable segment assets	355,189	265,512
Unallocated head office and corporate assets	73,804	102,052
	<hr/>	<hr/>
Consolidated total assets	428,993	367,564
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	54,755	61,837
Unallocated head office and corporate liabilities	2,644	6,356
	<hr/>	<hr/>
Consolidated total liabilities	57,399	68,193
	<hr/> <hr/>	<hr/> <hr/>

(c) **Geographical information**

In presenting information on the basis of geographical segments, reportable segment revenue based on the geographical location of customers is analysed as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong	2,124	477
Mainland China	139,751	90,175
	<hr/> 141,875 <hr/>	<hr/> 90,652 <hr/>

Analysis of the Group's carrying amount of segment non-current assets has not been presented as over 90% of the non-current assets are located in the PRC.

(d) **Information about major customers**

During the year ended 31 December 2010, there was no customer with whom transactions made have exceeded 10% of the Group's turnover (2009: one).

5. TURNOVER

An analysis of the Group's turnover for the year from continuing operations is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Environmental services income	55,787	39,094
Sale of mold products	21,863	16,568
Sale of plastic products	18,198	12,355
Trading of plastic materials	39,092	18,776
	<hr/> 134,940 <hr/>	<hr/> 86,793 <hr/>

6. OTHER REVENUE

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Continuing operations		
Bank interest income	1,914	184
Dividends from available-for-sale equity investments	2,269	1,822
Scrap sales	1,089	1,364
	<hr/> 5,272 <hr/>	<hr/> 3,370 <hr/>

7. OTHER NET INCOME

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Continuing operations		
Net foreign exchange gain	1,556	489
Gain on disposal of property, plant and equipment	107	–
	<u>1,663</u>	<u>489</u>

8. FINANCE COSTS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Continuing operations		
Interest on:		
Bank loans wholly repayable within five years	436	503
Other borrowings	44	65
Finance lease	–	1
Imputed interest on promissory notes	931	2,229
	<u>1,411</u>	<u>2,798</u>

9. INCOME TAX**(a) Income tax in the consolidated income statement represents:**

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Continuing operations		
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	2,966	1,491
	<u>2,966</u>	<u>1,491</u>
Deferred tax	(108)	(281)
	<u>2,858</u>	<u>1,210</u>

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

No provision for Hong Kong profits tax has been made, as the Group did not have any assessable profits arising in Hong Kong for both years.

The subsidiaries of the Company in the PRC are subject to PRC corporate income tax rate of 25% (2009: 25%), except for certain subsidiaries of the Company in the PRC which still enjoy preferential tax rates approved by local authorities before 1 January 2008.

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

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Continuing operations		
Profit before taxation	<u>18,251</u>	<u>6,282</u>
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	4,130	2,026
Tax effect of expenses not deductible for tax purpose	380	1,145
Tax effect of income not taxable for tax purpose	(283)	(579)
Tax effect of tax losses not recognised	734	1,764
Tax effect of tax losses utilised	(233)	(281)
Effect of tax exemptions granted to PRC subsidiaries	<u>(1,870)</u>	<u>(2,865)</u>
Actual tax expense	<u><u>2,858</u></u>	<u><u>1,210</u></u>

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Continuing operations		
Depreciation for property, plant and equipment		
– owned assets	7,573	6,908
– assets held under finance leases	–	6
Amortisation of land lease prepayments	511	508
	<u>8,084</u>	<u>7,422</u>
Auditor's remuneration		
– audit service	700	550
– non-audit services	10	15
Net foreign exchange gain	(1,556)	(489)
Impairment of trade receivables	29	–
Gain on disposal of property, plant and equipment	(107)	–
Operating lease payments		
– relating to land and buildings in Hong Kong	274	192
– relating to landfill in PRC	81	79
Cost of sales (<i>note</i>)	90,995	59,643
Staff costs:		
Directors' emoluments	2,593	1,088
Salaries, wages and other benefits of other staff	22,707	16,306
Contributions to retirement benefits schemes	2,009	1,759
	<u>27,309</u>	<u>19,153</u>
Total staff costs	<u><u>27,309</u></u>	<u><u>19,153</u></u>

Note: Cost of sales includes raw materials consumed of HK\$52,489,000 (2009: HK\$30,718,000), staff costs of HK\$8,412,000 (2009: HK\$7,720,000), and depreciation of HK\$6,482,000 (2009: HK\$5,941,000) which have been included in the respective total amounts of expenses disclosed above for each of these types of expenses.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to owners of the Company of HK\$12,005,000 (2009: HK\$18,355,000) and the weighted average number of 1,929,338,256 (2009: 1,825,891,681) ordinary share of the Company in issue during the year.

Number of shares

	2010	2009
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,929,338,256</u>	<u>1,825,891,681</u>

Earnings

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
For continuing and discontinued operations		
Earnings for the purpose of basic earnings per share	<u>12,005</u>	<u>18,355</u>
For continuing operations		
Earnings for the purpose of basic earnings per share from continuing operations	<u>12,005</u>	<u>2,973</u>
For discontinued operation		
Earnings for the purpose of basic earnings per share from discontinued operation	<u>-</u>	<u>15,382</u>

There were no dilutive potential ordinary shares in existence during both years and therefore, diluted earnings per share is the same as basic earnings per share.

12. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2010 (2009: Nil), nor has any dividend been proposed since the end of the reporting period.

