



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Directors”) of NEW UNIVERSE INTERNATIONAL GROUP LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 of continuing operations for the nine months ended 30 September 2012 increased by 53.4% to HK\$110,824,000 compared to HK\$72,267,000 for the corresponding period in 2011.
- Profit attributable to the Company's owners for the nine months ended 30 September 2012 increased by 24% to HK\$26,639,000 compared to HK\$21,476,000 for the corresponding period in 2011.
- Total revenue from environmental waste treatment services for the nine months ended 30 September 2012 increased by 43.5% to HK\$72,787,000 compared to HK\$50,727,000 for the corresponding period in 2011.
- Total revenue from environmental sewage treatment services in the eco-plating specialized zone for the nine months ended 30 September 2012 increased by 76.6% to HK\$38,037,000 compared to HK\$21,540,000 for the corresponding period in 2011.
- Total earnings per share attributable to the Company's owners were HK cents 1.21 for the nine months ended 30 September 2012 compared to HK cents 1.05 for the corresponding period in 2011.
- Equity attributable to the Company's owners was HK\$428,394,000 at 30 September 2012 versus HK\$421,298,000 at 31 December 2011.
- Cash and cash equivalents of the Group's continuing operations amounted to HK\$75,142,000 at 30 September 2012 compared to HK\$120,700,000 at 31 December 2011.
- The Group has presented (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials as discontinued operations in the current period under review with certain respective comparative figures being reclassified.
- The Board resolved not to declare a dividend for the nine months ended 30 September 2012.

THIRD QUARTERLY RESULTS 2012

The board of Directors (the “Board”) of New Universe International Group Limited announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 30 September 2012, and the comparative unaudited figures for the corresponding period in 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2012 HK\$'000	2011 HK\$'000 (restated)	2012 HK\$'000	2011 HK\$'000 (restated)
Continuing operations					
Turnover	3	45,538	27,892	110,824	72,267
Cost of sales		(24,251)	(13,503)	(58,213)	(34,454)
Gross profit		21,287	14,389	52,611	37,813
Other revenue	4	1,358	1,490	7,379	6,788
Other net income	5	9,893	1,294	10,425	2,804
Gain on deemed disposal of associates		–	–	–	5,817
Distribution and selling expenses		(1,632)	(1,618)	(5,154)	(3,992)
Administrative expenses		(5,961)	(6,258)	(17,525)	(16,699)
Other operating expenses		(1,747)	(1,901)	(6,572)	(4,815)
Finance costs	6	(1,039)	(704)	(3,530)	(1,692)
Share of profits of associates		257	479	656	970
Profit before taxation from continuing operations		22,416	7,171	38,290	26,994
Income tax	7	(4,654)	(441)	(7,356)	(1,969)
Profit for the period from continuing operations	8	17,762	6,730	30,934	25,025
Discontinued operations					
(Loss)/profit for the period from discontinued operations	9	–	(803)	(302)	115
Profit for the period		17,762	5,927	30,632	25,140
Profit for the period attributable to:					
Owners of the Company	10	16,405	4,755	26,639	21,476
Non-controlling interests		1,357	1,172	3,993	3,664
		17,762	5,927	30,632	25,140
Earnings per share from continuing and discontinued operations attributable to the owners of the Company during the period (expressed in HK cents per share)					
Basic and diluted	10				
From continuing operations		0.75	0.25	1.22	1.04
From discontinued operations		–	(0.03)	(0.01)	0.01
		0.75	0.22	1.21	1.05

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$'000	2011 HK\$'000 (restated)	2012 HK\$'000	2011 HK\$'000 (restated)
Profit for the period	17,762	5,927	30,632	25,140
Other comprehensive income:				
Currency translation differences				
– on translation of financial statements of overseas subsidiaries	(1,365)	6,703	(4,212)	13,962
– reclassification of translation reserve included in gain on deemed disposal of overseas associates	–	–	–	(2,743)
Fair value changes on available-for-sale equity investments, net of deferred tax credit of HK\$563,000 (2011: net of deferred tax credit of HK\$1,240,000)	(6,427)	(4,050)	(5,437)	(11,160)
Share of other comprehensive income of associates				
– exchange differences arising on translation of financial statements of overseas associates	(75)	151	(135)	317
Other comprehensive income for the period	(7,867)	2,804	(9,784)	376
Total comprehensive income for the period	9,895	8,731	20,848	25,516
Total comprehensive income attributable to:				
Owners of the Company	8,610	7,179	17,054	21,011
Non-controlling interests	1,285	1,552	3,794	4,505
	9,895	8,731	20,848	25,516
Total comprehensive income attributable to owners of the Company arising from:				
– Continuing operations	9,895	9,772	21,085	25,897
– Discontinued operations	–	(1,041)	(237)	(381)
	9,895	8,731	20,848	25,516

