



## **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)

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013**

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

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**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of NEW UNIVERSE INTERNATIONAL GROUP LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **FINANCIAL HIGHLIGHTS**

- Total revenue of continuing operations for the six months ended 30 June 2013 increased by 29.1% to HK\$84,258,000 compared to HK\$65,286,000 for the corresponding period in 2012.
- Profit attributable to owners of the Company from continuing operations for the six months ended 30 June 2013 increased by 135.3% to HK\$24,796,000 compared to HK\$10,536,000 for the corresponding period in 2012.
- Profit attributable to owners of the Company from discontinued operations for the six months ended 30 June 2013 was approximately HK\$18,374,000 compared to a loss of HK\$302,000 for the corresponding period in 2012.
- Total earnings per share attributable to owners of the Company for the six months ended 30 June 2013 were HK cents 1.63 compared to HK cents 0.46 for the corresponding period in 2012.
- Equity attributable to owners of the Company was HK\$539,190,000 at 30 June 2013 versus HK\$488,623,000 at 31 December 2012.
- Cash and cash equivalents of the Group was approximately HK\$95,141,000 at 30 June 2013 compared to HK\$111,212,000 at 31 December 2012.
- The Board resolved not to declare a dividend for the six months ended 30 June 2013.

The board of Directors (the “Board”) of New Universe International Group Limited hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2013, and the comparative unaudited figures for the corresponding period in 2012.

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Three months ended 30 June		Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Continuing operations</b>					
Revenue	5	<b>46,335</b>	36,038	<b>84,258</b>	65,286
Cost of sales		<b>(21,972)</b>	(17,660)	<b>(41,103)</b>	(33,962)
Gross profit		<b>24,363</b>	18,378	<b>43,155</b>	31,324
Other revenue	6	<b>4,820</b>	4,842	<b>5,234</b>	6,021
Other net income	7	<b>6,320</b>	450	<b>6,463</b>	532
Distribution and selling expenses		<b>(2,038)</b>	(1,785)	<b>(3,908)</b>	(3,522)
Administrative expenses		<b>(7,295)</b>	(6,458)	<b>(13,416)</b>	(11,564)
Other operating expenses		<b>(2,352)</b>	(2,375)	<b>(3,883)</b>	(4,825)
Profit from operations		<b>23,818</b>	13,052	<b>33,645</b>	17,966
Finance costs	8	<b>(894)</b>	(1,253)	<b>(1,920)</b>	(2,491)
Share of profits of associates		<b>3,764</b>	110	<b>3,558</b>	399
Profit before taxation		<b>26,688</b>	11,909	<b>35,283</b>	15,874
Income tax	9	<b>(4,296)</b>	(1,117)	<b>(7,026)</b>	(2,702)
Profit for the period from continuing operations		<b>22,392</b>	10,792	<b>28,257</b>	13,172
<b>Discontinued operations</b>					
Profit/(loss) for the period from discontinued operations	10	<b>(172)</b>	(473)	<b>18,374</b>	(302)
<b>Profit for the period</b>	11	<b>22,220</b>	10,319	<b>46,631</b>	12,870
<b>Profit attributable to:</b>					
Owners of the Company		<b>20,116</b>	8,567	<b>43,170</b>	10,234
Non-controlling interests		<b>2,104</b>	1,752	<b>3,461</b>	2,636
		<b>22,220</b>	10,319	<b>46,631</b>	12,870

	<i>Note</i>	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit attributable to owners of the Company arising from:</b>					
Continuing operations		<b>20,288</b>	9,040	<b>24,796</b>	10,536
Discontinued operations		<b>(172)</b>	(473)	<b>18,374</b>	(302)
		<u><b>20,116</b></u>	<u>8,567</u>	<u><b>43,170</b></u>	<u>10,234</u>
<b>Earnings per share from continuing and discontinued operations attributable to the owners of the Company during the period (expressed in HK cents per share)</b>					
<b>Basic and diluted</b>	13				
From continuing operations		<b>0.77</b>	0.40	<b>0.94</b>	0.47
From discontinued operations		<b>(0.01)</b>	(0.02)	<b>0.69</b>	(0.01)
		<u><b>0.76</b></u>	<u>0.38</u>	<u><b>1.63</b></u>	<u>0.46</u>

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

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period</b>	<b>22,220</b>	10,319	<b>46,631</b>	12,870
<b>Other comprehensive income:</b>				
Translation differences				
– on translation of financial statements of overseas subsidiaries	<b>6,338</b>	(2,845)	<b>8,296</b>	(2,847)
– on translation of financial statements of overseas associates	<b>578</b>	(60)	<b>756</b>	(60)
– release of translation reserve upon deemed disposal of an associate	<b>(1,118)</b>	–	<b>(1,118)</b>	–
Fair value changes on available-for-sale equity investments, net of deferred tax charge of HK\$Nil (2012: HK\$110,000)	<b>(900)</b>	90	–	990
Other comprehensive income for the period, net of tax	<b>4,898</b>	(2,815)	<b>7,934</b>	(1,917)
<b>Total comprehensive income for the period</b>	<b>27,118</b>	7,504	<b>54,565</b>	10,953
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>24,587</b>	5,879	<b>50,567</b>	8,444
Non-controlling interests	<b>2,531</b>	1,625	<b>3,998</b>	2,509
	<b>27,118</b>	7,504	<b>54,565</b>	10,953
<b>Total comprehensive income attributable to owners of the Company arising from:</b>				
Continuing operations	<b>24,653</b>	6,279	<b>31,878</b>	8,681
Discontinued operations	<b>(66)</b>	(400)	<b>18,689</b>	(237)
	<b>24,587</b>	5,879	<b>50,567</b>	8,444

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2013 (unaudited) <i>HK\$'000</i>	31 December 2012 (audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	14	356,450	342,740
Prepaid lease payments	15	96,342	97,159
Goodwill	16	33,000	33,000
Interests in associates	17	42,935	46,711
Available-for-sale equity investments	18	66,420	55,026
		<b>595,147</b>	<b>574,636</b>
<b>Current assets</b>			
Inventories		1,316	1,187
Trade and bills receivables	19	47,038	41,234
Prepayments, deposits and other receivables	20	40,645	22,102
Dividend receivables		4,092	–
Prepaid lease payments	15	2,693	2,658
Deposits with banks (maturity over 3 months)		2,536	–
Cash and cash equivalents		95,141	83,305
		<b>193,461</b>	<b>150,486</b>
Assets of disposal group classified as held for sale	10(b)	–	53,054
		<b>193,461</b>	<b>203,540</b>
<b>Current liabilities</b>			
Interest-bearing bank borrowings	21	69,314	92,872
Trade payables	22	871	1,087
Accrued liabilities and other payables		65,497	48,401
Deposits received from customers		1,048	1,449
Deferred government grant	23	274	269
Income tax payable		4,104	2,999
Amount due to ultimate holding company	24	5,000	5,000
		<b>146,108</b>	<b>152,077</b>
Liabilities of disposal group classified as held for sale	10(b)	–	19,641
		<b>146,108</b>	<b>171,718</b>
<b>Net current assets</b>		<b>47,353</b>	<b>31,822</b>
<b>Total assets less current liabilities</b>		<b>642,500</b>	<b>606,458</b>

		<b>30 June 2013 (unaudited) HK\$'000</b>	31 December 2012 (audited) HK\$'000
	<i>Note</i>		
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings	21	<b>4,593</b>	12,354
Deferred government grant	23	<b>6,342</b>	3,124
Deferred tax liabilities		<b>24,967</b>	25,238
Amount due to ultimate holding company	24	<b>40,927</b>	54,636
		<u><b>76,829</b></u>	<u>95,352</u>
<b>Net assets</b>		<u><b>565,671</b></u>	<u>511,106</u>
<b>Capital and reserves</b>			
Share capital	25	<b>26,557</b>	26,557
Reserves	26	<b>512,633</b>	462,066
		<u><b>539,190</b></u>	<u>488,623</u>
Equity attributable to owners of the Company		<b>539,190</b>	488,623
Non-controlling interests		<b>26,481</b>	22,483
		<u><b>565,671</b></u>	<u>511,106</u>
<b>Total equity</b>		<u><b>565,671</b></u>	<u>511,106</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)**