13. TRADE AND BILLS RECEIVABLES

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Trade receivables	18,602	15,766
Less: allowance for doubtful debts	(481)	(971)
	<u>18,121</u>	<u>14,795</u>
Bills receivable	1,307	2,276
	<u>19,428</u>	<u>17,071</u>

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 to 30 days	10,491	9,452
31 days to 60 days	4,539	3,647
61 days to 90 days	1,376	1,318
91 days to 180 days	2,262	1,992
181 days to 360 days	616	538
Over 360 days	144	124
	<hr/>	<hr/>
Financial assets measured at amortised cost	19,428	17,071
	<hr/> <hr/>	<hr/> <hr/>

Ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Neither past due nor impaired	15,030	13,099
Less than 30 days past due	1,376	1,318
More than 30 days but less than 90 days past due	2,262	1,992
More than 90 days but less than 360 days past due	760	662
	<hr/>	<hr/>
	19,428	17,071
	<hr/> <hr/>	<hr/> <hr/>

Receivables that were neither past due nor impaired relate to a wide range of independent customers for whom there was no recent history of default and have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The movement in the allowance for doubtful debts during the year:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
At 1 January	971	977
Impairment loss recognised	29	–
Amounts written off as uncollectible	(519)	(6)
	<hr/>	<hr/>
At 31 December	481	971
	<hr/> <hr/>	<hr/> <hr/>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Deposits paid to suppliers	1,631	180
Other receivables	1,394	772
	<hr/>	<hr/>
	3,025	952
Consideration receivable on disposal of Zhenjiang Dock Project (notes (a), (b), (c) and (d) below)	50,878	87,389
	<hr/>	<hr/>
	53,903	88,341
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) On 28 October 2009, the Company completed the disposal of the entire equity interests in New Universe International (Zhenjiang) Port Company Limited and New Universe International (Zhenjiang) Warehouses Company Limited (collectively referred to as the “Zhenjiang Dock Project”) to an independent party at a consideration of RMB85,849,100 (approximately HK\$97,696,000), based on an agreement dated 3 November 2008 as modified by two supplemental agreements dated 27 April 2009 and 10 September 2009 (collectively referred to as the “Dock Disposal Agreements”). The Zhenjiang Dock Project, which had been classified as disposal group held for sale in 2008, did not have any material operating results and cashflows for the period from 1 January 2009 to 28 October 2009. A net gain of HK\$15,382,000 on disposal of the discontinued operation was recognised in the consolidated income statement for the year ended 31 December 2009.
- (b) The consideration receivable on disposal of Zhenjiang Dock Project was guaranteed by certain independent third parties under the Dock Disposal Agreements. The balance will be settled upon granting the land use rights for the Zhenjiang Dock Project by the relevant PRC authorities. The Group received approximately HK\$38,113,000 (2009: HK\$10,307,000) of the total consideration from the buyer during the year ended 31 December 2010.

(c) A written letter of undertaking dated 15 March 2011 has been provided by the buyer and its two subsidiaries, pursuant to which they have agreed to use the deposits paid of RMB48,800,000 for acquisition of the land use rights for the settlement of the outstanding balance of the consideration in case of any default by the buyer by 31 December 2011.

(d) The Group does not hold any collateral over the outstanding consideration receivable.

15. TRADE PAYABLES

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 to 30 days	5,713	2,883
31 days to 60 days	4,185	2,888
61 days to 90 days	2,845	3,897
Over 91 days	360	946
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	13,103	10,614
	<hr/> <hr/>	<hr/> <hr/>

Trade payables are non-interest bearing and normally settled within 90 days to 180 days.

16. SHARE CAPITAL

	<i>Notes</i>	Number of shares		Share capital	
		2010 '000	2009 '000	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Ordinary shares of HK\$0.01each					
Authorised					
At beginning and at end of year		100,000,000	100,000,000	1,000,000	1,000,000
		<hr/>	<hr/>	<hr/>	<hr/>
Issued and fully paid					
At beginning of year		1,825,892	1,825,892	18,259	18,259
Issue of shares upon redemption of promissory notes	(i)	36,000	–	360	–
Issue of shares upon top-up placing	(ii)	150,000	–	1,500	–
		<hr/>	<hr/>	<hr/>	<hr/>
At end of year		2,011,892	1,825,892	20,119	18,259
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(i) Issue of shares upon redemption of promissory notes

On 18 May 2010, the Company issued 36,000,000 ordinary shares with a par value of HK\$0.01 each as partial consideration for the redemption of the promissory notes (note 18) at the fair value of HK\$4,380,000, out of which HK\$360,000 was recorded in share capital and HK\$3,933,000 (after issue expenses of HK\$87,000) was recorded in share premium.

(ii) Issue of shares upon top-up placing

On 7 June 2010, the Company issued 150,000,000 ordinary shares with a par value of HK\$0.01 each, at a price of HK\$0.212 per placing share through a placing agent and NUEL. Net proceeds from such top-up placement of shares amounted to HK\$30,688,000, out of which HK\$1,500,000 was recorded in share capital and HK\$29,188,000 (after issue expenses of HK\$1,112,000) was recorded in share premium.

