



## **New Universe International Group Limited**

**新宇國際實業(集團)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8068)

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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.**

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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 revenue up 45.7% to HK\$162,067,000.
- Profit attributable to owners of the Company up 18.2% to HK\$36,097,000.
- Equity attributable to owners of the Company was HK\$488,623,000 at 31 December 2012.
- Cash and cash equivalents of the Group amounted to HK\$83,305,000 at 31 December 2012.
- Total earnings per share attributable to owners of the Company up 10.3% to HK1.61 cents.
- The Board resolved to declare a final dividend of HK cents 0.37 per share for the year ended 31 December 2012.

## **FINAL RESULTS 2012**

The board of directors (the “Board”) of New Universe International Group Limited hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2012, together with the comparative figures for 2011.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	2012 HK\$'000	2011 HK\$'000 (restated)
<b>Continuing operations</b>			
Revenue	5	162,067	111,254
Cost of sales		(84,495)	(53,568)
Gross profit		77,572	57,686
Other revenue	6	8,647	7,952
Other net income	7	1,147	4,998
Gain on deemed disposal of associates		–	5,817
Distribution and selling expenses		(5,527)	(3,694)
Administrative expenses		(27,163)	(24,699)
Other operating expenses		(8,018)	(6,103)
Finance costs	8	(4,813)	(2,816)
Share of profits of associates		604	1,100
Profit before taxation		42,449	40,241
Income tax	9	(8,900)	(5,116)
Profit for the year from continuing operations		33,549	35,125
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	10	9,118	94
<b>Profit for the year</b>	11	<b>42,667</b>	<b>35,219</b>
<b>Profit attributable to:</b>			
Owners of the Company	12(i)	36,097	30,535
Non-controlling interests		6,570	4,684
		<b>42,667</b>	<b>35,219</b>

Details of dividend declared and distributable in relation to profit attributable to owners of the Company for the year are set out in note 13 to the condensed financial information.

	<i>Note</i>	<b>2012</b> <b><i>HK\$'000</i></b>	2011 <i>HK\$'000</i> (restated)
<b>Profit attributable to owners of the Company arises from:</b>			
Continuing operations		<b>26,970</b>	30,444
Discontinued operations		<b>9,127</b>	91
		<b>36,097</b>	30,535
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
<b>Earnings per share from continuing and discontinued operations attributable to owners of the Company during the year (expressed in HK cents per share)</b>			
<b>Basic and diluted earnings per share</b>	12		
Continuing operations		<b>1.20</b>	1.46
Discontinued operations		<b>0.41</b>	–
		<b>1.61</b>	1.46

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (restated)
<b>Profit for the year</b>	<u>42,667</u>	<u>35,219</u>
<b>Other comprehensive income:</b>		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	(494)	16,861
– on translation of financial statements of overseas associates	240	361
– reclassification of translation reserve included in gain on deemed disposal of associates	–	(2,743)
Fair value changes on available-for-sale equity investments, net of deferred tax credit of HK\$253,000 (2011:HK\$1,240,000)	<u>(2,647)</u>	<u>(11,160)</u>
Other comprehensive income for the year, net of tax	<u>(2,901)</u>	<u>3,319</u>
<b>Total comprehensive income for the year</b>	<u><b>39,766</b></u>	<u><b>38,538</b></u>
<b>Attributable to:</b>		
Owners of the Company	33,178	32,838
Non-controlling interests	<u>6,588</u>	<u>5,700</u>
<b>Total comprehensive income for the year</b>	<u><b>39,766</b></u>	<u><b>38,538</b></u>
<b>Total comprehensive income attributable to owners of the Company arises from:</b>		
Continuing operations	24,110	33,317
Discontinued operations	<u>9,068</u>	<u>(479)</u>
	<u><b>33,178</b></u>	<u><b>32,838</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2012*

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>342,740</b>	343,487
Prepaid lease payments		<b>97,159</b>	101,925
Goodwill		<b>33,000</b>	33,000
Interests in associates		<b>46,711</b>	11,012
Available-for-sale equity investments		<b>55,026</b>	57,926
		<hr/> <b>574,636</b> <hr/>	<hr/> 547,350 <hr/>
<b>Current assets</b>			
Inventories		<b>1,187</b>	20,425
Trade and bills receivables	15	<b>41,234</b>	40,008
Prepayments, deposits and other receivables	16	<b>22,102</b>	34,987
Prepaid lease payments		<b>2,658</b>	2,718
Cash and cash equivalents		<b>83,305</b>	128,542
		<hr/> <b>150,486</b> <hr/>	<hr/> 226,680 <hr/>
Assets of disposal group classified as held for sale	10(a)	<hr/> <b>53,054</b> <hr/>	<hr/> – <hr/>
		<hr/> <b>203,540</b> <hr/>	<hr/> 226,680 <hr/>
<b>Current liabilities</b>			
Interest-bearing bank borrowings		<b>92,872</b>	82,997
Trade payables	17	<b>1,087</b>	14,610
Accrued liabilities and other payables		<b>48,401</b>	42,203
Deposits received from customers		<b>1,449</b>	10,415
Deferred government grant		<b>269</b>	269
Income tax payable		<b>2,999</b>	1,777
Amount due to a related company		<b>–</b>	2,794
Amount due to ultimate holding company		<b>5,000</b>	5,000
		<hr/> <b>152,077</b> <hr/>	<hr/> 160,065 <hr/>
Liabilities of disposal group classified as held for sale	10(a)	<hr/> <b>19,641</b> <hr/>	<hr/> – <hr/>
		<hr/> <b>171,718</b> <hr/>	<hr/> 160,065 <hr/>
<b>Net current assets</b>		<hr/> <b>31,822</b> <hr/>	<hr/> 66,615 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>606,458</b> <hr/>	<hr/> 613,965 <hr/>

	<i>Note</i>	<b>2012</b> <b>HK\$'000</b>	2011 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings		<b>12,354</b>	45,528
Deferred government grant		<b>3,124</b>	3,146
Deferred tax liabilities		<b>25,238</b>	25,263
Amount due to ultimate holding company		<b>54,636</b>	97,184
		<u><b>95,352</b></u>	<u>171,121</u>
<b>Net assets</b>		<u><b>511,106</b></u>	<u>442,844</u>
<b>Capital and reserves</b>			
Share capital	18	<b>26,557</b>	22,131
Reserves	19	<b>462,066</b>	399,167
		<u><b>488,623</b></u>	<u>421,298</u>
Equity attributable to owners of the Company		<b>488,623</b>	421,298
Non-controlling interests		<b>22,483</b>	21,546
		<u><b>511,106</b></u>	<u>442,844</u>
<b>Total equity</b>		<u><b>511,106</b></u>	<u>442,844</u>

## NOTES TO THE CONDENSED FINANCIAL INFORMATION

31 December 2012

### 1. GENERAL INFORMATION

- (a) 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.
- (b) 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.
- (c) These condensed financial information are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Company while the functional currency of the subsidiaries in the Mainland of The People's Republic of China ("PRC") is Renminbi ("RMB"). As the Company's shares are listed in Hong Kong, the directors of the Company consider that it is more appropriate to present the financial information in HK\$, where most of its investors are located in Hong Kong.
- (d) The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as follows:
  - (i) environmental treatment of industrial and medical wastes;
  - (ii) the environmental plating sewage treatment and facility rental services in an eco-plating specialised zone; and
  - (iii) the investments in plastic materials dyeing operations.
- (e) Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe", a 97% indirectly owned subsidiary of the Company) was 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 was changed to non-industrial use. On 3 July 2012, the Group entered into a conditional agreement ("Suzhou 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 ("Suzhou Disposal Properties") ("Suzhou Property Disposal"). After the entering into of the Suzhou Disposal Agreement, the Group decided to discontinue the operations of Suzhou New Universe which comprised of (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials. At 31 December 2012, deposit received from the purchaser of Suzhou Disposal Properties amounted to approximately HK\$19,239,000. The Suzhou Property Disposal has been completed on 4 January 2013 upon the Suzhou Land Purchaser accepted and confirmed on the delivery of vacant possession of the Suzhou Disposal Properties by Suzhou New Universe ("Suzhou Disposal Completion"). These operations had been accounted for as discontinued operations and disposal group held for sale in accordance with the Hong Kong Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations".

