



2009

THIRD QUARTERLY REPORT

**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

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*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 (the “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.*

**CORPORATE INFORMATION****BOARD OF DIRECTORS***Executive Directors*

XI Yu (*Chairman*)  
CHEUNG Siu Ling  
HON Wa Fai

*Non-Executive Director*

SUEN Ki

*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

**REMUNERATION 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

**AUTHORIZED REPRESENTATIVES**

XI Yu  
HON Wa Fai

**COMPLIANCE OFFICER**

XI Yu

**COMPANY SECRETARY**

HON Wa Fai

**REGISTERED OFFICE**

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Cayman Islands

**HEAD OFFICE AND****PRINCIPAL PLACE OF BUSINESS**

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Kowloon  
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**LEGAL ADVISER**

Troutman Sanders

**AUDITOR**

CCIF CPA Limited

**SHARE REGISTRAR AND  
TRANSFER OFFICES***Principal*

Bank of Bermuda (Cayman) Limited  
P.O. Box 513 G.T.  
3rd Floor British American Tower  
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Grand Cayman  
Cayman Islands

*Hong Kong Branch*

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

**PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong)  
Limited  
Bank of China Limited

**STOCK CODE**

8068

**WEBSITE**

[www.nuigl.com](http://www.nuigl.com)

**FINANCIAL HIGHLIGHTS**

- The Group's turnover was HK\$54,567,000 for 3Q 2009 (3Q 2008: HK\$49,451,000).
- Loss attributable to the owners of the Company was HK\$573,000 for 3Q 2009 (3Q 2008: restated profit of HK\$8,753,000).
- Loss per share from continuing and discontinued operations totalled Hong Kong cent 0.03 for 3Q 2009 (earnings per share for 3Q 2008 as restated: Hong Kong cent 0.48).
- Equity attributable to owners of the Company was HK\$264,966,000 as at 30 September 2009 (31 December 2008: HK\$275,433,000).
- As at 30 September 2009, the Group had cash and bank balances of HK\$31,234,000 for continuing operations (31 December 2008: HK\$23,128,000) and HK\$23,202,000 for discontinued operation (31 December 2008: HK\$23,258,000).
- The Board of the Company does not recommend the payment of a dividend for 3Q 2009.

The board of directors (the "Board") of New Universe International Group Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 30 September 2009 ("3Q 2009"), and the comparative figures for the corresponding period in 2008 ("3Q 2008").

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2009 HK\$'000	2008 HK\$'000 (restated)	2009 HK\$'000	2008 HK\$'000 (restated)
<b>Continuing operations</b>					
Turnover	3	<b>22,233</b>	17,257	<b>54,567</b>	49,451
Cost of sales		<b>(15,401)</b>	(11,213)	<b>(38,897)</b>	(28,819)
Gross profit		<b>6,832</b>	6,044	<b>15,670</b>	20,632
Other revenue and income	3	<b>405</b>	341	<b>2,595</b>	4,257
Selling and distribution costs		<b>(991)</b>	(1,251)	<b>(3,092)</b>	(4,038)
Administrative expenses		<b>(3,406)</b>	(2,669)	<b>(9,493)</b>	(8,017)
Finance costs	4	<b>(667)</b>	(557)	<b>(2,110)</b>	(948)
Other operating expenses		<b>(933)</b>	(1,199)	<b>(2,519)</b>	(2,359)
Impairment of goodwill		–	–	<b>(688)</b>	–
Share of profits less losses of associates		<b>130</b>	(216)	<b>659</b>	306
Profit before tax		<b>1,370</b>	493	<b>1,022</b>	9,833
Income tax	5	<b>(228)</b>	27	<b>(384)</b>	145
Profit for the period from continuing operations		<b>1,142</b>	520	<b>638</b>	9,978
<b>Discontinued operation</b>					
(Loss)/profit for the period from discontinued operation		<b>1</b>	166	<b>(16)</b>	475
<b>Profit for the period</b>	6	<b>1,143</b>	686	<b>622</b>	10,453
<b>(Loss)/profit attributable to:</b>					
Owners of the Company		<b>475</b>	356	<b>(573)</b>	8,753
Non-controlling interests		<b>668</b>	330	<b>1,195</b>	1,700
		<b>1,143</b>	686	<b>622</b>	10,453
<b>(Loss)/earnings per share</b>					
for (loss)/profit attributable to owners of the Company (expressed in HK cents per share)	7				
<b>From continuing and discontinued operations</b>					
Basic and diluted		<b>0.03</b>	0.02	<b>(0.03)</b>	0.48
<b>From continuing operations</b>					
Basic and diluted		<b>0.03</b>	0.01	<b>(0.03)</b>	0.45

