



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 2011

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 up 51.2% to HK\$204,095,000.
- Profit attributable to Company's shareholders up 154.4% to HK\$30,535,000.
- Turnover of the environmental solid waste treatment and recycling services up 32.9% to HK\$74,166,000.
- Turnover of the newly acquired operations of environmental industrial sewage treatment and recycling services in a self-owned industrial zone amounted to HK\$37,088,000.
- Total turnover of the manufacturing operations that comprising sales of injection mold products, plastic products, plastic materials up 17.3% to HK\$92,841,000.
- Total net dividends received from available-for-sales equity investments in plastic materials dyeing operations up 14.6% to HK\$2,601,000.
- Equity attributable to the Company's shareholders was HK\$421,298,000 at 31 December 2011.
- Cash and cash equivalents of the Group amounted to HK\$128,542,000 at 31 December 2011.
- Total earnings per share attributable to Company's shareholders up 135.5% to HK cents 1.46.
- The Board resolved to declare a final dividend of HK cents 0.45 per share for the year ended 31 December 2011.

FINAL RESULTS 2011

The board of directors (the "Board") of New Universe International Group Limited is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011 together with the comparative figures for 2010.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 HK\$'000	2010 HK\$'000
Turnover	5	204,095	134,940
Cost of sales		(138,751)	(90,995)
Gross profit		65,344	43,945
Other revenue	6	7,972	5,272
Other net income	7	5,011	1,663
Gain on deemed disposal of associates	14(a)(i)	5,817	–
Loss on early redemption of promissory notes		–	(1,316)
Distribution and selling expenses		(6,002)	(5,711)
Administrative expenses		(28,673)	(21,597)
Other operating expenses		(6,687)	(3,320)
Finance costs	8	(3,547)	(1,411)
Share of profits of associates		1,100	726
Profit before taxation		40,335	18,251
Income tax	9	(5,116)	(2,858)
Profit for the year	10	35,219	15,393
Attributable to:			
Owners of the Company		30,535	12,005
Non-controlling interests		4,684	3,388
		35,219	15,393
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	12	1.46	0.62

Details of dividend payable to owners of the Company attributable to profit for the year are set out in note 13.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Profit for the year	35,219	15,393
Other comprehensive income:		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	16,861	3,553
– reclassification of translation reserve included in gain on deemed disposal of associates	(2,743)	–
Fair value changes on available-for-sale equity investments, net of deferred tax credit of HK\$1,240,000 (2010: deferred tax charge of HK\$1,440,000)	(11,160)	12,960
Share of other comprehensive income of associates		
– Exchange differences on translation of financial statements of overseas associates	361	2,301
	3,319	18,814
Total comprehensive income for the year	38,538	34,207
Attributable to:		
Owners of the Company	32,838	30,385
Non-controlling interests	5,700	3,822
	38,538	34,207

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	<i>Notes</i>	2011 HK\$'000	2010 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		343,487	79,520
Prepaid lease payments		101,925	21,453
Goodwill		33,000	33,000
Interests in associates		11,012	60,911
Available-for-sale equity investments		57,926	68,670
		<hr/> 547,350 <hr/>	<hr/> 263,554 <hr/>
Current assets			
Inventories		20,425	14,689
Trade and bills receivables	15	40,008	19,428
Prepayments, deposits and other receivables	16	34,987	53,903
Prepaid lease payments		2,718	512
Cash and cash equivalents		128,542	76,907
		<hr/> 226,680 <hr/>	<hr/> 165,439 <hr/>
Current liabilities			
Interest-bearing bank borrowings		82,997	10,575
Trade payables	17	14,610	13,103
Accrued liabilities and other payables		42,203	16,721
Deposits received from customers		10,415	8,606
Deferred government grant		269	–
Income tax payable		1,777	1,915
Amount due to a related company		2,794	–
Amounts due to ultimate holding company		5,000	–
		<hr/> 160,065 <hr/>	<hr/> 50,920 <hr/>
Net current assets		<hr/> 66,615 <hr/>	<hr/> 114,519 <hr/>
Total assets less current liabilities		<hr/> 613,965 <hr/>	<hr/> 378,073 <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*As at 31 December 2011*

	<i>Notes</i>	2011 HK\$'000	2010 <i>HK\$'000</i>
Non-current liabilities			
Interest-bearing bank borrowings		45,528	–
Deferred government grant		3,146	–
Deferred tax liabilities		25,263	6,479
Amounts due to ultimate holding company		97,184	–
		<hr/>	<hr/>
		171,121	6,479
		<hr/>	<hr/>
Net assets		442,844	371,594
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital	18	22,131	20,119
Reserves	19	399,167	334,200
		<hr/>	<hr/>
Equity attributable to owners of the Company		421,298	354,319
Non-controlling interests		21,546	17,275
		<hr/>	<hr/>
Total equity		442,844	371,594
		<hr/> <hr/>	<hr/> <hr/>

NOTES

1. GENERAL INFORMATION

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

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

These financial information 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 Mainland of 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 information in HK\$, where most of its investors are located in Hong Kong.

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, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRSs	Improvement to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguish Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these financial information.

Up to the date of issue of these financial information, the HKICPA has issued the following amendments, new standards and Interpretations which are not yet effective for the year ended 31 December 2011 and which have not been adopted in these financial information.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹ Disclosures – Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2015

⁴ Effective for annual periods beginning on or after 1 January 2012

⁵ Effective for annual periods beginning on or after 1 July 2012

⁶ Effective for annual periods beginning on or after 1 January 2014

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has conducted that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial information 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 Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial information 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.

(b) Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention except for certain available-for-sale equity investments which are stated at their 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 amounts 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

4. SEGMENT INFORMATION

The Group manages its business by divisions which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

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

- (i) provision of environmental waste treatment services;
- (ii) provision of environmental sewage treatment services in an eco-plating specialized zone;
- (iii) manufacture and sale of molds;
- (iv) manufacture and sale of plastic products;
- (v) trading of plastic materials; and
- (vi) investment in plastic dyeing.

(a) **Segment results, assets and liabilities**

Information regarding the Group's reportable segments as provided to the Group's most senior executive management is set out below:

For the year ended 31 December 2011

	Operating segments						Total HK\$'000
	Environmental waste treatment services HK\$'000	Industrial sewage treatment services HK\$'000	Mold products HK\$'000	Plastic products HK\$'000	Plastic materials trading HK\$'000	Plastic dyeing investments HK\$'000	
Turnover from external customers	74,166	37,088	34,190	25,494	33,157	-	204,095
Other revenue	3,786	1,258	323	4	-	2,601	7,972
Reportable segment revenue	77,952	38,346	34,513	25,498	33,157	2,601	212,067
Reportable segment results	32,508	12,246	(718)	1,152	331	4,307	49,826
Other net income	4,397	44	513	-	-	57	5,011
Interest income	573	503	15	-	-	-	1,091
Interest expenses	578	2,238	731	-	-	-	3,547
Depreciation and amortization	5,086	7,755	2,595	1,426	1	-	16,863
Write-down of inventories	45	-	-	-	-	-	45
Reportable segment assets	239,120	359,393	34,745	28,184	10,598	63,962	736,002
Additions to non-current segment assets	37,109	76,409	151	1,354	-	-	115,023
Reportable segment liabilities	64,929	226,092	27,216	1,425	9,085	563	329,310

For the year ended 31 December 2010

	Operating segments						Total HK\$'000
	Environmental waste treatment services HK\$'000	Industrial sewage treatment services HK\$'000	Mold products HK\$'000	Plastic products HK\$'000	Plastic materials trading HK\$'000	Plastic dyeing investments 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
Reportable segment revenue	58,334	–	22,248	18,269	39,092	2,269	140,212
Reportable segment results	23,723	(988)	(795)	605	718	4,001	27,264
Other net income	1,762	–	(243)	126	–	18	1,663
Interest income	1,899	–	15	–	–	–	1,914
Interest expenses	931	–	480	–	–	–	1,411
Depreciation and amortization	4,449	–	2,506	1,104	25	–	8,084
Impairment of trade receivables	5	–	24	–	–	–	29
Reportable segment assets	157,538	54,160	34,694	23,018	10,363	75,416	355,189
Additions to non-current segment assets	22,290	–	186	2,607	–	–	25,083
Reportable segment liabilities	18,597	–	27,683	1,739	4,933	1,803	54,755