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the Company										
	Issued capital	Share premium	Investment				Statutory reserve	Retained profits	Total	Non- controlling interests	Total equity
			Translation reserve	revaluation reserve	General reserve	Capital reserve					
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 2012	22,131	266,502	28,503	6,437	-	4,185	8,197	85,343	421,298	21,546	442,844
Profit for the period	-	-	-	-	-	-	-	26,639	26,639	3,993	30,632
Other comprehensive income	-	-	(4,148)	(5,437)	-	-	-	-	(9,585)	(199)	(9,784)
Total comprehensive income	-	-	(4,148)	(5,437)	-	-	-	26,639	17,054	3,794	20,848
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(75)	(75)
Dividend	-	-	-	-	-	-	-	(9,958)	(9,958)	-	(9,958)
At 30 September 2012	<u>22,131</u>	<u>266,502</u>	<u>24,355</u>	<u>1,000</u>	<u>-</u>	<u>4,185</u>	<u>8,197</u>	<u>102,024</u>	<u>428,394</u>	<u>25,265</u>	<u>453,659</u>
At 1 January 2011	20,119	239,609	15,040	17,597	31,929	-	4,899	25,126	354,319	17,275	371,594
Profit for the period	-	-	-	-	-	-	-	21,476	21,476	3,664	25,140
Other comprehensive income	-	-	10,695	(11,160)	-	-	-	-	(465)	841	376
Total comprehensive income	-	-	10,695	(11,160)	-	-	-	21,476	21,011	4,505	25,516
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
Rights Issue, net of share issuance costs of HK\$1,273,000	2,012	26,893	-	-	-	-	-	-	28,905	-	28,905
At 30 September 2011	<u>22,131</u>	<u>266,502</u>	<u>25,735</u>	<u>6,437</u>	<u>31,929</u>	<u>4,185</u>	<u>4,899</u>	<u>46,602</u>	<u>408,420</u>	<u>23,661</u>	<u>432,081</u>

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

For the nine months ended 30 September 2012

1. GENERAL INFORMATION

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

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

The unaudited financial information was approved for issue on 7 November 2012. The unaudited consolidated results and financial information of the Company for the nine months ended 30 September 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.

The unaudited financial information is presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company, while the functional currency of the subsidiaries in The People's Republic of China ("PRC") is Renminbi ("RMB").

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 and facility rental services in an eco-plating specialized industrial zone; and
- (c) investment in plastic materials dyeing.

Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe", a 97% indirectly owned subsidiary of the Company) is principally engaged in the manufacturing and sale of molds and plastic products, and trading of plastic materials. Owing to the change in state policy of the PRC, the use of land owned by Suzhou New Universe has been changed to non-industrial use. During the period under review, the Group negotiated with the local PRC government, which will repurchase the land and immovable properties thereon via administrative means, for compensation to Suzhou New Universe. The Group decided to discontinue the operations of Suzhou New Universe comprising (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials, which have been accounted for as discontinued operations and disposal group held for sale in the unaudited financial information for the period ended 30 September 2012. On 3 July 2012, the Group entered into a conditional agreement ("Disposal Agreement") with the purchaser, the Administrative Committee of Mudu Tourism Development Zone in Wuzhong District of Suzhou City (蘇州市吳中區木瀆旅遊開發區管理委員會) ("Suzhou Land Purchaser"), pursuant to which, the Group agreed to sell and the Suzhou Land Purchaser agreed to buy the land, buildings and ancillary structures owned by Suzhou New Universe ("Disposal Property") ("Suzhou Property Disposal"). Further details of the Suzhou Property Disposal were disclosed in the Company's circular dated 24 August 2012. The Group expects that the Suzhou Property Disposal will be completed by the end of December 2013.

2. BASIS OF PREPARATION

The unaudited financial information for the nine months ended 30 September 2012 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The unaudited financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

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

The accounting policies used in the unaudited financial information are consistent with those used in the annual financial statements for the year ended 31 December 2011 of the Company.

As a result of the adoption of the HKFRS 5, certain comparative figures have been reclassified to conform to the presentation of the current period.

3. TURNOVER

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Continuing operations				
Environmental waste treatment service income	31,133	18,081	72,787	50,727
Industrial sewage treatment and facility rental service income	14,405	9,811	38,037	21,540
	<u>45,538</u>	<u>27,892</u>	<u>110,824</u>	<u>72,267</u>

4. OTHER REVENUE

	Three months ended 30 September		Nine months ended 30 September	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Continuing operations				
Bank interest income	841	242	1,957	715
Dividend income from available-for-sale equity investments	–	–	2,962	2,340
Scrap sales	517	1,248	2,460	3,733
	<u>1,358</u>	<u>1,490</u>	<u>7,379</u>	<u>6,788</u>

5. OTHER NET INCOME

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations				
Governmental grant	66	85	201	190
Net gain on foreign exchange	–	1,208	–	2,613
Net gain on deregistration of a subsidiary	377	–	759	–
Net compensation from the purchaser of the Zhenjiang Dock Project as mediated through PRC court	9,420	–	9,420	–
Sundry	30	1	45	1
	<u>9,893</u>	<u>1,294</u>	<u>10,425</u>	<u>2,804</u>

6. FINANCE COSTS

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations				
Interest on				
Bank loans wholly repayable within five years	909	531	2,847	1,260
Consideration payable to NUEL wholly repayable within 5 years	174	173	517	426
Loans from a related party wholly repayable within 5 years, net of over provision	(44)	–	166	6
	<u>1,039</u>	<u>704</u>	<u>3,530</u>	<u>1,692</u>

7. INCOME TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations				
Current tax:				
PRC Corporate Income Tax	3,212	845	7,415	2,720
Over provision in respect of prior periods	6	(303)	(1,223)	(595)
	<u>3,218</u>	<u>542</u>	<u>6,192</u>	<u>2,125</u>
Deferred tax, net of credit	1,436	(101)	1,164	(156)
	<u>4,654</u>	<u>441</u>	<u>7,356</u>	<u>1,969</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 not subject to any income tax in the Cayman Islands.

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 did not have any assessable profits arising in Hong Kong for both periods.

Except those disclosed below, the subsidiaries of the Company in the PRC are subject to PRC Corporate Income Tax ("CIT") at the rate of the 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. The first profit-making year of Zhenjiang New Universe was 2008, which was not subject to EIT in 2008 and 2009, but would be subject to EIT of 12.5% for the years from 2010 to 2012.

