



## **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)

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2012**

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

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**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 for the three months ended 31 March 2012 increased by 36.5% to HK\$44,895,000 compared to HK\$32,885,000 for the corresponding period in 2011.
- Profit attributable to the Company's shareholders for the three months ended 31 March 2012 decreased by 82.9% to HK\$1,667,000 compared to HK\$9,748,000 for the corresponding period in 2011.
- Turnover of environmental waste treatment services for the three months ended 31 March 2012 increased by 34.7% to HK\$18,072,000 compared to HK\$13,414,000 for the corresponding period in 2011.
- Turnover of environmental sewage treatment services in the eco-plating industrial zone for the three months ended 31 March 2012 increased by 231.7% to HK\$11,176,000 compared to HK\$3,369,000 for the corresponding period in 2011.
- Total turnover of manufacturing operations comprising sales of mold products, plastic products and trading of plastic materials for the three months ended 31 March 2012 decreased by 2.8% to HK\$15,647,000 compared to HK\$16,102,000 for the corresponding period in 2011.
- Equity attributable to the Company's shareholders was HK\$423,863,000 at 31 March 2012 versus HK\$421,298,000 at 31 December 2011.
- Cash and cash equivalents of the Group amounted to HK\$122,463,000 at 31 March 2012 compared to HK\$128,542,000 at 31 December 2011.
- Total earnings per share attributable to the Company's shareholders were HK cents 0.08 for the three months ended 31 March 2012 compared to HK cents 0.48 for the corresponding period in 2011.
- The Board resolved not to declare a dividend for the three months ended 31 March 2012.

## 2012 FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) of New Universe International Group Limited (the “Company”) hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2012, together with the unaudited comparative figures for the corresponding period in 2011.

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Three months ended</b>	
		<b>31 March</b>	
	<i>Notes</i>	<b>2012</b>	2011
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Turnover</b>	3	<b>44,895</b>	32,885
Cost of sales		<b>(30,211)</b>	(20,615)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>14,684</b>	12,270
Other revenue	4	<b>1,186</b>	2,117
Other net income	5	<b>83</b>	694
Gain on deemed disposal of associates	6	<b>–</b>	5,817
Distribution and selling expenses		<b>(2,099)</b>	(1,629)
Administrative expenses		<b>(6,020)</b>	(5,920)
Other operating expenses		<b>(2,541)</b>	(1,237)
Finance costs	7	<b>(1,446)</b>	(567)
Share of profits of associates		<b>289</b>	67
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>4,136</b>	11,612
Income tax	8	<b>(1,585)</b>	(692)
		<hr/>	<hr/>
<b>Profit for the period</b>	9	<b>2,551</b>	10,920
		<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to:</b>			
Owners of the Company	10	<b>1,667</b>	9,748
Non-controlling interests		<b>884</b>	1,172
		<hr/>	<hr/>
		<b>2,551</b>	10,920
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>			
Basic and diluted	11	<b>0.08</b>	0.48
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

	<b>Three months ended</b>	
	<b>31 March</b>	
<i>Notes</i>	<b>2012</b>	2011
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Profit for the period</b>	<b>2,551</b>	10,920
Other comprehensive income:		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	(2)	3,139
– reclassification of translation reserve included in gain on deemed disposal of overseas associates	6(b)(i) –	(2,743)
Fair value changes on available-for-sale equity investments, net of deferred tax charge of HK\$100,000 (2011: deferred tax credit of HK\$400,000)	<b>900</b>	(3,600)
Share of other comprehensive income of associates – exchange differences arising from translation of financial statements of overseas associates	–	72
	<b>898</b>	(3,132)
<b>Total comprehensive income for the period</b>	<b>3,449</b>	7,788
<b>Attributable to:</b>		
Owners of the Company	<b>2,565</b>	6,412
Non-controlling interests	<b>884</b>	1,376
	<b>3,449</b>	7,788

