



**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)

(於開曼群島註冊成立之有限公司)

Stock Code : 8068

**INTERIM
REPORT**

2006

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

XI Yu (*Chairman*)

KUNG May Lan (*Managing Director*)

CHEUNG Siu Ling

Independent Non-Executive Directors

CHAN Yan Cheong

YUEN Kim Hung, Michael

HO Yau Hong, Alfred

AUDIT COMMITTEE

CHAN Yan Cheong

YUEN Kim Hung, Michael

HO Yau Hong, Alfred

NOMINATION COMMITTEE

CHAN Yan Cheong

YUEN Kim Hung, Michael

HO Yau Hong, Alfred

REMUNERATION COMMITTEE

CHAN Yan Cheong

YUEN Kim Hung, Michael

HO Yau Hong, Alfred

AUTHORISED REPRESENTATIVES

XI Yu

HON Wa Fai, Kenneth

COMPLIANCE OFFICER

XI Yu

QUALIFIED ACCOUNTANT

HON Wa Fai, Kenneth

COMPANY SECRETARY

HON Wa Fai, Kenneth

REGISTERED OFFICE

Century Yard

Cricketer Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2110 – 2112

Telford House

16 Wang Hoi Road

Kowloon Bay

Kowloon

Hong Kong

AUDITORS

CCIF CPA Limited

Certified Public Accountants

SHARE REGISTRAR AND TRANSFER OFFICE

Principal

Bank of Bermuda (Cayman) Limited

P.O. Box 513 G.T.

3rd Floor

British American Tower

Dr. Roy's Drive

George Town

Grand Cayman

Cayman Islands

British West Indies

Hong Kong Branch

Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

STOCK CODE

8068

WEBSITE

www.nuigl.com

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of NEW UNIVERSE INTERNATIONAL GROUP LIMITED, 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 (“GEM Listing Rules”) for the purpose of giving information with regard to NEW UNIVERSE INTERNATIONAL GROUP LIMITED. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- 1) the information contained in this report is accurate and complete in all material respects and not misleading;*
- 2) there are no other matters the omission of which would make any statement in this report misleading; and*
- 3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

FINANCIAL HIGHLIGHTS

- Turnover for the six months ended 30 June 2006 was HK\$33,328,000 representing an increase of 14.8% as compared to HK\$29,024,000 for the corresponding period in 2005.
- Net sales of plastic injection molds for six months ended 30 June 2006 was HK\$27,526,000, an increase of 27.4% over the corresponding period in 2005; and net sales of plastic products for six months ended 30 June 2006 was HK\$5,802,000, down by 21.8% as compared to the corresponding period in 2005.
- Gross profit for six months ended 30 June 2006 was HK\$6,519,000, increased by 7.4% from HK\$6,071,000 for the corresponding period in 2005, and the current gross profit margin was 19.6% as compared to 20.9% for the corresponding period in 2005.
- Loss per share for the six months ended 30 June 2006 was HK cents 0.26 as compared to loss per share of HK cents 0.04 in corresponding period in 2005.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Half year overview

The Group's existing core competence on production of plastic injection molds for domestic appliance, office equipment, medical equipment, automobile parts and kiddy wares sustains satisfactory growth. The Group continues its effort on improving the project lead time on fulfilling orders for manufacture of plastic injection molds. Overall production flows on mold making and plastic injection were smooth and satisfactory during the period under review. Sales of mold products and plastic products represented 82.6% and 17.4% respectively of the Group's turnover for the six months ended 30 June 2006, as compared to 74.4% and 25.6% respectively for the corresponding period in 2005. During the period, the Group's sales of molds were improved by better control on critical workflows and lead time on production, but sales of plastic products were decreased during the transitional period to strengthen the Group's compliance on global statutory enforcement of hazardous chemicals control.

Quality Control

The board of directors (the "Board") has a mission to enhance the quality control of its existing production facilities. Preliminary review is underway to improve the Group's existing systems on management of environmental protection, and management of restrictively used substances and hazardous chemicals.

Performance of Smartech

Dongguan Smartech Tooling & Plastics Limited ("Dongguan Smartech") is the Group's key factory in the Pearl River Delta, Mainland China, which manufactures export goods for Smartech Manufacturing Limited ("HK Smartech"). HK Smartech and Dongguan Smartech (collectively as "Smartech") are wholly owned subsidiaries of the Group. The consolidated turnover of Smartech for the six months ended 30 June 2006 was HK\$22,936,000 representing an increase of 0.7% as compared to the corresponding period in 2005. Mold sales represented 74.7% of the total turnover of Smartech for the six months ended 30 June 2006, of which 69.0% was sales to Hong Kong and overseas customers and the remaining balance was sales in Mainland China. Plastics sales represented 25.3% of the turnover of Smartech, of which 83.4% was sales to Hong Kong and overseas customers and the remaining balance was sales in Mainland China. Core competence of Dongguan Smartech on production of precision molds remained robust. Mold making orders were satisfactorily improved for the six months ended 30 June 2006 and order backlogs were relieved in second quarter of 2006. In order to assure delivery of high quality products, the Board has committed to increase capital expenditure on replacing certain old machineries of Dongguan Smartech.