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue		
Consolidated turnover	204,095	134,940
Elimination of inter-segment revenue	–	–
Other revenue	7,972	5,272
	<hr/>	<hr/>
Reportable segment revenue	212,067	140,212
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Reportable segment profit	49,826	27,264
Unallocated head office and corporate expenses	(9,491)	(9,013)
	<hr/>	<hr/>
Consolidated profit before taxation	40,335	18,251
	<hr/> <hr/>	<hr/> <hr/>
Assets		
Reportable segment assets	736,002	355,189
Unallocated head office and corporate assets	38,028	73,804
	<hr/>	<hr/>
Consolidated total assets	774,030	428,993
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	329,310	54,755
Unallocated head office and corporate liabilities	1,876	2,644
	<hr/>	<hr/>
Consolidated total liabilities	331,186	57,399
	<hr/> <hr/>	<hr/> <hr/>

(c) **Geographic information**

As the Group's business participates in only one geographical location classified by the location of assets, i.e the PRC, including Hong Kong, no separate geographical segment analysis based on the location of assets is presented. The geographical location of customers is based on the location at which the goods are delivered to:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Hong Kong	54	317
Mainland China	212,013	139,895
	<hr/>	<hr/>
	212,067	140,212
	<hr/> <hr/>	<hr/> <hr/>

(d) **Major customers**

During the years ended 31 December 2011 and 2010, there is no major customer accounting for more than 10% of the total revenue of the Group.

5. TURNOVER

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Environmental waste treatment service income	74,166	55,787
Industrial sewage treatment service income	37,088	–
Sales of mold products	34,190	21,863
Sales of plastic products	25,494	18,198
Trading of plastic materials	33,157	39,092
	<u>204,095</u>	<u>134,940</u>

6. OTHER REVENUE

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Bank interest income	1,091	1,914
Dividend income from available-for-sale equity investments	2,601	2,269
Scrap sales	3,120	1,089
Consultancy fee	1,160	–
	<u>7,972</u>	<u>5,272</u>

7. OTHER NET INCOME

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Government grant	247	–
Net gain on foreign exchange	2,674	1,556
Net gain on disposal of property, plant and equipment	–	107
Reversal of over accrued expenses	2,090	–
	<u>5,011</u>	<u>1,663</u>

8. FINANCE COSTS

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	2,937	436
Borrowings from a related company wholly repayable within five years	6	44
Borrowings and advances from ultimate holding company wholly repayable within five years	604	–
Imputed interest on promissory notes	–	931
	<hr/>	<hr/>
Total borrowing costs	3,547	1,411
	<hr/> <hr/>	<hr/> <hr/>

9. INCOME TAX

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	–	–
PRC Corporate Income Tax	4,469	2,966
Over-provision in respect of prior years	(606)	–
	<hr/>	<hr/>
	3,863	2,966
	<hr/>	<hr/>
Deferred tax	1,253	(108)
	<hr/>	<hr/>
	5,116	2,858
	<hr/> <hr/>	<hr/> <hr/>

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.

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the periods. No provision for Hong Kong Profits Tax has been made as the Group and the Company did not have any assessable profits arising in Hong Kong for the year under review (2010: Nil).

Except those disclosed below, the subsidiaries of the Company in the PRC are subject to PRC Corporate Income Tax (“CIT”) at the rate of 25% (2010: 25%).

Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), Taizhou New Universe Solid Waste Disposal Company Limited (“Taizhou New Universe”), and Yancheng New Universe Solid Waste Disposal Company Limited (“Yancheng New Universe”) are entitled to the exemptions from PRC Foreign Enterprise Income Tax (“EIT”) for two years starting from their first profit-making year, followed by a 50% tax relief for the next three years. Yancheng New Universe and Taizhou New Universe are subject to EIT of 12.5% for the years from 2009 to 2011, and thereafter at CIT rate of 25%. Zhenjiang New Universe is subject to EIT of 12.5% for the years from 2010 to 2012, and thereafter at CIT rate of 25%.

The profits arising from environmental sewage purification of Zhenjiang Sinotech Eco-Electroplating Development Limited (“Zhenjiang Sinotech”) are entitled to the exemption from CIT for three years from 2010 (being the first profit-making year for the environmental sewage purification operation) to 2012, followed by a 50% tax relief for the next three years, and thereafter subject to CIT rate of 25%. Profits arising from operations other than the environmental sewage purification of Zhenjiang Sinotech is subject to CIT rate of 25%.

Zhenjiang New Universe Rubber Company Limited (鎮江新宇橡塑有限公司) is subject to CIT rate of 20%.

Zhenjiang New Universe Recyclables Company Limited (鎮江新宇資源再生利用有限公司) and Xiangshui New Universe Environmental Technologies Company Limited (响水新宇環保科技有限公司) had no assessable profit subject to CIT for the years ended 31 December 2011 and 2010.

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

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	40,335	18,251
Notional tax on profit before taxation, calculated		
at the rates applicable in the tax jurisdictions concerned	9,630	4,130
Tax effect of expenses not deductible for tax purpose	1,769	380
Tax effect of income not taxable for tax purpose	(2,408)	(283)
Tax effect of tax losses not recognized	724	842
Tax effect of tax losses utilized	(1,273)	(233)
Over provision in respect of prior years	(606)	–
Tax effect of temporary differences recognized	1,253	(108)
Tax effect of tax exemption in the PRC	(3,973)	(1,870)
Income tax for the year	5,116	2,858

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Amortization of land lease prepayments	<u>2,266</u>	<u>511</u>
Depreciation for property, plant and equipment	<u>14,597</u>	<u>7,573</u>
Operating lease charges in respect of:		
– land and buildings in Hong Kong	288	274
– landfill in PRC	84	81
	<u>372</u>	<u>355</u>
Impairment of trade receivables	–	29
Write-down of inventories	45	–
Net loss on disposal of property, plant and equipment	<u>17</u>	<u>–</u>
Auditor's remuneration:		
– Audit service	745	700
– Non-audit services	65	10
	<u>810</u>	<u>710</u>
Staff costs (inclusive of Director's emoluments):		
– Salaries, wages and other benefits	35,717	25,300
– Contributions to retirement benefits schemes	3,070	2,009
	<u>38,787</u>	<u>27,309</u>
Total staff costs	<u>38,787</u>	<u>27,309</u>
Cost of sales:		
– Cost of goods sold	85,183	71,880
– Cost of services rendered	53,568	19,115
	<u>138,751</u>	<u>90,995</u>

Note: Included in cost of sales are inventories consumed of HK\$93,365,000 (2010: HK\$74,436,000), comprising raw materials consumed of HK\$68,420,000 (2010: HK\$52,489,000), staff costs of HK\$15,177,000 (2010: HK\$8,412,000) and depreciation of HK\$12,902,000 (2010: HK\$6,482,000) which have been included in the respective total amounts disclosed above for each of staff costs and depreciation.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company includes a profit of HK\$10,415,000 for the year ended 31 December 2011 (2010: a loss of HK\$2,618,000) which has been dealt with in the financial statements of the Company.

12. 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\$30,535,000 (2010: HK\$12,005,000) and the weighted average number of 2,096,225,771 (2010: 1,929,338,256) ordinary shares of the Company in issue during the year.

Weighted average number of ordinary shares

	2011	2010
Issued ordinary shares at 1 January	2,011,891,681	1,825,891,681
Weighted average effect of issue of shares upon redemption of promissory notes	–	22,487,671
Weighted average effect of issue of shares upon top-up placement	–	80,958,904
Weighted average effect of issue of shares upon Rights Issue	<u>84,334,090</u>	<u>–</u>
Weighted average number of ordinary shares at 31 December	<u><u>2,096,225,771</u></u>	<u><u>1,929,338,256</u></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.

13. DIVIDEND

At a meeting of the Directors held on 19 March 2012, the Directors proposed a final dividend of HK\$0.0045 per share of the Company for the year ended 31 December 2011 (2010: Nil).