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Issued	Investment							Non-		Total
	share	Share	Translation	revaluation	General	Capital	Statutory	Retained	Total	controlling	
capital	premium	reserve	reserve	reserve	reserve	reserve	profits	Total	interests	equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011 (audited)	20,119	239,609	15,040	17,597	31,929	-	4,899	25,126	354,319	17,275	371,594
Changes in equity for											
3 months ended											
31 March 2011:											
Total comprehensive income											
for the period	-	-	264	(3,600)	-	-	-	9,748	6,412	1,376	7,788
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	1,881	1,881
Deemed contribution from											
shareholders of the Company,											
net of related costs											
HK\$1,398,000	-	-	-	-	-	4,185	-	-	4,185	-	4,185
At 31 March 2011 (unaudited)	20,119	239,609	15,304	13,997	31,929	4,185	4,899	34,874	364,916	20,532	385,448
Changes in equity for											
9 months ended											
31 December 2011:											
Total comprehensive income											
for the period	-	-	13,199	(7,560)	-	-	-	20,787	26,426	4,324	30,750
Rights issue, net of share issuance											
costs of HK\$1,273,000	2,012	26,893	-	-	-	-	-	-	28,905	-	28,905
Transfer of distributable reserves	-	-	-	-	(31,929)	-	-	31,929	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	3,298	(2,247)	1,051	(1,051)	-
Dividend paid to non-controlling											
shareholders	-	-	-	-	-	-	-	-	-	(2,259)	(2,259)
At 31 December 2011											
and 1 January 2012 (audited)	22,131	266,502	28,503	6,437	-	4,185	8,197	85,343	421,298	21,546	442,844
Changes in equity for											
3 months ended											
31 March 2012:											
Total comprehensive income											
for the period	-	-	(2)	900	-	-	-	1,667	2,565	884	3,449
Acquisition of additional equity											
interest in a subsidiary	-	-	-	-	-	-	-	-	-	(75)	(75)
At 31 March 2012 (unaudited)	22,131	266,502	28,501	7,337	-	4,185	8,197	87,010	423,863	22,355	446,218

## **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.

The unaudited financial information is 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.

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

- (a) provision of environmental waste treatment services;
- (b) provision of environmental sewage treatment services in an eco-plating specialized zone;
- (c) manufacture and sale of molds;
- (d) manufacture and sale of plastic products;
- (e) trading of plastic materials; and
- (f) investment in plastic dyeing.

### **2. BASIS OF PREPARATION**

The unaudited financial information has been prepared in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The unaudited financial information has been prepared on the historical cost basis except for certain available-for-sale equity investments of the Company, which are measured at fair values.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results and financial information for the three months ended 31 March 2012 are consistent with those used in the Company's annual financial statements for the year ended 31 December 2011.

The unaudited consolidated results and financial information of the Company for the three months ended 31 March 2012 have not been audited by the independent auditor of the Company, but have been reviewed by the audit committee of the Company that does not constitute an audit.

### 3. TURNOVER

	Three months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
Environmental waste treatment service income	18,072	13,414
Industrial sewage treatment service income	11,176	3,369
Sales of mold products	4,324	6,190
Sales of plastic products	7,780	5,352
Trading of plastic materials	3,543	4,560
	<u>44,895</u>	<u>32,885</u>

### 4. OTHER REVENUE

	Three months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
Bank interest income	345	206
Scrap sales	841	1,911
	<u>1,186</u>	<u>2,117</u>

### 5. OTHER NET INCOME

	Three months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
Government grant	82	–
Net gain on foreign exchange	–	694
Net gain on disposal of property, plant and equipment	1	–
	<u>83</u>	<u>694</u>

### 6. GAIN ON DEEMED DISPOSAL OF ASSOCIATES

Since 8 August 2008, the Company had held 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 Eco-Electroplating Development Limited (“Zhenjiang Sinotech”, 鎮江華科生態電鍍科技發展有限公司) (collectively referred to as the “New Sinotech Group”) as associates. Having been approved by independent shareholders on 16 February 2011, the Company completed the transaction on 17 February 2011 to acquire from NUEL and Mr. CHAN Son Neng of 53% and 7% respectively the equity interests of New Sinotech at an aggregate cash consideration of HK\$53,000,000 (the “Acquisition”).

- (a) The Acquisition has been accounted for using the purchase method as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Fair value of consideration	6(b)	88,448
Acquisition related costs	6(b)(ii)	1,398
Less: fair value of assets acquired and liabilities assumed		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.

- (b) Consideration transferred:

The consideration for the Acquisition comprise the following:

	<i>Note</i>	<i>HK\$'000</i>
Cash consideration		53,000
Fair value of previously held interest in New Sinotech Group	6(b)(i)	33,567
Non-controlling interest of 2%		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 which was determined using the market approach that having accounted for the then price to earning 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	5,817
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- (ii) As the Acquisition was transacted with the ultimate holding company, NUEL and Mr. CHAN Son Neng in their respective capacity as shareholders of the Company, the Acquisition related costs of HK\$1,398,000 was deducted against deemed contribution from the shareholders of the Company in the equity.