Performance of Suzhou New Universe

Suzhou New Universe Tooling & Plastic Limited (“Suzhou New Universe”) is the Group’s key factory in Changjiang River Delta, Mainland China, which confines its effort on manufacture and sale of plastic injection molds. Mold sales of Suzhou New Universe for the six months ended 30 June 2006 was HK\$10,392,000 representing an increase of 66.2% as compared to the corresponding period in 2005. 55.5% of the turnover of Suzhou New Universe was sales in Mainland China. Suzhou New Universe is expected to maintain stable growth in Changjiang River Delta of the Mainland China.

Investments and finance

The Group would increase capital expenditure for replacing certain machineries of Dongguan Smartech and for enhancing production efficiency of Suzhou New Universe.

The Board has a plan to establish a new factory in Pearl River Delta in order to sustain growth in the area. Feasibility studies on the choice of plant location have been carrying on, but not yet finalized. The plan would be pending temporarily until a satisfactory site for the new plant could be located.

In view of the continuing competitive operating environment of the molding industry, the Directors have been formulating business strategies to diversify the business portfolio of the Group with an objective to broaden its revenue base in the long run.

Once any plan to improve core business of the Group becomes concrete, the Board intends to finance the project(s) by the Group’s internal resources, support of the Group’s ultimate holding company, New Universe Enterprises Limited (“NUEL”), and the Group’s current bankers.

On 18 July 2006, a co-operative agreement (“Co-operative Agreement”) was entered into between the Company and China parties (comprising The District Government of Jingkou, Zhenjiang and State Owned Gongqingtuan Farm of Jiangsu Province) in relation to a property investment and development project to establish wholly foreign owned enterprises in Mainland China with total registered capital of USD25 million (approximately HK\$194 million) (“Project”) to undertake the construction of dock infrastructure and operation and development of dock and depot facilities in the a parcel of vacant land with a site area of around 3,100 mu (equivalent to approximately 2,066,665 sq.m.) in the Jingkou District, Zhenjiang City, Jiangsu Province, the Mainland China. The implementation of the Co-operative Agreement and the Project, which is subject to the compliance of GEM Listing Rules and approval of the Company’s shareholders, is expected to be financed by proposed rights issue and bank borrowings of the Group. Further details are set out in the company’s announcement dated 3 August 2006.

Prospects

The business environment for the molding business has been competitive in the past years. Entering the year of 2006, the Board sees optimism on the strength of continuous economic growth in Mainland China and the stability of global economic environment. Given a marketing and management platform in Hong Kong and the timely backup by NUEL, improvement of Group's performance in 2006 and beyond will be closely tied to the continuous betterment of the productivity and technology of Dongguan Smartech and the Suzhou New Universe, and finally a feasible plan of business diversification.

The Group's mold making facilities of Dongguan Smartech and Suzhou New Universe contain the latest state-of-the-art mold making equipment and technology with core competence on production of plastic injection molds for automobile parts, office equipment, medical equipment and domestic appliance. The Group's experienced production teams provide sophisticated engineering and design services. Quality in-house control of manufacturing of our own molds ensures competitive pricing and reduced lead times. The factories' quality systems have to pass periodical internal audits. From conceptual prototype to final product packaging, the Group's facilities provide complete value chain to satisfy customers' need.

The Board believes the existing production facilities in Dongguan Smartech will strengthen the Group's customer network surrounding the Pearl River Delta and facilitate the buyers from Hong Kong and foreign countries, and the production facilities in Suzhou New Universe will capture customer base surrounding the Changjiang River Delta in the Mainland China. The Board considers that the two production facilities of the Group are complimentary to each other and enable the Group to become the best molds supplier in Mainland China in the future. The Board remains confident in our future sustainable growth and that our performance will be continuously improved.

FINANCIAL REVIEW

Turnover and gross profit

The Group's turnover was HK\$33,328,000 for the six months ended 30 June 2006, reflecting an increase of 14.8% from HK\$29,024,000 for the corresponding period in 2005. Smartech and Suzhou New Universe have contributed 68.8% and 31.2% respectively of the Group's turnover for the six months ended 30 June 2006 as compared to 77.0% and 23.0% respectively for the corresponding period in 2005. The Group's gross profit for the six months ended 30 June 2006 increased by 7.4% to HK\$6,519,000 as compared to HK\$6,071,000 for the corresponding period in 2005. The gross profit margin was 19.6% for the six months ended 30 June 2006 as compared to 20.9% for the corresponding period in 2005. Both Dongguan Smartech and Suzhou New Universe performed consistently on their manufacture and sale of plastic injection molds and kept their mold sales at a satisfactory level. Facing risk of price change on production materials and other increasing costs in Mainland China, the Group's cost of production was generally under control.