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following revised HKFRS (“new HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Income taxes – Deferred tax: Recovery of underlying assets

Except as described below, the application of the new and revised HKFRS in the current year has had no material effect on the Group’s financial performance and positions for the current and prior accounting periods and/or on the disclosures set out in these condensed financial statements.

### Amendments to HKFRS 7 Financial instruments: Disclosures – Transfers of financial assets

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity needs not provide the disclosures for comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

### Amendments to HKAS 12 Income Taxes – Deferred tax: Recovery of underlying assets

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40 Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. As the Group does not have investment property, the amendments have no financial impact on the Group.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle, except for the amendments HKAS 1 <sup>1</sup>
Amendments to HKFRS 7	Disclosures-Offsetting financial assets and financial liabilities <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transitional disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, Joint arrangements and disclosure of interests in other entities – Transition guidance <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities <sup>2</sup>
HKFRS 9	Financial instruments <sup>3</sup>
HKFRS 10	Consolidated financial statements <sup>1</sup>
HKFRS 11	Joint arrangements <sup>1</sup>
HKFRS 12	Disclosure of interest in other entities <sup>1</sup>
HKFRS 13	Fair value measurement <sup>1</sup>
HKAS 19 (as revised in 2011)	Employee benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate financial statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures <sup>1</sup>
Amendments to HKAS 1	Presentation of items of other comprehensive income <sup>4</sup>
Amendments to HKAS 32	Offsetting financial assets and financial liabilities <sup>2</sup>
HK(IFRIC) –Int 20	Stripping costs in the production phase of a surface mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2012

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (therein referred to as “HKFRSs”), of which the collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (therein referred to as “HKASs”) and Interpretations, issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

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

**(b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2012 comprise the Company, its subsidiaries and the Group's interest in associates.

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**4. SEGMENT INFORMATION**

The Group manages its business by divisions which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's executive directors, being the most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three segments. These segments are managed separately. No operating segments have been aggregated to form the following reporting segments.

**Continuing operations**

- (i) provision of environmental waste treatment services;
- (ii) provision of environmental industrial sewage treatment services in an eco-plating specialised zone; and
- (iii) investment in plastic materials dyeing business.

Operating segments regarding the manufacture and sale of molds, manufacture and sale of plastic products and trading of plastic materials were discontinued in the current year. The segment information reported below does not include any amounts from the discontinued operations, which are described in more detail in note 10 to the condensed financial information.

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

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of assets of disposal group classified as held for sale and other corporate assets. Segment liabilities include trade payables, accrued liabilities and other payables, with the exception of liabilities of disposal group classified as held for sale and corporate liabilities attributable to the head office in Hong Kong.

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

The measurement used for reporting segment profit is "reportable segment result". To arrive at "reportable segment result", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs. Taxation charge is not allocated to reportable segments.

In addition to receiving segment information concerning "reportable segment result", management is provided with segment information including revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2012 and 2011 is set out below:

*For the year ended 31 December 2012*

**Continuing operations**

	Operating segments			Total <i>HK\$'000</i>
	Environmental waste treatment services <i>HK\$'000</i>	Environmental sewage treatment services <i>HK\$'000</i>	Plastic dyeing investments <i>HK\$'000</i>	
Revenue from external customers	110,487	51,580	–	162,067
Other revenue	2,863	2,123	2,962	7,948
Reportable segment revenue	113,350	53,703	2,962	170,015
Reportable segment results	41,142	5,996	4,344	51,482
Other net income	836	311	–	1,147
Interest income	666	1,542	–	2,208
Interest expenses	2,239	2,574	–	4,813
Depreciation and amortisation	9,868	11,599	–	21,467
Impairment of trade receivables	24	–	–	24
Reportable segment assets	281,113	366,124	61,051	708,288
Additions to non-current segment assets	14,526	31,399	–	45,925
Reportable segment liabilities	87,869	153,139	310	241,318

*For the year ended 31 December 2011*

Continuing operations

	Operating segments			Total <i>HK\$'000</i>
	Environmental waste treatment services <i>HK\$'000</i>	Environmental sewage treatment services <i>HK\$'000</i>	Plastic dyeing investments <i>HK\$'000</i>	
Revenue from external customers	74,166	37,088	–	111,254
Other revenue	3,786	1,258	2,601	7,645
Reportable segment revenue	<u>77,952</u>	<u>38,346</u>	<u>2,601</u>	<u>118,899</u>
Reportable segment results	<u>32,508</u>	<u>12,246</u>	<u>4,307</u>	<u>49,061</u>
Other net income	4,397	44	57	4,498
Interest income	573	503	–	1,076
Interest expenses	578	2,238	–	2,816
Depreciation and amortisation	5,086	7,755	–	12,841
Impairment of trade receivables	45	–	–	45
Reportable segment assets	239,120	359,393	63,962	662,475
Additions to non-current segment assets	37,109	76,409	–	113,518
Reportable segment liabilities	<u>64,929</u>	<u>226,092</u>	<u>563</u>	<u>291,584</u>

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Revenue</b>		
Consolidated revenue	162,067	111,254
Elimination of inter-segment revenue	–	–
Other revenue	7,948	7,645
	<u>170,015</u>	<u>118,899</u>
	<u><u>170,015</u></u>	<u><u>118,899</u></u>
<b>Profit</b>		
Reportable segment profit	51,482	49,061
Unallocated head office and corporate expenses	(9,033)	(8,820)
	<u>42,449</u>	<u>40,241</u>
	<u><u>42,449</u></u>	<u><u>40,241</u></u>
<b>Assets</b>		
Reportable segment assets	708,288	662,475
Assets of disposal group classified as held for sale	53,054	73,527
Unallocated head office and corporate assets	16,834	38,028
	<u>778,176</u>	<u>774,030</u>
	<u><u>778,176</u></u>	<u><u>774,030</u></u>
<b>Liabilities</b>		
Reportable segment liabilities	241,318	291,584
Liabilities of disposal group classified as held for sale	19,641	37,726
Unallocated head office and corporate liabilities	6,111	1,876
	<u>267,070</u>	<u>331,186</u>
	<u><u>267,070</u></u>	<u><u>331,186</u></u>

(c) **Geographic information**

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Mainland China	<u>170,015</u>	<u>118,899</u>
	<u><u>170,015</u></u>	<u><u>118,899</u></u>

(d) **Major customers**

During the years ended 31 December 2012 and 2011, there was no major customer accounting for more than 10% of the total revenue of the Group.

## 5. REVENUE

An analysis of the Group's revenue is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Environmental waste treatment services	110,487	74,166
Industrial sewage treatment services	51,580	37,088
	<u>162,067</u>	<u>111,254</u>

## 6. OTHER REVENUE

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Bank interest income	2,265	1,076
Dividend income from available-for-sale equity investments	2,962	2,601
Scrap sales	3,420	3,115
Consultancy fee	–	1,160
	<u>8,647</u>	<u>7,952</u>

## 7. OTHER NET INCOME

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Net gain on deregistration of a subsidiary	759	–
Government grant	269	247
Net gain on foreign exchange	–	2,661
Reversal of over accrued expenses	–	2,090
Sundry	119	–
	<u>1,147</u>	<u>4,998</u>

## 8. FINANCE COSTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest on:		
Bank borrowings wholly repayable within five years	3,887	2,206
Borrowings from a related company wholly repayable within five years	237	6
Borrowings from ultimate holding company wholly repayable within five years	689	604
	<u>4,813</u>	<u>2,816</u>
Total borrowing costs	<u>4,813</u>	<u>2,816</u>

## 9. INCOME TAX

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Current tax		
Hong Kong Profits Tax	–	–
PRC Income Tax	10,556	4,469
Over-provision in respect of prior years	(1,884)	(606)
	<u>8,672</u>	<u>3,863</u>
Deferred tax	228	1,253
	<u>8,900</u>	<u>5,116</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin 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 the years.

The subsidiaries of the Company in the PRC are subject to the PRC enterprise income tax (“EIT”) at a rate of 25% (2011: 25%), except for the following subsidiary:

Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”) is exempt from EIT for two years commenced from 1 January 2008, followed by a 50% reduction for the next three years. Accordingly, the tax rate for Zhenjiang New Universe is 12.5% for the years ended 31 December 2011 and 2012.