Yancheng New Universe and Taizhou New Universe are subject CIT at 25% (2011: EIT of 12.5%).

Xiangshui New Universe Environmental Technology Limited and Zhenjiang New Universe Rubber Company Limited had no assessable profit subject to PRC corporate income tax in current period.

- (b) **Reconciliation between tax expense and accounting profit at the applicable rates is as follows:**

	Nine months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Profit before taxation	38,290	26,994
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	7,740	4,075
Tax effect of expenses not deductible for tax purpose	50	50
Tax effect of income not taxable for tax purpose	(486)	(721)
Tax effect of tax losses not recognized	2,152	1,864
Over provision in relation to prior years	(1,223)	(595)
Tax effect of temporary differences recognized	727	(82)
Tax effect of tax exemption in PRC	(1,604)	(2,622)
Income tax for the period	7,356	1,969

8. PROFIT FOR THE PERIOD

Profit for the period is stated after charging the following:

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations				
Cost of sales				
– Cost of services rendered	24,251	13,503	58,213	34,454
Depreciation of property, plant and equipment	4,638	3,010	13,852	7,358
Amortization of land lease prepayments	601	711	1,805	1,608
Net loss on foreign exchange	96	–	305	–

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS

As disclosed in note 1 to the unaudited financial information, the Group entered into the Disposal Agreement with an independent third party in relation to the Disposal Property for a consideration of RMB52,000,000 (equivalent to approximately HK\$63,804,000). In accordance with HKFRS 5, the Group's business of manufacturing molds and plastic products and trading of plastic materials are classified as discontinued operations, and the analysis of the results of which for the periods ended 30 September 2012 and 2011 is as follows:

	Nine months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Discontinued operations		
Turnover	32,523	61,491
Cost of sales	(29,561)	(55,466)
Gross profit	2,962	6,025
Other revenue	58	16
Other net income	–	29
Distribution and selling expenses	(791)	(1,952)
Administrative expenses	(1,828)	(2,993)
Other operating expenses	(349)	(486)
Finance costs	(354)	(524)
(Loss)/profit before income tax from discontinued operations	(302)	115
Income tax	–	–
(Loss)/profit after income tax from discontinued operations	(302)	115

10. 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\$26,639,000 for the nine months ended 30 September 2012 (2011: HK\$21,476,000) and the weighted average number of 2,213,080,849 (2011: 2,056,846,037) ordinary shares of the Company in issue during the periods.

Number of shares:

	Three months ended 30 September		Nine months ended 30 September	
	2012	2011	2012	2011
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	2,213,080,849	2,145,288,847	2,213,080,849	2,056,846,037

Earnings/(losses) for the period:

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2012	2011	2012	2011
	HK\$'000	<i>HK\$'000</i>	HK\$'000	<i>HK\$'000</i>
For continuing operations	16,405	5,558	26,941	21,361
For discontinued operations	–	(803)	(302)	115
	<hr/>	<hr/>	<hr/>	<hr/>
Earnings for the purpose of basic and diluted earnings per share	16,405	4,755	26,639	21,476
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There were no dilutive ordinary shares in existence during the periods under review; therefore, diluted earnings per share is the same as basic earnings per share.

11. DIVIDEND

A dividend of HK\$0.0045 per share with a total of approximately HK\$9,958,000 that relates to the year ended 31 December 2011 was paid in May 2012 (2011: Nil).

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2012 (2011: Nil).

12. MOVEMENT OF RESERVES

The amounts of the Group's unaudited reserves and the movements therein for the current period and the corresponding period of previous year are presented in the condensed consolidated statement of changes in equity of the unaudited financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Waste Integrated Treatment Services

For the nine months ended 30 September 2012, the Group has collected for treatment in aggregate 15,930 metric tons of hazardous industrial waste, 3,617 metric tons of general industrial waste, and 2,265 metric tons of regulated medical waste from the cities of Zhenjiang, Yancheng and Taizhou as comparing to 14,200 metric tons, 3,740 metric tons, and 2,050 metric tons respectively for the corresponding period in 2011. For the nine months ended 30 September 2012, the gross profit margin of the Group's environmental waste treatment services was approximately 57.4% (2011: 63.1%).

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 was established in 2011 to specialize in recycling nitrite rubber for resale, and has recorded a profit of approximately HK\$6,000 for the nine months ended 30 September 2012.

On 6 March 2012, the Group has entered into a joint venture agreement with Jiangsu Huifeng Agrochemical Co., Limited ("Hui Feng") to form a sino-foreign joint venture ("JV") to carrying out industrial and medical waste treatment operations. With revision to the mutual agreement of the JV on 12 June 2012, the JV named Yancheng NUHF Environmental Technology Limited ("Yancheng NUHF") was established on 28 June 2012 with 51% equity interest owned by Hui Feng and 49% owned by New Universe Recyclables Limited ("NURL", a 100% indirectly owned subsidiary of the Group). The registered capital of the Yancheng NUHF is HK\$66,000,000, of which HK\$32,340,000 should be contributed by NURL. Both Hui Feng and NURL have fully paid up their respective committed contributions to the registered capital of Yancheng NUHF in September 2012. It is expected that Yancheng NUHF will start operations in mid-2013.

On 15 May 2012, the Company completed the dissolution and deregistration of the indirectly wholly owned subsidiary, Zhenjiang New Universe Recyclables Company Limited and recorded a net gain on close-down of the proposed recycling operation.