Other income

The Group's other income was HK\$390,000 for the six months ended 30 June 2006, as compared to HK\$3,253,000 for the corresponding period in 2005, representing a significant decrease of income from non-core business in current period.

Selling and distribution expenses

The Group's selling and distribution expenses were HK\$2,115,000 for the six months ended 30 June 2006, an increase of 7.6% from HK\$1,966,000 for the corresponding period in 2005. During the current period, the ratio of selling and distribution expenses to the Group's turnover for the six months ended 30 June 2006 was 6.3%, as compared to the ratio of 6.8% for the corresponding period in 2005. The current increase in selling and distribution expenses was mainly attributable to slightly increase in sales commission paid to independent third parties as compared to last corresponding period in 2005, but decrease in ratio to the Group's turnover showed the selling and distribution expenses was under control in current period.

Administrative expenses

The Group's administrative expenses were HK\$6,794,000 for the six months ended 30 June 2006, an increase of 6.0% from HK\$6,408,000 for the corresponding period in 2005. During the current period, the ratio of administrative expenses to the Group's turnover for the six months ended 30 June 2006 was 20.4%, as compared to the ratio of 22.1% for the corresponding period in 2005. The current increase in general and administrative expenses as compared to last corresponding period in 2005 was mainly attributable to increase in incentive welfare provided to key management staffs in Mainland China, though the overall general and administration expenses were well-controlled in current period.

Other operating expenses

The Group's other operating expenses were HK\$1,337,000 for the six months ended 30 June 2006, an increase of 15.0% from HK\$1,163,000 for the corresponding period in 2005. During the current period, the ratio of other operating expenses to the Group's turnover for the six months ended 30 June 2006 was 4.0%, which remained the same as compared to the ratio of 4.0% for the corresponding period in 2005.

Finance costs

The total finance costs of the Group was HK\$478,000 for the six months ended 30 June 2006 as compared to HK\$367,000 for the corresponding period in 2005. The ratio of finance costs for the six months ended 30 June 2006 to the total interest-bearing borrowings as of 30 June 2006 was 2.4%, which remained the same as compared to a ratio of 2.4% for last corresponding period to 30 June 2005.

Net loss from ordinary activities attributable to equity holders

The Group's net loss from ordinary activities attributable to equity holders was HK\$3,815,000 for the six months ended 30 June 2006 as compared to net loss of HK\$580,000 for the last corresponding period in 2005.

Liquidity and financial resources

The Group's liquidity position has slightly tightened during the second quarter of 2006 by increase in cash outflow to fulfill backlogs production requirement during the period. In current period, the Group financed its operations and investing activities with internally generated cash flows, trade facilities granted by bank, short term revolving bank loans, and loans from NUEL and related party.

The Group had total cash and bank balances of HK\$10,589,000 as at 30 June 2006. As of 30 June 2006, the Group had outstanding interest-bearing borrowings of approximately HK\$20,191,000, comprising unsecured bank loan of HK\$9,626,000, secured bank loans of HK\$8,696,000, finances lease payables of HK\$1,469,000 and unsecured loans from a related party of HK\$400,000. As of 30 June 2006, the Group also had outstanding non-interest bearing loans from shareholder, NUEL, of HK\$10,351,000. Out of the total indebtedness, approximately HK\$20,180,000 is repayable within one year.

Gearing ratio

The gearing ratio was 179% as at 30 June 2006 (31 December 2005: 148%), representing total liabilities of HK\$59,830,000 (31 December 2005, HK\$54,464,000) divided by total equity of HK\$33,349,000 (31 December 2005, HK\$36,832,000).

Capital structure

There was no material change in the capital structure of the Company for the six months ended 30 June 2006.

Material acquisition and disposals of subsidiaries

There were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the six months ended 30 June 2006.

Employee information

As at 30 June 2006, the Group had 625 (30 June 2005: 689) full-time employees. Staff costs, excluding directors' remuneration but including amount capitalised as inventory was HK\$8,484,000 for the six months ended 30 June 2006 (30 June 2005: HK\$7,100,000). Employees were paid at market remuneration with bonus and benefits of medical insurance, mandatory provident fund, share options and necessary training.

Charges on Group assets

As at 30 June 2006, the Group pledged the land use rights with a carrying value of HK\$2,145,000 (31 December 2005: HK\$2,158,000), and property, plant and equipment with carrying value of HK\$8,326,000 (31 December 2005: HK\$8,460,000) to a bank in Mainland China to secure banking facilities to the extent of HK\$8,696,000 (31 December 2005: HK\$8,654,000) granted to the Group. As at 30 June 2006, the Group's property, plant and equipment with carrying value of HK\$3,848,000 (31 December 2005: 4,584,000) were held under finance leases amounted to HK\$1,469,000 (31 December 2005: HK\$2,368,000).