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

	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Profit before taxation	<u>42,449</u>	<u>40,241</u>
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	11,331	9,851
Tax effect of expenses not deductible for tax purpose	1,248	1,769
Tax effect of income not taxable for tax purpose	(1,061)	(2,641)
Tax effect of tax losses not recognised	2,131	728
Tax effect of tax losses utilised	–	(1,265)
Over provision in relation to prior years	(1,884)	(606)
Tax effect of temporary differences recognised	228	1,253
Effect of tax exemptions in PRC	<u>(3,093)</u>	<u>(3,973)</u>
Income tax for the year	<u><u>8,900</u></u>	<u><u>5,116</u></u>

10. **DISCONTINUED OPERATIONS AND DISPOSAL GROUPS**

	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Discontinued operations</b>		
Profit for the year from discontinued operations:		
– Manufacture and sale of molds and plastic products, and trading of plastic materials (note (a)(i) below)	(302)	94
– Net compensation from the purchaser of the Zhenjiang Dock Project (note (b) below)	<u>9,420</u>	<u>–</u>
	<u><u>9,118</u></u>	<u><u>94</u></u>

(a) **Suzhou New Universe and related operations**

- (i) As disclosed in note 1(e) to the condensed financial information, the Directors of the Company has resolved to cease the Group's operations of manufacture and sale of molds, manufacture and sale of plastic products and trading of plastics materials. The assets and liabilities attributable to the discontinued operations, which were disposed of on 4 January 2013, have been classified as a disposal group held for sale and are presented separately in consolidated statement of financial position. The business segments of manufacture and sale of molds, manufacture and sale of plastic products and trading of plastics materials were classified as discontinued operations. The net proceed of disposals is expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised.

The comparative figures in consolidated income statement of the Company for the year ended 31 December 2011 was restated to present the profit from the discontinued operations for the year then ended.

The results of discontinued operations that comprised the manufacture and sale of molds and plastic products, and trading of plastic materials for the period to the date of cease of operations, which have been included in the consolidated income statement, were as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Revenue</b>	<b>32,523</b>	92,841
Cost of sales	<u>(29,561)</u>	<u>(85,183)</u>
Gross profit	<b>2,962</b>	7,658
Other revenue		
– interest income	<b>11</b>	15
– sundry	<b>47</b>	5
Other net income	–	13
Distribution and selling expenses	<b>(792)</b>	(2,308)
Administrative expenses	<b>(1,828)</b>	(3,974)
Other operating expenses	<b>(348)</b>	(584)
Finance costs	<b>(354)</b>	(731)
(Loss)/profit before taxation	<b>(302)</b>	94
Income tax	<u>–</u>	<u>–</u>
<b>(Loss)/profit for the year from discontinued operations</b>	<b>(302)</b>	94
Other comprehensive income	<u>(57)</u>	<u>(553)</u>
<b>Total comprehensive income for the year from discontinued operations</b>	<b><u>(359)</u></b>	<b><u>(459)</u></b>
<b>(Loss)/profit from discontinued operation attributable to:</b>		
Owners of the Company	<b>(293)</b>	91
Non-controlling interests	<b>(9)</b>	3
	<b><u>(302)</u></b>	<b><u>94</u></b>
<b>Total comprehensive income from discontinued operation attributable to:</b>		
Owners of the Company	<b>(352)</b>	(479)
Non-controlling interests	<b>(7)</b>	20
	<b><u>(359)</u></b>	<b><u>(459)</u></b>

(Loss)/profit for the year from discontinued operations included the following:

	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Discontinued operations</b>		
Amortisation of land lease prepayments	<b>30</b>	58
Depreciation for property, plant and equipment	<b>2,021</b>	3,964
Impairment of trade receivables	<b>129</b>	–
Net loss on disposal of property, plant and equipment	–	13
Net loss on foreign exchange	<b>18</b>	–
Staff costs		
– Salaries, wages and other benefits of employees	<b>5,288</b>	12,060
– Contributions retirement benefit schemes	<b>659</b>	1,218
	<b>5,947</b>	13,278
Cost of sales		
– Cost of goods sold	<b>29,561</b>	85,183

- (ii) The major classes of assets and liabilities of the discontinued operations and disposal group classified as held for sale as at 31 December 2012 in relation to Suzhou New Universe and related operations, which have been presented separately in the consolidated statement of financial position, are as follows:

	<b>2012</b>
	<i>HK\$'000</i>
<b>Assets</b>	
Property, plant and equipment	<b>10,796</b>
Prepaid lease payments	<b>2,353</b>
Prepayments, deposits and other receivables	<b>11,998</b>
Cash and cash equivalents	<b>27,907</b>
<b>Assets of disposal group classified as held for sale</b>	<b>53,054</b>
<b>Liabilities</b>	
Accrued liabilities and other payables	<b>402</b>
Deposits received from purchaser of land and properties	<b>19,239</b>
<b>Liabilities of disposal group classified as held for sale</b>	<b>19,641</b>
<b>Net assets of disposal group classified as held for sale</b>	<b>33,413</b>

- (iii) During the year, the cash flows contributed by the discontinued operations to Group were as follows:

**2012**  
**HK\$'000**

**Discontinued operations**

Net cash generated from operating activities	<b>3,393</b>
Net cash generated from investing activities	<b>27,773</b>
Net cash used in financing activities	<b>(11,101)</b>

**(b) Zhenjiang Dock Project and related follow-up legal actions**

During the year ended 31 December 2009, the Group completed the disposal of the interests in the Zhenjiang Dock Project, but the purchaser defaulted in settlement of the outstanding consideration in the agreed payment schedule.

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 (that comprised the Group's wholly owned subsidiaries, New Universe International Ports Limited and New Universe International Warehouse & Logistics Limited) and the Defendants (that comprised 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 purchaser should compensate the Plaintiffs for interests and default charge on those overdue outstanding consideration, which shall be settled by 12 monthly instalments commencing from October 2012. As at 31 December 2012, all the remaining consideration for the disposal of Zhenjiang Dock Project was fully settled by the purchaser. As at 31 December 2012, the remaining gross compensation receivable of RMB9,000,000 (approximately HK\$11,100,000) shall be settled by the purchaser in 9 monthly instalments pursuant to the Settlement Agreement (note 16(b)).

The Group accounted for the net compensation income (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 year.

## 11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operations</b>		
Amortisation of land lease prepayments	2,409	2,208
Depreciation for property, plant and equipment	19,058	10,633
Operating lease charges in respect of:		
– land and buildings in Hong Kong	288	288
– landfill in PRC	86	84
	374	372
Impairment of trade receivables	24	–
Write-down of inventories	–	45
Net loss on disposal of property, plant and equipment	145	17
Net loss on foreign exchange	94	–
Auditor's remuneration:		
– Audit service	870	745
– Non-audit services	295	65
	1,165	810
Staff costs:		
– Directors' emolument	2,515	3,279
– Salaries, wages and other benefits of employees other than Directors	28,858	20,415
– Contributions to retirement benefits schemes	2,137	1,815
Total staff costs	33,510	25,509
Cost of sales:		
– Cost of services rendered ( <i>note below</i> )	84,495	53,568

*Note:*

Included in cost of services rendered were raw materials consumed of HK\$11,915,000 (2011: HK\$8,182,000), staff costs of HK\$14,771,000 (2011: HK\$15,177,000) and depreciation of HK\$12,765,000 (2011: HK\$12,902,000) which have been included in the respective total amounts disclosed above for each of staff costs and depreciation.

## 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to owners of the Company of HK\$36,097,000 (2011: HK\$30,535,000) and the weighted average number of 2,236,058,191 (2011: 2,096,225,771) ordinary shares of the Company in issue during the year.