Environmental Industrial Sewage Treatment in Eco-plating Specialized Zone

For the nine months ended 30 September 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. For the nine months ended 30 September 2012, the eco-plating industrial zone has handled over 271,000 metric tons of plating sewage discharge from the manufacturers in the zone, and the centralized sewage treatment system has a capacity to handle 1.5 million metric tons of industrial sewage discharge per annum. For the nine months ended 30 September 2012, the gross profit margin of the Group's operation of industrial sewage treatment services in the eco-plating industrial zone was approximately 28.4% (2011: 26.8%).

Manufacturing Operations

On 3 July 2012, Suzhou New Universe and the Suzhou Land Purchaser, 蘇州市吳中區木瀆旅遊開發區管理委員會 (the Administrative Committee of Mudu Tourism Development Zone in Wuzhong District of Suzhou City*) entered into an agreement, pursuant to which Suzhou New Universe conditionally agreed to sell and the Suzhou Land Purchaser conditionally agreed to acquire the Disposal Property at an aggregate consideration of RMB52,000,000 (approximately HK\$63,804,000). The consideration will be settled by the Suzhou Land Purchaser in 4 instalments, and the first instalment of RMB5,200,000 has been fully paid on 31 July 2012.

The operations of Suzhou New Universe comprise (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials, which have been classified as discontinued operations in the current period under review. For the nine months ended 30 September 2012, the average profit margin of mold sale, plastic product sale and plastic trading operated by Suzhou New Universe was approximately 3.5%, 6.3% and -1.4% respectively (2011: 12.2%, 15.0% and 3.2% respectively), and Suzhou New Universe has ceased all manufacturing operations in current period.

The Group will continue to hold equity interests in Suzhou New Huamei Plastics Company Limited (“Suzhou New Huamei”), Danyang New Huamei Plastics Company Limited (“Danyang New Huamei”) and Qingdao Zhongxin Huamei Plastics Company Limited (“Qingdao Huamei”) which principally engage in plastic materials dyeing operations in PRC. For the nine months ended 30 September 2012, the average profit margins of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei were 3.7%, 1.5% and 2.3% respectively.

Follow-up Actions on Disposal of Zhenjiang Dock Project

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 since 2011. Legal actions have been instituted against the purchaser and the guarantors since 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 was held on 30 March 2012 at the Intermediate People’s Court of Zhenjiang City, Jiangsu Province in the PRC.

* *for identification purposes only*

On 7 September 2012, the Intermediate People's Court of Zhenjiang City, Jiangsu Province confirmed the civil mediation agreement ((2012)鎮商外初字第2號) entered into between the Plaintiffs (comprising the Group's wholly owned subsidiaries, New Universe International Ports Limited and New Universe International Warehouse & Logistics Limited) and the Defendants (comprising the purchaser and the guarantors to the agreements entered into for disposal of the Zhenjiang Dock Project) which has legal effect equivalent to PRC court judgement (the "Settlement Agreement"). Pursuant to the Settlement Agreement, the cash deposit of RMB3,500,000 paid by purchaser upon entering into the disposal agreement in 2008 was forfeited as partial settlement of the outstanding consideration, and the purchaser should compensate the Plaintiffs for interests and default charge on those overdue consideration as confirmed by PRC court and be settled by 12 monthly instalments commencing on October 2012. The Group has accounted for the net compensation (after deduction of litigation costs and related transaction costs) as contemplated under the Settlement Agreement amounted approximately to HK\$9,420,000 in the current period under review.

As of 30 September 2012, the total consideration for the disposal of Zhenjiang Dock Project of RMB85,849,100 has been fully settled by the purchaser (after forfeiture of the deposit on account of RMB3,500,000 pursuant to the Settlement Agreement). Up to the date of this announcement, the Group has received the first instalment of the compensation amounted to RMB1,533,100 pursuant to the Settlement Agreement.

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.

Open Offer and Deed of Capitalisation

On 28 September 2012, the Board proposed to raise approximately HK\$44,261,616 before expenses by issuing 442,616,169 offer shares ("Offer Shares") at the subscription price of HK\$0.10 per Offer Share on the basis of one (1) Offer Share for every five (5) shares of the Company held by the shareholders on the scheduled record date ("Open Offer"). The Open Offer will be fully underwritten by NUEL other than the Offer Shares that will be provisionally allotted to and have been undertaken to be taken up by NUEL pursuant to the irrevocable undertaking letter of NUEL dated 28 September 2012 ("Undertaking Letter"). Pursuant to the Undertaking Letter, NUEL has irrevocably undertaken to the Company that, among others, (i) NUEL will remain as the beneficial owner of 1,453,657,382 shares of the Company up to and including the latest date for acceptance; and (ii) NUEL will subscribe for 290,731,476 Offer Shares, being its full entitlement under the Open Offer.

On 28 September 2012, the Company and New Sinotech entered into a deed of capitalisation with NUEL, pursuant to which NUEL wishes to apply the amount to be capitalised (“Capitalised Amount”) to satisfy (i) the subscription monies payable by NUEL for its assured entitlement to 290,731,476 Offer Shares under the Open Offer, and (ii) the subscription monies payable by NUEL for those (if any) of the underwritten 151,884,693 Offer Shares not taken up by the qualifying shareholders and not applied for by the qualifying shareholders under the excess application under the Open Offer, and the Company agrees to capitalise the Capitalised Amount (“Deed of Capitalisation”). The Deed of Capitalisation constitutes a connected transaction of the Company and is subject to the announcement, circular and independent shareholders’ approval requirements under the GEM Listing Rules. On 12 November 2012, an extraordinary general meeting of the Company would be convened to consider and, if though fit, approve the Deed of Capitalisation and the transactions contemplated thereunder.

The Board expects that upon the completion of Open Offer in mid-December 2012, the liabilities of the Group will be reduced and thereby reducing the net gearing level of the Group.