## 7. FINANCE COSTS

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	<b>1,207</b>	480
Borrowings and advances from ultimate holding company wholly repayable with five years	<b>172</b>	81
Borrowings from a related company wholly repayable with five years	<b>67</b>	6
	<u><b>1,446</b></u>	<u>567</u>

## 8. INCOME TAX

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	–
PRC Corporate Income Tax	<b>1,721</b>	719
Over-provision in respect of priors years	–	–
	<u><b>1,721</b></u>	<u>719</u>
Deferred tax	<u><b>(136)</b></u>	<u>(27)</u>
	<u><b>1,585</b></u>	<u>692</u>

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

Hong Kong Profits Tax is calculated at 16.5% (2011: 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 period under review (2011: 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% (2011: 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 commencing 1 January 2012 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%.

Zhenjiang Sinotech are 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%.

Suzhou New Universe Smartech Tooling and Plastics Limited (蘇州新宇模具塑膠有限公司), 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 Technology Limited (响水新宇環保科技有限公司) had no assessable profit subject to CIT for the periods ended 31 March 2012 and 2011.

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation	<b>4,136</b>	11,612
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	<b>1,602</b>	3,848
Tax effect of expenses not deductible for tax purpose	<b>483</b>	34
Tax effect of income not taxable for tax purpose	<b>(80)</b>	(2,154)
Tax effect of tax losses not recognized	<b>143</b>	244
Tax effect of tax losses utilized	–	(295)
Tax effect of temporary differences recognized	<b>(136)</b>	(27)
Tax effect of tax exemption in the PRC	<b>(427)</b>	(958)
Income tax for the period	<b>1,585</b>	692

## 9. PROFIT FOR THE PERIOD

	Three months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
Cost of sales:		
Cost of goods sold	13,909	13,247
Cost of services rendered	16,302	7,368
	<u>30,211</u>	<u>20,615</u>
Depreciation for property, plant and equipment	<u>5,606</u>	<u>2,879</u>
Amortization of land lease prepayments	<u>617</u>	<u>395</u>

## 10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company includes a loss of HK\$700,000 for the three months ended 31 March 2012 (2011: HK\$1,432,000) which has been dealt with in the financial statements of the Company.

## 11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to owners of the Company of HK\$1,667,000 (2011: HK\$9,748,000) and the weighted average number of 2,213,080,849 (2011: 2,011,891,681) ordinary shares of the Company in issue during the period.

### Weighted average number of ordinary shares

	Three months ended 31 March	
	2012	2011
Issued ordinary shares at beginning of the reporting period	<u>2,213,080,849</u>	<u>2,011,891,681</u>
Weighted average number of ordinary shares at end of the reporting period	<u>2,213,080,849</u>	<u>2,011,891,681</u>

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

## 12. DIVIDEND

The Company's Directors resolved not to declare a dividend for the three months ended 31 March 2012 (2011: Nil).

### 13. MOVEMENT OF RESERVES

	Share premium HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	General reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2011 (audited)	239,609	15,040	17,597	31,929	–	4,899	25,126	334,200
Changes in reserves for 3 months ended 31 March 2011:								
Total comprehensive income for the period	–	264	(3,600)	–	–	–	9,748	6,412
Deemed contribution from shareholders of the Company, net of related costs of HK\$1,398,000 (note 6(a))	–	–	–	–	4,185	–	–	4,185
At 31 March 2011 (unaudited)	239,609	15,304	13,997	31,929	4,185	4,899	34,874	344,797
Changes in reserves for 9 months ended 31 December 2011:								
Total comprehensive income for the period	–	13,199	(7,560)	–	–	–	20,787	26,426
Transfer to distributable reserves	–	–	–	(31,929)	–	–	31,929	–
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 and 1 January 2012 (audited)	266,502	28,503	6,437	–	4,185	8,197	85,343	399,167
Changes in reserves for 3 months ended 31 March 2012:								
Total comprehensive income for the period	–	(2)	900	–	–	–	1,667	2,565
At 31 March 2012 (unaudited)	<u>266,502</u>	<u>28,501</u>	<u>7,337</u>	<u>–</u>	<u>4,185</u>	<u>8,197</u>	<u>87,010</u>	<u>401,732</u>