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend proposed after the end of the reporting period HK\$0.0045 (2010: Nil) per share	<u><u>9,959</u></u>	<u><u>–</u></u>

The proposed final dividend for the year ended 31 December 2011 is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 4 May 2012 (“Annual General Meeting”). The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

14. ACQUISITION OF SUBSIDIARIES – 2011

The Company had 38% equity interests in New Sinotech Investments Limited (“New Sinotech”, which in turn directly held 100% equity interest in Fair Time International Limited (“Fair Time”), and indirectly held 100% equity interest in Zhenjiang Sinotech (collectively referred to as the “New Sinotech Group”) as associates since 8 August 2008. On 13 December 2010, the Company entered into a sale and purchase agreement with NUEL and Mr. CHAN Son Neng, pursuant to which the Company conditionally agreed to acquire from NUEL and Mr. CHAN Son Neng the equity interests of 53% and 7% respectively in New Sinotech, at an aggregate cash consideration of HK\$53,000,000 (the “Acquisition”) subject to, amongst others, the approval of the Acquisition by the Company’s independent shareholders. The Acquisition constituted as a connected transaction and was approved by the independent shareholders of the Company at its extraordinary meeting held on 16 February 2011. New Sinotech Group is engaged in the provision of environmental sewage treatment services in an eco-plating specialized zone in Zhenjiang, the PRC.

The transaction was completed on 17 February 2011 and control over New Sinotech Group passed to the Group on the same date. The Acquisition has been accounted for using the purchase method as follows:

	<i>HK\$’000</i>
Fair value of consideration (<i>note 14(a)</i>)	88,448
Acquisition related costs (<i>note 14(a)(ii)</i>)	1,398
Less: fair value of assets acquired and liabilities assumed (<i>note 14(c)</i>)	94,031
	<hr/>
Deemed contribution from shareholders	4,185
	<hr/> <hr/>

The deemed contribution from the shareholders of the Company, NUEL and Mr. CHAN Son Neng, net of acquisition related costs, was recognized as a capital reserve in equity.

(a) Consideration transferred

The consideration for the Acquisition comprised the following:

	<i>HK\$’000</i>
Cash consideration	53,000
Fair value of previously held interest in New Sinotech Group (<i>note 14(a)(i)</i>)	33,567
Non-controlling interest (2%) (<i>note 14(b)</i>)	1,881
	<hr/>
Fair value of consideration	88,448
	<hr/> <hr/>

- (i) The fair value of the 38% equity interest in New Sinotech Group previously held by the Group was re-measured as of the date of acquisition at HK\$33,567,000 by BMI Appraisals Limited, a firm of independent valuers with experience and qualifications in valuing the similar investments. The fair value was determined using the market approach. The significant inputs into model include price to earnings multiples of comparable listed companies and discount for lack of marketability.

	<i>HK\$'000</i>
Fair value of previously held interest in New Sinotech Group	33,567
Carrying amount of previously held interest in New Sinotech Group	(30,493)
Reclassification adjustment of translation reserve	2,743
	<hr/>
Gain on deemed disposal of associates credited to profit or loss	5,817
	<hr/> <hr/>

- (ii) As the Acquisition was transacted with the ultimate holding company, NUEL and Mr. CHAN Son Neng in their capacity as the shareholders of the Company, the Acquisition related costs of HK\$1,398,000 was deducted against the deemed contribution from the shareholders of the Company in equity.

(b) Non-controlling interest

The non-controlling interests in New Sinotech Group at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the fair value of net assets of New Sinotech Group on 17 February 2011 amounted to approximately HK\$1,881,000.

- (c) Fair value of assets acquired and liabilities assumed at the date of acquisition were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	150,870
Land use rights	83,660
Trade and bills receivables	2,896
Prepayments, deposits and other receivables	869
Cash and cash equivalents	39,366
Accrued liabilities and other payables	(12,938)
Deposits received	(1,954)
Deferred government grant	(2,907)
Interest bearing bank borrowings	(84,608)
Amount due to NUEL	(33,177)
Amount due to Mr. CHAN Son Neng	(5,504)
Amount due to Smartech International Group Limited	(23,461)
Amount due to a related company	(310)
Deferred tax liabilities	(18,771)
	<hr/>
Net assets	94,031
Non-controlling interest (2%) (<i>note 14(b)</i>)	(1,881)
	<hr/>
	92,150
	<hr/> <hr/>

- (d) Net cash inflow arising from the Acquisition:

	<i>HK\$'000</i>
Cash consideration paid	(13,580)
Cash and bank balances acquired	39,366
	<hr/>
	25,786
	<hr/> <hr/>

Since the acquisition date on 17 February 2011, New Sinotech Group has contributed HK\$37,088,000 and HK\$7,016,000 to the Group's revenue and profit respectively for the year ended 31 December 2011. If the acquisition had occurred on 1 January 2011, the Group's revenue would have been increased by HK\$1,709,000 and the Group's profit would have been decreased by HK\$543,000 respectively for the year ended 31 December 2011.

15. TRADE AND BILLS RECEIVABLES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Trade receivables	38,806	18,602
Less: allowance for doubtful debts	(481)	(481)
	<hr/>	<hr/>
	38,325	18,121
Bills receivable	1,683	1,307
	<hr/>	<hr/>
	40,008	19,428
	<hr/> <hr/>	<hr/> <hr/>

(a) Ageing analysis

The ageing analysis of trade and bills receivables (net of allowance for doubtful debts) as of the end of the reporting period based on the invoice date is presented as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0 to 30 days	20,075	10,491
31 days to 60 days	8,961	4,539
61 days to 90 days	5,266	1,376
91 days to 180 days	3,783	2,262
181 days to 360 days	1,517	616
Over 360 days	406	144
	<hr/>	<hr/>
	40,008	19,428
	<hr/> <hr/>	<hr/> <hr/>

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.

(b) Impairment losses of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery amount is remote, in which case the impairment loss is written off against trade receivables directly.

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
At 1 January	481	971
Impairment loss recognized	–	29
Amounts written off as uncollectible	–	(519)
	<hr/>	<hr/>
At 31 December	481	481
	<hr/> <hr/>	<hr/> <hr/>

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Neither past due nor impaired	29,036	15,030
Less than 30 days past due	5,266	1,376
More than 30 days but less than 90 days past due	3,783	2,262
More than 90 days but less than 360 days past due	1,923	760
	<hr/>	<hr/>
	40,008	19,428
	<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.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Deposits paid to suppliers	661	1,631
Other receivables	3,118	1,394
	<hr/>	<hr/>
	3,779	3,025
Consideration receivable on disposal of Zhenjiang Dock Project (notes 16(a),(b),(c))	31,208	50,878
	<hr/>	<hr/>
	34,987	53,903
	<hr/> <hr/>	<hr/> <hr/>

- (a) 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. Up to 31 December 2011, the Group received approximately RMB60,549,100 (2010: RMB42,549,100) of the total consideration from the buyer. The Group does not hold any collateral over the outstanding consideration receivable. A written letter of undertaking dated 15 March 2011 has been provided by the buyer and its two subsidiaries to the Group, pursuant to which, they have agreed to use the deposits of RMB48,800,000 paid for acquisition of the land use rights to settle the outstanding balance of the consideration in case of any default by the buyer by 31 December 2011. In January 2012, the Group instituted legal proceedings against the purchaser and guarantors for the recovery of the balance of this receivable together with claims for compensation (note 20(a)).
- (b) On 23 June 2011, NUEL, the ultimate holding company and the Company entered into a deed of indemnity, pursuant to which, NUEL has irrevocably agreed to indemnify the Group for any loss in respect of the balance of this consideration receivable.
- (c) In the opinion of the directors of the Company, the outstanding balance of this consideration receivable can be fully recoverable and therefore, no impairment is required.

17. TRADE PAYABLES

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

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	4,748	5,713
31 days to 60 days	4,432	4,185
61 days to 90 days	3,278	2,845
Over 91 days	2,152	360
	<hr/>	<hr/>
	14,610	13,103
	<hr/> <hr/>	<hr/> <hr/>

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

18. SHARE CAPITAL

	Notes	Number of shares		Share capital	
		2011 '000	2010 '000	2011 HK\$'000	2010 HK\$'000
Ordinary shares of HK\$0.01 each					
Authorized					
At beginning and at end of year		100,000,000	100,000,000	1,000,000	1,000,000
Issued and fully paid					
At beginning of year		2,011,892	1,825,892	20,119	18,259
Issue of new shares on redemption of promissory notes	18(a)	–	36,000	–	360
Issue of new shares on top-up placement	18(b)	–	150,000	–	1,500
Rights Issue	18(c)	201,189	–	2,012	–
At end of year		2,213,081	2,011,892	22,131	20,119

(a) 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 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.