Exposure to exchange rate fluctuations

During the period ended 30 June 2006, the Group experienced only immaterial exchange rates fluctuations as most of the Group's monetary assets and liabilities were denominated and most of the business were conducted in Hong Kong Dollars, US Dollars and Renminbi, and all of which were relatively stable during the period under review. The Group considered that as the exchange rate risks of the Group is considered to be minimal. The Group did not employ any financial instruments for hedging purposes.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 30 June 2006 (31 December 2005: Nil).

Commitments

Besides commitments of operating leases payable within 5 years for its office premises in Hong Kong and an industrial plant in Mainland China of total HK\$11,952,000 as at 30 June 2006 (31 December 2005: HK\$13,714,000), there were also commitments authorised and contracted for, but not being provided for in this report, to acquire plant and machinery of the Group amounted to approximately HK\$3,450,000 as at 30 June 2006 (31 December 2005: Nil) of which approximately HK\$2,084,000 has been settled before 30 June 2006.

Discloseable transaction

As referred to the Company's circular dated 24 January 2006, the Company has entered into a contract on 17 January 2006 to acquire a German made high-speed milling machine with standard spindle speed at 42,000rpm and with high precision options ("Machinery") at a consideration of EUR205,000 (equivalent approximately to HK\$2,034,000), which was expected to be delivered to Dongguan Smartech. On 13 June 2006, the Board has decided to deliver the Machinery to Suzhou New Universe for enhancing its mold-making precision and productivity. As of 30 June 2006, the Machinery was in transit to Suzhou New Universe and 90% of the consideration paid has been accounted for as deposit in the financial statements.

Interim dividend

The Board does not recommend the payment of dividend for the six months ended 30 June 2006 (2005: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2006, the interests and short positions of the directors and chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance ("SFO")) as required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors under the GEM Listing Rules, were as follows:

(1) Long positions in shares of the Company

Name of director	Number of ordinary shares of HK\$0.05 each				% of total shares in issue
	Personal interest	Family interest	Corporate interest	Total number of shares held	
Xi Yu ("Mr. XI")	-	-	1,020,481,000*	1,020,481,000	68.51

Notes:

- * Mr. XI is the beneficial owner of 16,732 shares of US\$1.00 each in NUEL, representing 83.66% of the issued share capital of NUEL, which, in turn holds 1,020,481,000 shares of the Company representing approximately 68.51% of the issued share capital of the Company.

(2) Long positions in shares of an associated company, NUEL

Name of director	Number of ordinary shares US\$1.00 each				% of total shares in issue
	Personal interest	Family interest	Corporate interest	Total number of shares held	
CHEUNG Siu Ling	1,214	1,214	–	2,428	12.14

Save as disclosed above, as at 30 June 2006, none of the directors and chief executive of the Company nor their associates had any interests or short position in the 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 required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors under the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2006, persons or corporations who have interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or substantial shareholders as recorded in the register of substantial shareholder required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Substantial shareholder	Number of ordinary shares				% of total shares in issue
	Personal interest	Family interest	Corporate interest	Total number of share held	
NUEL	1,020,481,000	–	–	1,020,481,000	68.51
Mr. XI	–	–	1,020,481,000*	1,020,481,000	68.51

* The interest disclosed by Mr. XI is the same as the 1,020,481,000 shares disclosed by NUEL.

Save as disclosed above, as at 30 June 2006, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

The Company has a share option scheme which was adopted by the Company's shareholders in general meeting on 10 December 2003 ("Share Option Scheme"), whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The purpose of the scheme is to provide an opportunity for employees of the Group to acquire an equity participation in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for a period of 10 years ending on 9 December 2013, after which no further options will be granted.

The maximum number of securities available for issue under the Share Option Scheme as at 30 June 2006 was 148,960,000 shares which represented the current scheme mandate limit given to the directors to issue 10 per cent. of the Company's shares as refreshed by the Company's members on 28 April 2006.

At 30 June 2006, no options have been granted under the Company's Share Option Scheme.

DIRECTOR'S INTERESTS IN CONTRACTS

During the six months ended 30 June 2006, the Group purchased raw materials amounting to HK\$1,353,000 (corresponding period in 2005: HK\$230,000) from a related company, China (HK) Chemical & Plastics Co. Limited ("China HK Chemical"). The Company's executive directors, Mr. XI and Ms. CHEUNG Siu Ling are also directors of China HK Chemical. The Board considered that the aforementioned purchases were in the ordinary and usual course of business of the Group and were transacted on normal commercial terms no less favourable to the Group than those available from other independent third parties.

On 9 January 2006, a loan agreement was entered into between HK Smartech, a indirectly wholly owned subsidiary of the Company, and China HK Chemical, pursuant to which China HK Chemical granted HK Smartech an interest-bearing loan of HK\$2,000,000. The loan is repayable within 6 months from the date of the agreement in 5 equal monthly instalments of HK\$400,000 each and bears interest at prime lending rate (as quoted by HSBC in Hong Kong) minus 2% per annum. The loan was fully settled on 10 July 2006. The loan constituted as connected transactions and, in the opinion of the Directors, was exempted transaction under the GEM Listing Rules.