(iii) As at 31 December 2010, the holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

17. RESERVES

Details of movements in the reserves of the Group during the year are as set out as follows:

Group

	Attributable to owners of the Company					Total HK\$'000
	Share premium HK\$'000 (note (i))	Translation reserve HK\$'000 (note (ii))	Investment revaluation reserve HK\$'000 (note (iii))	General reserve HK\$'000 (note (iv))	Retained profits HK\$'000	
At 1 January 2009	206,488	19,092	–	31,929	(335)	257,174
Profit for the year	–	–	–	–	18,355	18,355
Other comprehensive income						
Exchange differences						
– on translation of financial statements of overseas subsidiaries	–	510	–	–	–	510
– release on disposal of subsidiaries	–	(10,257)	–	–	–	(10,257)
Fair value changes on available-for-sale equity investments, net of deferred tax	–	–	4,637	–	–	4,637
Share of other comprehensive income of associates	–	275	–	–	–	275
Total comprehensive income for the year	–	(9,472)	4,637	–	18,355	13,520
At 31 December 2009 and 1 January 2010	206,488	9,620	4,637	31,929	18,020	270,694
Profit for the year	–	–	–	–	12,005	12,005
Other comprehensive income						
Exchange differences						
– on translation of financial statements of overseas subsidiaries	–	3,119	–	–	–	3,119
Fair value changes on available-for-sale equity investments, net of deferred tax	–	–	12,960	–	–	12,960
Share of other comprehensive income of associates	–	2,301	–	–	–	2,301
Total comprehensive income for the year	–	5,420	12,960	–	12,005	30,385
Shares issued upon redemption of promissory notes (note 16(i))	3,933	–	–	–	–	3,933
Shares issued upon top-up placing (note 16(ii))	29,188	–	–	–	–	29,188
At 31 December 2010	239,609	15,040	17,597	31,929	30,025	334,200

Nature and purpose of reserves and their movements are as follows:

(i) Share premium

The application of the share premium account is governed by Section 34 of the Companies Law (revised) of the Cayman Islands and every modification thereof. The balance of share premium is distributable and available for such use as permissible under the laws of Cayman Islands and the articles of association of the Company.

(ii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies for the translation of foreign currencies. The balance of this reserve is distributable and available for such use as permissible under the laws of Cayman Islands and the articles of association of the Company.

(iii) Investment revaluation reserve

Investment revaluation reserve represents changes in fair value of available-for-sales equity investments.

(iv) General reserve

The general reserve comprises transfers from capital reduction, cancellation of share premium as of 31 December 2005, and balance of contributed surplus as of 31 December 2005 immediately after the capital re-organisation of the Company became effective on 18 December 2006. The general reserve is available for distribution and shall be applied to set off against the accumulated losses of the Company and may be applied in such manner as is permitted by, and subject always to, the laws of Cayman Islands and the articles of association of the Company.

(v) Distributability of reserves

At 31 December 2010, the Company has reserves available for distribution to its owners in the amount of HK\$257,257,000 (2009: HK\$226,754,000).

18. PROMISSORY NOTES

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within five years classified as non-current liabilities		
Promissory notes – unsecured	–	22,185

On 8 August 2008, the Company issued four promissory notes with nominal value of HK\$6,730,000 each for an aggregate nominal value of HK\$26,920,000 to settle the consideration for the acquisition of 38% equity interest in New Sinotech Group. The promissory notes were unsecured and non-interest bearing and repayable on 9 February 2011, 8 August 2011, 9 February 2012 and 8 August 2012, respectively.

On 18 May 2010, the promissory notes with an aggregate nominal value of HK\$26,920,000 have been early redeemed fully by the Company, at the consideration of US\$2,584,000 (equivalent to approximately HK\$20,052,000) in cash and issue of 36,000,000 new ordinary shares of par value at HK\$0.01 each of the Company, which are subject to a lock-up period from 18 May 2010 to 17 May 2011, (“Restricted Shares”) at the fair value price of HK\$0.122 each as if they were free from any encumbrances on the date of exchange on 18 May 2010. The fair value of the Restricted Shares was determined by RHL Appraisal Limited, an independent firm of professional valuers with qualification and experience in such financial instruments being valued and who has adopted the Asian Put Option Model by using the average underlying share price over the pre-set period of time to determine the pay-off of the put option. The fair value of all these Restricted Shares was determined to be HK\$4,380,000. A loss on redemption of HK\$1,316,000 has been recognised in profit or loss for the year ended 31 December 2010.

19. EVENTS AFTER THE REPORTING PERIOD

On 13 December 2010, the Company entered into a conditional agreement with NUEL, the ultimate holding company of the Company, and Mr. Chan Son Neng (“Mr. S.N. CHAN”) who held 2.89% of the then issued capital of the Company, pursuant to which, the Company has agreed to acquire 53% and 7% equity interests in New Sinotech from NUEL and Mr. S.N. CHAN, respectively, at an aggregate consideration of HK\$53,000,000. The transaction was approved by the independent shareholders of the Company on 16 February 2011. On 17 February 2011, the Group completed the acquisition of additional 60% equity interest in New Sinotech. Details of the acquisition are set out in the Company’s circular dated 27 January 2011. New Sinotech, through its wholly-owned subsidiaries, is engaged in provision of sewage treatment and recycling services in Mainland China.

Assets and liabilities of New Sinotech Group, provisionally determined, at the date of acquisition are as follows:

	Fair value <i>HK\$'000</i>
Property, plant and equipment	150,870
Land use rights	83,660
Cash and cash equivalents	39,366
Accounts and other receivables	3,764
Trade and other payables	(17,748)
Interest bearing bank borrowings	(84,608)
Amounts due to a related company	(310)
Amounts due to shareholders	(62,193)
Deferred tax liability	(18,771)
	<hr/>
	94,030
Less: non-controlling interest (2%)	(1,881)
	<hr/>
Net assets acquired	<u>92,149</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental operations

The Group's major environmental subsidiaries are principally engaged in environmental treatment of general and hazardous industrial wastes disposed of by major industrial enterprises and regulated medical waste disposed of by major hospitals and clinics in three major cities of Jiangsu Province, Mainland China. They are equipped with pyrolyzing incinerators, and Zhenjiang New Universe is also equipped with specialised filtration facilities to handle industrial liquid waste and operates landfill to handle general industrial solid waste. In 2010, they continue to be the key performance drivers of the Group's environmental operations by handling an aggregate of 18,021 metric tons (2009: 12,405 metric tons) of hazardous industrial waste, 7,331 metric tons (2009: 7,852 metric tons) of general industrial waste, and 2,281 metric tons (2009: 1,383 metric tons) of regulated medical waste.