(b) 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, of which HK\$1,500,000 was recorded in share capital and HK\$29,188,000 (after issuance costs of HK\$1,112,000) was recorded in share premium.

(c) Rights Issue

On 1 August 2011, the Company issued 201,189,168 new shares at a price of HK\$0.15 each (“Rights Shares”) on the basis of one Rights Share for every ten of the then existing shares held on the record date at 28 June 2011 (“Rights Issue”). Net proceeds from the Rights Issue amounted to approximately HK\$28,905,000, of which HK\$2,012,000 was recorded in share capital and HK\$26,893,000 (after share issuance related cost of approximately HK\$1,273,000) was recorded in share premium.

(d) As at 31 December 2011, 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.

19. MOVEMENT OF RESERVES

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

2011

	Attributable to owners of the Company							Total HK\$'000
	Share premium HK\$'000 (note 19(a))	Translation reserve HK\$'000 (note 19(b))	Investment revaluation reserve HK\$'000 (note 19(c))	General reserve HK\$'000 (note 19(d))	Capital reserve HK\$'000 (note 19(e))	Statutory reserve HK\$'000 (note 19(f))	Retained profits HK\$'000	
At 1 January 2011	239,609	15,040	17,597	31,929	–	4,899	25,126	334,200
Profit for the year	–	–	–	–	–	–	30,535	30,535
Other comprehensive income								
Exchange differences								
– on translation of financial statements of overseas subsidiaries	–	15,845	–	–	–	–	–	15,845
– reclassification of translation reserve on deemed disposal of associates	–	(2,743)	–	–	–	–	–	(2,743)
Fair value changes on available- for-sale equity investments, net of deferred tax	–	–	(11,160)	–	–	–	–	(11,160)
Share of other comprehensive income of associates	–	361	–	–	–	–	–	361
Total comprehensive income for the year	–	13,463	(11,160)	–	–	–	30,535	32,838
Transfer to distributable reserves	–	–	–	(31,929)	–	–	31,929	–
Deemed contribution from shareholders of the Company, net of related costs of HK\$1,398,000	–	–	–	–	4,185	–	–	4,185
Rights issue, net of share issuance costs of HK\$1,273,000	26,893	–	–	–	–	–	–	26,893
Transfer to statutory reserve	–	–	–	–	–	3,298	(2,247)	1,051
At 31 December 2011	266,502	28,503	6,437	–	4,185	8,197	85,343	399,167

2010

Attributable to owners of the Company

	Investment							Total HK\$'000
	Share premium HK\$'000 (note 19(a))	Translation reserve HK\$'000 (note 19(b))	revaluation reserve HK\$'000 (note 19(c))	General reserve HK\$'000 (note 19(d))	Capital reserve HK\$'000 (note 19(e))	Statutory reserve HK\$'000 (note 19(f))	Retained profits HK\$'000	
At 1 January 2010	206,488	9,620	4,637	31,929	-	2,133	15,887	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	3,933	-	-	-	-	-	-	3,933
Shares issued upon top-up placing, net of share issuance costs of HK\$1,112,000	29,188	-	-	-	-	-	-	29,188
Transfer to statutory reserve	-	-	-	-	-	2,766	(2,766)	-
At 31 December 2010	239,609	15,040	17,597	31,929	-	4,899	25,126	334,200

Nature and purpose of reserves are as follows:

(a) 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 for such use as permissible under the laws of Cayman Islands and the articles of association of the Company.

(b) Translation reserve

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

(c) Investment revaluation reserve

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

(d) 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 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.

On 7 November 2011, the Directors resolved to transfer all amounts standing on the credit balance of the Company's general reserve to retained earnings of the Company.

(e) Capital reserve

On 17 February 2011, the Group's effective interest in New Sinotech Group was increased from 38% to 98%, and New Sinotech Group became 98% indirectly owned subsidiaries of the Company, and the excess of fair value of net assets acquired over cost of acquisition of 98% equity interests in New Sinotech Group of HK\$4,185,000 (after deduction of acquisition related costs) was recognized as deemed contribution from NUEL and Mr. CHAN Son Neng in their capacity as shareholders of the Company and fully credited as capital reserve in the equity of the Group (note 14).

(f) Statutory reserve

In accordance with the relevant regulations in the PRC, the Company's subsidiaries established in the PRC are required to transfer a certain percentage of its profits after tax to reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiary's articles of association, the reserve funds may be used either to offset losses, or for capitalization by way of paid-up capital.

20. EVENTS AFTER THE REPORTING PERIOD

- (a) In January 2012, the Group instituted legal proceedings against the purchaser and the guarantors of the Zhenjiang Dock Project for the recovery of the outstanding balance of consideration receivable from sale of Zhenjiang Dock Project (note 16(a)) together with claims for compensation. The first hearing will be held at the Zhenjiang City Intermediate Court in the PRC on 21 March 2012.
- (b) On 6 March 2012, New Universe Environmental Technologies (Jiang Su) Limited ("NUET(JS)"), a 82% indirectly owned subsidiary of the Company, entered into a joint venture agreement with 江蘇輝豐農化股份有限公司 Jiangsu Huifeng Agrochemical Co., Limited ("Hui Feng") for the formation of a joint venture ("JV") in relation to environmental operations. Upon its formation, the JV will be owned as to 51% by Hui Feng and 49% by NUET(JS). The registered capital of the JV is HK\$66,000,000 to be satisfied wholly in cash and to be contributed by NUET(JS) as to HK\$32,340,000 (or the equivalent amount in RMB). The registered capital is to be paid as to 20% within thirty (30) working days from the date of issue of the business licence of the JV and the balance of 80% within five (5) months from the date of issue of the business licence of the JV.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Waste Integrated Treatment Services

In 2011, the Group has collected for treatment in aggregate 19,678 metric tons of hazardous industrial waste, 5,074 metric tons of general industrial waste, and 3,758 metric tons of regulated medical waste from the cities of Zhenjiang, Yancheng and Taizhou for the year ended 31 December 2011 as comparing to 18,021 metric tons, 7,331 metric tons, and 2,281 metric tons respectively in 2010.

The tank truck cleansing service centre of the Group in Zhenjiang has serviced 851 truck-times in 2011.

The newly established a nitrile rubber recycling centre in Zhenjiang has started operation and production in the fourth quarter of 2011.

The newly established subsidiary in the Xiangshui County of Yancheng for environmental disposal operations is still at its preliminary status and the site location is expected to be fixed in 2012.

The newly established associate, in which the Group indirectly holds 24.6% equity interest, principally engages in industrial waste treatment in Zhenjiang is expected to commence operations in third quarter of 2012.

For the year ended 31 December 2011, by business segment, the segmental profit margin of the Group's environmental waste treatment services was 41.7% (2010: 40.7%).

Environmental Industrial Sewage Treatment in Eco-plating Specialized Zone

In 2011, besides the multistory integrated office building with gross floor area of approximately 4,300 square metres in Eco-plating Specialized Zone was completed and in use, industrial buildings with a total gross floor area of approximately 84,000 square metres were completed, and approximately 70% were leased out. The Eco-plating Specialized Zone has handled over 271,500 metric tons of plating sewage discharge from the manufacturers in the zone for the year ended 31 December 2011.

Integrated recycling treatment service for industrial plating sludge discharge in Eco-plating Specialize Zone is expected to commence operations in third quarter of 2012.

For the year ended 31 December 2011, the segmental profit margin of the Group's operation of industrial sewage treatment services in the Eco-plating Specialized Zone was 31.9%.

Manufacturing Operations

For the year ended 31 December 2011, the segmental profit margin of plastic product sale and plastic trading operated by Suzhou New Universe was 4.5%, and 1.0% respectively (2010: 3.3%, and 1.8% respectively). The mold making operation of Suzhou New Universe has improved in 2011 as compared to 2010.

For the year ended 31 December 2011, the profit margins 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”) that engaged in plastic material dyeing business in China were 3.2%, 1.5% and 2.1% respectively (2010: 3.2%, 1.8% and 3.5% respectively).