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Translation reserve	Investment revaluation reserve	Capital reserve	Statutory reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	26,557	305,084	28,231	3,790	4,185	12,156	108,620	488,623	22,483	511,106
Profit for the period	-	-	-	-	-	-	43,170	43,170	3,461	46,631
Other comprehensive income	-	-	7,397	-	-	-	-	7,397	537	7,934
Total comprehensive income	-	-	7,397	-	-	-	43,170	50,567	3,998	54,565
<b>At 30 June 2013</b>	<b>26,557</b>	<b>305,084</b>	<b>35,628</b>	<b>3,790</b>	<b>4,185</b>	<b>12,156</b>	<b>151,790</b>	<b>539,190</b>	<b>26,481</b>	<b>565,671</b>
At 1 January 2012	22,131	266,502	28,503	6,437	4,185	8,197	85,343	421,298	21,546	442,844
Profit for the period	-	-	-	-	-	-	10,234	10,234	2,636	12,870
Other comprehensive income	-	-	(2,780)	990	-	-	-	(1,790)	(127)	(1,917)
Total comprehensive income	-	-	(2,780)	990	-	-	10,234	8,444	2,509	10,953
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(75)	(75)
Dividend relating to 2011	-	-	-	-	-	-	(9,958)	(9,958)	-	(9,958)
<b>At 30 June 2012</b>	<b>22,131</b>	<b>266,502</b>	<b>25,723</b>	<b>7,427</b>	<b>4,185</b>	<b>8,197</b>	<b>85,619</b>	<b>419,784</b>	<b>23,980</b>	<b>443,764</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)**

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2013 HK\$'000</b>	<b>2012 HK\$'000</b>
<b>Operating activities</b>			
Net cash generated from operating activities including discontinued operations		<u>16,972</u>	<u>12,102</u>
<b>Investing activities</b>			
Acquisition of additional interest in a subsidiary		–	(296)
Increase in available-for-sale equity investments		(237)	–
Proceeds from disposal of available-for-sale equity investments		1,943	–
Purchases of property, plant and equipment		(17,584)	(46,967)
Proceeds from disposal of property, plant and equipment		1	447
Net receipt of consideration receivable in relation to disposal of Zhenjiang Dock Project in prior year		–	24,705
Receipt of compensation on legal actions against purchaser of subsidiaries disposed of in prior year		6,277	–
Receipt of government grant		3,271	247
Net proceeds from disposal of Suzhou Disposal Properties constituting discontinued operations	10(c)	<u>19,239</u>	<u>–</u>
Net cash generated from/(used in) investing activities		<u>12,910</u>	<u>(21,864)</u>
<b>Financing activities</b>			
Dividends paid		–	(9,941)
Proceeds from bank loan raised		–	13,135
Repayment of bank loans		(31,319)	(50,278)
Proceeds of borrowings from a related company		5,000	26,425
Repayment of borrowings to a related company		(5,000)	(9,794)
Repayment of borrowings to ultimate holding company		(13,973)	–
Capital contribution from non-controlling shareholders		–	222
Dividends paid to non-controlling shareholders		(1,344)	–
Net cash used in financing activities		<u>(46,636)</u>	<u>(30,231)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(16,754)</b>	<b>(39,993)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>111,212</b>	<b>128,542</b>
Effect of foreign exchange rate changes		<u>683</u>	<u>(206)</u>
<b>Cash and cash equivalents at 30 June</b>		<b><u>95,141</u></b>	<b><u>88,343</u></b>
<b>Represented by:</b>			
Continuing operations		95,141	82,525
Discontinued operations		–	5,818
		<u>95,141</u>	<u>88,343</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2013*

### 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 registered office of the Company is at 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 unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) that 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 statements in HK\$, that 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) environmental plating sewage treatment services and provision of facilities in an eco-plating specialised zone; and
  - (iii) 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) had been 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 entering into the Suzhou Disposal Agreement, the Group discontinued 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. The Suzhou Property Disposal was 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 were 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”, details of the discontinued operations are referred to in note 10 to these condensed consolidated financial statements.

## **2. BASIS OF PREPARATION**

These condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The condensed consolidated financial statement should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2012, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

## **3. PRINCIPAL ACCOUNTING POLICIES**

These condensed consolidated financial statements have been prepared on the historical cost basis except for certain available-for-sale equity investments, which are stated at fair values. The accounting policies used in these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, all the new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period. The application of these new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements, except as stated below.

### **Amendments to HKAS 1 “Presentation of financial statements”**

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (i) items that will not be reclassified subsequently to profit or loss; and (ii) items that may be reclassified subsequently to profit or loss. The amendments have been applied retrospectively. The adoption of Amendments to HKAS 1 has no significant impact on the Group’s results and financial position.

### **HKFRS 13 “Fair value measurement”**

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim condensed consolidated financial statements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the fair value measurement requirements prospectively. The Group has provided these disclosures in note 29. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group’s assets and liabilities.

#### 4. SEGMENT INFORMATION

##### (a) Segment revenue, results, assets and liabilities

Information regarding the Group's reportable segments for the period under review is as follows:

##### *Continuing operations*

*For the six months ended 30 June 2013*

	Operating segments			Total HK\$'000
	Environmental waste treatment services HK\$'000	Industrial waste treatment and facility rental services HK\$'000	Plastic dyeing investments HK\$'000	
Revenue from external customers	56,320	27,938	–	84,258
Other revenue	609	140	4,485	5,234
Reportable segment revenue	56,929	28,078	4,485	89,492
Reportable segment results	24,703	4,261	10,420	39,384
Other net income	–	291	–	291
Interest income	519	128	–	647
Interest expenses	984	672	–	1,656
Depreciation	4,751	5,061	–	9,812
Amortisation	230	977	–	1,207
Reportable segment assets	292,530	370,012	70,381	732,923
Additions to non-current segment assets	8,473	8,626	–	17,099
Reportable segment liabilities	73,750	111,438	310	185,498

**Continuing operations**

For the six months ended 30 June 2012

	Operating segments			Total HK\$'000
	Environmental waste treatment services HK\$'000	Industrial waste treatment and facility rental services HK\$'000	Plastic dyeing investments HK\$'000	
Revenue from external customers	41,654	23,632	–	65,286
Other revenue	1,740	1,279	2,962	5,981
Reportable segment revenue	43,394	24,911	2,962	71,267
Reportable segment results	16,147	2,419	3,713	22,279
Other net income	380	152	–	532
Interest income	418	698	–	1,116
Interest expenses	1,006	1,485	–	2,491
Depreciation	4,447	4,767	–	9,214
Amortisation	229	975	–	1,204
Reportable segment assets	234,195	362,871	68,418	665,484
Additions to non-current segment assets	33,531	13,268	–	46,799
Reportable segment liabilities	37,986	230,513	673	269,172

**(b) Reconciliation of reportable segment revenue and results**

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
<b>Continuing operations</b>		
<b>Revenue</b>		
Consolidated Revenue	84,258	65,286
Elimination of inter-segment revenue	–	–
Other revenue	5,234	5,981
Reportable segment revenue	89,492	71,267
<b>Continuing operations</b>		
<b>Profit</b>		
Reportable segment profit	39,384	22,279
Unallocated head office and corporate expenses	(4,101)	(6,405)
Consolidated profit before taxation	35,283	15,874

(c) **Reconciliation of reportable segment assets and liabilities**

	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	<b>732,923</b>	708,288
Assets of disposal group classified as held for sale	–	53,054
Unallocated head office and corporate assets	<b>55,685</b>	16,834
	<hr/>	<hr/>
Consolidated total assets	<b>788,608</b>	778,176
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Reportable segment liabilities	<b>185,498</b>	241,318
Liabilities of disposal group classified as held for sale	–	19,641
Unallocated head office and corporate liabilities	<b>37,439</b>	6,111
	<hr/>	<hr/>
Consolidated total liabilities	<b>222,937</b>	267,070
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(d) **Geographical information**