In early 2010, the group invests in Zhenjiang New Universe Recyclables Company Limited as a new wholly owned subsidiary with paid up registered capital of US\$1,000,000 (approximately HK\$7,780,000) to engage in the development of various environmental recycling operations to be established in Jiangsu Province, Mainland China, and expects the newly formed subsidiary will contribute to the Group in the foreseeable future.

Commencing the second half of 2010, the Group has entered into different co-operative agreements with anticipation to extend its investments on the environmental business in Mainland China as part of the medium term strategy, of which those investments are to explore for various environmental recycling projects, such as, rubber waste recycling, electronic product waste recycling, and other general industrial solid waste disposal projects in Jiangsu Province. Those projects are still at planning stage. The Group currently holds non-controlling interests in those new projects, and will wait for positive results on viability studies thereon before further commitment is to be decided.

Eco-plating Specialised Zone

Since 8 August 2008, the Group owned 38% equity interest in New Sinotech Investments Limited ("New Sinotech"), which in turn holds 100% direct equity interest in Fair Time International Limited ("Fair Time") and 100% indirect equity interest in Zhenjiang Sinotech Eco-electroplating Development Limited ("Zhenjiang Sinotech") (collectively referred to as the "New Sinotech Group"). The key operation of New Sinotech Group is to undertake the development, management and operation of Eco-plating Specialised Zone with total land area of over 180,000 square metres and is able to accommodate industrial buildings with a total rentable gross floor area of more than 125,000 square metres. Since 8 August 2008, the equity interests of New Sinotech Group are beneficially owned as to 53% by the Company's controlling shareholder, NUEL, 38% by the Company, and 9% by Mr. S.N. CHAN.

As part of the medium plan to enhance environmental operations of the Group, on 13 December 2010, the Company entered into a sale and purchase agreement with NUEL and Mr. S.N. CHAN to acquire from them an aggregate of additional 60% equity interests in New Sinotech at a total consideration of HK\$53,000,000 (therein referred to as the “Acquisition”) which constituted a major and connected transaction of the Company subject to the approval of the Company’s independent shareholders. The Acquisition was approved by independent shareholders of the Company at the extraordinary general meeting held on 16 February 2011, and was completed on 17 February 2011.

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

The development and construction of the Eco-plating Specialised Zone of Zhenjiang Sinotech is carried out at full speed. Upon the completion of the Acquisition, approximately 43,700 square metres industrial buildings have been completed, approximately 24,910 square metres were under construction, and approximately 34,700 square metres have been leased out with 32,000 square metres occupied.

As at 31 December 2010, the Group accounted for the 38% equity interest previously held in New Sinotech Group as associates, and shared net loss of HK\$988,000 for the year then ended (31 December 2009: net profit of HK\$229,000) on equity accounting basis.

After completion of the Acquisition took place on 17 February 2011, the New Sinotech Group became 98% indirectly owned subsidiaries of the Company and with the remaining 2% of its equity interest kept held by Mr. S.N. CHAN. Both NUEL and Mr. S.N. CHAN undertook with the Company to providing continuous financial support to the New Sinotech Group by accepting revised terms to their respective shareholders’ loans previously granted to New Sinotech Group and ensuring New Sinotech Group is financially viable in the foreseeable future. Thereafter completion of the Acquisition, New Sinotech Group will be accounted for as 98% owned subsidiaries of the Group.

Manufacturing operations

Suzhou New Universe is the production and outlet base of the Group’s injection molds, plastic products and plastic materials in the Mainland China. During the year 2010, Suzhou New Universe has recorded growth on sales of injection molds, plastic products and plastic materials, while emphasised on quality control of the production.

The Group owns equity interests of 18.62%, 24.5% and 28.67% respectively in Suzhou New Huamei Plastics Company Limited (“Suzhou New Huamei”), Danyang New Huamei Plastics Company Limited (“Danyang New Huamei”) and Qingdao Zhongxin Huamei Plastics Company Limited (“Qingdao Huamei”). Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei are principally engaged in plastic materials dyeing in the Mainland China.

Disposal of Zhenjiang Dock Project

The disposal of the Group's 100% equity interests in New Universe International (Zhenjiang) Port Company Limited and New Universe International (Zhenjiang) Warehouses Company Limited (collectively referred to as the "Zhenjiang Dock Project") was completed in 2009. Up to the date of this announcement, out of a total consideration of RMB85,849,100 (approximately HK\$97,696,000) due from the buyer (江蘇金海岸投資建設發展有限公司), RMB42,549,100 (approximately to HK\$48,420,000) was received and RMB43,300,000 (approximately HK\$50,878,000) is outstanding. The balance of consideration is jointly guaranteed by two China parties comprising鎮江新民主州港口產業園區管委會 (Zhenjiang Xinminzhou Harbour Estate District Administrative Committee) and 江蘇省國營共青團農場 (Stated Owned Gongqingtuan Farm of Jiangsu Province) (therein referred to as the "Guarantors") to undertake settlement in case of any default by the purchaser.

On 15 March 2011, the purchaser together with its two subsidiaries has provided a written letter of undertaking to the Group, pursuant to which they agreed to use the deposits paid of RMB48,800,000 for acquisition of the land use rights to settle the outstanding balance of the consideration in case of any default by the purchaser by 31 December 2011.