Follow-up Actions on Disposal of Zhenjiang Dock Project

In 2011, the Group has appointed PRC lawyers to follow up the case on pursuing the full settlement of balance consideration in relation to the disposal of the Zhenjiang Dock Project.

As at 31 December 2011, out of a total consideration of RMB85,849,100, RMB60,549,100 was received by the Group. Settlement of the balance of consideration (amounted to RMB25,300,000 or approximately HK\$31,208,000 as at 31 December 2011) (“Balance of Consideration”) on or before 31 March 2012 is jointly guaranteed by two China parties comprising Zhenjiang Xinminzhou Harbour Estate District Administrative Committee (鎮江新民州港口產業園區管委會) and Stated Owned Gongqingtuan Farm of Jiangsu Province (江蘇省國營共青團農場) (“Guarantors”).

To further protect the interest of the Group, New Universe Enterprises Limited (“NUEL”, being the ultimate holding company of the Group) entered into a deed of indemnity on 23 June 2011 in favour of the Company, pursuant to which NUEL irrevocably agreed to indemnify the Group for any loss that the Group may suffer from not being paid in full of the consideration under the disposal.

Legal actions against the purchaser together with the Guarantors have been commenced in January 2012 for recovery of the Balance of Consideration together with claims for compensation.

Outlook

Given the fact that the China government has promulgated, implemented and strengthened rules and regulations to protect the country's environment while improving the people's livelihood, the governmental initiatives will continuously drive growth of the environmental sector and market demand for all kind of environmental services.

The Company's focus on pursuing opportunities of environmental operations will continue prudently. The Group will maintain Hong Kong as the outbound platform to capitalize resource and know how to ensure our Group's core operations growing in a sustainable manner. The Company strongly believes that the Group is working toward a right direction to enhance its competitiveness in the forthcoming medium term, and in long term the Group shall rely on its people who are diligent, skillful and most importantly knowledgeable about the environment of where we are living in.

However, barring unforeseeable circumstances in the future, we are fully aware that our operations and opportunities could not be without challenges and risks. To ensure sustainable growth of the Group, amongst give-and-take within our organization, corporate governance is to be improved continuously, and investment opportunities are to be sought pragmatically.

FINANCIAL REVIEW

Summary of annual results

<i>(Expressed in HK\$'000 unless indicated otherwise)</i>	<i>Notes</i>	Year ended 31 December 2011	2010	Change
Turnover	1	204,095	134,940	+51.2%
Average gross profit margin <i>(in percentage)</i>	2	32.0%	32.6%	-1.8%
Other revenue	3	7,972	5,272	+51.2%
Other net income	4	5,011	1,663	+201.3%
Distribution and selling expenses	5	6,002	5,711	+5.1%
Administrative expenses	6	28,673	21,597	+32.8%
Other operating expenses	7	6,687	3,320	+101.4%
Finance costs	8	3,547	1,411	+151.4%
Share of profits of associates	9	1,100	726	+51.5%
Income tax	10	5,116	2,858	+79.0%
Net profit for the year	11	35,219	15,393	+128.8%
Profit attributable to owners of the Company for the year		30,535	12,005	+154.4%
Basic and diluted EPS <i>(HK cents)</i>		1.46	0.62	+135.5%
Proposed dividend per share <i>(HK cents)</i>		0.45	-	N/A

Summary of quarterly results

	Notes	Q1 2011 HK\$'000	Q2 2011 HK\$'000	Q3 2011 HK\$'000	Q4 2011 HK\$'000	Total 2011 HK\$'000
Turnover						
Environmental waste treatment service income		13,414	19,232	18,081	23,439	74,166
Industrial sewage treatment service income		3,369	8,360	9,811	15,548	37,088
Sale of mold products		6,190	10,278	4,933	12,789	34,190
Sale of plastic products		5,352	5,635	6,985	7,522	25,494
Sale of plastic materials		4,560	8,402	9,156	11,039	33,157
	1	<u>32,885</u>	<u>51,907</u>	<u>48,966</u>	<u>70,337</u>	<u>204,095</u>
Other revenue	3	2,117	3,294	1,583	978	7,972
Other net income	4	694	779	1,170	2,368	5,011
Distribution and selling expenses	5	1,629	2,099	2,216	58	6,002
Administrative expenses	6	5,920	6,510	7,262	8,981	28,673
Other operating expenses	7	1,237	1,888	2,176	1,386	6,687
Finance costs	8	567	747	902	1,331	3,547
Share of profits of associates	9	67	424	479	130	1,100
Income tax	10	692	836	441	3,147	5,116
Net profit for the period	11	10,920	8,293	5,927	10,079	35,219
Profit attributable to owners of the Company for the period		<u>9,748</u>	<u>6,973</u>	<u>4,755</u>	<u>9,059</u>	<u>30,535</u>
	Notes	Q1 2010 HK\$'000	Q2 2010 HK\$'000	Q3 2010 HK\$'000	Q4 2010 HK\$'000	Total 2010 HK\$'000
Turnover						
Environmental waste treatment service income		11,297	14,130	14,422	15,938	55,787
Industrial sewage treatment service income		–	–	–	–	–
Sale of mold products		4,105	1,029	5,975	10,754	21,863
Sale of plastic products		3,960	4,539	4,771	4,928	18,198
Sale of plastic materials		6,364	10,174	12,489	10,065	39,092
	1	<u>25,726</u>	<u>29,872</u>	<u>37,657</u>	<u>41,685</u>	<u>134,940</u>
Other revenue	3	1,353	2,448	319	1,152	5,272
Other net income	4	–	23	711	929	1,663
Distribution and selling expenses	5	1,158	1,201	1,992	1,360	5,711
Administrative expenses	6	3,741	4,379	4,744	8,733	21,597
Other operating expenses	7	1,056	642	1,274	348	3,320
Finance costs	8	693	477	121	120	1,411
Share of net profits/(losses) of associates	9	(38)	350	181	233	726
Income tax	10	548	834	772	704	2,858
Net profit for the period	11	2,630	4,332	3,593	4,838	15,393
Profit attributable to owners of the Company for the period		<u>1,886</u>	<u>3,328</u>	<u>2,741</u>	<u>4,050</u>	<u>12,005</u>

Notes to summaries of annual and quarterly results:

1. Revenue from all operations recorded increases in 2011 as comparing to each of the corresponding quarters in 2010, except for the revenue from trading of plastic materials has dropped in 2011. Net increase in total turnover for the year ended 31 December 2011 was mainly attributable to:
 - (i) stable growth in revenue from environmental services, and
 - (ii) consolidation of post-acquisition revenue and results of the New Sinotech Group comprising New Sinotech, Fair Time, and Zhenjiang Sinotech since they became the Group's subsidiaries on 17 February 2011.
2. Decrease in average gross profit margin of the Group to 32.0% for the year ended 31 December 2011 from 32.6% in 2010 was mainly attributable to decrease in average gross profit margin of the Group's trading of plastic materials to 2.7% (2010: 4.4%).
3. Net increase in other revenue for the year ended 31 December 2011 was mainly attributable to increase in scrap sales as comparing to 2010.
4. Net increase in other net income for the year ended 31 December 2011 was mainly attributable to gain on exchanges from operations and reversal of over accrued expenses during the current year.
5. Net increase in distribution and selling expenses for the year ended 31 December 2011 was mainly attributable to:
 - (i) overall increase in incentive payments made to sale agents of the Group's operations though over accrued incentive payments has been reversed in fourth quarter of 2011, and
 - (ii) consolidation of post-acquisition results and related expenses of New Sinotech Group.
6. Net increase in administrative expenses for the year ended 31 December 2011 was mainly attributable to:
 - (i) increase in senior staff cost of the head office in Hong Kong as comparing with 2010,
 - (ii) consolidation of post-acquisition results and related expenses of New Sinotech Group, and
 - (iii) increase in year end bonus to staff of the Group in the fourth quarter of 2011 as comparing to 2010.
7. Net increase in other operating expenses for the year ended 31 December 2011 was mainly attributable to increase in PRC property taxes and PRC with holding dividend tax paid during the period.
8. Net increase in finance costs for the year ended 31 December 2011 was mainly attributable to:
 - (i) increase in bank borrowings since the second quarter of 2011 for financing development of the Group's environmental operations; and
 - (ii) consolidation of post-acquisition interest on bank borrowings of New Sinotech Group.
9. Net increase in profits shared from associates for the year ended 31 December 2011 was mainly attributable to:
 - (i) increase in profits shared from Qingdao Huamei for the current period, and
 - (ii) desist from sharing net results from New Sinotech Group upon its being ceased to be associates of the Group when the acquisition of additional 60% equity interest in New Sinotech Group completed on 17 February 2011.
10. Net increase in income tax for the year ended 31 December 2011 was mainly attributable to increase in taxable profits and deferred tax arisen from environmental operations for the current period.
11. Net increase in net profit of the Group together with profit attributable to the Group's owners for the year ended 31 December 2011 was mainly attributable to:
 - (i) increase in profits from core operations of the Group, and
 - (ii) gain on deemed disposal of the previously held 38% equity interest in New Sinotech Group in the first quarter of 2011 amounted to HK\$5,817,000 as audited.