Reportable segment revenue of the Group based on geographical location of customers is analysed as follows:

	<b>Six months</b>	
	<b>ended 30 June</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Hong Kong	–	–
Mainland China	<b>89,492</b>	71,267
	<hr/>	<hr/>
	<b>89,492</b>	71,267
	<hr/> <hr/>	<hr/> <hr/>

## 5. REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>				
Environmental waste treatment service income	<b>31,565</b>	23,582	<b>56,320</b>	41,654
Industrial sewage treatment and facility rental services income	<b>14,770</b>	12,456	<b>27,938</b>	23,632
	<b>46,335</b>	36,038	<b>84,258</b>	65,286
<b>Discontinued operations</b>				
Sale of molds, plastic products and plastic materials	–	16,876	–	32,523
	<b>46,335</b>	52,914	<b>84,258</b>	97,809

## 6. OTHER REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>				
Bank interest income	<b>288</b>	777	<b>647</b>	1,116
Dividend income from available-for-sale equity investments	<b>4,485</b>	2,962	<b>4,485</b>	2,962
Scrap sales	<b>47</b>	1,103	<b>102</b>	1,943
	<b>4,820</b>	4,842	<b>5,234</b>	6,021
<b>Discontinued operations</b>				
Bank interest income	<b>1</b>	4	<b>31</b>	11
	<b>4,821</b>	4,846	<b>5,265</b>	6,032

## 7. OTHER NET INCOME

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Continuing operations</b>				
Governmental grant	69	68	136	135
Net gain on deemed disposal of an associate (Note 17)	6,128	–	6,128	–
Sundry	123	382	199	397
	<u>6,320</u>	<u>450</u>	<u>6,463</u>	<u>532</u>
<b>Discontinued operations</b>				
Net gain on disposal of Suzhou Disposal Properties (Note 10(a))	–	–	18,685	–
Sundry	–	46	–	47
	<u>–</u>	<u>46</u>	<u>18,685</u>	<u>47</u>
	<u><b>6,320</b></u>	<u>496</u>	<u><b>25,148</b></u>	<u>579</u>

## 8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Continuing operations</b>				
Interest on				
Bank borrowings wholly repayable within 5 years	718	939	1,581	1,938
Borrowings from a related party wholly repayable within 5 years	–	143	–	210
Borrowings from ultimate holding company wholly repayable within 5 years	101	171	264	343
Other borrowings wholly repayable within 5 years	75	–	75	–
	<u>894</u>	<u>1,253</u>	<u>1,920</u>	<u>2,491</u>
<b>Discontinued operations</b>				
Interest on				
Bank borrowings wholly repayable within 5 years	–	146	–	354
	<u>894</u>	<u>1,399</u>	<u>1,920</u>	<u>2,845</u>

## 9. INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Continuing operations</b>				
Current tax:				
PRC Income Tax	4,595	2,482	7,461	4,203
Over-provision in prior periods	(163)	(1,229)	(163)	(1,229)
	<u>4,432</u>	<u>1,253</u>	<u>7,298</u>	<u>2,974</u>
Deferred tax	(136)	(136)	(272)	(272)
	<u>4,296</u>	<u>1,117</u>	<u>7,026</u>	<u>2,702</u>
<b>Discontinued operations</b>				
Current tax:				
PRC Income Tax	–	–	–	–
Under/(over) provision in prior periods	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>4,296</u>	<u>1,117</u>	<u>7,026</u>	<u>2,702</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% (2012: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax was made, as the Group did not have any assessable profits arising in Hong Kong for the period.

The subsidiaries of the Company in the PRC are subject to the PRC enterprise income tax (“EIT”) at a rate of 25% (2012: 25%), except for the subsidiary, Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), which was exempt from EIT for 2 years commenced from 1 January 2008, followed by a 50% reduction for the then next 3 years. Accordingly, the tax rate for Zhenjiang New Universe was 12.5% for 3 years ended 31 December 2012, but at 25% commencing 1 January 2013.

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

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Continuing operations</b>		
Profit before taxation	<b>35,283</b>	15,874
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	<b>8,255</b>	4,439
Tax effect of expenses not deductible for tax purpose	<b>633</b>	33
Tax effect of income not taxable for tax purpose	<b>(2,579)</b>	(589)
Tax effect of tax losses not recognised	<b>1,276</b>	1,399
Tax effect of tax losses utilised	<b>(124)</b>	–
Over provision in relation to prior years	<b>(163)</b>	(1,229)
Tax effect of temporary differences recognised	<b>(272)</b>	(272)
Tax effect of tax exemption in PRC	<b>–</b>	(1,079)
Income tax for the period	<b>7,026</b>	2,702

**10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP**

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Discontinued operations</b>				
Profit/(loss) for the period from Suzhou New Universe and related operations:				
– Sale of molds, plastic products and plastic materials	<b>(172)</b>	(473)	<b>18,374</b>	(302)

As referred to in note 1(e) to these condensed consolidated financial statements, after entering into the Suzhou Disposal Agreement, the Directors of the Company 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 have been classified as a disposal group held for sale of the Company. 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 Suzhou Disposal Agreement was completed on 4 January 2013.

- (a) The results of the discontinued operations and disposal group for the six months ended 30 June 2013, which have been included in the consolidated income statement, were as follows:

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Discontinued operations</b>				
Revenue	–	16,876	–	32,523
Cost of sales	–	(15,651)	–	(29,561)
Gross profit	–	1,225	–	2,962
Other revenue	1	4	31	11
Other net income				
– Net gain on disposal of Suzhou Disposal Properties	–	–	18,685	–
– Sundry	–	46	–	47
Distribution and selling expenses	–	(429)	–	(791)
Administrative expenses	(164)	(914)	(290)	(1,828)
Other operating expenses	(9)	(259)	(52)	(349)
Finance costs	–	(146)	–	(354)
Profit/(loss) before taxation	(172)	(473)	18,374	(302)
Income tax	–	–	–	–
Profit/(loss) for the period	(172)	(473)	18,374	(302)
Other comprehensive income				
Translation differences on translation of financial statements	106	68	315	65
Total comprehensive income for the period	(66)	(405)	18,689	(237)
<b>Profit from discontinued operations attributable to:</b>				
Owners of the Company	(172)	(468)	18,374	(302)
Non-controlling interests	–	(5)	–	–
	(172)	(473)	18,374	(302)
<b>Total comprehensive income from discontinued operations attributable to:</b>				
Owners of the Company	(66)	(400)	18,689	(237)
Non-controlling interests	–	(5)	–	–
	(66)	(405)	18,689	(237)

- (b) The major classes of assets and liabilities of the discontinued operations and disposal group classified as held for sale as at 30 June 2013 in relation to Suzhou New Universe and related operations, which was presented separately in the condensed consolidated financial statements, are as follows:

	<b>30 June 2013 (unaudited) HK\$'000</b>	31 December 2012 (audited) HK\$'000
<b>Assets</b>		
Property, plant and equipment	–	11,149
Prepaid lease payments	–	2,383
Prepayments, deposits and other receivables	–	11,615
Cash and cash equivalents	–	27,907
	<hr/>	<hr/>
Assets of disposal group classified as held for sale	–	53,054
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Accrued liabilities and other payables	–	402
Deposits received from purchaser of Suzhou Disposal Properties	–	19,239
	<hr/>	<hr/>
Liabilities of disposal group classified as held for sale	–	19,641
	<hr/> <hr/>	<hr/> <hr/>
<b>Net assets of disposal group classified as held for sale</b>	–	33,413
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Six months ended 30 June</b>	
	<b>2013 HK\$'000</b>	2012 HK\$'000
<b>Discontinued operations</b>		
Net cash used in operating activities	(21)	(5,818)
Net cash generated from investing activities	19,239	–
	<hr/>	<hr/>
Net cash generated from/(used in) discontinued operations	19,218	(5,818)
	<hr/> <hr/>	<hr/> <hr/>

## 11. PROFIT FOR THE PERIOD

Profit for the period was arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Continuing operations</b>				
Cost of sales				
– Cost of services rendered	<b>21,972</b>	17,660	<b>41,103</b>	33,962
Depreciation of property, plant and equipment	<b>4,978</b>	4,618	<b>9,821</b>	9,214
Amortisation of land lease prepayments	<b>605</b>	602	<b>1,207</b>	1,204
<b>Discontinued operations</b>				
Depreciation of property, plant and equipment	–	1,011	–	2,021
Amortisation of land lease prepayments	–	15	–	30

## 12. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

## 13. 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\$43,170,000 for the six months ended 30 June 2013 (2012: HK\$10,234,000) and the weighted average number of 2,655,697,018 (2012: 2,213,080,849) ordinary shares of the Company in issue during the period.