At as 31 March 2012, the Company has reserves available for distribution to its owners in the amount of HK\$293,865,000 (31 December 2011: HK\$294,565,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Environmental Waste Integrated Treatment Services**

For the three months ended 31 March 2012, the Group has collected for treatment in aggregate 3,901 metric tons of hazardous industrial waste, 1,346 metric tons of general industrial waste, and 735 metric tons of regulated medical waste from the cities of Zhenjiang, Yancheng and Taizhou as comparing to 3,910 metric tons, 1,380 metric tons, and 600 metric tons respectively for the corresponding period in 2011. For the three months ended 31 March 2012, the average profit margin of the Group's environmental waste treatment services was approximately 56.2%.

On 15 February 2012, the Group acquired an additional equity interest of 0.66% in Zhenjiang New Universe Rubber Company Limited. The 51.66% indirectly owned subsidiary established in 2011 to specialize in recycling nitrite rubber for resale, and has recorded a profit for the three months ended 31 March 2012.

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 Jiangsu Huifeng Agrochemical Co., Limited ("Hui Feng") for the formation of a joint venture ("JV" named as Yancheng NUHF Environmental Technology Limited "Yancheng NUHF") 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).

#### **Environmental Industrial Sewage Treatment in Eco-plating Specialized Zone**

For the three months ended 31 March 2012, industrial buildings in the eco-plating industrial zone located in Zhenjiang with a total gross floor area of approximately 84,000 square metres were completed and approximately 70% were leased out. For the three months ended 31 March 2012, the eco-plating industrial zone has handled over 66,640 metric tons of plating sewage discharge from the manufacturers in the zone. For the three months ended 31 March 2012, the average profit margin of the Group's operation of industrial sewage treatment services in the eco-plating industrial zone was approximately 25.0%.

#### **Manufacturing Operations**

For the three months ended 31 March 2012, the average profit margin of mold sale, plastic product sale and plastic trading operated by Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe") was approximately 10.8%, 14.1% and 4.9% respectively (2011: 30.2%, 15.7% and 3.2% respectively). The Group has consolidated operation in plastic trading in first quarter of 2012 and re-allocates resources for the development of other business of the Group.

For the three months ended 31 March 2012, the average 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 4.8%, 1.7% and 2.5% respectively.

## **Follow-up Actions on Disposal of Zhenjiang Dock Project**

Since 2011, the Group has appointed PRC lawyers to pursue for the full settlement of balance consideration in relation to the disposal of the Zhenjiang Dock Project. Legal actions have been instituted against the purchaser and the guarantors in January 2012 for recovery of the balance of consideration together with claims for compensation in relation to the disposal of the Zhenjiang Dock Project. First hearing with the presence of all relevant parties has been held on 30 March 2012 at the Zhenjiang City Intermediate Court of the People in the PRC, and parties to the agreements in relation to the disposal of the Zhenjiang Dock Project are awaiting judgement on the exact amounts of consideration balance outstanding and compensation of deferred payment thereon.

Up to 31 March 2012, out of the total consideration for the disposal of Zhenjiang Dock Project of RMB85,849,100, payments amounted to RMB80,549,100 (including deposit on account of RMB3,500,000) have been received by the Group in cash. Legal actions has been taken against the purchaser and the guarantors for the settlement of the balance of consideration and compensation.

To further protect the interest of the Group, the ultimate holding company, NUEL has 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 as contemplated under the disposal of the Zhenjiang Dock Project.

## **Outlook**

The environmental waste treatment operations of the Group is expected to grow stably in the forthcoming future. In the second quarter of 2012, Zhenjiang Sinotech is expected to commence the operation of sludge recycling and treatment service. The newly established subsidiary, Xiangshui New Universe Environmental Technology Limited has started on its construction works as planned and is expected to go into the operation of industrial waste treatment in Xiangshui district of the Yancheng city by the end of 2012. Yancheng NUHF is expected to complete the approval procedure in the second quarter of 2012, start on its construction works in the third quarter of 2012, and go into the operation of industrial and hazardous waste treatment in Daifeng district of the Yancheng city in the first quarter of 2013.