### (i) Profit attributable to owners of the Company

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit for the year from continuing operations	26,970	30,444
Profit for the year from discontinued operations	9,127	91
	<u>36,097</u>	<u>30,535</u>

### (ii) Weighted average number of ordinary shares

	2012	2011
Issued ordinary shares at 1 January	2,213,080,849	2,011,891,681
Effect of issue of shares upon Open Offer	22,977,342	–
Effect of issue of shares upon Rights Issue	–	84,334,090
	<u>2,236,058,191</u>	<u>2,096,225,771</u>

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

## 13. DIVIDEND

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period HK\$0.0037 (2011: HK\$0.0045) per share	<u>9,826</u>	<u>9,958</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

#### 14. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company includes a profit of HK\$20,786,000 for the year ended 31 December 2012 (2011: HK\$10,415,000) which has been dealt with in the financial statements of the Company.

#### 15. TRADE AND BILLS RECEIVABLES

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables	<b>38,998</b>	38,806
Less: allowance for doubtful debts	–	(481)
	<hr/>	<hr/>
	<b>38,998</b>	38,325
Bills receivable	<b>2,236</b>	1,683
	<hr/>	<hr/>
	<b>41,234</b>	40,008
	<hr/> <hr/>	<hr/> <hr/>

##### (a) Ageing analysis

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 to 30 days	<b>16,644</b>	20,075
31 days to 60 days	<b>9,796</b>	8,961
61 days to 90 days	<b>4,331</b>	5,266
91 days to 180 days	<b>8,574</b>	3,783
181 days to 360 days	<b>1,883</b>	1,517
Over 360 days	<b>6</b>	406
	<hr/>	<hr/>
	<b>41,234</b>	40,008
	<hr/> <hr/>	<hr/> <hr/>

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 60 days to its customers of the environmental services segment.

**(b) Impairment losses of trade receivables**

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
At 1 January	<b>481</b>	481
Impairment loss recognised	<b>153</b>	–
Amounts written off as uncollectible	<b>(634)</b>	–
	<hr/>	<hr/>
At 31 December	<b>–</b>	481
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Neither past due nor impaired	<b>26,440</b>	29,036
Less than 30 days past due	<b>4,331</b>	5,266
More than 30 days but less than 90 days past due	<b>8,574</b>	3,783
More than 90 days but less than 360 days past due	<b>1,889</b>	1,923
	<hr/>	<hr/>
	<b>41,234</b>	40,008
	<hr/> <hr/>	<hr/> <hr/>

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

**16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Deposits paid to suppliers	–	661
Other receivables	<b>11,002</b>	3,118
	<hr/>	<hr/>
	<b>11,002</b>	3,779
Consideration receivable on disposal of Zhenjiang Dock Project ( <i>note (a) below</i> )	–	31,208
Compensation receivable ( <i>note (b) below</i> )	<b>11,100</b>	–
	<hr/>	<hr/>
	<b>22,102</b>	34,987
	<hr/> <hr/>	<hr/> <hr/>

*Note:*

- (a) During the year, the Group instituted legal proceedings against the purchaser and its guarantors for the recovery of the balance of consideration receivable together with claims for compensation. The consideration balance was fully settled by the purchaser after the PRC court handed down the Settlement Agreement entered into between the Group and the purchaser dated 7 September 2012.
- (b) As at 31 December 2012, remaining compensation receivable from the purchaser of the Zhenjiang Dock Project amounted to RMB9,000,000 (approximately HK\$11,100,000) will be settled in 9 instalments in 2013 pursuant to the Settlement Agreement (note 10(b) to the condensed financial information).

## 17. TRADE PAYABLES

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

	Group	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 to 30 days	877	4,748
31 days to 60 days	195	4,432
61 days to 90 days	–	3,278
Over 91 days	15	2,152
	<u>1,087</u>	<u>14,610</u>

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

## 18. SHARE CAPITAL

	Number of shares		Share capital	
	2012 <i>'000</i>	2011 <i>'000</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.01 each</b>				
<b>Authorised</b>				
At 1 January and 31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid</b>				
At 1 January	2,213,081	2,011,892	22,131	20,119
Open Offer	442,616	–	4,426	–
Rights Issue	–	201,189	–	2,012
At 31 December	<u>2,655,697</u>	<u>2,213,081</u>	<u>26,557</u>	<u>22,131</u>

## 19. RESERVES

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

	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	239,609	15,040	17,597	31,929	-	4,899	25,126	334,200
Profit for the year	-	-	-	-	-	-	30,535	30,535
Other comprehensive income								
Exchange differences								
- on translation of financial statements of overseas subsidiaries	-	15,845	-	-	-	-	-	15,845
- reclassification of translation reserve on deemed disposal of associates	-	(2,743)	-	-	-	-	-	(2,743)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	(11,160)	-	-	-	-	(11,160)
Share of other comprehensive income of associates	-	361	-	-	-	-	-	361
Total comprehensive income for the year	-	13,463	(11,160)	-	-	-	30,535	32,838
Transfer of distributable reserves	-	-	-	(31,929)	-	-	31,929	-
Deemed contribution from shareholders of the Company, net of related costs HK\$1,398,000	-	-	-	-	4,185	-	-	4,185
Rights issue, net of share issuance costs of HK\$1,273,000	26,893	-	-	-	-	-	-	26,893
Transfer to statutory reserve	-	-	-	-	-	3,298	(2,247)	1,051
At 31 December 2011 and 1 January 2012	266,502	28,503	6,437	-	4,185	8,197	85,343	399,167
Profit for the year	-	-	-	-	-	-	36,097	36,097
Other comprehensive income								
Exchange differences								
- on translation of financial statements of overseas subsidiaries	-	(512)	-	-	-	-	-	(512)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	(2,647)	-	-	-	-	(2,647)
Share of other comprehensive income of associates	-	240	-	-	-	-	-	240
Total comprehensive income for the year	-	(272)	(2,647)	-	-	-	36,097	33,178
Open Offer, net of share issuance costs of HK\$1,254,000	38,582	-	-	-	-	-	-	38,582
Transfer to statutory reserve	-	-	-	-	-	3,959	(2,862)	1,097
Dividend relating to 2011	-	-	-	-	-	-	(9,958)	(9,958)
<b>At 31 December 2012</b>	<b>305,084</b>	<b>28,231</b>	<b>3,790</b>	<b>-</b>	<b>4,185</b>	<b>12,156</b>	<b>108,620</b>	<b>462,066</b>

## 20. EVENT AFTER THE REPORTING PERIOD

### (a) Completion of Suzhou Disposal Agreement

- (i) On 4 January 2013, the Suzhou Disposal Agreement, as set out to in notes 1(e) and 10(a), was completed upon the delivery of the vacant possession of the Suzhou Disposal Properties to the Suzhou Land Purchaser. Expected net gain on the disposal amounted approximately to HK\$18,523,000 would be accounted for by the Group upon the Suzhou Disposal Completion in the year ending 31 December 2013.

HK\$'000

#### Net assets disposed of:

Net assets of discontinued operations and disposal group classified as held for sale at Suzhou Disposal Completion	33,413
Direct costs relating to the Suzhou Property Disposal	12,196
Expected net gain on disposal	18,523
	<hr/>
Consideration	64,132
	<hr/> <hr/>

- (ii) In accordance with the Suzhou Disposal Agreement, the total consideration for the disposal is RMB52,000,000 (approximately HK\$64,132,000). As at 31 December 2012, RMB15,600,000 (approximately HK\$19,239,000) had been paid by the Suzhou Land Purchaser as deposits.

HK\$'000

#### Total cash consideration

Consideration received in cash up to 31 December 2012 ( <i>note 1(e)</i> )	19,239
Consideration received in cash after the Suzhou Disposal Completion on 4 January 2013	19,239
Consideration receivable within one year after the Suzhou Disposal Completion	25,654
	<hr/>
	64,132
	<hr/> <hr/>

### (b) Disposal of available-for-sale equity investments:

On 31 January 2013, the Company terminated the co-operative agreement dated 18 June 2010 for the participation into the development and establishment of an environmental sludge treatment project in Jiangsu, China, and disposed of the Group's 4% equity and shareholder's loan interests in Fair Industry Waste Recyclables Limited ("FIWRL") ("Termination Agreement") to the shareholder who is currently interested in 96% equity and shareholder's loan interests in FIWRL. Pursuant to the Termination Agreement, the Company disposed of all the Group's interests and rights in FIWRL and its project at a total consideration of HK\$1,943,120 which was equivalent to the carrying amount of the Group's investment as of 31 December 2012. There was no significant gain or loss arising from the disposal accounted for by the Group upon the completion.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

For the year ended 31 December 2012, the total revenue of Group's continuing operations was HK\$162,067,000 (2011: HK\$111,254,000) with the reclassification of the revenue from all manufacturing operations amounted to HK\$32,523,000 (2011: HK\$92,841,000) as discontinued operations. The total revenue of Group's continuing operations that comprised of the environmental treatment of industrial and medical wastes and the environmental sewage treatment and facility rental services in an eco-plating specialised zone continued to sustain growth in 2012 and the respective post-tax profit margin was slightly decreased.