### (a) Profit attributable to owners of the Company:

	Three months ended 30 June		Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
From continuing operations	<b>20,288</b>	9,040	<b>24,796</b>	10,536
From discontinued operations	<b>(172)</b>	(473)	<b>18,374</b>	(302)
Earnings for the purpose of basic and diluted earnings per share	<b>20,116</b>	8,567	<b>43,170</b>	10,234

(b) **Weighted average number of ordinary shares:**

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2013</b>	2012	<b>2013</b>	2012
Total number of ordinary shares in issue at the end of the period	<b><u>2,655,697,018</u></b>	<u>2,213,080,849</u>	<b><u>2,655,697,018</u></b>	<u>2,213,080,849</u>
Weighted average number of ordinary shares in issue during the period	<b><u>2,655,697,018</u></b>	<u>2,213,080,849</u>	<b><u>2,655,697,018</u></b>	<u>2,213,080,849</u>

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

**14. PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment are analysed as follows:

	<b>2013</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Net carrying amount at 1 January</b>	<b>342,740</b>	343,487
Additions		
– continuing operations	<b>17,584</b>	46,799
– discontinued operations	–	168
Disposals		
– continuing operations	<b>(1,069)</b>	(841)
Depreciation		
– charge for the period in relation to continuing operations	<b>(9,821)</b>	(9,214)
– charge for the period in relation to discontinued operations	–	(2,021)
– eliminated on disposals in relation to continuing operations	<b>1,061</b>	172
Exchange adjustments	<b>5,955</b>	(1,929)
Transfer to disposal group classified as held for sale	–	(24,756)
<b>Net carrying amount at 30 June</b>	<b><u>356,450</u></b>	<u>351,865</u>

As at 30 June 2013, certain property, plant and equipment of the Group with an aggregate carrying amount of approximately HK\$94,309,000 (31 December 2012: HK\$95,722,000) were pledged to secure banking facilities granted to the Group.

## 15. PREPAID LEASE PAYMENTS

Movements in prepaid lease payments are analysed as follows:

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Net carrying amount at 1 January</b>	<b>99,817</b>	104,643
Amortisation		
– charge for the period in relation to continuing operations	<b>(1,207)</b>	(1,204)
– charge for the period in relation to discontinued operations	–	(30)
Exchange adjustments	<b>425</b>	(139)
Transfer to disposal group classified as held for sale	–	(2,371)
	<hr/>	<hr/>
<b>Net carrying amount at 30 June</b>	<b>99,035</b>	100,899
	<hr/> <hr/>	<hr/> <hr/>
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Classification of prepaid lease payments:</b>		
Non-current assets	<b>96,342</b>	97,159
Current assets	<b>2,693</b>	2,658
	<hr/>	<hr/>
	<b>99,035</b>	99,817
	<hr/> <hr/>	<hr/> <hr/>

Prepaid lease payments are payments for land use rights held by the Group in Jiangsu Province, PRC, which are under medium term leases from 40 to 44 years as at 30 June 2013.

As at 30 June 2013, certain land use rights of the Group with an aggregate carrying amount of approximately HK\$32,387,000 (31 December 2012: HK\$32,358,000) were pledged to secure banking facilities granted to the Group.

## 16. GOODWILL

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Net carrying amount at 1 January</b>	<b>33,000</b>	33,000
Impairment loss	–	–
	<hr/>	<hr/>
<b>Net carrying amount at 30 June</b>	<b>33,000</b>	33,000
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2013, the assessment on the recoverable amount of the Group's cash generating units principally engaged in environmental waste treatment services in the PRC was determined by referring to the valuation report dated 8 August 2013 issued by the independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman & Wakefield"), after their review of the cash flows projection covering a five-year period with an annual growth rate thereafter at 4.04% (31 December 2012: 1.65%) of the environmental entities of the Group comprising Zhenjiang New Universe Solid Waste Disposal Company Limited, Yancheng New Universe Solid Waste Disposal Company Limited, and Taizhou New Universe Solid Waste Disposal Company Limited, using the pre-tax discount rate of 19.32% (31 December 2012: 19.63%) taken into account of the risks for the industries, no impairment loss to the goodwill was considered necessary for the six months end 30 June 2013 (2012: Nil).

#### 17. INTERESTS IN ASSOCIATES

	<b>30 June 2013</b>	31 December 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	<b>43,430</b>	43,430
Share of post-acquisition reserves, net of dividends received	<b>7,595</b>	3,281
Reclassification to an available-for-sale equity investment	<b>(8,090)</b>	–
	<b>42,935</b>	46,711

In prior years, the Group was able to exert significant influence over Qingdao Zhongxin Huamei Plastics Company Limited ("Qingdao Huamei") as the Group had power to appoint one out of five directors of Qingdao Huamei. On 9 April 2013, the directors of the Company are of the opinion that Qingdao Huamei is not regarded as an associate of the Group because the Group has less than 20% voting power in the directors' meeting of Qingdao Huamei pursuant to the shareholders' agreement. Upon the loss of significant influence, though the Group has retained 28.67% equity interest in Qingdao Huamei, which is classified as available-for-sale equity investment and measured at fair value. The reclassification of equity investment has resulted in the recognition of a gain on deemed disposal of an associate of approximately HK\$6,128,000.

#### 18. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	<b>30 June 2013</b>	31 December 2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity investments at fair value	<b>66,100</b>	53,000
Unlisted equity investments at cost less impairment	<b>320</b>	2,026
	<b>66,420</b>	55,026

Movements in available-for-sale equity investments are analysed as follows:

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Net carrying amount at 1 January</b>	<b>55,026</b>	57,926
Additions	<b>237</b>	–
Reclassified from interest previously held as an associate	<b>13,100</b>	–
Disposals	<b>(1,943)</b>	–
Change in fair value	–	1,100
	<hr/>	<hr/>
<b>Net carrying amount at 30 June</b>	<b>66,420</b>	59,026
	<hr/> <hr/>	<hr/> <hr/>

The Group previously held 28.67% equity interest in Qingdao Huamei as an associate. As at 9 April 2013, the Group de-recognised the interest held in Qingdao Huamei as an associate, and the investment was re-classified as available-for-sale equity investment as at out in note 17. The fair value at the date of derecognition was HK\$13,100,000.

The unlisted available-for-sale equity investments carried at fair value as at 30 June 2013 were determined by reference to the valuation report dated 8 August 2013 prepared by Cushman & Wakefield, an independent professional valuer.

The unlisted available-for-sale equity investments measured at cost represent investments in private entities which are at the preliminary stage of developing projects on environmental waste treatment and recycling services. As at 30 June 2013, no impairment on these investments was considered necessary.