The Company's focus on pursuing opportunities of environmental operations will continue. The Group has actively explored for the feasibility of going into other new environmental operations, such as municipal sludge treatment, disassembly of obsolete automobiles and electronic waste recycling etc. Barring unforeseeable circumstances in the future, the Group is fully aware of the existing operations and opportunities could not be without challenges and risks, though the Group will continue to enhance its corporate governance and seek for investment opportunities pragmatically to ensure sustainable growth.

## FINANCIAL REVIEW

The changes in unaudited consolidated financial information of the Group for the three months ended 31 March 2012 as comparing to the unaudited figures for the corresponding period in 2011 are summarized as follows:

<i>(Expressed in HK\$'000 unless otherwise indicated)</i>	<i>Notes</i>	<b>For the three months ended 31 March</b>		
		<b>2012</b>	2011	Change (%)
Turnover	(a)	<b>44,895</b>	32,885	+36.5
Gross profit margin (%)	(b)	<b>32.7</b>	37.3	-12.3
Other revenue	(c)	<b>1,186</b>	2,117	-44.0
Other net income	(d)	<b>83</b>	694	-88.0
Gain on deemed disposal of associates	(e)	–	5,817	N/A
Distribution and selling expenses	(f)	<b>2,099</b>	1,629	+28.9
Administrative expenses	(g)	<b>6,020</b>	5,920	+1.7
Other operating expenses	(h)	<b>2,541</b>	1,237	+105.4
Finance costs	(i)	<b>1,446</b>	567	+155.0
Share of net profits of associates	(j)	<b>289</b>	67	+331.3
Income tax	(k)	<b>1,585</b>	692	+129.0
Net profit for the period	(l)	<b>2,551</b>	10,920	-76.6
Profit attributable to owners of the Company	(m)	<b>1,667</b>	9,748	-82.9
Basic and diluted EPS (HK cents)	(n)	<b>0.08</b>	0.48	-83.3

### *Notes:*

- (a) Net increase in total turnover for the first quarter of 2012 was mainly attributable to:
- (i) increase in revenue from environmental waste treatment service; and
  - (ii) increase in revenue from industrial sewage treatment in the eco-plating specialized zone.
- (b) Decrease in overall gross profit margin of the Group for the first quarter of 2012 as compared to the gross profit margin for the corresponding period in 2011 was as follows:
- (i) decrease in gross profit margin of environmental waste treatment service to 56.2% (2011: 65.9%);
  - (ii) increase in gross profit margin of environmental sewage treatment services in the eco-plating specialized zone to 25.0% (2011: 17.2%);
  - (iii) decrease in average gross profit margin of sales of moulds to 10.8% (2011: 30.2%);
  - (iv) decrease in average gross profit margin of sales of plastic products to 14.1% (2011: 15.7%); and
  - (v) increase in average gross profit margin of trading of plastic materials to 4.9% (2011: 3.2%).

- (c) Net decrease in other revenue for the first quarter of 2012 was mainly attributable to decrease in scrap sales in current period.
- (d) Net decrease in other net income for the first quarter of 2012 was mainly attributable to the decrease in net gain on foreign exchange in current period.
- (e) In the corresponding period in 2011, the Group recognized a gain on deemed disposal of associates amounted to HK\$5,817,000 upon the completion of acquisition of additional 60% equity interest in New Sinotech and its subsidiaries on 17 February 2011 which has been adjusted to conform with the presentation of the Group's audited financial statements for the year ended 31 December 2011. The exceptional income caused a significant increase profit in the first quarter of 2011 as compared to the corresponding period in 2012.
- (f) Net increase in distribution and selling expenses for the first quarter of 2012 was mainly attributable to the operations for the eco-plating specialized zone.
- (g) The Group has consolidated certain unprofitable operations to reduce administrative costs, and there was only slight increase in administrative expenses for the first quarter of 2012.
- (h) Net increase in other operating expenses for the first quarter of 2012 was mainly attributable to increase in legal costs incurred in current period to pursue for recovery of the consideration balance for disposal of Zhenjiang Dock Project.
- (i) Net increase in finance costs for the first quarter of 2012 was mainly attributable to increase in bank borrowings of the Group.
- (j) Net increase in profits shared from associates for the first quarter of 2012 was mainly attributable to increase in profits of Qingdao Huamei.
- (k) Net increase in income tax for the first quarter of 2012 was mainly attributable to certain subsidiaries engaged in the environmental waste treatment were taxed at the standard PRC Corporate Income Tax of 25% in current period (2011: 12.5%).
- (l) Net decrease in net profit for the first quarter of 2012 was mainly attributable to:
  - (i) no exceptional income being recorded in current period,
  - (ii) increase in tax expenses in current period,
  - (iii) increase in bank borrowing costs in current period, and
  - (iv) the manufacturing operations of the Group recorded net losses in current period.
- (m) The reasons for the decrease in current period are similar to (l) above.
- (n) The reasons for the decrease in current period are similar to (l) above.