In the year 2012, the overall profit attributable to owners of the Company was HK\$36,097,000, a rise of 18.2% from 2011. Equity attributable to owners of the Company as at 31 December 2012 amounted to HK\$488,623,000 (2011: HK\$421,298,000). Net asset value per share attributable to owners of the Company was HK\$0.19 as at 31 December 2012 (2011: HK\$0.20).

### **BUSINESS REVIEW**

#### **Industrial and Medical Wastes Integrated Treatment Services**

In 2012, the Group had collected for treatment in aggregate of approximately 23,014 metric tons of hazardous industrial waste, 7,086 metric tons of general industrial waste, and 3,070 metric tons of regulated medical waste collected from the subsidiaries of the Group in Zhenjiang, Yancheng and Taizhou compared to 19,678 metric tons, 5,074 metric tons, and 3,758 metric tons respectively in 2011.

The tank truck cleansing service centre of the Group in Zhenjiang had serviced 1,199 truck-times in 2012, a rise of 40.9% compared to 2011. The nitrile rubber recycling centre established in Zhenjiang had handled approximately 750 metric tons of synthetic scrap plastics in 2012 that was similar to 2011.

The subsidiary in the Xiangshui County of Yancheng for industrial waste treatment operations is still under construction at the site selected and is expected to put into trial production by the end of the second quarter of 2013.

The associated entity in Zhenjiang operating an industrial dangerous waste landfill has been put into trial operation since December 2012.

The newly established associated entity in the Dafeng City of Yancheng for industrial and medical wastes integrated treatment operations has been put into trial operation since early 2013.

For the year ended 31 December 2012, by business segment, the segment profit margin of the Group's waste integrated treatment services was 36.3% (2011: 41.7%)

### **Eco-plating Specialised Zone**

As at 31 December 2012, in the Eco-plating Specialised Zone, a 5-storey integrated office building with a total gross area of approximately 4,400 square metres, a centralised plating sewage treatment plant with a total gross area of approximately 3,100 square metres, and nineteen industrial buildings with a total gross floor area of approximately 84,000 square metres were built. The average utilisation rate of the industrial buildings was approximately 70% in 2012. The centralised plating sewage treatment system in Eco-plating Specialised Zone had a maximum capacity to handle 1,500,000 metric tons of plating sewage treatment per annum and handled approximately 371,600 metric tons of plating sewage discharged from the occupants for the year ended 31 December 2012 (2011: 271,500 metric tons). In the zone, there is a plating sludge treatment and resource re-utilisation plant has been under construction and expected to be completed in early 2013 with a complete-innocuity capacity to handle 2,500 metric tons of plating sludge treatment per annum and 2,500 metric tons of electroplating liquid per annum.

For the year ended 31 December 2012, the profit margin of the Group's operations for the Eco-plating Specialised Zone was 11.2% (2011: 31.9%)

### **Manufacturing Operations**

On 3 July 2012, Suzhou New Universe, a 97% indirectly owned subsidiary of the Company, entered into an agreement to sell its land, buildings and ancillary structures at an aggregate consideration of RMB52,000,000 (approximately HK\$64,132,000). After entering into the Suzhou Disposal Agreement, Suzhou New Universe commenced scaling down and finally closed down all its operations in 2012. The completion of the Suzhou Disposal Agreement took place on 4 January 2013 upon the delivery of vacant possession of the land, buildings and ancillary structures to the purchaser. The operations of Suzhou New Universe that comprised of (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials, were classified as discontinued operations upon entering into the Suzhou Disposal Agreement.

For the year ended 31 December 2012, the average margin of the discontinued operations that comprised plastic injection mold sale, plastic product sale and plastic trading recorded a loss (2011: average profit margin at 0.1%).

The Group keeps holding the equity interests in three manufacturing entities principally engaged in plastic materials dyeing as strategic equity investments. For the year ended 31 December 2012, the profit margins of Suzhou New Huamei Plastics Co., Limited ("Suzhou New Huamei"), Danyang New Huamei Plastics Co., Limited ("Danyang New Huamei") and Qingdao Huamei Plastics Co., Limited ("Qingdao Huamei") that engaged in plastic material dyeing business in China were 3.9%, 1.7% and 2.0% respectively (2011: 3.2%, 1.5% and 2.1% respectively).

### **Fund Raising Exercise**

On 13 December 2012, the Company completed the Open Offer to raise approximately HK\$44,262,000 (before share issuance expenses of approximately HK\$1,254,000) by the issuance of 442,616,169 offer shares. HK\$41,817,000 of the subscription monies payable by NUEL for the Open Offer was directly off set loans due by the Company to NUEL pursuant to a deed of capitalisation, and the balance of the proceeds from the open offer amounted to HK\$2,445,000 received in cash from other shareholders was used as working capital of the Company after payment of the related share issuance expenses. The debt gearing ratio of the Company was reduced after the completion of the Open Offer.

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

In 2011, the Group appointed PRC lawyers to pursue for the full settlement of balance consideration in relation to the disposal of the Zhenjiang Dock Project. In January 2012, legal actions were instituted against the purchaser and the guarantors for recovery of the balance of consideration together with claims for compensation in relation to the disposal of the Zhenjiang Dock Project. On 30 March 2012, first hearing with the presence of all relevant parties was held at the Intermediate People's Court of Zhenjiang City, Jiangsu Province in the PRC.

On 7 September 2012, the Group obtained the judgement handed down by the Intermediate People's Court of Zhenjiang City, Jiangsu Province, which 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) had legal effect equivalent to PRC court judgement (the "Settlement Agreement"). Under the enforcement of the Settlement Agreement, the balance of consideration outstanding by the Defendants was fully settled, and compensation on interests and default charge on deferred and overdue consideration as confirmed by the PRC court should be settled by the Defendants by 12 monthly instalments commencing on October 2012, of which 5 instalments were settled up to the date of this announcement. Net compensation income (after deduction of litigation costs and related transaction costs) amounted approximately to HK\$9,420,000 was accounted for by the Group upon the time when the PRC court confirmed the Settlement Agreement.

## FINANCIAL REVIEW

### Summary of annual results

(Expressed in HK\$'000 unless indicated otherwise)

		Year ended		Change
	<i>Note</i>	31 December	2011	%
		2012	(restated)	
Revenue	1	<b>162,067</b>	111,254	+45.7
Average gross profit margin (in percentage)	2	<b>47.9</b>	51.9	-7.7
Other revenue	3	<b>8,647</b>	7,952	+8.7
Other net income	4	<b>1,147</b>	4,998	-77.1
Distribution and selling expenses	5	<b>5,527</b>	3,694	+49.6
Administrative expenses	6	<b>27,163</b>	24,699	+10.0
Other operating expenses	7	<b>8,018</b>	6,103	+31.4
Finance costs	8	<b>4,813</b>	2,816	+70.9
Share of net profits of associates	9	<b>604</b>	1,100	-45.1
Income tax	10	<b>8,900</b>	5,116	+74.0
Net profit for the year	11	<b>42,667</b>	35,219	+21.1
Profit attributable to owners of the Company for the year	11	<b>36,097</b>	30,535	+18.2
Basic and diluted EPS (HK cents)		<b>1.61</b>	1.46	+10.3