Save for the aforementioned, no contracts of significance to which the Company or any of its 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 period or at any time during the period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed herein, the Board is currently not aware of any director or the management shareholder of the Company and their respective associates (as defined under the GEM Listing Rules) having any interests in a business which competes or may compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the Company's directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this report, in compliance with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules in relation to the accounting period covered by this report. Having made specific enquiry of all Directors of the Company, the Directors have complied with, and there has no non-compliance with, the required standard of dealings and the code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE

The Company's audit committee has been established since May 2000 with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules, which is chaired by an independent non-executive director, currently comprising three independent non-executive directors of the Company, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred. During the six months ended 30 June 2006, the audit committee has held two meetings and has performed the following duties:

- (1) reviewed and commented on the Company's annual report for the year ended 31 December 2005;
- (2) reviewed and commented on the unaudited consolidated first quarterly results of the Group for the three months ended 31 March 2006; and
- (3) reviewed and commented on the internal control and financial reporting procedures of the Group, and other matters in compliance with the GEM Listing Rules.

The Company's audit committee has reviewed and commented on the unaudited consolidated interim results of the Group for the six months ended 30 June 2006.

NOMINATION COMMITTEE

The Company's nomination committee was established in 2005 with written terms of reference to ensure fair and transparent procedures for the appointment of directors to the Board. The nomination committee comprises at least three members, the majority of whom shall be independent non-executive directors of the Company. The current members of the nomination committee are Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

REMUNERATION COMMITTEE

The Company's remuneration committee was established in 2005 with written terms of reference to determine policy for the remuneration of directors and senior management of the Company, assessing their performance and approving the terms of their service contracts. The remuneration committee comprises at least three members the majority of whom shall be independent non-executive directors of the Company. The current members of the remuneration committee are Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

By order of the Board
New Universe International Group Limited

XI Yu
Chairman

As of the date of this report, the Board comprises the following directors:

Mr. XI Yu	<i>(Executive Director)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Ms. KUNG May Lan	<i>(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>

Hong Kong, 9 August 2006

INDEPENDENT ACCOUNTANTS' REVIEW REPORT



CCIF

CCIF CPA LIMITED

37/F Hennessy Centre
500 Hennessy Road
Causeway Bay Hong Kong

**To the board of directors of
New Universe International Group Limited**
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 17 to 32.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with HKAS 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of the Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

CCIF CPA Limited

Certified Public Accountants
Hong Kong, 9 August 2006

Choi Man On

Practising Certificate Number P02410

CONSOLIDATED INCOME STATEMENT

	Note	Three months ended 30 June		Six months ended 30 June	
		2006	2005	2006	2005
		Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000	Unaudited HK\$'000
Turnover	4	17,909	14,193	33,328	29,024
Cost of sales		(13,717)	(11,349)	(26,809)	(22,953)
Gross profit		4,192	2,844	6,519	6,071
Other income	4	299	751	390	3,253
Selling and distribution expenses		(1,052)	(859)	(2,115)	(1,966)
Administrative expenses		(3,468)	(3,064)	(6,794)	(6,408)
Other operating expenses		(634)	(428)	(1,337)	(1,163)
Loss from operations	5	(663)	(756)	(3,337)	(213)
Finance costs		(245)	(193)	(478)	(367)
Loss before taxation		(908)	(949)	(3,815)	(580)
Income tax	6	–	–	–	–
Loss for the period		(908)	(949)	(3,815)	(580)
Attributable to:					
Equity holders of the Company		(908)	(949)	(3,815)	(580)
Minority interests		–	–	–	–
		(908)	(949)	(3,815)	(580)
Dividend	7	–	–	–	–
Loss per share for loss attributable to equity holders of the Company (expressed in HK cents per share)					
Basic	8	(0.06)	(0.06)	(0.26)	(0.04)
Diluted	8	N/A	N/A	N/A	N/A

CONSOLIDATED BALANCE SHEET

		30 June 2006 Unaudited HK\$'000	31 December 2005 Audited HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	42,333	44,957
Interest in leasehold land held for own use under operating lease	10	2,145	2,158
		44,478	47,115
Current assets			
Inventories		25,314	22,558
Trade receivables	11	8,616	7,162
Prepayments, deposits and other receivables		4,182	1,508
Cash and bank balances		10,589	12,953
		48,701	44,181
Total assets		93,179	91,296
LIABILITIES			
Current liabilities			
Interest-bearing borrowings	12	18,722	12,919
Trade and bills payables	13	11,244	9,571
Deposits received		15,123	14,982
Accrued liabilities and other payables		2,921	4,572
Obligations under finance leases	14	1,458	1,768
		49,468	43,812
Net current (liabilities)/assets		(767)	369
Total assets less current liabilities		43,711	47,484
Non-current liabilities			
Obligations under finance leases	14	11	600
Shareholder's loans	15	10,351	10,052
		10,362	10,652
Total liabilities		59,830	54,464
Net assets		33,349	36,832