## 19. TRADE AND BILLS RECEIVABLES

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 environmental waste treatment and industrial sewage treatment services. 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>30 June</b> <b>2013</b> <i>HK\$'000</i>	31 December 2012 <i>HK\$'000</i>
0 to 30 days	<b>18,485</b>	16,644
31 to 60 days	<b>8,318</b>	9,796
61 to 90 days	<b>4,551</b>	4,331
91 to 180 days	<b>8,805</b>	8,574
181 to 360 days	<b>6,879</b>	1,883
Over 360 days	–	6
	<hr/>	<hr/>
	<b>47,038</b>	41,234
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Prepayment and other receivables	9,511	11,002
Consideration receivable on disposal of Suzhou Disposal Properties	26,112	–
Compensation receivable under a settlement agreement handed down by PRC court	5,022	11,100
	<u>40,645</u>	<u>22,102</u>

**21. INTEREST-BEARING BANK BORROWINGS**

As at 30 June 2013, interest-bearing bank borrowings were secured as follows:

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Current liabilities		
– Secured bank loans	31,002	38,035
– Secured non-current portion of bank loans subject to repayable on demand clause	26,912	31,437
– Unsecured bank loans	11,400	23,400
	<u>69,314</u>	<u>92,872</u>
Non-current liabilities		
– Secured bank loans	4,593	12,354
	<u>73,907</u>	<u>105,226</u>

As at 30 June 2013, interest-bearing bank borrowings were repayable as follows:

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Current liabilities		
Within 1 year or on demand	69,314	92,872
Non-current liabilities		
After 1 year but within 2 years	4,593	12,354
After 2 year but within 5 years	–	–
After 5 years	–	–
	<u>4,593</u>	<u>12,354</u>
	<u>73,907</u>	<u>105,226</u>

## 22. TRADE PAYABLES

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

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
0 to 30 days	640	877
31 to 60 days	193	195
61 to 90 days	5	–
Over 90 days	33	15
	<hr/>	<hr/>
	<b>871</b>	1,087
	<hr/> <hr/>	<hr/> <hr/>

## 23. DEFERRED GOVERNMENT GRANT

Movements in deferred government grant are analysed as follows:

	<b>2013 HK\$'000</b>	2012 HK\$'000
<b>Net carrying amount at 1 January</b>	<b>3,393</b>	3,415
Receipt during the period	3,271	248
Release to income statement for the period	(136)	(135)
Exchange adjustments	88	(19)
	<hr/>	<hr/>
<b>Net carrying amount at 30 June</b>	<b>6,616</b>	3,509
	<hr/> <hr/>	<hr/> <hr/>
	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
<b>Classification of deferred government grant:</b>		
Current liabilities	274	269
Non-current liabilities	6,342	3,124
	<hr/>	<hr/>
	<b>6,616</b>	3,393
	<hr/> <hr/>	<hr/> <hr/>

## 24. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY

Movements in amount due to the ultimate holding company, NUEL, are analysed as follows:

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Balance at 1 January</b>	<b>59,636</b>	102,184
Interest	<b>264</b>	343
Repayment	<b>(13,973)</b>	–
<b>Balance at 30 June</b>	<b>45,927</b>	102,527

	<b>30 June</b> <b>2013</b> <i>HK\$'000</i>	31 December 2012 <i>HK\$'000</i>
<b>Balance at 30 June</b>	<b>45,927</b>	102,527

### Classification of amount due to the ultimate holding company:

Current liabilities	<b>5,000</b>	5,000
Non-current liabilities	<b>40,927</b>	54,636
	<b>45,927</b>	59,636

- (a) As at 30 June 2013, amount due to the ultimate holding company in aggregate of approximately HK\$25,347,000 (31 December 2012: HK\$25,347,000) was unsecured, interest-free and repayable on demand.
- (b) As at 30 June 2013, amount due to the ultimate holding company in aggregate of approximately HK\$19,027,000 (31 December 2012: HK\$33,000,000) was unsecured, bearing interest at 2% per annum and repayable on demand.
- (c) On 31 December 2012, NUEL has agreed in writing not to actively demand repayment of the outstanding amounts due by the Group until 30 September 2014.

## 25. SHARE CAPITAL

	<b>Number of shares</b>		<b>Share capital</b>	
	<b>30 June</b> <b>2013</b> <i>'000</i>	31 December 2012 <i>'000</i>	<b>30 June</b> <b>2013</b> <i>HK\$'000</i>	31 December 2012 <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.01 each</b>				
Authorised				
At 1 January and at the end of the reporting period	<b>100,000,000</b>	100,000,000	<b>1,000,000</b>	1,000,000
Issued and fully paid				
At 1 January and at the end of the reporting period	<b>2,655,697</b>	2,655,697	<b>26,557</b>	26,557

## 26. MOVEMENTS OF RESERVES

Movements in reserves are analysed as follows:

	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	305,084	28,231	3,790	4,185	12,156	108,620	462,066
Profit for the period	-	-	-	-	-	43,170	43,170
Other comprehensive income	-	7,397	-	-	-	-	7,397
Total comprehensive income	-	7,397	-	-	-	43,170	50,567
At 30 June 2013	<b>305,084</b>	<b>35,628</b>	<b>3,790</b>	<b>4,185</b>	<b>12,156</b>	<b>151,790</b>	<b>512,633</b>
At 1 January 2012	266,502	28,503	6,437	4,185	8,197	85,343	399,167
Profit for the period	-	-	-	-	-	10,234	10,234
Other comprehensive income	-	(2,780)	990	-	-	-	(1,790)
Total comprehensive income	-	(2,780)	990	-	-	10,234	8,444
Dividend relating to 2011	-	-	-	-	-	(9,958)	(9,958)
At 30 June 2012	<b>266,502</b>	<b>25,723</b>	<b>7,427</b>	<b>4,185</b>	<b>8,197</b>	<b>85,619</b>	<b>397,653</b>

## 27. COMMITMENTS

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

### (a) Capital commitments

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

	<b>30 June 2013 <i>HK\$'000</i></b>	31 December 2012 <i>HK\$'000</i>
<b>Continuing operations</b>		
Contracted for		
Acquisition of property, plant and equipment	<b>57,996</b>	68,920
Authorised and not contracted for		
Investment in available-for-sale equity investments	<b>3,443</b>	3,664
Investment in associates	<b>3,766</b>	3,700

(b) **Operating lease commitments**

The Group had future minimum lease payments under non-cancellable operating leases in respect of rented premises and landfill which fall due as follows:

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Office premises	272	270
Landfill	88	173
	<u>360</u>	<u>443</u>
	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
<b>Continuing operations</b>		
Within 1 year	252	204
After 1 year but within 5 years	108	239
After 5 years	–	–
	<u>360</u>	<u>443</u>

**28. RELATED PARTY TRANSACTIONS**

(a) **List of related parties**

During the period under review, the Directors are of the view that the following companies are related parties to the Group:

<b>Name of related party</b>	<b>Relationship</b>
New Universe Enterprises Limited (therein referred to as “NUEL”)	Ultimate holding company of the Company; Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors
New Universe Holdings Limited (therein referred to as “NUHL”)	Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors
China (HK) Chemical & Plastics Co. Limited (therein referred to as “China (HK) Chemical”)	97% owned subsidiary of NUHL; Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors
Sun Ngai International Investment Limited (therein referred to as “Sun Ngai”)	100% owned subsidiary of NUHL; Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors

**(b) Guarantees**

- (i) As at 30 June 2013, the Group's bank borrowings of HK\$16,483,000 (31 December 2012: HK\$30,035,000) were secured by corporate guarantee provided by NUHL.
- (ii) As at 30 June 2013, the Group's bank borrowings of HK\$62,608,000 (31 December 2012: HK\$89,810,000) were secured by personal guarantee provided by Mr. XI Yu, the chairman and executive Director of the Company.
- (iii) As at 30 June 2013, the Group's bank borrowings of HK\$11,600,000 (31 December 2012: HK\$12,000,000) were secured by personal guarantee provided by Ms. CHEUNG Siu Ling, the executive Director of the Company.
- (iv) As at 30 June 2013, the Group's bank borrowings of HK\$11,600,000 (31 December 2012: HK\$12,000,000) were secured by personal guarantee provided by Mr. SUEN Ki, the non-executive Director of the Company.