The chairman of the board, chief executive officer, and delegated senior staff of the Group are to follow up and negotiate with the purchaser and the Guarantors and to pursue for settlement of the consideration balance. The Company will make necessary disclosure on latest status in forthcoming financial statements to be published until the balance of consideration is fully settled.

Details of the disposal were set out in the announcements of the Company dated 5 November 2008, 4 December 2008, 7 May 2009, 11 September 2009, 31 December 2009 and 21 January 2010 respectively and the circular of the Company dated 18 November 2008.

FINANCIAL REVIEW

Turnover

Total turnover of the Group for the year ended 31 December 2010 was HK\$134,940,000 representing an increase of 55.5% from HK\$86,793,000 for the year ended 31 December 2009.

Total revenue from environmental operations was HK\$55,787,000 for the year ended 31 December 2010 representing an increase of 42.7% from HK\$39,094,000 in 2009.

Total revenue from sales of mold products was HK\$21,863,000 for the year ended 31 December 2010 representing an increase of 32.0% from HK\$16,568,000 in 2009.

Total revenue from sales of plastic products was HK\$18,198,000 for the year ended 31 December 2010 representing an increase of 47.3% from HK\$12,355,000 in 2009.

Total revenue from sales of plastic materials was HK\$39,092,000 for the year ended 31 December 2010 representing an increase of 108.2% from HK\$18,776,000 in 2009.

Gross profit

Gross profit of the Group for the year ended 31 December 2010 was HK\$43,945,000 representing an increase of 61.9% from HK\$27,150,000 for the year ended 31 December 2009. Overall gross profit margin of the Group was 32.6% for the year ended 31 December 2010 compared to 31.3% for the year ended 31 December 2009.

The average gross profit margin of environmental operations was 65.7% for the year ended 31 December 2010 (2009: 61.6%).

The average profit margin of sales of mold products was 14.5% for the year ended 31 December 2010 (2009: 5.0%).

The average profit margin of sales of plastic products was 13.1% for the year ended 31 December 2010 (2009: 7.7%).

The average profit margin of sales of plastic materials was 4.4% for the year ended 31 December 2010 (2009: 6.8%).

Other revenue

Other revenue of Group increased by 56.4% to HK\$5,272,000 for the year ended 31 December 2010 (2009: HK\$3,370,000). The net increase was mainly attributable to increase in interest income.

Other net income

Other net income of the Group increased by 240.1% to HK\$1,663,000 for the year ended 31 December 2010 (2009: HK\$489,000). The net increase was mainly attributable to exchange gain arisen on operating activities.

Distribution and selling expenses

Distribution and selling expenses of the Group increased by 12.0% to HK\$5,711,000 for the year ended 31 December 2010 (2009: HK\$5,098,000). The net increase was mainly attributable to increase in incentive payments to motivate increase in sales and costs saving in various operations of the Group in the year.

Administrative expenses

Administrative expenses of the Group increased by 50.8% to HK\$21,597,000 for the year ended 31 December 2010 (2009: HK\$14,323,000). The net increase was mainly attributable to additional staff costs to strengthen the senior management and for the environmental operations of the Group.

Other expenses

Other expenses of the Group increased by 6.3% to HK\$3,320,000 for the year ended 31 December 2010 (2009: HK\$3,123,000). The net increase was mainly attributable to increase in research and development costs.

Finance costs

Finance costs of the Group decreased by 49.6% to HK\$1,411,000 for the year ended 31 December 2010 (2009: HK\$2,798,000). The net decrease was mainly attributable to the early redemption of the promissory notes completed on 18 May 2010.

Share of profit of associates

Share of net profit of associates amounted to HK\$726,000 for the year ended 31 December 2010 (2009: HK\$1,303,000). The net profits shared by the Group for the year ended 31 December 2010 comprised (i) net loss shared from New Sinotech Group amounted to HK\$988,000 (2009: net profit shared of HK\$229,000), and (ii) net profit shared from Qingdao Huamei amounted to HK\$1,714,000 (2009: HK\$1,074,000).

Income tax

The Group recorded an income tax expense of HK\$2,858,000 for the year ended 31 December 2010 (2009: HK\$1,210,000). Income tax expenses arisen mainly from environmental operations amounted to HK\$2,966,000, which was offset by deferred tax credit of HK\$108,000 for the year ended 31 December 2010.

Profit attributable to owners of the Company

Total profit of the Group amounted to HK\$15,393,000 for the year ended 31 December 2010 (2009: HK\$20,454,000), and profit attributable to owners of the Company amounted to HK\$12,005,000 for the year ended 31 December 2010 (2009: HK\$18,355,000). The profit for the year ended 31 December 2010 was mainly attributable to core operations of the Group as comparing to the profit recorded for the year ended 31 December 2009 that, amongst the results of core operations, comprised the net gain on disposal of the Group's discontinued operation in relation to the Zhenjiang Dock Project amounted to HK\$15,382,000.

Segment results

The revenue distribution was 42.3% for environmental services segment, 15.5% for molds segment, 13.0% for plastics product segment, 27.6% for plastic materials trading segment, and 1.6% for plastic materials dyeing segment respectively for the year ended 31 December 2010 compared to 44.3%, 18.9%, 14.0%, 20.8% and 2.0% respectively in 2009.

Liquidity and financial resources

For the year ended 31 December 2010, the Group financed its operating activities with internally generated cash flows, banking facilities, and fund raising exercise. The Group remained in a satisfactory financial position with total equity attributable owners of the Company amounted to HK\$371,594,000 as at 31 December 2010 (2009: HK\$299,371,000) with total assets amounted to HK\$428,993,000 as at 31 December 2010 (2009: HK\$367,564,000).