		30 June 2006 Unaudited HK\$'000	31 December 2005 Audited HK\$'000
	<i>Note</i>		
CAPITAL AND RESERVES			
Share capital	16	74,480	74,480
Reserves		(42,057)	(38,574)
<hr/>			
Equity attributable to equity holders of the Company		32,423	35,906
Minority interest		926	926
<hr/>			
Total equity		33,349	36,832
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

The unaudited condensed consolidated statement of changes in equity showing movement of reserves of the Group is as follows:

	Attributable to equity holders of the Company							
	Share capital	Share premium account	Exchange fluctuation reserve	Contributed surplus	Accumulated losses	Total	Minority interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005	74,480	27,847	416	31,929	(94,533)	40,139	926	41,065
Translation differences arising on consolidation of overseas subsidiaries	-	-	156	-	-	156	-	156
Net loss for the period	-	-	-	-	(580)	(580)	-	(580)
At 30 June 2005	74,480	27,847	572	31,929	(95,113)	39,715	926	40,641

	Attributable to equity holders of the Company							
	Share capital	Share premium account	Exchange fluctuation reserve	Contributed surplus	Accumulated losses	Total	Minority interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	74,480	27,847	1,866	31,929	(100,216)	35,906	926	36,832
Translation differences arising on consolidation of overseas subsidiaries	-	-	332	-	-	332	-	332
Net loss for the period	-	-	-	-	(3,815)	(3,815)	-	(3,815)
At 30 June 2006	74,480	27,847	2,198	31,929	(104,031)	32,423	926	33,349

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

	Six months ended	
	30 June	
	2006	2005
	HK\$'000	HK\$'000
Net cash used in operating activities	(959)	(7,439)
Net cash used in investing activities	(1,055)	(3,297)
Net cash generated from financing activities	(457)	1,874
Net decrease in cash and cash equivalents	(2,471)	(8,862)
Cash and cash equivalents at beginning of period	12,953	12,884
Exchange losses on cash and cash equivalents	107	(33)
Cash and cash equivalents at end of period	10,589	3,989
Analysis of balances of cash and cash equivalents		
Cash and bank balances	10,589	3,989

NOTES TO INTERIM FINANCIAL STATEMENTS

(1) Basis of preparation and accounting policies

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of precision molds and plastic products.

In the opinion of the Directors, the ultimate holding company of the Company is New Universe Enterprises Limited ("NUEL"), which is incorporated in British Virgin Islands.

This unaudited condensed consolidated financial statements 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. These financial statements also comply with the applicable disclosure provisions of Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2005 annual financial statements of the Company.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2005 except that the Group has adopted certain new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods commencing on or after 1 January 2006. The adoption of these new HKFRSs relevant to the Group's operations did not result in substantial changes to the Group's accounting policies.

As at 30 June 2006, the Group had net current liabilities of HK\$767,000 (31 December 2005: net current assets of HK\$369,000). The ultimate holding company of the Company has confirmed its intention to provide continuing financial support and adequate funds to the Company to meet its debts as and when they fall due in the foreseeable future. The Directors of the Company are of the views that the Group will have sufficient working capital to carry on business for the foreseeable future and consequently, the financial statements have been prepared on a going concern basis.

(2) The Independent Accountants' Review Report

The Independent Accountants have reviewed the unaudited interim financial statements for the six months ended 30 June 2006 which does not constitute an audit. On the basis of their review, the Independent Accountants are not aware of any material modifications that should be made to the interim financial statements for the six months ended 30 June 2006.

(3) Segment information

Segment information is presented in respect of the Group's primary business segment and secondary geographical segment. During the current and prior periods, there were no inter-segment transactions.

(a) Business segments

The following tables present revenue and profit/(loss) information for the Group's business segments.

	Six months ended 30 June					
	Mold		Plastic		Consolidated	
	products		products			
	2006	2005	2006	2005	2006	2005
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:						
Sales to external customers	27,526	21,604	5,802	7,420	33,328	29,024
Other revenue	212	453	119	162	331	615
Total	27,738	22,057	5,921	7,582	33,659	29,639
Segment expenses	(30,211)	(24,962)	(6,843)	(7,528)	(37,054)	(32,490)
Segment results	(2,473)	(2,905)	(922)	54	(3,395)	(2,851)
Unallocated other revenue					58	2,638
Operating loss					(3,337)	(213)
Finance costs					(478)	(367)
Loss before tax					(3,815)	(580)
Income tax					-	-
Loss for the period					(3,815)	(580)

(b) **Geographical segments**

The following tables present revenue for the Group's geographical segments:

	Sales to external customers		Other revenue	
	Six months ended		Six months ended	
	30 June		30 June	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	5,016	9,068	66	512
Mainland China	12,042	11,167	324	617
European countries*	8,357	7,749	–	–
North America**	6,431	672	–	–
Others	1,482	368	–	2,124
	33,328	29,024	390	3,253

* European countries principally relate to the United Kingdom, Germany, France and Turkey.