## Summary of quarterly results

	Note	Q1 2012 HK\$'000	Q2 2012 HK\$'000	Q3 2012 HK\$'000	Q4 2012 HK\$'000	Total 2012 HK\$'000
<b>Continuing operations</b>						
Revenue						
Environmental waste treatment services		18,072	23,582	31,133	37,700	110,487
Environmental industrial sewage treatment and facility rental services		11,176	12,456	14,405	13,543	51,580
	1	29,248	36,038	45,538	51,243	162,067
Other revenue	3	1,179	4,842	1,358	1,268	8,647
Other net income	4	82	450	473	142	1,147
Distribution and selling expenses	5	1,737	1,785	1,632	373	5,527
Administrative expenses	6	5,106	6,458	5,961	9,638	27,163
Other operating expenses	7	2,450	2,375	1,747	1,446	8,018
Finance costs	8	1,238	1,253	1,039	1,283	4,813
Share of profit/(loss) of associates	9	289	110	257	(52)	604
Income tax	10	1,585	1,117	4,654	1,544	8,900
Net profit for the year from continuing operations	11	2,381	10,791	8,342	12,035	33,549
Profit attributable to owners of the Company for the period from continuing operations	11	1,502	9,025	6,985	9,458	26,970
<b>Continuing operations</b>						
	Note	Q1 2011 HK\$'000 (restated)	Q2 2011 HK\$'000 (restated)	Q3 2011 HK\$'000 (restated)	Q4 2011 HK\$'000 (restated)	Total 2011 HK\$'000 (restated)
Revenue						
Environmental waste treatment services		13,414	19,232	18,081	23,439	74,166
Environmental industrial sewage treatment and facility rental services		3,369	8,360	9,811	15,548	37,088
	1	16,783	27,592	27,892	38,987	111,254
Other revenue	3	2,073	3,225	1,490	1,164	7,952
Other net income	4	646	864	1,294	2,194	4,998
Distribution and selling expenses	5	995	1,379	1,618	(298)	3,694
Administrative expenses	6	4,802	5,639	6,258	8,000	24,699
Other operating expenses	7	1,123	1,791	1,901	1,288	6,103
Finance costs	8	446	542	704	1,124	2,816
Share of profit of associates	9	67	424	479	130	1,100
Income tax	10	692	836	441	3,147	5,116
Net profit for the period from continuing operations	11	9,960	8,335	6,730	10,100	35,125
Profit attributable to owners of the Company for the period from continuing operations	11	8,817	7,014	5,534	9,079	30,444

Notes to summaries of annual and quarterly results for the year ended 31 December 2012 together with corresponding figures for 2011 being restated are as follows:

1. Net increase in total revenue for the year ended 31 December 2012 was mainly attributable to:
  - (i) increase in average processing unit price and increase in quantities of general industrial solid and semi-liquid waste collected for innocuity treatment and disposal; and
  - (ii) increase in average charging unit price in the eco-plating industrial zone.
2. Decrease in average gross profit margin of the Group for the year ended 31 December 2012 was mainly attributable to a general increase in direct costs of environmental related operations in Mainland China.
3. Net increase in other revenue for the year ended 31 December 2012 was mainly attributable to an increase in bank interest income and dividend income from available-for-sale equity investments.
4. Net decrease in other net income for the year ended 31 December 2012 was mainly attributable to no net gain on foreign exchange and no significant over-accrued expenses were recorded in current year.
5. Net increase in distribution and selling expenses for the year ended 31 December 2012 was mainly attributable to an increase in marketing expenses to enhance client networks for the environmental related operations of the Group in Mainland China.
6. Net increase in administrative expenses for the year ended 31 December 2012 was mainly attributable to an increase in administration staff costs.
7. Net increase in other operating expenses for the year ended 31 December 2012 was mainly attributable to:
  - (i) an increase in legal and professional expenses; and
  - (ii) net loss on foreign exchange was recorded in the current year.
8. Net increase in finance costs for the year ended 31 December 2012 was mainly attributable to an increase in bank borrowings of the Group to finance investments and capital expenditure on environmental waste treatment and re-utilisation operations in Jiangsu Province in current year.
9. Net decrease in profits shared from associates for the year ended 31 December 2012 was mainly attributable to:
  - (i) a decrease in profit shared from Qingdao Huamei which for the current year;
  - (ii) an increase in loss shared from Zhenjiang New District Solid Waste Disposal Co. Limited (鎮江新區固廢處置有限公司); and
  - (iii) a loss shared from newly established operations of Yancheng NUHF Environmental Technology Limited (鹽城新宇輝豐環保科技有限公司) (“Yancheng NUHF”).
10. Net increase in income tax for the year ended 31 December 2012 was mainly attributable to most PRC subsidiaries that engaged in the environmental related operations which were subject to standard PRC Enterprise Income Tax rate of 25% in the current year (2011: 12.5%) after the lapse of the first-two-year-exemption and following-three-year-half-exemption preferential tax benefits, except for Zhenjiang New Universe which will be taxed at 25% commencing 2013.

11. Net increase in net profit of the Group and the profit attributable to the Company's owners for the year ended 31 December 2012 was mainly attributable to:
- (i) net compensation through PRC court mediation claimed against the purchaser of the Zhenjiang Dock Project of approximately HK\$9,420,000 was recorded in 2012 as profits from discontinued operations;
  - (ii) a gain on deemed disposal of associates amounted to HK\$5,817,000 upon the completion of acquisition of additional 60% equity interest in NSIL on 17 February 2011 was recognised in 2011; and
  - (iii) profit after tax for continuing operations in current year was less than that for last year by 4.5% owing to increase in effective income tax rate for continuing operations in Mainland China in current year.

### Capital expenditure

For the year ended 31 December 2012, the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental waste treatment services amounted to HK\$14,526,000 (2011: HK\$37,109,000), (ii) for the environmental sewage treatment and facility rental services in an eco-plating specialised zone amounted to HK\$31,399,000 (2011: HK\$76,409,000), and (iii) for manufacturing operations comprised manufacturing of molds and plastics and trading plastic materials before being classified as discontinued operations amounted to HK\$168,000 (2011: HK\$1,505,000).

### Commitments

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

	<b>31 December 2012 HK\$'000</b>	31 December 2011 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment	<b>68,920</b>	78,243
Authorised but not contracted for:		
– Investment in available-for-sale equity investments	<b>3,664</b>	6,724
– Investment in associates	<b>3,700</b>	7,401
	<b><u>3,700</u></b>	<b><u>7,401</u></b>

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

According to the valuation report dated 18 March 2013 issued by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited (“Cushman & Wakefield”), the fair value attributable to the Group’s interests in the available-for-sale equity investments in Suzhou New Huamei and Danyang New Huamei as at 31 December 2012 was HK\$37,200,000 and HK\$15,800,000 respectively (31 December 2011: HK\$37,100,000 and HK\$18,800,000 respectively as revalued by BMI Appraisals Limited).

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. According to the valuation report dated 18 March 2013 prepared by Cushman & Wakefield, the fair value attributable to the Group’s interest in Qingdao Huamei as at 31 December 2012 was HK\$16,200,000 (31 December 2011: HK\$17,900,000 as revalued by BMI Appraisals Limited), and no impairment to the carrying amount of the associate was considered necessary for the current year.

For the year ended 31 December 2012, there was no significant change to the carrying amounts of the available-for-sale equity investments that were being stated at cost.

### **Impairment testing on goodwill**

According to the valuation report dated 18 March 2013 issued by an independent professional valuer, Cushman & Wakefield, after their review on the cash flows projection of the environmental entities of the Group comprising Zhenjiang New Universe, Yancheng New Universe Solid Waste Disposal Company Limited, and Taizhou New Universe Solid Waste Disposal Company Limited, no impairment to the carrying amount of the goodwill was considered necessary for the year ended 31 December 2012.

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

On 6 March 2012, the Group entered into a joint venture agreement (“JV Agreement”) 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 was established on 28 June 2012 with 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, which was fully paid up during the year ended 31 December 2012. Yancheng NUHF is accounted for as an associated company of the Group. Details of the JV Agreement are set out in the announcement dated 6 March 2012 of the Company.

On 3 July 2012, Suzhou New Universe entered into an agreement to sell its land, buildings and ancillary structures at an aggregate consideration of RMB52,000,000 (approximately HK\$64,132,000) and the completion of the Suzhou Disposal Agreement took place on 4 January 2013. Details of the Suzhou Disposal Agreement are set out in the announcement dated 11 July 2012 and circular dated 24 August 2012 of the Company.

Save as disclosed therein, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the year ended 31 December 2012.