### **Significant investments held and their performance**

According to the valuation report dated 7 May 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 March 2012 were HK\$41,000,000 (31 December 2011: HK\$37,100,000) and HK\$15,900,000 (31 December 2011: HK\$18,800,000) respectively.

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. According to the valuation report dated 7 May 2012 prepared by BMI Appraisals Limited, the fair value attributable to the Group's interest in Qingdao Huamei as at 31 March 2012 was HK\$20,200,000 (31 December 2011: HK\$17,900,000), and no impairment to the carrying amount of the associate was considered necessary for the three months ended 31 March 2012.

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 three months ended 31 March 2012.

### **Impairment testing on goodwill**

According to the valuation report dated 7 May 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 three months ended 31 March 2012.

### **Material acquisitions and disposals of subsidiaries and affiliated companies**

On 6 March 2012, NUET(JS), a 82% indirectly owned subsidiary of the Company, entered into a joint venture agreement with Hui Feng to establish a new joint venture ("JV") to carry out environmental operations. Upon the formation of the JV, NUET(JS) will own 49% direct equity interest of the JV, and will contribute HK\$32,340,000 (or the equivalent amount in RMB) to the registered capital of the JV.

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 three months ended 31 March 2012.

### **Capital structure**

There was no significant change to the capital structure of the Company as at 31 March 2012 compared to that as at 31 December 2011.

## Capital expenditure

For the three months ended 31 March 2012, the Group incurred capital expenditure to increase property, plant and equipment (i) for environmental waste treatment service segment amounted to HK\$11,710,000, (ii) for environmental industrial sewage treatment segment in the eco-plating industrial zone amounted to HK\$8,789,000, and (iii) for manufacturing related segments amounted to HK\$9,000.

## Commitments

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

	<b>31 March 2012 HK\$'000</b>	31 December 2011 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment	<b>76,614</b>	78,243
Authorized but not contracted for:		
– Investment in available-for-sale equity investments	<b>6,724</b>	6,724
– Investment in associates	<b>39,741</b>	7,401

## Liquidity, financial resources and gearing

During the three months ended 31 March 2012, the Group financed its operations with internally generated cash flows, banking facilities, borrowings from NUEL (the ultimate holding company of the Group), and borrowings from a related company, China (HK) Chemical & Plastics Company Limited (“China (HK) Chemical”). The Group remained in a stable financial position with the unaudited equity attributable to owners of the Company amounted approximately to HK\$423,863,000 as at 31 March 2012 (31 December 2011: HK\$421,298,000) and total assets amounted to HK\$766,578,000 as at 31 March 2012 (31 December 2011: HK\$774,030,000).

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

	<b>31 March 2012 HK\$'000</b>	31 December 2011 HK\$'000
(a) Cash and bank balances	<b>122,463</b>	128,542
(b) Available unused standby banking facilities as secured by the land and property, plant and equipment of Zhenjiang Sinotech	<b>24,670</b>	–

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

	<b>31 March 2012 HK\$'000</b>	31 December 2011 HK\$'000
Current liabilities (excluding income tax and government grant)	<b>153,531</b>	158,019
Non-current liabilities (excluding income tax and government grant)	<b>136,084</b>	142,712
Total debts	<b>289,615</b>	300,731
Less: cash and cash equivalents	<b>122,463</b>	128,542
Net debts	<b>167,152</b>	172,189
Total equity	<b>446,218</b>	442,844
Gearing ratio	<b>37.5%</b>	38.9%

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

### **Charges on assets**

As at 31 March 2012, the Group pledged the land use rights, and the property, plant and equipment with aggregate carrying amounts of HK\$35,316,000 (31 December 2011: HK\$13,513,000) and HK\$82,428,000 (31 December 2011: HK\$64,775,000) for securing bank loans amounted to HK\$40,089,000 (31 December 2011: HK\$33,921,000) granted to the Group.