(i) The Group had cash and bank balances as follows:

	31 December 2010 HK\$'000	31 December 2009 HK\$'000
Cash and bank balances		
– Continuing operations	<u>76,907</u>	<u>42,823</u>
	<u>76,907</u>	<u>42,823</u>

(ii) The Group had available unused standby general banking facilities as guaranteed by a related company as follows:

	31 December 2010 HK\$'000	31 December 2009 HK\$'000
Trust receipts financing facilities	<u>10,000</u>	<u>10,000</u>

(iii) The Group had outstanding interest bearing borrowings as follows:

	31 December 2010 HK\$'000	31 December 2009 HK\$'000
Bank borrowings – secured	10,575	5,121
Loan from China (HK) Chemical & Plastics Company Limited		
– unsecured	<u>–</u>	<u>3,042</u>
	<u>10,575</u>	<u>8,163</u>

(iv) The Group had promissory notes with total nominal value of HK\$26,920,000 registered in the name of Mr. S.N. CHAN which had been fully redeemed by the Company on 18 May 2010 by cash payment of US\$2,584,000 (approximately HK\$20,052,000) and issue of 36,000,000 new shares of the Company at an agreed price of HK\$0.19 each in favour of Mr. S.N. CHAN:

	31 December 2010 HK\$'000	31 December 2009 HK\$'000
Promissory notes – unsecured	<u>–</u>	<u>22,185</u>

Capital structure

On 18 May 2010, upon the completion of the redemption deed dated 31 March 2010 entered into between the Company and the registered holder of the promissory notes with total par value of HK\$26,920,000, the Company issued 36,000,000 new shares at an agreed price of HK\$0.19 each (under the share issue mandate given to the Directors at the annual general meeting of the Company held on 30 April 2009) to redeem portion of the promissory notes from the registered holder. The fair value of the 36,000,000 shares issued (which are subject to one year's lock-up period) was determined to be HK\$4,380,000 in accordance with the valuation report dated 30 July 2010 prepared by an independent professional valuer, RHL Appraisal Limited.

On 18 June 2010, upon the completion of a top-up placing exercise, the Company issued 150,000,000 new shares (under the share issue mandate given to the Directors at the annual general meeting of the Company held on 30 April 2010) to raise funds amounted to approximately HK\$30,688,000 (net of attributable transaction costs) for general working capital of the Company and further development of the Group's environmental operations in Mainland China.

Save as disclosed therein, there was no other material change to the capital structure of the Group as at 31 December 2010 compared to that as at 31 December 2009.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 24 May 2010, the Company acquired 9% indirect equity interest in New Proficient Limited ("New Proficient"). On 29 June 2010, the Company acquired 9% indirect equity interest in Fair Waste Disposal Limited ("FWDL") and 4% indirect equity interest in Fair Industry Waste Recyclables Limited ("FIWRL"). On 30 September 2010, the Company acquired 4% indirect equity interest in Ever Champ (China) Limited ("ECCL"). The aggregate cost of the Group's equity investments in New Proficient, FWDL, FIWRL and ECCL amounted approximately to HK\$370,000 as at 31 December 2010. Those companies are investment holding companies incorporated to explore for new environmental business in Mainland China.

On 1 March 2011, the Company has terminated its commitment to a co-operative project and disposed of all its interest in New Proficient to an independent third party at a consideration which was equivalent to the carrying amount of the Company's investment therein at HK\$7,000.

Save as disclosed therein, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the year ended 31 December 2010.

Investments held and their performance

According to the report dated 21 March 2011 issued by an independent professional valuer, BMI Appraisals Limited (“BMI”), after their review, the market value attributable to the Group’s interests in the available-for-sale equity investments in Suzhou New Huamei and Danyang New Huamei were HK\$46,200,000 and HK\$22,100,000 respectively as at 31 December 2010 (2009: HK\$37,300,000 and HK\$16,600,000 respectively). Net increase in fair value of the available-for-sale equity investments totally amounted to HK\$12,960,000 was accounted for as other comprehensive income of the Group for the year ended 31 December 2010. Dividends distributed by Suzhou New Huamei and Danyang New Huamei to the Group were HK\$1,707,000 and HK\$562,000 respectively for the year ended 31 December 2010 (2009: HK\$1,262,000 and HK\$560,000 respectively).

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. According to the valuation report dated 21 March 2011 prepared by BMI, the market value attributable to the Group’s interest in Qingdao Huamei was HK\$21,200,000 as at 31 December 2010 (2009: HK\$15,200,000). For the year ended 31 December 2010, the Group shared net profit of Qingdao Huamei amounted to HK\$1,714,000 (2009: shared net profit of HK\$1,074,000). Dividend distributed by Qingdao Huamei to the Group for the year ended 31 December 2010 was HK\$996,000 (2009: HK\$972,000).

For the year ended 31 December 2010, the profit margins of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei were 3.2%, 1.8% and 3.5% respectively (2009: 3.6%, 3.6% and 4.0% respectively).

The Group held 38% equity interests in New Sinotech Group as associates as at 31 December 2010. For the year ended 31 December 2010, the Group shared net loss of New Sinotech Group amounted to HK\$988,000 (2009: shared net profit of HK\$229,000). No dividend has been declared by New Sinotech Group for the year ended 31 December 2010 (2009: Nil).

On 24 May 2010, the Group acquired 9% equity interest in New Proficient. On 29 June 2010, the Group acquired 9% and 4% equity interests in FWDL and FIWRL respectively. On 30 September 2010, the Group acquired 4% equity interest in ECCL. The Group’s financial commitments for business development in environmental operations of New Proficient, FWDL, FIWRL and ECCL were in aggregate approximately to HK\$11,687,000 as at 31 December 2010. The Directors opined that the cost of investments in FWDL, FIWRL and ECCL approximated to their fair value as at 31 December 2010.