### **Capital structure**

On 28 September 2012, the Company announced and proposed the Open Offer of 442,616,169 new shares at a subscription price of HK\$0.10 per Offer Share on the basis of one (1) right share for every five (5) shares held on the record date at 20 November 2012. The Company completed the Open Offer by issuing 442,616,169 Offer Shares on 13 December 2012. Details of the Open Offer are set out in the announcements of the Company dated 28 September 2012, 12 November 2012 and 12 December 2012, the circular dated 26 October 2012, the prospectus dated 21 November 2012.

Save as disclosed therein, there was no significant change to the capital structure of the Group as at 31 December 2012 compared to that as at 31 December 2011.

## Use of proceed from Open Offer

In 2012, the Company raised fund through the Open Offer, which became unconditional on 10 December 2012 and was completed on 13 December 2012. The dealings of the Offer Shares commenced on 14 December 2012. As at 31 December 2012, the net proceeds from the Open Offer approximately amounted to HK\$43 million were applied as follows:

Date of announcement	Date of prospectus	Fund raising activity	Net proceeds raised (approximately)	Intended use of net proceeds raised	Actual use of net proceeds raised
28 September 2012	21 November 2012	Open Offer	HK\$43 million	(i) Maximum of approximately HK\$44.26 million for capitalisation of loans due by the Company to NUEL to reduce debt gearing ratio of the Group; and  (ii) the Company to settle the related shares issuance costs of approximately HK\$1.45 million in cash from its current assets.	(i) Approximately HK\$41.81 million had been utilised for the capitalisation of loans due by the Company to NUEL to reduce debt gearing ratio of the Group; and  (ii) approximately HK\$1.19 million had been utilised as general working capital of the Company.

## Liquidity, financial resources and gearing

During the year ended 31 December 2012, the Group financed its operations with internally generated cash flows, banking facilities, loans from the related companies, NUEL and China (HK) Chemical & Plastics Co. Limited (“China (HK) Chemical”) and the Open Offer. The Group remained stable in its financial position with equity attributable to owners of the Company amounted to HK\$488,623,000 as at 31 December 2012 (31 December 2011: HK\$421,298,000) and total assets amounted to HK\$778,176,000 as at 31 December 2012 (31 December 2011: HK\$774,030,000).

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

	<b>31 December 2012 HK\$'000</b>	31 December 2011 HK\$'000
(i) Cash and bank balances		
– Continuing operations	<b>83,305</b>	128,542
– Discontinued operations	<b>27,907</b>	–
(ii) Available unused secured banking facilities		
– Continuing operations	<b>45,114</b>	–

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

	<b>31 December 2012 HK\$'000</b>	31 December 2011 HK\$'000
Current liabilities (excluding government grant, but including liabilities of the disposal group classified as held for sale)	<b>171,449</b>	159,796
Non-current liabilities (excluding government grant and deferred taxes)	<b>66,990</b>	142,712
Total debts	<b>238,439</b>	302,508
Less: cash and bank balances (including cash of discontinued operations)	<b>111,212</b>	128,542
Net debts	<b>127,227</b>	173,966
Total equity	<b>511,106</b>	442,844
Gearing ratio	<b>24.9%</b>	39.3%

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

### **Charges on assets**

The Group pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$53,147,000 (2011: HK\$64,775,000) and HK\$10,836,000 (2011: HK\$13,513,000) respectively to secure bank loans of approximately HK\$15,416,000 as at 31 December 2012 (2011: HK\$33,921,000) granted to the Group.

The Group also pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$42,575,000 (2011: Nil) and HK\$21,522,000 (2011: Nil) respectively to secure undrawn bank loan facilities of approximately HK\$45,114,000 as at 31 December 2012 (2011: Nil) available to the Group.

All equity interests in Fair Time International Limited (“Fair Time”) and Zhenjiang Sinotech Eco-electroplating Development Limited were pledged under fixed and floating charges to secure bank loans of HK\$30,035,000 (2011: HK\$57,304,000) as at 31 December 2012.

### **Exposure to fluctuations in exchange rates**

As most of the Group’s monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars, and US dollars, the exchange risks of the Group were considered to be minimal. For the year ended 31 December 2012, no related hedging had been arranged by the Group.

### **Contingent liabilities**

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

### **Employee information**

As at 31 December 2012, the Group had 239 (2011: 456) full-time employees, of which 16 (2011: 17) were based in Hong Kong, and 223 (2011: 439) in Mainland China. For the year ended 31 December 2012, staff costs, including Directors’ remuneration and amount capitalised as inventories was HK\$33,510,000 (2011: HK\$25,509,000) for the Group’s continuing operations and HK\$5,947,000 (2011: HK\$13,278,000) for the Group’s discontinued operations. 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 continued development and trainings.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 31 December 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 entered into the register pursuant to section 352 of the SFO, to be entered in the register referred 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 issued shares of the Company*

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	Interest of controlled corporation		
Mr. XI Yu *	-	-	1,871,823,656	1,871,823,656	70.48

*Note:*

\* Mr. XI Yu is the shareholder of 16,732 shares of US\$1.00 each in NUEL, representing 83.66% of the issued share capital of NUEL, which in turn beneficially interested in 1,871,823,656 shares of the Company, representing approximately 70.48% of the issued share capital of the Company.

**Associated corporation**

*Long positions in issued shares of NUEL*

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

Save as disclosed above, as at 31 December 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.

Save as disclosed herein, at no time during the year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its holding company a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

### **INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 31 December 2012, so far as is known to any director or the chief executive of the Company, the interests or short positions of any person, other than a director or the chief executive of the Company, in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

#### **Long positions in issued shares of the Company**

Name of shareholder	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Beneficial owner	Family interests	Interest of controlled corporation		
NUEL *	1,871,823,656	–	–	1,871,823,656	70.48

*Note:*

\* Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, all of whom are Directors of the Company, are directors of NUEL.

Save as disclosed above, as at 31 December 2012, the Directors of the Company were not aware of any other person who had an interest or short position in the shares and underlying shares 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 at the general meeting held on 10 December 2003 ("Share Option Scheme"), whereby the Directors of the Company are authorised, at their discretion, to invite employees of the Group, including Directors of any company in the Group, to take up options to subscribe for shares of the Company. The purpose of the scheme is to provide an opportunity for employees of the Group to acquire an equity participation in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The total number of securities available for issue under the Share Option Scheme as at 31 December 2012 was 182,589,168 shares of the Company which represented the existing scheme mandate limit given to the Directors to issue in aggregate not exceeding 182,589,168 ordinary shares of the Company having been refreshed by the Company's shareholders on 28 April 2008 and approved by the Stock Exchange on 23 May 2009.

As at the latest practicable date prior to the issue of this announcement, no option had been granted or outstanding under the Company's Share Option Scheme.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing from the approval of the scheme and ending on 9 December 2013, after which no further options will be granted.

## **CONNECTED TRANSACTIONS**

The following transactions between certain connected parties (as defined in the GEM Listing Rules) and the Company have been entered into for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 20 of the GEM Listing Rules:

### **1. Underwriting Agreement**

On 28 September 2012, the Board proposed the Open Offer to raise approximately HK\$44,261,616 before expenses by issuing 442,616,169 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 held on the record date. The Open Offer was fully underwritten by NUEL (as the underwriter) under an underwriting agreement dated 28 September 2012 to underwrite up to 151,884,693 offer shares ("Underwriting Agreement") other than the Offer Shares that would be provisionally allotted to and undertaken to be taken up by NUEL pursuant to an undertaking letter. Pursuant to the Underwriting Agreement, NUEL as the underwriter was called upon to subscribe for 127,434,798 untaken shares under the Open Offer. The Open Offer became unconditional on 10 December 2012.

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the announcement dated 28 September 2012 in relation to the Open Offer, the Open Offer is not subject to shareholders' approval under the GEM Listing Rules. Under the GEM Listing Rules, NUEL being the underwriter of the Open Offer is regarded as a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction under Chapter 20 of the GEM Listing Rules but are, pursuant to Rule 20.31(3)(c) of the GEM Listing Rules, exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Open Offer was carried out in compliance with Rule 10.42(1) of the GEM Listing Rules.