Details of the Open Offer and Deed of Capitalisation are set out in the announcement dated 28 September 2012 and the circular dated 26 October 2012.

Outlook

The Company’s focus on pursuing opportunities of environmental operations will continue. 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 unaudited consolidated results of the Group's continuing operations for the nine months ended 30 September 2012 as comparing to the unaudited figures for the corresponding period in 2011 are summarized as follows:

(Expressed in HK\$'000 unless indicated otherwise)	Notes	For the three months ended 30 September			For the nine months ended 30 September		
		2012	2011	Change %	2012	2011	Change %
Continuing operations							
Turnover	(a)	45,538	27,892	+63.3	110,824	72,267	+53.4
Average gross profit margin (%)	(b)	46.7	51.6	-9.5	47.5	52.3	-9.2
Other revenue	(c)	1,358	1,490	-8.9	7,379	6,788	+8.7
Other net income	(d)	9,893	1,294	+664.5	10,425	2,804	+271.8
Gain on deemed disposal of associates	(e)	-	-	-	-	5,817	N/A
Distribution and selling expenses	(f)	1,632	1,618	+0.9	5,154	3,992	+29.1
Administrative expenses	(g)	5,961	6,258	-4.7	17,525	16,699	+4.9
Other operating expenses	(h)	1,747	1,901	-8.1	6,572	4,815	+36.5
Finance costs	(i)	1,039	704	+47.6	3,530	1,692	+108.6
Share of net profits of associates	(j)	257	479	-46.3	656	970	-32.4
Income tax	(k)	4,654	441	+955.3	7,356	1,969	+273.6
Net profit for the period	(l)	17,762	6,730	+163.9	30,934	25,025	+23.6
Profit attributable to owners of the Company	(l)	16,405	4,755	+245.0	26,639	21,476	+24.0

Notes:

- (a) Net increase in total turnover for the nine months ended 30 September 2012 was mainly attributable to increase in revenue both from environmental waste service and from industrial sewage treatment in the eco-plating specialized zone.
- (b) Decrease in average gross profit margin of the Group for the nine months ended 30 September 2012 was mainly attributable to increase in direct costs of the environmental waste treatment services in current period.
- (c) Net increase in other revenue for the nine months ended 30 September 2012 was mainly attributable to increase in bank interest income and dividend received from available-for-sale equity investments in current period.

- (d) Net increase in other net income for the nine months ended 30 September 2012 was mainly attributable to (i) decrease in net gain on foreign exchange in current period, and (ii) the compensation committed to be settled by the purchaser upon mediation through PRC court in the recovery action pursuing for the outstanding consideration on disposal of the Zhenjiang Dock Project being accounted for in current period.
- (e) In the first quarter of 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 Investments Limited (“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.
- (f) Net increase in distribution and selling expenses for the nine months ended 30 September 2012 was mainly attributable to the increase in marketing expenses for the environmental waste treatment services and the industrial treatment services in current period.
- (g) Net increase in administrative expenses for the nine months ended 30 September 2012 was mainly attributable to increase in staff costs.
- (h) Net increase in other operating expenses for the nine months ended 30 September 2012 was mainly attributable to increase in legal and professional expenses and increase in net loss on foreign exchange in current period.
- (i) Net increase in finance costs for the nine months ended 30 September 2012 was mainly attributable to increase in bank borrowings of the Group in current period.
- (j) Net decrease in profits shared from associates for the nine months ended 30 September 2012 was mainly attributable to (i) decrease in profit shared from Qingdao Huamei for the current period, (ii) increase in net loss shared from 鎮江新區固廢處置有限公司 (Zhenjiang New District Solid Waste Disposal Co. Limited*), and (iii) increase in net loss shared from Yancheng NUHF (鹽城新宇輝豐環保科技有限公司).
- (k) Net increase in income tax for the nine months ended 30 September 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 increase in net profit of the Group and the profit attributable to the Company’s equity shareholders for the nine months ended 30 September 2012 was mainly attributable to the net compensation as mediated through PRC court to be settled by the purchaser of the Zhenjiang Dock Project of approximately HK\$9,420,000 was recorded in current period under review.

* *for identification purposes only*

Liquidity and financial resources

The Group financed its operations with internally generated cash flows, banking facilities, loans from the related parties, NUEL and China (HK) Chemical & Plastics Co. Limited (“China (HK) Chemical”), and other funds raising exercises. The Group remained in a stable financial position with unaudited equity attributable to owners of the Company amounted approximately to HK\$428,394,000 as at 30 September 2012 (31 December 2011: HK\$421,298,000) and unaudited total assets amounted approximately to HK\$789,296,000 as at 30 September 2012 (31 December 2011: HK\$774,030,000).

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

	30 September 2012 HK\$'000	31 December 2011 HK\$'000
(a) Cash and bank balances		
– Continuing operations	75,142	120,700
– Discontinued operations	9,463	7,842
(b) Available unused banking facility of the Group in PRC		
– Continuing operations	35,461	–
(c) Available unused banking facilities of the Group in Hong Kong		
– Continuing operations	12,000	–

At the end of the reporting periods, interest-bearing bank borrowings of the Group are as follows:

	30 September 2012 HK\$'000	31 December 2011 HK\$'000
Bank borrowings – secured	91,795	101,225
Bank borrowings – unsecured	23,400	27,300
	<hr/> 115,195 <hr/>	<hr/> 128,525 <hr/>

Capital structure

There was no significant change to the capital structure of the Group as at 30 September 2012 compared to that as at 31 December 2011.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 6 March 2012, the Group has entered into a joint venture agreement with Hui Feng to form the sino-foreign JV to carrying out industrial and medical waste treatment operations. With revision to the mutual agreement of the JV on 12 June 2012, the JV, Yancheng NUHF was established on 28 June 2012 with 51% equity interest owned by an independent third party, Hui Feng, and 49% owned by the Company's indirectly wholly owned subsidiary, NURL. The registered capital of the Yancheng NUHF is HK\$66,000,000 which has been fully paid by Hui Feng and NURL in accordance with their respective equity interests in September 2012.