** North America principally relates to the United States and Canada.

(4) **Turnover and other income**

Turnover represents the net invoiced value of goods sold, less sales returns and discounts. An analysis of turnover and other income is as follows:

	Three months		Six months	
	ended 30 June		ended 30 June	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover – sale of goods	17,909	14,193	33,328	29,024
Other income				
Interest income	11	6	22	11
Exchange losses, net	–	(100)	–	(100)
Waiver of a director's remuneration	–	503	–	503
Gain on deregistration of subsidiaries	–	–	–	2,124
Sundry income	288	342	368	715
	299	751	390	3,253
Total	18,208	14,944	33,718	32,277

(5) Loss from operations

Operating loss is stated after charging the following:

	Three months ended 30 June		Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Charging				
Depreciation	1,958	1,874	3,896	3,753
Amortisation of leasehold				
land under operating lease	12	12	23	23
Cost of inventory consumed	13,717	11,349	26,809	22,953

(6) Income tax

No provision for Hong Kong profits tax has been made as the Group had accumulated tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax had been made in the previous corresponding period as the Group had no assessable profits arising in Hong Kong during that period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The PRC enterprise income tax rate applicable to Dongguan SmarTech Tooling and Plastics Limited, a wholly owned subsidiary established in Mainland China, is 15%.

Pursuant to the income tax rules and regulations in the PRC, Suzhou New Universe Tooling and Plastic Limited, a 97% owned subsidiary established in Mainland China, is eligible for a 100% relief from PRC enterprise income tax for the first two years from its first profit-making year of operation and thereafter, it will be entitled to a 50% relief from PRC enterprise income tax for the following three years.

Reconciliation between tax expense and the Group's accounting profit/(loss) at applicable tax rates is as follows:

30 June 2006

	Hong Kong		Mainland China		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Loss before tax	(2,639)		(1,176)		(3,815)	
Tax at the statutory/applicable tax rate	(461)	17.5	(176)	15.0	(637)	16.7*
Income not subject to tax	(12)		–		(12)	
Expenses not deductible for tax	473		176		649	
Tax charge at the Group's effective rate	–	–	–	–	–	–

30 June 2005

	Hong Kong		Mainland China		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit/(loss) before tax	(1,238)		658		(580)	
Tax at the statutory/applicable tax rate	(217)	17.5	99	15.0**	(118)	20.3**
Income not subject to tax	–		(99)		(99)	
Expenses not deductible for tax	318		–		318	
Tax losses utilised from previous periods	(101)		–		(101)	
Tax charge at the Group's effective rate	–	–	–	–	–	–

* representing effective tax rate

as restated

(7) Dividend

The Board does not recommend the payment of dividend for the six months ended 30 June 2006 (2005: Nil).

(8) Loss per share

The calculation of basic loss per share is based on the net loss attributable to equity holders of the Company for the six months ended 30 June 2006 of HK\$3,815,000 (2005: net loss of HK\$580,000) and for the three months ended 30 June 2006 of HK\$908,000 (2005: net loss of HK\$949,000) and the weighted average of 1,489,600,000 ordinary shares in issue during the periods respectively.

Diluted loss per share for the periods ended 30 June 2006 and 2005 have not been presented as the effect of any dilution is anti-dilutive.

(9) Property, plant and equipment

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Net book value at beginning of the period/year	44,957	47,159
Additions	1,055	4,646
Disposals	–	(487)
Depreciation		
– charge for the period/year	(3,896)	(7,766)
– written back	–	330
Exchange adjustments	217	1,075
Net book value at end of the period/year	42,333	44,957

The net book value of the property, plant and equipment of the Group held under finance leases as at 30 June 2006 amounted to HK\$3,848,000 (2005: HK\$4,584,000).

(10) Interest in leasehold land held for own use under operating lease

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Net book value at beginning of the period/year	2,158	2,154
Amortisation	(23)	(46)
Exchange adjustments	10	50
	<hr/>	<hr/>
Net book value at end of the period/year	2,145	2,158
	<hr/> <hr/>	<hr/> <hr/>

The Group's interest in land use rights are held in Suzhou, the PRC and on lease over the period of 50 years.

As at 30 June 2006, the land use rights with carrying value of HK\$2,145,000 (31 December 2005: HK\$2,158,000) were pledged to a bank to secure the banking facilities granted to the Group.

(11) Trade receivables

The Group's trading terms with its customers are mainly on credit. For mold products segment, the credit period is generally granted to customers for a period of one month. For plastic products segment, the credit period is generally for a period of two months, extending up to three months for major customers.