Capital expenditure

For the year ended 31 December 2011, the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental operations amounted to HK\$37,109,000 (2010: HK\$22,290,000), (ii) for the manufacturing operations amounted to HK\$1,505,000 (2010: HK\$2,793,000), and (iii) for the Eco-plating Specialized Zone amounted to HK\$76,409,000 after the completion of acquisition of the controlling stake of the zone.

Commitments

At the end of the reporting period, the Group had the following commitments for material investments or capital assets:

	31 December 2011 HK\$'000	31 December 2010 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment	78,243	22,056
Authorized but not contracted for:		
– Investment in available-for-sale equity investments	6,724	11,687
– Investment in associates	7,401	23,651
– Acquisition of additional 60% equity interest in New Sinotech	–	53,000
	=====	=====

Significant investments held and their performance

According to the valuation report dated 19 March 2012 issued by an independent professional valuer, BMI Appraisals Limited, the fair value attributable to the Group's interests in the available-for-sale equity investments in Suzhou New Huamei and Danyang New Huamei as at 31 December 2011 were HK\$37,100,000 (2010: HK\$46,200,000) and HK\$18,800,000 (2010: HK\$22,100,000) respectively.

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. According to the valuation report dated 19 March 2012 prepared by BMI Appraisals Limited, the fair value attributable to the Group's interest in Qingdao Huamei as at 31 December 2011 was HK\$17,900,000 (2010: HK\$20,100,000), and no impairment to the carrying amount of the associate was considered necessary for the year end 31 December 2011. The Group holds 24.6% equity interest in Zhenjiang New District Solid Waste Disposal Limited at the cost of approximately HK\$3,701,000 since its incorporation and no impairment to the carrying amount of that associate was considered necessary for the year ended 31 December 2011.

During the year ended 31 December 2011, the Group disposed of the available-for-sale equity investments of 9% equity interests respectively in New Proficient Limited and Fair Waste Disposal Limited at their carrying amounts with no gain nor loss on the respective disposals.

Impairment testing on goodwill

According to the valuation report dated 19 March 2012 issued by an independent professional valuer, BMI Appraisals Limited, conducting value-in-use calculation by discounting the future cash flows of the environmental entities of the Group comprising Zhenjiang New Universe, Yancheng New Universe, and Taizhou New Universe which consist of cash flows for the next 10 years and a terminal value at the 10th year, no impairment to on the carrying amount of the goodwill was considered necessary for the year ended 31 December 2011.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 13 December 2010, the Company entered into a sale and purchase agreement with NUEL and Mr. CHAN Son Neng, pursuant to which the Company conditionally agreed to acquire 53% and 7% equity interests in New Sinotech from NUEL and Mr. CHAN Son Neng respectively, at an aggregate consideration of HK\$53,000,000 (“Acquisition”) subject to, amongst others, approval by the Company’s independent shareholders. The Acquisition constituted a major and connected transaction of the Company that was approved by the independent shareholders of the Company on 16 February 2011. On 17 February 2011, the Group completed the Acquisition and the Group’s equity interest in New Sinotech was increased from 38% to 98%. New Sinotech has become a 98% owned subsidiary of the Group. Details of the Acquisition are set out in the Company’s circular dated 27 January 2011.

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 years ended 31 December 2011.

Capital structure

On 9 June 2011, the Company announced and proposed to raise approximately HK\$30,200,000 before expenses by way of the Rights Issue of 201,189,168 new shares at a price of HK\$0.15 per Rights Shares on the basis of one Rights Share for every ten of the then existing shares held on the record date at 28 June 2011. On 9 June 2011, the Company had entered into an Underwriting Agreement with NUEL to underwrite 76,224,257 rights share (the “Underwriter”), and NUEL and Mr. XI Yu have also irrevocably undertaken under an Undertaking Letter to take up in full of its entitlement under the Rights Issue relating to the shares beneficially owned by NUEL amounting to 124,964,911 Rights Shares. The Company completed the Rights Issue by issuing 201,189,168 Rights Shares on 1 August 2011. Net proceed of approximately HK\$28,905,000 (after related expenses of approximately HK\$1,273,000) from the Rights Issue is expected to be applied as to approximately HK\$25,000,000 for financing the capital commitment requirements for development of the Group’s environmental operations and the remaining balance for the general working capital of the Company.

Save as disclosed therein, there was no significant change to the capital structure of the Group as at 31 December 2011 compared to that as at 31 December 2010.

Use of proceed from Rights Issue

In 2011, the Company has raised funds through a Rights Issue that became unconditional on 27 July 2011 and was completed on 1 August 2011. The dealings of the fully-paid rights shares commenced on 3 August 2011. As at 31 December 2011, the net proceeds from the Rights Issue approximately amounted to HK\$28.9 million were applied as follows:

Date of announcement	Date of prospectus	Fund raising activity	Net proceeds raised (approximately)	Intended use of net proceeds raised	Actual use of net proceeds raised
9 June 2011	8 July 2011	Rights Issue	HK\$28.9 million	(i) Approximately HK\$20.5 million for financing the capital commitment requirement for development of the Group's environmental operations; and (ii) the remaining balance for the general working capital of the Company.	(i) Approximately HK\$25 million had been utilized for the capital commitment requirement for development of the Group's environmental operations; and (ii) approximately HK\$3.9 million had been utilized as general working capital of the Company.

Liquidity, financial resources and gearing

During the year ended 31 December 2011, the Group financed its operations with internally generated cash flows, banking facilities, borrowings from NUEL (the ultimate holding company of the Group), borrowings from China (HK) Chemical & Plastics Company Limited ("China (HK) Chemical") a related company of the Group), and the Rights Issue. The Group remained in a stable financial position with equity attributable to owners of the Company amounted to HK\$421,298,000 as at 31 December 2011 (31 December 2010: HK\$354,319,000) and total assets amounted to HK\$774,030,000 as at 31 December 2011 (31 December 2010: HK\$428,993,000).

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

	31 December 2011 HK\$'000	31 December 2010 HK\$'000
(i) Cash and bank balances	128,542	76,907
(ii) Available unused banking facility as guaranteed by a related company	–	10,000

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

	31 December 2011 HK\$'000	31 December 2010 HK\$'000
Current liabilities (excluding income tax payable and government grant)	158,019	49,005
Non-current liabilities (excluding deferred taxes and government grant)	142,712	–
Total debts	300,731	49,005
Less: cash and cash equivalents	128,542	76,907
Net debts/(net cash)	172,189	(27,902)
Total equity	442,844	371,594
Gearing ratio	38.9%	N/A

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

Charges on assets

As at 31 December 2011, the Group pledged the land use rights, the property, plant and equipment and the equity interests in subsidiaries with aggregate carrying amounts of HK\$13,513,000 (2010: HK\$2,355,000), HK\$64,775,000 (2010: HK\$9,089,000) and HK\$64,566,000 (2010: Nil) for securing bank loans amounted to HK\$43,921,000 (2010: HK\$10,575,000) granted to the Group.

Exposure to fluctuations in exchange rates

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 2011, no related hedging has been arranged by the Group.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 31 December 2011 (2010: Nil).