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 nine months ended 30 September 2012.

Charges on Group assets

As at 30 September 2012, in relation to the continuing operations, the Group pledged the land use rights together with its property, plant and equipment with an aggregate carrying amount of HK\$128,983,000 (31 December 2011: HK\$66,793,000) to different banks to secure bank loans in an aggregate amount of approximately HK\$29,959,000 (31 December 2011: HK\$22,820,000) as at 30 September 2012.

Gearing ratio

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

	30 September 2012 HK\$'000	31 December 2011 HK\$'000
Current liabilities (excluding government grant)	174,288	159,796
Non-current liabilities (excluding government grant and deferred taxes)	129,405	142,712
Total debts	303,693	302,508
Less: cash and cash equivalents	75,142	128,542
Net debts	228,551	173,966
Total equity	453,659	442,844
Net gearing ratio	50.4%	39.3%

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

Investments held and their performance

According to the valuation report dated 7 November 2012 issued by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited (“Cushman & Wakefield”), after their review, 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 30 September 2012 was HK\$38,800,000 and HK\$11,100,000 respectively (31 December 2011: HK\$37,100,000 and HK\$18,800,000 respectively as revalued by BMI Appraisals Limited (“BMI”)).

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. According to the valuation report dated 7 November 2012 prepared by Cushman & Wakefield, the fair value attributable to the Group’s interest in Qingdao Huamei as at 30 September 2012 was HK\$18,200,000 (31 December 2011: HK\$17,900,000 as revalued by BMI) and no impairment to the carrying amount of the associate was considered necessary for the nine months then ended.

For the nine months ended 30 September 2012, there was no significant change to the carrying amount of the available-for-sale equity investments that were being stated at amortized cost.

Goodwill

According to the valuation report dated 7 November 2012 issued by an independent professional valuer, Cushman and Wakefield, after their review on the cash flows projection of the environmental entities of the Group comprising Zhenjiang New Universe, Yancheng New Universe, and Taizhou New Universe, no impairment to the carrying amount of the goodwill was considered necessary for the nine months ended 30 September 2012.

Capital expenditure

For the nine months ended 30 September 2012, the continuing operations of the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental waste treatment operations amounted to HK\$27,190,000 (2011: HK\$24,136,000), and (ii) for the environmental industrial sewage treatment in the Eco-plating Specialized Zone amounted to HK\$25,258,000 (2011: HK\$32,907,000).

Commitments

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

(i) Capital commitments

At 30 September 2012, the Group had the following capital commitments:

	30 September 2012 HK\$'000	31 December 2011 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment	112,434	78,243
Authorized but not contracted for:		
– Investment in available-for-sale equity investments	3,664	6,724
– Investment in associates	3,668	7,401
	<u>3,668</u>	<u>7,401</u>

(ii) Operating lease commitments

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating leases in respect of rented premises and landfill which fall due as follows:

	30 September 2012 HK\$'000	31 December 2011 HK\$'000
Within one year	348	202
After one and within five years	196	330
After five years	–	–
	<u>544</u>	<u>532</u>

Contingent liabilities

There were no significant contingent liabilities of the Group as at 30 September 2012 (31 December 2011: Nil).

Exposure to exchange rate fluctuations

As most of the Group's monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars, and US dollars, the exchange risks of the Group were considered to be minimal. For the nine months ended 30 September 2012, no related hedging has been arranged by the Group.

Employee information

As at 30 September 2012, the Group had 240 (30 September 2011: 459) full-time employees of which 16 (30 September 2011: 18) were based in Hong Kong, and 216 (30 September 2011: 199) and 8 (30 September 2011: 242) respectively for continuing operations and discontinued operations in Mainland China. Staff costs, including directors' remuneration and amount capitalized as inventories, was HK\$19,088,000 for continuing operations of the Group for the nine months ended 30 September 2012 (nine months ended 30 September 2011: HK\$15,912,000). 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.

Dividend

A dividend of HK\$9,958,000 at HK\$0.0045 per share that relates to the year ended 31 December 2011 was paid in May 2012. The Board resolved not to declare a dividend for the nine months ended 30 September 2012.

CHANGE IN DIRECTORS AND CHIEF EXECUTIVE

On 11 May 2012 (after trading hours of the Stock Exchange), Mr. CHAN Chun Hing ("Mr. CHAN") tendered his resignation as the executive director and Chief Executive Officer of the Company with effect from 12 June 2012. Details of Mr. CHAN's resignation are set out in the announcement of the Company dated 11 May 2012.

On 12 June 2012, Mr. SONG Yuqing ("Mr. SONG") has been re-designated as the executive director and Chief Executive Officer of the Company with effect from 12 June 2012. Mr. SONG would retain his position as the Vice Chairman of the Board. Details of Mr. SONG's re-designation are set out in the announcement of the Company dated 12 June 2012.