Goodwill

Goodwill of the Group arisen in 2007 from the acquisitions of 100% interest in New Universe Environmental Protection Investment Limited which in turn holds 82% direct equity interests in New Universe Environmental Technologies (Jiang Su) Limited, and 82% indirect equity interests in each of Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe with a carrying amount of HK\$33,000,000 as at 31 December 2010 (2009: HK\$33,000,000), which based on the valuation report prepared by an independent professional valuer, BMI, after carrying out assessment on the recoverable amount of the goodwill that no impairment was required for the carrying amount as at 31 December 2010 (2009: impairment of HK\$688,000).

Charges on the Group's assets

As at 31 December 2010, the Group pledged the land use rights together with its property, plant and equipment owned by Suzhou New Universe with a carrying amount of HK\$2,355,000 (2009: HK\$2,335,000) and HK\$9,089,000 (2009: HK\$9,228,000) respectively to a bank in China to secure bank loans of HK\$10,575,000 or equivalent to RMB9,000,000 (2009: HK\$5,121,000 or equivalent to RMB4,500,000) granted to the Suzhou New Universe.

Capital expenditure

For the year ended 31 December 2010, the Group incurred capital expenditure to increase property, plant and equipment for the environmental operations amounted to HK\$22,290,000 (2009: HK\$2,494,000), and for the manufacturing operations amounted to HK\$2,793,000 (2009: HK\$1,251,000).

Commitments

As at 31 December 2010, the Group had the following commitments:

(i) *Capital commitments*

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

	31 December 2010 HK\$'000	31 December 2009 HK\$'000
Continuing operations		
Contracted for		
– Acquisition of property, plant and equipment	22,056	23
Authorised but not contracted for		
– Acquisition of property, plant and equipment	–	7,760
– Investment in available-for-sale equity investments	11,687	–
– Investment in associates	23,651	35,386
– Acquisition of additional 60% equity interest in New Sinotech	53,000	–
	<u>53,000</u>	<u>–</u>

(ii) *Operating lease commitments*

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December 2010 HK\$'000	31 December 2009 HK\$'000
Within one year	332	187
In the second to fifth years, inclusive	461	366
After five years	–	80
	<u>793</u>	<u>633</u>

Gearing ratio

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

	31 December 2010 HK\$'000	31 December 2009 HK\$'000
Continuing operations		
Current liabilities	50,920	37,819
Non-current liabilities (excluding deferred taxes)	–	25,227
Total debts	50,920	63,046
Less: cash and cash equivalents	76,907	42,823
(Net cash)/Net debts	(25,987)	20,223
Total equity	371,594	299,371
Gearing ratio	N/A	6.8%

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

Exposure to exchange rate fluctuations

As most of the Group's monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars, and US dollars, the exchange risks of the Group were considered to be minimal. For the year ended 31 December 2010, no related hedging has been arranged by the Group.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 31 December 2010 (2009: Nil).

Employee information

As at 31 December 2010, the Group had 391 (2009: 302) full-time employees of which 18 (2009: 13) were based in Hong Kong, and 373 (2009: 289) in Mainland China. Staff costs, including directors' remuneration and amount capitalised as inventories was HK\$14,527,000 for the year ended 31 December 2010 (2009: HK\$19,153,000). Employees and directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, share options and necessary training.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2010, the interests and short positions of the directors and chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or which were required to be entered 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 Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors, were as follows:

The Company

Long positions in ordinary shares of the Company

Name of director	Number of issued ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Personal/beneficiary	Interest of children or spouse	Interest of controlled corporation		
Mr. XI Yu *	–	–	1,249,649,115	1,249,649,115	62.11

Note:

- * Mr. XI Yu is the shareholder of 16,732 shares of US\$1.00 each in NUEL, representing 83.66% of the issued share capital of NUEL, which in turn beneficially interested in 1,249,649,115 shares of the Company, representing approximately 62.11% of the issued share capital of the Company.

Associated corporation

Long positions in ordinary shares in NUEL

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

Save as disclosed above, as at 31 December 2010, none of the directors and chief executives had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

So far as is known to any director or chief executive of the Company, as at 31 December 2010, persons or corporations who have interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name of shareholder	Number of issued ordinary shares of HK\$0.01 each			Number of share held	% of total shares in issue
	Beneficial owner	Family interests	Interest of controlled corporation		
NUEL	1,249,649,115	–	–	1,249,649,115	62.11
Mr. XI Yu *	–	–	1,249,649,115	1,249,649,115	62.11

Notes:

- * The interest in 1,249,649,115 shares of the Company disclosed by Mr. XI Yu is the same as those disclosed as held by NUEL. Mr. XI Yu together with Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of NUEL.

Save as disclosed above, as at 31 December 2010, none of the directors were aware of any other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or as recorded in the register required to be maintained by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

(i) Continuing Connected transactions

On 26 February 2009, the supply contract was entered into between Suzhou New Universe and China (HK) Chemical & Plastics Company Limited (“China (HK) Chemical”) in relation to the supply of plastic materials to Suzhou New Universe by China (HK) Chemical (“Supply Contract”). Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and China (HK) Chemical. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of Suzhou New Universe and China (HK) Chemical’s holding company, New Universe Holdings Limited (“NUHL”). By virtue of the common directors who represent all members of the board of directors of China (HK) Chemical and, through their directorship in NUHL, control the board of directors of China (HK) Chemical, China (HK) Chemical is considered a connected person (as defined in the GEM Listing Rules) of the Company.