## **2. Deed of Capitalisation**

On 28 September 2012, at the time when the Open Offer was being announced by the Company, the Company also announced the deed dated 28 September 2012 entered into between the Company and New Sinotech Investments Limited ("NSIL") with NUEL in relation to the capitalisation of an amount up to the maximum amount of HK\$44,261,616.90 ("Capitalised Amount"), comprising of HK\$26,080,000 of loan due by the Company to NUEL and up to HK\$18,181,616.90 of loan due by NSIL to NUEL ("Deed of Capitalisation"). Pursuant to the Deed of Capitalisation, NUEL would apply the 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 under the Open Offer and not applied for by the qualifying shareholders under the excess application, on the terms but subject to the conditions of the Deed of Capitalisation.

The Deed of Capitalisation constitutes a connected transaction of the Company and is subject to the requirements under the GEM Listing Rules for announcement, circular and Independent Shareholders' approval. Accordingly, NUEL was then interested in 1,453,657,382 Shares, representing approximately 65.68% of the then issued share capital of the Company as at the date of the announcement dated 28 September 2012, abstained from voting on the resolution to approve the Deed of Capitalisation and the transactions contemplated thereunder at the extraordinary general meeting of the Company held on 12 November 2012 ("EGM").

Details of the Open Offer, the Underwriting Agreement, and the Deed of Capitalisation are set out in the announcement for the proposed Open Offer dated 28 September 2012, the circular for the Deed of Capitalisation dated 26 October 2012, and the prospectus for the Open Offer dated 21 November 2012 of the Company. Results of the EGM in relation to the ordinary resolution duly passed by majority of the independent shareholders (with NUEL abstained from voting) to approve the Deed of Capitalisation are set out in the announcement dated 12 November 2012 of the Company. Results of the Open Offer are set out in the announcement dated 12 December 2012 of the Company.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

As at 31 December 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:

1. Mr. XI Yu has provided personal guarantees, and New Universe Environmental Technologies (Jiang Su) Limited (“NUET(JS)”) and New Universe Holdings Limited (“NUHL”), both of which Mr. XI Yu and Ms. CHEUNG Sin Ling are directors of, have provided corporate guarantees in the following arrangements:
  - (i) 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, agreed to grant the loan facilities of up to US\$14,000,000 to Fair Time, which are guaranteed by Mr. XI Yu and NUHL. As at 31 December 2012, the outstanding loan is US\$3,875,000 (approximately HK\$30,035,000);
  - (ii) The Hongkong and Shanghai Banking Corporation Limited has pursuant to its letter dated 14 June 2011 and a renewed facility letter dated 13 April 2012, granted banking facilities of up to HK\$10,000,000 to NUET(JS), which are guaranteed by the Company and Mr. XI Yu, each up to a limit of HK\$10,000,000. As at 31 December 2012, the outstanding loan is HK\$9,375,000;
  - (iii) 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(JS). As at 31 December 2012, the outstanding loan is HK\$23,400,000;

- (iv) 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(JS), which were 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(JS), 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 31 December 2012, the outstanding loan is HK\$12,000,000; and
  - (v) 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(JS), which are guaranteed by the Company and Mr. XI Yu, each up to a limit of HK\$15,000,000. As at 31 December 2012, the outstanding loan is HK\$15,000,000.
2. Each of Mr. XI Yu and Ms. CHEUNG Siu Ling is a director of the landlord to both of the following tenancy agreements entered into by the Group as tenants:
- (i) A 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 subsidiary of NUHL which board of directors comprises Mr. XI Yu and Ms. CHEUNG Siu Ling) 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.
  - (ii) A tenancy agreement dated 8 December 2010 entered into between Smartech Services as tenant and Sun Ngai 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.

3. Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki beneficially holds 83.66%, 12.14% and 4.2% of the issued share capital of NUEL and are directors of NUEL. NUEL is a party to the following contracts and arrangements:
- (i) The deed of loan dated 17 February 2011 entered into between NUEL, NSIL, Smartech International Group Limited, Mr. CHAN Son Neng, and Fair Time, amongst others, in respect of an interest free loan due by NSIL to NUEL in the amount of approximately HK\$36,083,920.17, of which a maximum amount of HK\$18,181,616.90 would be novated to the Company pursuant to a novation deed (“Novation Deed”) and to be capitalised as contemplated under the Deed of Capitalisation. The Novation Deed was executed on 7 December 2012, pursuant to which loan due by NSIL to NUEL of HK\$15,736,627.40 was novated as loan due by the Company to NUEL.
  - (ii) The loan agreement dated 6 May 2011 entered into between the Company and NUEL in respect of an interest free loan for HK\$26,080,000 to be capitalised as contemplated under the Deed of Capitalisation.
  - (iii) The deed of indemnity dated 23 June 2011 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 the consideration under the disposal of the Group’s discontinued operation in relation to the dock project in Zhenjiang in full.
  - (iv) The Underwriting Agreement dated 28 September 2012.
  - (v) The Deed of Capitalisation dated 28 September 2012.
  - (vi) The Novation Deed dated 7 December 2012.
4. Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki is a director of China (HK) Chemical; and Mr. XI Yu and Ms. CHEUNG Siu Ling are directors NUHL, which holds 97% of the issued share capital of China (HK) Chemical. China (HK) Chemical is a party to a loan agreement dated 27 July 2012 with 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. The loan has been fully paid on 17 December 2012.

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

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

Neither the Company, nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2012.

## **CORPORATE GOVERNANCE**

The Board has applied the principles set out in the Corporate Governance Code (the "CG Code") in Appendix 15 of GEM Listing Rules. The Stock Exchange issued amendments to the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules effective on 1 April 2012 (the "New CG Code").

The Company had complied with all code provisions of the CG Code for the period from 1 January 2012 to 31 March 2012, and the code provisions of the New CG Code from the period from 1 April 2012 to 31 December 2012. On 19 March 2013, the Directors reviewed the corporate governance functions undertaken by the Board and confirmed they were not aware of any deviation from the CG Code and/or the New CG Code during the year ended 31 December 2012.

## **DIRECTORS' SECURITIES TRANSACTIONS**

During the year ended 31 December 2012, the Company had 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 had complied with or they were not aware of any non-compliance with the Required Standard of Dealing during the year ended 31 December 2012.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Pursuant to the Code Provision A.4.3 set out in the Appendix 15 of the GEM Listing Rules, each of Dr. CHAN Yan Cheong and Mr. YUEN Kim Hung, Michael serving as the Company's independent non-executive Directors for more than 9 years, the further appointment of them should be subject to a separate resolution to be approved by the shareholders at the forthcoming annual general meeting. The Board believes each of Dr. CHAN Yan Cheong and Mr. YUEN Kim Hung, Michael is still independent and proposes each of them to be re-elected at the forthcoming annual general meeting.

#### **REVIEW BY AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors of the Company, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2012.

#### **INDEPENDENT REVIEW**

This preliminary announcement of the Company's results for the year ended 31 December 2012 has been agreed with and reviewed by the Company's independent auditor, CCIF CPA Limited, as required by Rule 18.49 of the GEM Listing Rules.

#### **PROPOSED FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK\$0.0037 per share of the Company for the year ended 31 December 2012, representing approximately 27.2% of the profit attributable to owners of the Company and approximately 29.6% of the total comprehensive income attributable to owners of the Company, payable to the shareholders whose names appear on the register of members of the Company on 15 May 2013. Based on the number of issued shares of the Company as at 31 December 2012, this represents a total distribution of approximately HK\$9,826,000. Subject to the approval of the payment of the final dividend by the shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 6 May 2013, it is expected that the proposed final dividend will be paid on or before 31 July 2013.

#### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the forthcoming annual general meeting to be held on Monday, 6 May 2013. However, in order to qualify for attending and voting at the forthcoming annual general meeting, all transfers documents accompanied by the relevant share certificates must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 3 May 2013.

The register of members of the Company will be closed for the purpose of ascertaining the entitlement of shareholders of the Company to the proposed final dividend from Friday, 10 May 2013 to Wednesday, 15 May 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to the approval of shareholders of the Company at the forthcoming annual general meeting), all transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 9 May 2013.

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

Hong Kong, 19 March 2013

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](http://www.hkgem.com) for at least 7 days from the day of its posting and on the Company's website at [www.nuigl.com](http://www.nuigl.com).*