On 18 July 2012 (after trading hours of the Stock Exchange), Mr. LEE Kwan Hung ("Mr. LEE") tendered his resignation as the independent non-executive director of the Company with immediate effect. Details of Mr. LEE's resignation are set out in the announcement of the Company dated 19 July 2012.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 30 September 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 required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, 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	Interests of children or spouse	Interests of controlled corporation		
Mr. XI Yu ⁽ⁱ⁾	–	–	1,453,657,382	1,453,657,382	65.68

Note:

- (i) Mr. XI Yu is the shareholder of 16,732 shares of US\$1.00 each in NUEL, representing 83.66% of the issued share capital of NUEL, which in turn beneficially interested in 1,453,657,382 shares of the Company, representing approximately 65.68% of the issued share capital of the Company as at 30 September 2012. For the purpose of the SFO, Mr. XI Yu is deemed or taken to be interested in all the shares of the Company in which NUEL is interested. Mr. XI Yu is also a director of NUEL. Mr. XI Yu is also deemed to have a corporate interest of 442,626,169 Offer Shares as NUEL has agreed to underwrite 151,884,693 Offer Shares and has undertaken to subscribe for 290,731,476 Offer Shares on 28 September 2012 in the proposed issue of the Offer Shares on the basis of one (1) Offer Share for every five (5) shares to qualifying shareholders by way of the Open Offer at a subscription price of HK\$0.10 per Offer Share.

Associated corporation

Long positions in ordinary 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	Interests 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 30 September 2012, 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 to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 September 2012, 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 by the Company under section 336 of the SFO 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 interest	Interest of controlled corporation		
NUEL ⁽ⁱ⁾	1,453,657,382	–	–	1,453,657,382	65.68

Note:

- (i) Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, all of whom are Directors of the Company, and directors of NUEL. NUEL has agreed to underwrite 151,884,693 Offer Shares and has undertaken to subscribe for 290,731,476 offer shares in the proposed Open Offer.

Save as disclosed above, as at 30 September 2012, the Directors were not aware of any other persons who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

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"), which 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 30 September 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 30 September 2012 and during the nine 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 therein, at no time during the 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.

SERVICE CONTRACTS

There is no service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

DIRECTORS' INTERESTS IN CONTRACT OR AGREEMENT

As at 30 September 2012, contracts or arrangements subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

- (i) Mr. XI Yu has provided personal guarantees, and New Universe Environmental Technologies (Jiang Su) Limited (“NUET Jiangsu”) and New Universe Holdings Limited (“NUHL”), both of which Mr. XI Yu and Ms. CHEUNG Siu Ling are directors of, have provided corporate guarantees in the following arrangements:
 - (a) The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and DBS Bank (Hong Kong) Limited have, pursuant to a Facility Agreement dated 8 August 2008, granted the loan facilities of up to US\$14,000,000 to Fair Time International Limited (“Fair Time”), which are guaranteed by Mr. XI Yu and NUHL. As at 30 September 2012, the outstanding loan is US\$4,750,000 (approximately HK\$36,836,000);
 - (b) The Hongkong and Shanghai Banking Corporation Limited has, pursuant to its letter dated 14 June 2011, granted banking facilities of up to HK\$10,000,000 to NUET Jiangsu, which are guaranteed by the Company and Mr. XI Yu, each up to a limit of HK\$10,000,000. As at 30 September 2012, the outstanding loan is HK\$10,000,000;
 - (c) Standard Chartered Bank (Hong Kong) Limited has, pursuant to its letter dated 1 March 2012, granted banking facilities of up to HK\$50,700,000 to the Company, which are guaranteed by Mr. XI Yu and NUET Jiangsu. As at 30 September 2012, the outstanding loan is HK\$23,400,000;
 - (d) The Hongkong and Shanghai Banking Corporation Limited has, pursuant to its letter dated 6 July 2012, granted banking facilities of up to HK\$12,000,000 to NUET Jiangsu, which are guaranteed by Mr. XI Yu up to a limited of HK\$12,000,000, and Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK\$2,000,000. Pursuant to a letter dated 5 November 2012, The Hongkong and Shanghai Banking Corporation Limited has agreed to extend the latest drawdown date for the banking facilities of up to HK\$12,000,000 granted to NUET Jiangsu, and has revised the security for the said banking facilities, which is currently guaranteed by Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK\$12,000,000. As at 30 September 2012, the banking facilities have yet to be drawn down; and
 - (e) Hang Seng Bank Limited has, pursuant to its letter dated 21 August 2012, granted banking facilities of up to HK\$15,000,000 to NUET Jiangsu, which are guaranteed by the Company and Mr. XI Yu, each up to a limit of HK\$15,000,000. As at 30 September 2012, the outstanding loan is HK\$15,000,000.

- (ii) Each of Mr. XI Yu and Ms. CHEUNG Siu Ling has direct or indirect interest in the following leased assets of the Group:
- (a) a tenancy agreement dated 8 December 2010 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 subsidiary of NUHL, the board of directors of which comprises Mr. XI Yu and Ms. CHEUNG Siu Ling, both of whom are executive Directors) as landlord pursuant to which, Smartech Services rented a factory unit for use as warehouse located at Suite 12, 5th Floor, Yuen Fat Industrial Building, 25 Wang Chiu Road, Kowloon Bay, Hong Kong from Sun Ngai at a monthly rental of HK\$4,000 for the term from 1 January 2011 to 31 December 2013; and
 - (b) a tenancy agreement dated 11 July 2011 entered into between Smartech Services as tenant and Sun Ngai, the board of directors of which comprises Mr. XI Yu and Ms. CHEUNG Siu Ling, both of whom are 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 2011 to 31 July 2012. On 26 July 2012, the tenancy agreement was renewed for a further term from 1 August 2012 to 31 July 2013 at a monthly rental of HK\$20,000.
- (iii) Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki beneficially holds 83.66%, 12.14% and 4.2% respectively of the issued share capital of NUEL and are directors of NUEL. NUEL is a party to the following contracts and arrangements:
- (a) a deed of loan dated 17 February 2011 entered into between NUEL, New Sinotech, Smartech International Group Limited, Mr. CHAN Son Neng, and Fair Time, amongst others, in respect of the interest free loan in the amount of approximately HK\$36,083,920.17 owed by the New Sinotech to NUEL (“Loan II”) which is still outstanding as at 30 September 2012;
 - (b) a loan agreement dated 6 May 2011, entered into between the Company and NUEL in respect of the interest free loan in the amount of approximately HK\$26,080,000 owed by the Company to NUEL (“Loan I”) which is still outstanding as at 30 September 2012;
 - (c) a deed of indemnity dated 23 June 2011 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 the consider under the disposal of the Zhenjiang Dock Project in full;