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

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

Pursuant to the Supply Contract, for the year ended 31 December 2010, Suzhou New Universe ordered plastic materials of 1,128 metric tons for an aggregate amount of HK\$22,461,000 from China (HK) Chemical; and China (HK) Chemical delivered 1,183.5 metric tons of plastic materials for an aggregate amount of HK\$23,484,000 to Suzhou New Universe (“Continuing Connected Transactions”).

Pursuant to Rule 20.38 of the GEM Listing Rules, the Board of directors engaged the independent auditor of the Company to perform certain agreed upon procedures in respect of the Continuing Connected Transactions of the Group. The independent auditor has reported the factual findings on these procedures to the Board of directors. The independent non-executive directors have reviewed the Continuing Connected Transactions and the report of the independent auditor and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on terms no less favourable than terms available from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Particulars of the Continuing Connected Transactions are also related party transactions of the Company disclosed in accordance with HKAS 24 Related Party Disclosures.

(ii) Connected transaction

On 13 December 2010, the Company entered into the Agreement with NUEL and Mr. S.N. CHAN (collectively referred to as the “Vendors”), pursuant to which the Company agreed to acquire and the Vendors agreed to sell the 3,000,000 issued shares of US\$1 each in the share capital of New Sinotech, representing 60% of the issued share capital of New Sinotech for an aggregate cash consideration of HK\$53,000,000 (the “Acquisition”). The Acquisition constitutes a major transaction for the Company under Rule 19.06 of the GEM Listing Rules. NUEL, being one of the Vendors, is the controlling shareholder interested in approximately 62.11% of the issued share capital of the Company. Accordingly, NUEL is a connected person of the Company and the Acquisition also constitutes a connected transaction for the Company under Rule 20.13 of the GEM Listing Rules, which is subject to the requirements of announcement and circular and approval of the Company’s independent shareholders under the GEM Listing Rules.

On 16 February 2011, an extraordinary general meeting of the Company was held with both (i) NUEL and (ii) Mr. S.N. CHAN who was then interested in 58,150,519 issued shares of the Company together with their respective associates, abstained from voting on the resolution to approve the Acquisition and the transactions contemplated. The resolution to confirm and approve the Acquisition was duly passed by the independent shareholders of the Company at the extraordinary general meeting held on 16 February 2011.

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

Particulars of the Acquisition are also disclosed as events after the current reporting period of the Company in accordance with HKAS 10 Events after the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2010.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2010, the Company has complied with all code provisions of the Code on Corporate Governance Practices (the "CG Code") as set in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM Listing Rules") except for the following deviations:

- (i) Code Provision A.2.1 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, and that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Until the appointment of the Company's chief executive officer, Mr. CHAN Chun Hing was effected on 3 May 2010, the Company's chairman, Mr. XI Yu has shared the responsibilities of the vacant office of the Group's chief executive officer since 1 February 2007. The Directors considered the deviation did not significantly affect the Group's operations. During the period when Mr. XI Yu took up the responsibilities of both chairman and chief executive officer, he was able to lead the Board to act in the best interests of the Company and make decision efficiently on business and strategic matters. Through the supervision of the full Board and the Board committees, balance of power and authority could be ensured.
- (ii) Code Provision E.1.2 of the CG Code requires that, amongst the others, the chairman of the Board should attend annual general meeting of the Company. The Company's chairman, Mr. XI Yu did not attend the Company's annual general meeting held on 30 April 2010 owing to his trip out of Hong Kong for business of the Group. Failing his presence, Mr. XI Yu delegated the non-executive director of the Company, Mr. SUEN Ki to chair the meeting and to arrange other directors, including the chairman of the audit committee, be available to answer any questions at the annual general meeting.

SECURITIES TRANSACTIONS BY DIRECTORS

For the year ended 31 December 2010, the Company has applied the principals of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (“Required Standard of Dealings”).

Having made specific enquiry of all directors of the Company, the Directors confirmed that they have complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the year ended 31 December 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors of the Company has signed letter of appointment with the Company for a term of not more than two years and to be renewed from time to time, which is subject to termination by either party giving not less than three months’ prior written notice. The renewed letters of appointment signed by Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, and Mr. HO Yau Hong, Alfred commencing from 1 February 2011 for a tenure of two years. The letter of appointment signed by Mr. LEE Kwan Hung commencing from 15 June 2010 for a tenure of one year.

The Company has received written confirmation from each of the four independent non-executive directors of the Company in respect of the factors set out in Rule 5.09 of GEM Listing Rules, and considers the independent non-executive directors, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, Mr. HO Yau Hong, Alfred, and Mr. LEE Kwan Hung are independent to the Company.

Dr. CHAN Yan Cheong has served as an independent non-executive director of the Company for more than 9 years since 17 November 1999, whose further re-election and proposed appointment as the Company’s independent non-executive director shall be subject to a separate resolution to be approved by the Shareholders in the forthcoming annual general meeting of the Company. The Board, based on the annual written confirmation of independence and the undertaking of continuing to be independent given by Dr. CHAN Yan Cheong, believes that Dr. CHAN Yan Cheong as a chair professor in the Department of Electronic Engineering of City University of Hong Kong will bring in strong expertise, contributing a more impartial view and making independent judgement on all issues to be discussed at the Board meetings.

AUDIT COMMITTEE

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

The consolidated financial statements of the Company and the Group for the year ended 31 December 2010 has been reviewed by the Company’s audit committee.

INDEPENDENT REVIEW

This preliminary announcement of the Company's results for the year ended 31 December 2010 has been agreed with and reviewed by the Company's independent auditor, CCIF CPA Limited, as required by Rule 18.49 of the GEM Listing Rules.

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

Hong Kong, 21 March 2011

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

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