Employee information

As at 31 December 2011, the Group had 456 (2010: 391) full-time employees of which 17 (2010: 18) were based in Hong Kong, and 439 (2010: 373) in the Mainland China. Staff costs, including directors' remuneration and amount capitalized as inventories was HK\$38,769,000 for the year ended 31 December 2011 (2010: HK\$30,669,000). 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 EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 31 December 2011, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were 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 entered into the register pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

The Company

Long positions in issued shares of the Company

Name of director	Number of ordinary shares of HK\$0.01 each			% of total shares in issue	
	Personal/beneficial	Interest of children or spouse	Interest of controlled corporation		
Mr. XI Yu *	-	-	1,428,657,382	1,428,657,382	64.55

Note:

- * Mr. XI Yu is the beneficial shareholder of 16,732 shares of US\$1.00 each in New Universe Enterprises Limited ("NUEL"), representing 83.66% of the issued share capital of NUEL, which in turn beneficially interested in 1,428,657,382 shares of the Company, representing approximately 64.55% of the issued share capital of the Company.

Associated corporation

Long positions in issued shares of NUEL

Name of director	Number of ordinary shares of US\$1.00 each			Number of shares held	% of total shares in issue
	Personal/beneficial	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 2011, none of the directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 entered into the register pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

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 executives of the Company, the persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2011 were as follows:

Long positions in issued shares of the Company

Name of shareholder	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Beneficial owner	Family interests	Interest of controlled corporation		
NUEL	1,428,657,382	–	–	1,428,657,382	64.55

Note:

- * The interest in 1,428,657,382 shares disclosed by Mr. XI Yu is the same as those disclosed as held by NUEL.

Save as disclosed above, the Directors were not aware of any other persons (other than a Director or the chief executive officer of the Company) who had an interest or short position in the shares or underlying shares of the Company of the SFO as recorded in the register required to be kept under section 336 as at 31 December 2011.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted by the Company's shareholders at the general meeting held 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.

As at 31 December 2011 and during the year then ended, no option has been granted or outstanding under the Company's Share Option Scheme.

CONNECTED TRANSACTIONS

1. Continuing Connected Transactions involving provision of goods to the Group by the connected person, China (HK) Chemical disclosed pursuant to rules 20.45 and 20.46 of the GEM Listing Rules:

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 its 97% indirectly owned subsidiary, Suzhou New Universe to purchase plastic materials from China (HK) Chemical (a connected party to the Company) according to a framework supply agreement mutually signed on 26 February 2009 (the "Supply Contract") 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 ended 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 2011, Suzhou New Universe ordered plastic materials of 642 metric tons for an aggregate amount of HK\$12,960,000 from China (HK) Chemical; and China (HK) Chemical delivered 642 metric tons of plastic materials for an aggregate amount of HK\$12,960,000 to Suzhou New Universe ("Continuing Connected Transactions").

The independent auditor of the Company has reviewed the Continuing Connected Transactions 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.

2. Connected transaction involving the Acquisition of 60% equity interest in New Sinotech from the connected person, NUEL disclosed pursuant to rule 20.45 of the GEM Listing Rules:

On 13 December 2010, the Company entered into a sale and purchase agreement with NUEL and Mr. CHAN Son Neng (collectively referred to as the "Vendors"), pursuant to which the Company conditionally agreed to the acquisition from the Vendors the 3,000,000 issued shares of US\$1 each in the share capital of New Sinotech Investments Limited ("New Sinotech"), representing 60% of the issued share capital of New Sinotech (in which NUEL then held 53% equity interest) for an aggregate cash consideration of HK\$53,000,000 subject to, amongst

others, approval by the Company's independent shareholders (the "Acquisition"). The Acquisition constituted a major transaction of the Company under the GEM Listing Rules. NUEL, being one of the Vendors, has been the controlling shareholder interested in approximately 62.11% of the then issued share capital of the Company. Accordingly, NUEL was a connected person of the Company and the Acquisition also constituted a connected transaction for the Company under the GEM Listing Rules, which was 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. CHAN Son Neng 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 as contemplated thereunder. The resolution to confirm and approve the Acquisition was duly passed by the independent shareholders of the Company under poll voting at the extraordinary general meeting held on 16 February 2011. The completion of the Acquisition and the transfer of the 60% equity interests to the Group took place on 17 February 2011 ("Completion of the Acquisition").

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.

3. De minimis connected transaction involving the leasing of an office premise from the connected person, Sun Ngai:

A tenancy agreement dated 26 July 2010 (as renewed by the tenancy agreement dated 11 July 2011) entered into between Smartech Services Limited ("Smartech Services", an indirectly wholly owned subsidiary of the Company) as tenant and Sun Ngai International Investment Limited ("Sun Ngai", a wholly owned subsidiary of New Universe Holdings Limited, the board of directors of which comprises Mr. XI Yu and Ms. CHEUNG Siu Ling who are also the executive Directors) as landlord, pursuant to which Smartech Services rented an office unit located at Room 2109, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong from Sun Ngai at a monthly rental of HK\$20,000 for the term from 1 August 2010 to 31 July 2012 (the "Tenancy Agreement").

Pursuant to the Tenancy Agreement, Smartech Services paid rental of HK\$288,000 to Sun Ngai for the year ended 31 December 2011.

4. Provision of financial assistance to the Group by the connected person, NUEL:
- (a) As at 31 December 2011, balance of loans owed by the New Sinotech and its subsidiaries (collectively referred to as the “New Sinotech Group” that being the Group’s 98% owned subsidiaries upon Completion of the Acquisition) to NUEL was approximately HK\$33,177,000 which are unsecured and non-interest bearing (“Shareholder’s Loan I”), to which in accordance with a deed executed on 17 February 2011, NUEL agreed the loans advanced by NUEL to New Sinotech Group, following the Completion of the Acquisition shall be (a) interest free, (b) unsecured, and (c) repayable upon being served a 90-day notice (subject to unconditional and irrevocable undertaking by NUEL to grant an extension for 3 months for repayment of the whole or any portion of the amount being due each time upon the written request of the New Sinotech Group).
 - (b) As at 31 December 2011, balance of consideration payable by the Company to NUEL for the Completion of the Acquisition amounted to HK\$34,420,000 together with interest at 2% per annum thereon in an aggregate amount of approximately HK\$35,020,000 remained outstanding (“Shareholder’s Loan II”). NUEL has unconditionally and irrevocably undertaken to the Company that upon the Company’s written request for time extension for payment of the whole or any part of such part of the consideration, NUEL shall unconditionally agree to an extension of not more than 3 months each time upon such written request being made by the Company, and NUEL will charge such part of the consideration that subject to the extension granted with an interest of 2% per annum (based on 365 days a year) until the said amount is fully settled. On 30 June 2011, NUEL has provided an irrevocable undertaking to the Company in writing that maturity for payment of the consideration balance of HK\$34,420,000 together with interest be extended to 31 August 2012. Upon Completion of the Acquisition, besides the aforementioned balance of consideration (together with interest thereon) due for the said Acquisition of 53% equity interest in New Sinotech, the remaining adjustable balance of the consideration amounted to HK\$5,000,000 will be payable by the end of 30 April 2012 as when the audited net profit of New Sinotech Group for the year ended 31 December 2011 exceeds HK\$5,000,000 or otherwise be offset against any shortfall below that target amount.
 - (c) After the Completion of the Acquisition and in February 2011, NUEL made unsecured interest-free advances of approximately HK\$3,063,000 to New Sinotech for its general working capital purposes (“Shareholder’s Loan III”) which remained outstanding as at 31 December 2011.

- (d) On 6 May 2011, NUEL granted an unsecured interest free loan of US\$4,000,000 (mutually agreed to be equivalent to HK\$31,080,000) to the Company for the Group's contribution to the registered capital of Zhenjiang Sinotech, which was repayable on or before 9 May 2012. On 20 September 2011, the Company repaid HK\$5,000,000 of the loan to NUEL. As at 31 December 2011, the balance of HK\$26,080,000 remained outstanding, which is unsecured and non-interest bearing ("Shareholder's Loan IV")
- (e) On 23 June 2011, a deed of indemnity was entered into by NUEL in favour of the Company, pursuant to which NUEL irrevocably agreed to indemnify the Group for any loss that the Group may suffer from not being paid any consideration under the Disposal of Zhenjiang Dock Project in full ("Shareholder's Deed of Indemnity").
- (f) On 31 December 2011, NUEL has provided an unconditional and irrevocable undertakings to the Group in writing that the repayment dates of Shareholder's Loans I, II, III and IV were extended to 31 March 2013 ("Shareholder's Undertakings").