**(c) Transactions with related parties:**

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Continuing operations</b>		
Recurring transactions: –		
Rental paid		
– Sun Ngai	<b>144</b>	144
Non-recurring transactions: –		
Interest paid/payable to		
– NUEL	<b>264</b>	343
– China (HK) Chemical	<b>–</b>	210
	<b>=====</b>	<b>=====</b>

**(d) Balances due to related parties:**

	<b>30 June 2013</b>	<b>31 December 2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Continuing operations</b>		
Non-trade balances		
– NUEL	<b>45,927</b>	59,636
<b>Discontinued operations</b>		
Trade balances		
– China (HK) Chemical	<b>–</b>	156
	<b>=====</b>	<b>=====</b>

(e) **Key management personnel remuneration:**

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Salaries and other benefits	2,372	2,739
Discretionary bonuses	–	–
Retirement scheme contributions	36	31
	<u>2,408</u>	<u>2,770</u>

29. **FAIR VALUE MEASUREMENT**

(a) **Financial assets measured at fair value**

*Fair value hierarchy*

	Fair value measurements as at 30 June 2013			
Fair value at 30 June 2013	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement Available-for-sale equity investments – unlisted	<u>66,100</u>	<u>–</u>	<u>–</u>	<u>66,100</u>

	Fair value measurements as at 31 December 2012			
Fair value at 31 December 2012	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement Available-for-sale equity investments – unlisted	<u>53,000</u>	<u>–</u>	<u>–</u>	<u>53,000</u>

During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2012: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) **Fair value of financial assets and liabilities carried at other than fair value**

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012 and 30 June 2013.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

For the six months ended 30 June 2013, the Group had collected for treatment in aggregate of approximately 11,749 metric tons (2012: 9,145 metric tons) of hazardous industrial waste, 4,396 metric tons (2012: 2,597 metric tons) of general industrial waste, and 2,166 metric tons (2012: 1,650 metric tons) of regulated medical waste from the cities of Zhenjiang, Yancheng and Taizhou. The tank truck cleansing service centre in Zhenjiang had serviced 679 vehicles (2012: 527 vehicles) for the six months ended 30 June 2013. The nitrile rubber recycling centre had handled approximately 403 metric tons (2012: 387 metric tons) of synthetic rubber scrap for the six months ended 30 June 2013.

For the six months ended 30 June 2013, the pre-tax profitability of the Group's environmental waste integrated treatment services was approximately 43.9% (2012: 38.8%).

#### **Industrial Sewage and Sludge Treatment in Eco-plating Specialised Zone**

For the six months ended 30 June 2013, the average utilisation rate of the industrial buildings and facilities in the eco-plating specialised industrial zone was approximately 74% (2012: 74%) and the centralised plating sewage treatment system had handled approximately 184,000 metric tons (2012: 166,000 metric tons) of plating sewage discharged from the manufacturers in the zone.

For the six months ended 30 June 2013, the pre-tax profitability of the Group's operations in the eco-plating specialised industrial zone was approximately 15.3% (2012: 10.2%).

#### **Investments in Plastic Materials Dyeing Operations**

For the six months ended 30 June 2013, the pre-tax profitability of Suzhou New Huamei Plastics Company Limited ("Suzhou New Huamei"), Danyang New Huamei Plastics Company Limited ("Danyang New Huamei") and Qingdao Huamei that engaged in plastic material dyeing business in Mainland China were 4.8%, 1.5% and 2.4% (2012: 5.6%, 1.8% and 2.9%) respectively.

In order to ensure the continuing development of Qingdao Huamei before its approved operating period would be expired on 12 May 2013, its board had resolved and all shareholders of Qingdao Huamei had agreed to amend the constitutional document of Qingdao Huamei (i) to extend the operating period for further 20 years to 12 May 2033, and (ii) to increase one (1) director to be nominated by a PRC shareholder to the board in order to ensure a smooth removal of the plant to a new site locally in the foreseeable future. The constitutional change of Qingdao Huamei took effect on 9 April 2013 upon the renewed operating license being issued by the local office of Qingdao Municipality Administration for Industry and Commerce of the People's Republic of China. The Group holding an equity interest of 28.67% in Qingdao Huamei would not be affected as to its rights and interests on the investment held as contemplated under the constitutional changes (including the Group's right to any profit distribution in proportion to the equity interest held), except that the unique one (1) director nominated by the Company to the board of Qingdao Huamei now represents one (1) out of the total six (6) directors of the board members of Qingdao Huamei for decision-making and governance purposes under the newly registered constitution document that would affect the Company to exercise significant influence over the financial and operating policies of Qingdao Huamei for the Group's financial reporting purposes. The Company decided to discontinue the use of the equity accounting method from 9 April 2013 and as from that date the Group's investment in Qingdao Huamei would cease to be accounted for as an associate. Thereafter, the investment of the Group in Qingdao Huamei would be accounted for as an available-for-sale equity investment at its fair value to be determined by independent valuer(s) engaged by the Company. As at 9 April 2013, the fair value of the Group's interest in Qingdao Huamei, as reported by an independent valuer, was HK\$13,100,000. The Group recorded a gain on de-recognition of Qingdao Huamei as an associated company of the Group of approximately HK\$6,128,000 for the six months ended 30 June 2013.

### **Update on Discontinued Operations**

Reference is made to the Suzhou Disposal Agreement dated 3 July 2012 entered into by Suzhou New Universe, a 97% indirectly owned subsidiary of the Company to sell its land, buildings and ancillary structures at an aggregate consideration of RMB52,000,000 (approximately HK\$64,132,000), pursuant to which the Group's operations 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. On 4 January 2013, the Suzhou Disposal Agreement was completed upon the delivery of the vacant possession of the Suzhou Disposal Properties to the purchaser, and a net gain on disposal of the Suzhou Disposal Properties approximately to HK\$18,523,000 was accounted for by the Group for the six months ended 30 June 2013. Thereafter the completion of Suzhou Disposal Agreement, the registered paid up capital of Suzhou New Universe was reduced from US\$4,600,000 to US\$100,000 with effect from 25 March 2013. As at 30 June 2013, the balance of the Suzhou Properties Consideration amounted to RMB20,800,000 (approximately HK\$26,112,000) shall be settled by the purchaser by the end of one year after the completion of the Suzhou Disposal Agreement.

Reference is made to the civil mediation agreement ((2012)鎮商外初字第2號) dated 7 September 2012 (“Settlement Agreement”) 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 the Group’s disposal of the Zhenjiang Dock Project), pursuant to which purchaser had settled all outstanding consideration, and should compensate the Plaintiffs for interests and default charges. As at 30 June 2013, the remaining compensation receivable from the purchaser amounted to RMB4,000,000 (approximately HK\$5,022,000) would be settled by in 4 monthly instalments pursuant to the Settlement Agreement.

## **Outlook**

On 19 July 2013, New Universe Recyclables Limited (“NURL”, which is an indirectly and wholly owned subsidiary of the Company) entered into an equity swap agreement with 江蘇輝豐農化股份有限公司 (Jiangsu Huifeng Agrochemical Co. Limited) (“JSHF”), pursuant to which NURL agreed to transfer its 35% equity interest in 響水新宇環保科技有限公司 (Xiangshui New Universe Environmental Technology Limited) (“XSNU”, which is currently an indirectly and wholly owned subsidiary of the Company) to JSHF for a consideration of HK\$11,200,000 and JSHF agreed to transfer its 16% equity interest of 鹽城新宇輝豐環保科技有限公司 (Yancheng NUHF Environmental Technology Limited) (“YCNUHF”, which is currently owned as to 51% by JSHF and as to 49% by NURL) to NURL for a consideration of HK\$10,560,000 (“Asset Swap”), and the net consideration of the Asset Swap in the amount of HK\$640,000 will be settled by JSHF to NURL in cash within 30 days after the completion of the agreement (“Asset Swap Agreement”). Upon completion of the Asset Swap Agreement, both XSNU and YCNUHF will become 65% indirectly owned subsidiaries of the Company. The transaction contemplated under the Asset Swap Agreement constitutes a discloseable transaction of the Company under the GEM Listing Rules and accordingly announcement has been made on 19 July 2013. The Asset Swap will allow the group’s operations to cover the whole area of Yancheng City and greater area surrounding the city in order to increase the Group’s capacity and market share of industrial solid waste disposal in the Yancheng City of Jiangsu Province, the PRC.