- (d) a underwriter agreement dated 28 September 2012 between the Company and NUEL in relation to the Open Offer; and
 - (e) the Deed of Capitalisation dated 28 September 2012 entered into between the Company, New Sinotech and NUEL in relation to the capitalisation of loans due by the Group to NUEL up to the maximum amount of HK\$44,261,616.90, comprising of HK\$26,080,000 of Loan I and up to HK\$18,181,616.90 of Loan II.
- (iv) Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors of China (HK) Chemical; and Mr. XI Yu and Ms. CHEUNG Siu Ling are directors of NUHL, which holds 97% of the issued share capital of China (HK) Chemical. China (HK) Chemical is a party to the following contracts and arrangements:
- (a) a loan agreement dated 16 December 2011 between China (HK) Chemical and the Company pursuant to which China (HK) Chemical granted an unsecured loan of US\$300,000 bearing interest at the rate of 3% per annum to the Company for general working capital purposes and repayment of the principal and interests of the bank loan of the Company's subsidiary, and the loan was fully repaid on 26 April 2012;
 - (b) a loan agreement dated 19 December 2011 between China (HK) Chemical and the Company pursuant to which China (HK) Chemical granted an unsecured loan of HK\$450,000 bearing interest at the rate of 3% per annum to the Company for general working capital purposes and repayment of the principal and interests of the bank loan of the Company's subsidiary, and the loan was fully repaid on 26 April 2012;
 - (c) a loan agreement dated 30 January 2012 between China (HK) Chemical and the Company pursuant to which China (HK) Chemical granted an unsecured loan of HK\$7,000,000 bearing interest at the rate of 4% per annum to the Company for general working capital purposes and repayment of the principal and interests of the bank loan of the Company's subsidiary, and the loan was fully repaid on 19 June 2012;
 - (d) a loan agreement dated 14 May 2012 between China (HK) Chemical and the Company pursuant to which China (HK) Chemical granted an unsecured loan of US\$2,500,000 bearing interest at the rate of 3% per annum to the Company for general working capital purposes and repayment of the principal and interests of the bank loan of the Company's subsidiary, and the loan was fully repaid on 17 October 2012;

- (e) a loan agreement dated 3 July 2012 between China (HK) Chemical and the Company pursuant to which China (HK) Chemical granted an unsecured loan of HK\$2,500,000 bearing interest at the rate of 3% per annum to the Company for general working capital purposes and repayment of the principal and interests of the bank loan of the Company's subsidiary, and the loan was fully repaid on 8 October 2012; and
- (f) a loan agreement dated 27 July 2012 between China (HK) Chemical and the Company pursuant to which China (HK) Chemical granted an unsecured loan of HK\$12,000,000 bearing interest at the rate of HIBOR plus 2.5% per annum to the Company for investment and development of environmental related business in the PRC, which is repayable on or before 31 December 2014, and the loan is outstanding as at 30 September 2012.

Save as disclosed above, none of the Directors is materially interested in contract or arrangement subsisting as at 30 September 2012 which is significant to the business of the Group.

COMPETING BUSINESS OR INTEREST

As at 30 September 2012, the Directors were not aware of any business or interest of the Directors or any controlling shareholder (as defined under the GEM Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

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

Neither of the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine months ended 30 September 2012.

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange has issued amendments to the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules effective on 1 April 2012. To fully comply with all the new code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, the Board has adopted relevant amendments and new adoptions of the Company on 19 March 2012 as follows:

- (i) Terms of Reference of Audit Committee;
- (ii) Terms of Reference of Remuneration Committee;
- (iii) Terms of Reference of Nomination Committee;
- (iv) Terms of Reference of Corporate Governance Functions;
- (v) Responsibilities of the Chairman and the Chief Executive;
- (vi) List of Directors and Their Roles and Functions;
- (vii) Shareholders Communication Policy;
- (viii) Code of Conduct for Securities Transactions by Relevant Employees;
- (ix) Policy for Employees for Raising Possible Improprieties; and
- (x) Procedures for Shareholders to Propose a Person for Election as a Director.

To align with the latest requirements of the GEM Listing Rules, the Company has adopted a new Memorandum and Articles of Association by a special resolution duly passed by the shareholders of the Company on 4 May 2012, and registered with the Registrar of Companies in the Cayman Islands on 10 May 2012.

Save for the above, none of the Directors is aware of information that would reasonably indicate that the Company is not, or was not, for any part of the accounting period for the nine months ended 30 September 2012, in compliance with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

During the nine months ended 30 September 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 nine months ended 30 September 2012.

AUDIT COMMITTEE

The Company's Audit Committee comprises three independent non-executive Directors, Dr. CHAN Yan Cheong (Audit 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 these unaudited financial statements and financial information of the Company for the nine months ended 30 September 2012.

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

Hong Kong, 7 November 2012

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

Mr. XI Yu	<i>(Executive Director and Chairman)</i>
Mr. SONG Yuqing	<i>(Executive Director, Chief Executive Officer and Vice-Chairman)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</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>

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