The Shareholder's Loans I, II, III, and IV, the Shareholder's Deed of Indemnity, and the Shareholder's Undertakings constitute financial assistance granted by NUEL as a connected person for the benefit of the Group on normal commercial terms (or better to the Company) with no security over the assets of the Group under the GEM Listing Rules, which will be exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

5. Provision of financial assistance to the Group by the connected person, China (HK) Chemical:

- (a) On 16 December 2011, China (HK) Chemical granted an unsecured loan of US\$300,000 (mutually agreed to be equivalent to HK\$2,340,000) which bearing interest at 3% per annum to the Company for the Group's contribution to the registered capital of Zhenjiang Sinotech ("China (HK) Chemical's Loan I").
- (b) On 19 December 2011, China (HK) Chemical granted an unsecured loan of HK\$450,000 which bearing interest at 3% per annum to the Company for general working capital purposes ("China (HK) Chemical's Loan II").

The China (HK) Chemical's Loans I and II remained outstanding as at 31 December 2011 by the Company constitute financial assistance granted by China (HK) Chemical as a connected person for the benefit of the Group on normal commercial terms (or better to the Company) with no security over the assets of the Group under the GEM Listing Rules, which will be exempted from reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

6. Rights Issue involving the connected person, NUEL acting as underwriter:

On 9 June 2011, the Company announced and proposed the Rights Issue of 201,189,168 Rights Shares at a price of HK\$0.15 per Rights Share on the basis of one Rights Share for every ten of the then existing shares held on the record date at 28 June 2011. On 9 June 2011, the Company had entered into an underwriting agreement with NUEL, pursuant to which NUEL acted as the underwriter to underwrite 76,224,257 Rights share (the “Underwriting Agreement”). On 9 June 2011, NUEL and Mr. XI Yu have also jointly irrevocably undertaken under an undertaking letter to take up in full of the entitlement under the Rights Issue relating to the shares beneficially owned by NUEL amounting to 124,964,911 Rights Shares (the “Undertaking Letter”). On 1 August 2011, NUEL was finally allotted 179,008,267 Rights Shares of the Company, of which 124,964,911 Rights Shares were subscribed in accordance with the Undertaking Letter, and 54,043,356 Rights Shares were subscribed by NUEL pursuant to the obligations under the Underwriting Agreement.

DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

The contracts or arrangements subsisted during the year, of which certain directors of the Company had interests that were deemed significant to the business of the Group are set out as follows:

1. Directors’ interests in the Supply Contract and the Continued Connected Transactions:
 - (a) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors China (HK) Chemical;
 - (b) Mr. SUEN Ki holds 3% beneficial shareholding interest in China (HK) Chemical; and
 - (c) Mr. XI Yu and Ms. CHEUNG Siu Ling are directors Suzhou New Universe.
2. Directors’ interests in the Acquisition:
 - (a) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors of NUEL which being one of the Vendors of the Acquisition;
 - (b) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki beneficially holds 83.66%, 12.14% and 4.2% of the shareholding interest of NUEL respectively; and
 - (c) Mr. XI Yu and Ms. CHEUNG Siu Ling are directors of the acquiree company, New Sinotech.

3. Directors' interests in the Tenancy Agreement:

Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of Smartech Services and Sun Ngai.

4. Directors' interests in the Shareholder's Loans I, II, III, and IV, the Shareholder's Deed of Indemnity, and the Shareholder's Undertaking:

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

(b) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki beneficially holds 83.66%, 12.14% and 4.2% respectively of the shareholding interest in NUEL.

5. Directors' interests in the China (HK) Chemical's Loans I and II:

(a) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors of China (HK) Chemical;

(b) Mr. SUEN Ki holds 3% beneficial shareholding interest in China (HK) Chemical; and

(c) Mr. XI Yu and Ms. CHEUNG Siu Ling are also directors of the immediate holding company of China (HK) Chemical, New Universe Holdings Limited that holds 97% direct shareholding interest in China (HK) Chemical.

6. Directors' interests in the Underwriting Agreement:

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

(b) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki beneficially holds 83.66%, 12.14% and 4.2% of the shareholding interest in NUEL respectively.

The above transactions were reviewed and approved by the independent non-executive directors and were conducted on terms no less favourable than terms available from independent third parties, in the ordinary course of business of the Group 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 whole.

Save as disclosed therein, no contract of significance to which the Company, its holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or any time during that period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this announcement, the Company has maintained the prescribed public float under the GEM Listing Rules.

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 2011.

CORPORATE GOVERNANCE PRACTICES

The Company (together with its subsidiaries collectively referred to as the "Group") is committed to ensuring good standard of corporate governance in the interests of the Company's shareholders ("Shareholders") and has applied the principles set out in the Code on Corporate Governance Practices (the "CG Code") 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").

Throughout the year ended 31 December 2011, the Company has complied with all code provisions of CG Code and the Directors confirmed they were not aware of any deviation from the CG Code during the year.

SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2011, 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 Dealing during the year ended 31 December 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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 and Mr. YUEN Kim Hung, Michael have served as independent non-executive Directors of the Company for more than 9 years since 1 February 2000 and 24 April 2002 respectively. The proposed nomination of Dr. CHAN Yan Cheong and Mr. YUEN Kim Hung, Michael for re-election as the Company's independent non-executive Directors will be subject to separate resolutions to be approved by the Shareholders in the forthcoming Annual General Meeting. Based on the annual written confirmation given by each of Dr. CHAN Yan Cheong and Mr. YUEN Kim Hung, Michael in accordance with Rule 5.09 of the GEM Listing Rules and the undertaking given to the Company by each of them as to one's continuing independency, the Board believes that Dr. CHAN Yan Cheong being an academic expert in electronic engineering and Mr. YUEN Kim Hung, Michael being an accounting professional will bring in strong expertise by contributing impartial view and make independent judgment on all issues to be discussed at the Board meetings.

On 19 March 2012, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred were nominated and appointed as the chairman of nomination committee and chairman of remuneration committee respectively of the Board of the Company.

AUDIT COMMITTEE

On 30 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 2011 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 2011 has been agreed with and reviewed by the independent auditor, CCIF CPA Limited, as engaged by the Company pursuant to the requirement of Rule 18.49 of the GEM Listing Rules.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.0045 per share of the Company for the year ended 31 December 2011, representing approximately 32.6% of the profit attributable to owners of the Company and approximately 30.3% of the total comprehensive income attributable to owners of the Company, payable to the shareholders whose names appear on the register of members of the Company on 14 May 2012. Based on the number of issued shares of the Company as at 31 December 2011, this represents a total distribution of approximately HK\$9,959,000. Subject to the approval of the payment of the final dividend by the shareholders at the Annual General Meeting of the Company to be held on 4 May 2012, it is expected that the proposed final dividend will be paid on or before 31 May 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the Annual General Meeting from Thursday, 3 May 2012 to Friday, 4 May 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at that Annual General Meeting, all transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 May 2012.

The register of members of the Company will be closed for the purpose of ascertaining the entitlement of shareholders of the Company to the proposed final dividend at the Annual General Meeting from Thursday, 10 May 2012 to Monday, 14 May 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to the approval of shareholders of the Company at the Annual General Meeting), all transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 May 2012.

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

Hong Kong, 19 March 2012

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

Mr. XI Yu	<i>(Executive Director and Chairman)</i>
Mr. CHAN Chun Hing	<i>(Executive Director and Chief Executive Officer)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. SONG Yuqing	<i>(Non-executive Director and Vice-Chairman)</i>
Mr. SUEN Ki	<i>(Non-executive Director)</i>
Dr. CHAN Yan Cheong	<i>(Independent Non-executive Director)</i>
Mr. YUEN Kim Hung, Michael	<i>(Independent Non-executive Director)</i>
Mr. HO Yau Hong, Alfred	<i>(Independent Non-executive Director)</i>
Mr. LEE Kwan Hung	<i>(Independent Non-executive Director)</i>

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 and on the Company's website at www.nuigl.com.