The Group will continue to enhance and optimise the Group’s environmental waste treatment capacity and to cope with the unsaturated market demand on industrial waste disposal in Jiangsu Province. Barring any unforeseeable circumstances arising from the global economy with gradually lowering risks and local economy in Mainland China, the Group will take a cautiously optimistic view and target for a modest growth of its core businesses in current year.

## FINANCIAL REVIEW

### Summary of interim results

The unaudited consolidated financial information of the Group's continuing operations for the six months ended 30 June 2013 as comparing to the unaudited figures for the corresponding period in 2012 are summarised as follows:

(Expressed in HK\$'000 unless indicated otherwise)	Note	For the three months			For the six months		
		ended 30 June 2013	2012	Change %	ended 30 June 2013	2012	Change %
<b>Continuing operations</b>							
Revenue	(a)	<b>46,335</b>	36,038	+28.6	<b>84,258</b>	65,286	+29.1
Average gross profit margin (%)	(b)	<b>52.6</b>	51.0	+3.1	<b>51.2</b>	48.0	+6.7
Other revenue	(c)	<b>4,820</b>	4,842	-0.5	<b>5,234</b>	6,021	-13.1
Other net income	(d)	<b>6,320</b>	450	+1,304.4	<b>6,463</b>	532	+1,114.8
Distribution and selling expenses	(e)	<b>2,038</b>	1,785	+14.2	<b>3,908</b>	3,522	+11.0
Administrative expenses	(f)	<b>7,295</b>	6,458	+13.0	<b>13,416</b>	11,564	+16.0
Other operating expenses	(g)	<b>2,352</b>	2,375	-1.0	<b>3,883</b>	4,825	-19.5
Finance costs	(h)	<b>894</b>	1,253	-28.7	<b>1,920</b>	2,491	-22.9
Share of net profits of associates	(i)	<b>3,764</b>	110	+3,321.8	<b>3,558</b>	399	+791.7
Income tax	(j)	<b>4,296</b>	1,117	+284.6	<b>7,026</b>	2,702	+160.0
Net profit for the period	(k)	<b>22,392</b>	10,792	+107.5	<b>28,257</b>	13,172	+114.5
Profit attributable to							
owners of the Company	(k)	<b>20,288</b>	9,040	+124.4	<b>24,796</b>	10,536	+135.3
Basic and diluted EPS (HK cents)	(k)	<b>0.77</b>	0.40	+92.5	<b>0.94</b>	0.47	+100.0

#### Notes

- (a) Net increase in total revenue for the first two quarters of 2013 was mainly attributable to:
- (i) increase in average processing unit price and increase in quantities of wastes collected for innocuity treatment and disposal, and
  - (ii) slight increase in average charging unit price in the eco-plating industrial zone.
- (b) Increase in average gross profit margin of the Group for the first two quarters of 2013 was mainly attributable to the increase in average unit processing price of environmental related operations in Mainland China.
- (c) Net decrease in other revenue for the first two quarters of 2013 was mainly attributable to decrease in scrap sales.
- (d) Net increase in other net income for the first two quarters of 2013 was mainly attributable to a net gain on de-recognition of the interest in an associated company amounted to HK\$6,128,000 being recorded in current period.

- (e) Net increase in distribution and selling expenses for the first two quarters of 2013 was mainly attributable to increase in incentive payments for marketing purposes.
- (f) Net increase in administrative expenses for the first two quarters of 2013 was mainly attributable to increase in staff costs.
- (g) Net decrease in other operating expenses for the first two quarters of 2013 was mainly attributable to decrease in legal costs.
- (h) Net decrease in finance costs for the first two quarters of 2013 was mainly attributable to decrease in interest bearing borrowings during the period under review.
- (i) Net increase in net profit shared from associates for the first two quarters of 2013 was mainly attributable to certain newly incorporated associates have received PRC government subsidies in current period.
- (j) Net increase in income tax for the first two quarters of 2013 was mainly attributable to all PRC subsidiaries were subject to standard income tax rate in Mainland China after the expiry of their respective tax exemption periods.
- (k) For the first two quarters of 2013, net increase in profit from continuing operations, profit attributable to owners of the Company from continuing operations, and therefore increase in EPS were mainly attributable to increase in revenue from environmental businesses of the Group in current period.

### Seasonality of operations

The environment waste treatment services are subject to seasonal fluctuation, with peak demand in the third and fourth quarters of the year. Owing to the holiday periods in first quarter, in the financial year ended 31 December 2012, 38% of revenue accumulated in the first half of the year, with 62% accumulating in the second half.

### Capital expenditure

For the six months ended 30 June 2013, the Group incurred capital expenditure to increase property, plant and equipment (i) for environmental waste treatment services amounted to HK\$8,473,000, and (ii) for industrial sewage and sludge treatment and facility provision services in the eco-plating industrial zone amounted to HK\$8,626,000.

### Commitments

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

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment	<b>57,996</b>	68,920
Authorised but not contracted for:		
– Investment in available-for-sale equity investments	<b>3,443</b>	3,664
– Investment in associates	<b>3,766</b>	3,700

## Liquidity, financial resources and level of borrowings

During the six months ended 30 June 2013, the Group financed its operations with internally generated cash flows, banking facilities, borrowings from the related companies, NUEL and China (HK) Chemical.

The Company completed an Open Offer on 13 December 2012. The dealings of the Offer Shares had commenced on 14 December 2012. The net proceeds from the Open Offer approximately amounted to HK\$43,008,000 (after payment of the share issuance costs of approximately HK\$1,254,000) were used as intended with approximately HK\$41,817,000 having been utilised for the capitalisation of loans due by the Company to NUEL to reduce debt gearing ratio of the Group, and approximately HK\$1,191,000 having been utilised as general working capital of the Company.

The Group remained in a stable financial position with unaudited equity attributable to owners of the Company amounted approximately to HK\$539,190,000 and unaudited total assets amounted approximately to HK\$788,608,000 as at 30 June 2013 (31 December 2012: HK\$488,623,000 and HK\$778,176,000 respectively).

As at 30 June 2013, the current ratio of the Group representing the unaudited consolidated current assets to the unaudited consolidated current liabilities was 1.32 (31 December 2012: 1.19).

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

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
(a) Cash and bank balances		
– Continuing operations	<b>95,141</b>	83,305
– Discontinued operations	–	27,907
	<b>95,141</b>	111,212
(b) Available undrawn banking facilities		
– Continuing operations	<b>57,923</b>	45,114

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

	<b>30 June 2013 HK\$'000</b>	31 December 2012 HK\$'000
Current liabilities (excluding government grant, but including liabilities of the disposal groups classified as held for sale)	<b>145,834</b>	171,449
Non-current liabilities (excluding government grant and deferred taxes)	<b>45,520</b>	66,990
Total debts	<b>191,354</b>	238,439
Less: cash and cash equivalents (including cash and cash equivalents of discontinued operations)	<b>95,141</b>	111,212
Net debts	<b>96,213</b>	127,227
Total equity	<b>565,671</b>	511,106
Gearing ratio	<b>17.0%</b>	24.9%

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

### **Capital structure**

There was no significant change to the capital structure of the Group as at 30 June 2013 compared to that as at 31 December 2012.

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

According to the valuation report dated 8 August 2013 issued by an independent professional valuer, Cushman & Wakefield, the fair value attributable to the Group's interests in the available-for-sale equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 30 June 2013 were HK\$41,300,000, HK\$11,500,000 and HK\$13,300,000 (31 December 2012: HK\$37,200,000, HK\$15,800,000 and HK\$16,200,000) respectively.

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. As at 9 April 2013, the Group de-recognised the interest held in Qingdao Huamei as an associate, and thereafter the investment was re-classified as available-for-sale equity investment of the Group. According to the valuation report dated 8 August 2013 issued by the independent professional valuer, Cushman & Wakefield, the fair value attributable to the Group's interest in Qingdao Huamei was HK\$13,100,000 as at 9 April 2013, and therefore the Group recorded a gain of HK\$6,128,000 upon de-recognition of Qingdao Huamei as an associated company.