In addition, the Group pledged all assets of its subsidiaries, New Universe Environmental Technologies (Jiang Su) Limited and Fair Time International Limited respectively, under fixed and floating charges for securing bank loans of HK\$60,505,000 as at 31 March 2012 (31 December 2011: HK\$67,304,000).

### **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 three months ended 31 March 2012, no related hedging has been arranged by the Group.

## Contingent liabilities

There were no significant contingent liabilities of the Group as at 31 March 2012 (31 December 2011: Nil).

## Employee information

As at 31 March 2012, the Group had 432 (2011: 445) full-time employees of which 18 (2011: 18) were based in Hong Kong, and 414 (2011: 427) in the Mainland China. Staff costs, including directors' remuneration and amount capitalized as inventories was HK\$9,147,000 for the three months ended 31 March 2012 (2011: HK\$8,008,000). Employees and directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, share options and necessary training.

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

As at 31 March 2012, 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 ordinary shares*

Name of director	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Personal/beneficial	Interest of children or spouse	Interests 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 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 ordinary shares in 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	Interests 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 March 2012, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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.

## SHARE OPTION SCHEME

The Company has a share option scheme which was adopted by the Company's shareholders in general meeting on 10 December 2003 ("Share Option Scheme"), whereby the Directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The 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.

The total number of securities available for issue under the Share Option Scheme as at 31 March 2012 was 182,589,168 shares of the Company which represented the current scheme mandate limit given to the Directors as refreshed by the Company's shareholders on 28 April 2008 and approved by the Stock Exchange on 23 May 2008.

As at 31 March 2012 and during the three months then ended, no option has been granted or outstanding under the Company's Share Option Scheme.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed herein, at no time during the reporting period 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 March 2012 were as follows:

### **Long positions in ordinary 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	Interests of controlled corporation		
NUEL	1,428,657,382	-	-	1,428,657,382	64.55

*Note:*

\* The interest in 1,428,657,382 shares of the Company 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 March 2012.

## CONNECTED TRANSACTIONS

1. 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\$72,000 to Sun Ngai for the three months ended 31 March 2012.

2. Provision of financial assistance to the Group by the connected person, NUEL:
  - (a) As at 31 March 2012, 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\$33,021,000 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 March 2012, 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\$35,191,000 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. The audited net profit of New Sinotech Group for the year ended 31 December 2011 has exceeded HK\$5,000,000 as according to the audited financial statements prepared by the Company's auditor, though NUEL has agreed to extend the repayment date of the balance of consideration to 30 June 2012.

- (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 March 2012.
- (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 March 2012, 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.

3. 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"). China (HK) Chemical's Loan I together with interest thereon was fully repaid on 26 April 2012.
  - (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"). China (HK) Chemical's Loan II together with interest thereon was fully repaid on 26 April 2012.
  - (c) On 1 February 2011, China (HK) Chemical granted an unsecured loan of HK\$7,000,000 which hearing interest 4% per annum to the Company for general working capital purposes ("China (HK) Chemical's Loan III").

The China (HK) Chemical's Loans I, II and II remained outstanding as at 31 March 2012 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.

#### **DIRECTOR'S INTERESTS IN CONTRACTS OF SIGNIFICANCE**

The contracts or arrangements subsisted during the period under review, 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 Tenancy Agreement:

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

2. 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.

3. Directors' interests in the China (HK) Chemical's Loans I, II and III:
  - (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.
  
4. 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 March 2012.

## **CORPORATE GOVERNANCE PRACTICES**

The Company 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 GEM Listing Rules. Throughout the three months ended 31 March 2012, 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 period.

## **DIRECTORS' SECURITIES TRANSACTIONS**

During the three months ended 31 March 2012, the Company has applied the principals of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the three months ended 31 March 2012.

## **AUDIT COMMITTEE**

The Company's Audit Committee has been established with written terms of reference as adopted on 30 May 2000 and amended on 19 March 2012 in compliance with the GEM Listing Rules, which members comprise three independent non-executive directors, Dr. CHAN Yan Cheong (Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

The Audit Committee reviewed with management on the accounting principles and practices adopted by the Group and discussed on the internal controls and financial reporting matters including a review of the unaudited consolidated financial results of the Company for the three months ended 31 March 2012.

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

Hong Kong, 7 May 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](http://www.hkgem.com) for at least 7 days from the day of its posting.*