An aged analysis of the trade receivables as at 30 June 2006 and 31 December 2005, based on invoice date and net of provisions, are as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Within 1 month	2,929	2,663
1 to 2 months	1,454	2,114
2 to 3 months	1,635	335
Over 3 months	2,598	2,050
	<hr/>	<hr/>
	8,616	7,162
	<hr/> <hr/>	<hr/> <hr/>

(12) Interest-bearing borrowings

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Bank loans – secured	8,696	7,784
Bank loans – unsecured	9,626	4,808
Trust receipt loans – secured	–	327
Loan from a related party – unsecured	400	–
<hr/>		
Amounts due within one year classified as current liabilities	18,722	12,919
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At the balance sheet date, all the above bank loans and trust receipt loans were payable on demand or not exceeding one year. The Company's and Group's banking facilities were secured by (i) a corporate guarantee from a related company of which Mr. XI and Ms. CHEUNG Siu Ling, executive directors of the Company, are directors, and Mr. XI is the beneficial shareholder; (ii) personal guarantee from Mr. XI; and (iii) land use rights of a subsidiary.

Loan from a related company, China (HK) Chemical is unsecured and bears interest at prime lending rate (as quoted by HSBC in Hong Kong) minus 2% per annum. The loan was fully settled on 10 July 2006. Directors, Mr. XI and Ms. CHEUNG Siu Ling, are also directors of China (HK) Chemical.

(13) Trade and bills payables

An aged analysis of the trade payables as at 30 June 2006 and 31 December 2005, based on invoice date, are as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Within 1 month	5,797	2,323
1 to 2 months	2,509	1,215
2 to 3 months	1,308	1,965
Over 3 months	1,630	4,068
<hr/>		
	11,244	9,571
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(14) Obligations under finance leases

The Group leases certain of its plant and machinery. These leases are classified as finance leases and have remaining lease terms ranging from less than one year to three years.

At 30 June 2006, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable:				
Within one year	1,505	1,865	1,458	1,768
In the second year	6	603	5	591
In the third to fifth years, inclusive	8	11	6	9
Total minimum finance lease payments	1,519	2,479	1,469	2,368
Future finance charges	(50)	(111)		
Total net finance lease payables	1,469	2,368		
Portion classified as current liabilities	(1,458)	(1,768)		
Long term portion	11	600		

(15) Shareholder's loans

The shareholder's loans from NUEL are unsecured, interest-free and repayable on 31 December 2006. The loans constitute as connected transactions and, in the opinion of the Directors, were exempted transactions under the GEM Listing Rules.

(16) Share capital

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Authorised:		
20,000,000,000 ordinary shares of HK\$0.05 each	1,000,000	1,000,000
Issued and fully paid:		
1,489,600,000 ordinary shares of HK\$0.05 each	74,480	74,480

(17) Commitments

At the balance sheet date, the Group had the following commitments:

(a) Capital commitment

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Contracted for but not provided for in the financial statements	3,450	–

Capital commitment as of 30 June 2006 amounted to approximately HK\$2,084,000 has been paid as deposit before the balance sheet date.

(b) Operating leases payable

At 30 June 2006, the Group has total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Within one year	3,626	3,634
In the second to fifth years, inclusive	8,326	10,080
After five years	–	–
	11,952	13,714

The Group leases its office premises in Hong Kong and an industrial plant in Mainland China under operating lease arrangements. Leases for the office premises are negotiated for terms ranging from one to three years. Leases for the industrial plant in Mainland China are negotiated for a term of 5 years commencing 1 December 2004.

(18) Related party transactions

- (a) During the six months ended 30 June 2006, the Group purchased raw materials amounted to HK\$1,353,000 (period ended 30 June 2005: HK\$230,000) from China (HK) Chemical. Being executive directors of the Company, Mr. XI and Ms. CHEUNG Siu Ling are also directors of China (HK) Chemical.
- (b) As at 30 June 2006, loan due to China (HK) Chemical amounted to HK\$400,000 is disclosed in note 12 to the interim financial statements.
- (c) As at 30 June 2006, shareholders' loans due to NUEL amounted to HK\$10,351,000 are disclosed in note 15 to the interim financial statements.

(19) Post balance sheet event

On 18 July 2006, a co-operative agreement ("Co-operative Agreement") was entered into between the Company and China parties (comprising The District Government of Jingkou, Zhenjiang and State Owned Gongqingtuan Farm of Jiangsu Province) in relation to a property investment and development project to establish wholly foreign owned enterprises in Mainland China with total registered capital of USD25 million (approximately HK\$194 million) ("Project") to undertake the construction of dock infrastructure and operation and development of dock and depot facilities in the a parcel of vacant land with a site area of around 3,100 mu (equivalent to approximately 2,066,665 sq.m) in the Jingkou District, Zhenjiang City, Jiangsu Province, the Mainland China. The implementation of the Co-operative Agreement and the Project, which is subject to the compliance of GEM Listing Rules and approval of the Company's shareholders, is expected to be financed by proposed rights issue and bank borrowings of the Group. Further details are set out in the Company's announcement dated 3 August 2006.