For the six months ended 30 June 2013, 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**

As at 30 June 2013, the assessment on the recoverable amount of the Group's cash generating units principally engaged in environmental waste treatment services in the PRC was determined by referring to the valuation report dated 8 August 2013 issued by the independent professional valuer, Cushman & Wakefield. Accordingly, the Directors considered no impairment loss to the goodwill was necessary for the six months ended 30 June 2013.

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

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% interests in the equity and shareholder's loan of Fair Industry Waste Recyclables Limited ("FIWRL") ("Termination Agreement") to the existing shareholder, a third party to the Company, who interested in 96% interests in the equity and shareholder's loan of FIWRL. Pursuant to the Termination Agreement, the Company disposed of all the Group's interests and rights in FIWRL at a total cash consideration of HK\$1,943,120. There was no significant gain or loss on disposal of the Group's interests in FIWRL.

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 six months ended 30 June 2013.

### **Charges on Group assets**

As at 30 June 2013, the Group pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$52,104,000 (31 December 2012: HK\$53,147,000) and HK\$10,723,000 (31 December 2012: HK\$10,836,000) respectively to secure bank loans of approximately HK\$11,299,000 (31 December 2012: HK\$15,416,000) granted to the Group.

As at 30 June 2013, the Group also pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$42,205,000 (31 December 2012: HK\$42,575,000) and HK\$21,664,000 (31 December 2012: HK\$21,522,000) respectively to secure undrawn bank loan facilities of approximately HK\$45,923,000 (31 December 2012: HK\$45,114,000) available to the Group.

All equity interests in the Group's subsidiaries, Fair Time International Limited and Zhenjiang Sinotech Eco-electroplating Development Limited were pledged under fixed and floating charges to secure bank loans of approximately HK\$16,483,000 as at 30 June 2013 (31 December 2012: HK\$30,035,000).

### **Contingent liabilities**

There were no significant contingent liabilities of the Group as at 30 June 2013 (31 December 2012: Nil).

### **Exposure to exchange rate fluctuations**

As most of the Group's monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars, and US dollars, the exchange risks of the Group were considered to be minimal. For the six months ended 30 June 2013, no related hedging had been arranged by the Group.

### **Employee information**

As at 30 June 2013, the Group had 235 (2012: 396) full-time employees, of which 16 (2012: 16) were based in Hong Kong, and 219 (2012: 380) in the Mainland China (which comprised of 219 (2012: 203) for continuing operations and no staff (2012: 177) for discontinued operations).

For the six months ended 30 June 2013, staff costs, including the Directors' remuneration and amount capitalised as inventories was HK\$15,618,000 (2012: HK\$13,860,000) for the Group's continuing operations and HK\$118,000 (2012: HK\$4,821,000) 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 continuing development and trainings.

### **Dividend**

The Board resolved not to declare a dividend for the six months ended 30 June 2013.

The dividend at HK\$0.0037 per share amounted approximately to HK\$9,826,000 declared in relation to the year ended 31 December 2012 was paid on 31 July 2013.

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

As at 30 June 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### The Company

*Long positions in ordinary shares of the Company*

Name of Director	Number of ordinary shares of HK\$0.01 each			% of total shares in issue	
	Personal/beneficial	Interests of children or spouse	Interests 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 as at 30 June 2013.

### Associated corporation

*Long positions in ordinary shares of NUEL*

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

Save as disclosed above, as at 30 June 2013, none of the Directors and chief executive 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 therein, at no time during the period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the chief executive, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

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

As at 30 June 2013, so far as is known to any Director or chief executive of the Company, the interests or short positions of any person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

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

Name of shareholder	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Beneficial owner	Family interest	Interests 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 are directors of NUEL.

Save as disclosed above, as at 30 June 2013, the Directors of the Company were not aware of any other person who had an interest or short position in the shares or 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 in general meeting on 10 December 2003 ("Share Option Scheme"), which shall be valid and effective for a period of 10 years ending on 9 December 2013, after which no further options will be granted.

The total number of securities available for issue under the Share Option Scheme as at 30 June 2013 was 182,589,168 shares of the Company which represented the current scheme mandate limit given to the Directors as refreshed by the Company's shareholders on 28 April 2008 and approved by the Stock Exchange on 23 May 2008.

As at 30 June 2013 and during the six months then ended, no option has been granted or outstanding under the Company's Share Option Scheme.

## **SERVICE CONTRACTS**

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

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

During the six months ended 30 June 2013, 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)", a 82% indirectly owned subsidiary of the Company) and NUHL (a related party of the Company), both of which Mr. XI Yu and Ms. CHEUNG Siu Ling are directors, 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 International Limited, a 98% indirectly owned subsidiary of the Company, which are guaranteed by Mr. XI Yu and NUHL. As at 30 June 2013, the outstanding loan was US\$2,125,000 (approximately HK\$16,483,000).
  - (ii) The Hongkong and Shanghai Banking Corporation Limited has pursuant to a facility letter dated 14 June 2011 and renewed facility letters dated 13 April 2012 and 20 June 2013, 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 30 June 2013, the outstanding loan was HK\$8,125,000.

- (iii) Standard Chartered Bank (Hong Kong) Limited has pursuant to a facility 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 30 June 2013, the outstanding loan was HK\$11,400,000.
  - (iv) The Hongkong and Shanghai Banking Corporation Limited has pursuant to a facility 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 limit 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 renewed facility letter dated 5 November 2012, The Hongkong and Shanghai Banking Corporation Limited 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 30 June 2013, the outstanding loan was HK\$11,600,000.
  - (v) Hang Seng Bank Limited has pursuant to a facility 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 30 June 2013, the outstanding loan was 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 26 July 2012 entered into between Smartech Services Limited (“Smartech Services”, an indirectly wholly owned subsidiary of the Company) as tenant and Sun Ngai International Investment Limited (“Sun Ngai”, a wholly owned subsidiary of 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 2012 to 31 July 2013. The tenancy agreement was renewed on 15 July 2013 at the same monthly rental of HK\$20,000 for an extended term to 31 July 2014.
  - (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.

- 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 of NUHL, which holds 97% of the issued share capital of China (HK) Chemical. China (HK) Chemical is a party to the loan agreement dated 11 January 2013 with the Company, pursuant to which China (HK) Chemical granted an unsecured interest-free loan of HK\$5,000,000 to the Company for general working capital purposes. The loan was fully paid on 26 March 2013.

The above transactions were conducted on terms no less favourable than terms available from independent third parties, which were in the ordinary course of business of the Group.

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

### **COMPETING INTERESTS**

Save as disclosed herein, the Board is not aware of any Director or controlling shareholder and the respective associates of each having any interests in a business that competes or may compete with the business of the Group.

### **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 six months ended 30 June 2013.

### **CORPORATE GOVERNANCE PRACTICES**

Throughout the six months ended 30 June 2013, the Company had complied with all code provisions of Corporate Governance Code and Corporate Governance Report ("CG Codes") as set out in Appendix 15 of the GEM Listing Rules, and the Directors confirmed that they were not aware of any deviation from the CG Codes during the period then ended.

### **DIRECTORS' SECURITIES TRANSACTIONS**

During the six months ended 30 June 2013, 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 Dealings during the six months ended 30 June 2013.

## REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors, Dr. CHAN Yan Cheong (as the Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred. The Audit Committee has reviewed with the management the unaudited consolidated financial results and financial information of the Company for the six months ended 30 June 2013.

## INDEPENDENT AUDITORS

CCIF CPA Limited (“CCIF”) resigned as auditor of the Company and its subsidiaries with effect from 18 June 2013.

On 19 June 2013, Crowe Horwath (HK) CPA Limited (“Crowe Horwath (HK)”) has been appointed as new auditor of the Company and its subsidiaries to fill the casual vacancy following the resignation of CCIF and to hold office until the conclusion of the next annual general meeting of the Company.

After the appointment of Crowe Horwath (HK), the Company engaged with Crowe Horwath (HK) to review the financial statements of the Group for the purpose of interim results of the Company for the six months ended 30 June 2013.

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

Hong Kong, 8 August 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) “Latest Company Announcements” page for at least 7 days from the day of its posting and on the Company’s website at [www.nuigl.com](http://www.nuigl.com).*