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(restated)		(restated)
<b>Profit for the period</b>	<b>1,143</b>	686	<b>622</b>	10,453
Other comprehensive income:				
Exchange differences on translation of				
– financial statements of overseas subsidiaries	–	–	<b>(28)</b>	4,321
– financial statements of disposal group held for sale	–	–	–	5,445
Change in fair value of available-for-sale equity investments	–	(3,023)	<b>(9,700)</b>	(6,922)
Excess of fair value of net assets over cost of acquisition of interests in associates	–	6,866	–	6,866
Share of other comprehensive income of associates	<b>(90)</b>	(662)	<b>(166)</b>	(336)
Other comprehensive income for the period	<b>(90)</b>	3,181	<b>(9,894)</b>	9,374
<b>Total comprehensive income for the period</b>	<b>1,053</b>	3,867	<b>(9,272)</b>	19,827
Total comprehensive income attributable to:				
Owners of the Company	<b>384</b>	3,537	<b>(10,467)</b>	17,645
Non-controlling interests	<b>669</b>	330	<b>1,195</b>	2,182
	<b>1,053</b>	3,867	<b>(9,272)</b>	19,827

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Issued capital	Share premium reserve	Translation reserve	Investments revaluation reserve	General reserve	Accumulated (losses)/ profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	18,259	206,488	3,600	4,110	31,929	(8,716)	255,670	5,417	261,087
<b>Changes in equity for nine months ended 30 September 2008:</b>									
Profit for the period (as restated)	-	-	-	-	-	8,753	8,753	1,700	10,453
Exchange differences on translation of									
- financial statements of overseas subsidiaries	-	-	3,839	-	-	-	3,839	482	4,321
- financial statements of disposal group	-	-	5,445	-	-	-	5,445	-	5,445
Change in fair value of available-for-sale equity investments	-	-	-	(4,110)	-	(2,812)	(6,922)	-	(6,922)
Excess of fair value of net assets over cost of acquisition of interests in associates (as restated from previously reported profit for the period)	-	-	-	-	-	6,866	6,866	-	6,866
Share of other comprehensive income of associates	-	-	(336)	-	-	-	(336)	-	(336)
Total comprehensive income for the period	-	-	8,948	(4,110)	-	12,807	17,645	2,182	19,827
At 30 September 2008	18,259	206,488	12,548	-	31,929	4,091	273,315	7,599	280,914
At 1 January 2009	18,259	206,488	19,092	-	31,929	(335)	275,433	8,246	283,679
<b>Changes in equity for nine months ended 30 September 2009:</b>									
(Loss)/profit for the period	-	-	-	-	-	(573)	(573)	1,195	622
Exchange differences on translation of									
- financial statements of overseas subsidiaries	-	-	(28)	-	-	-	(28)	-	(28)
- financial statements of disposal group	-	-	-	-	-	-	-	-	-
Change in fair value of available-for-sale equity investments	-	-	-	-	-	(9,700)	(9,700)	-	(9,700)
Share of other comprehensive income of associates	-	-	(166)	-	-	-	(166)	-	(166)
Total comprehensive income for the period	-	-	(194)	-	-	(10,273)	(10,467)	1,195	(9,272)
At 30 September 2009	18,259	206,488	18,898	-	31,929	(10,608)	264,966	9,441	274,407

## NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

### 1 General information

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

At 30 September 2009, the Directors of the Company consider the ultimate parent of the Group to be New Universe Enterprises Limited ("NUEL"), which is a limited liability company incorporated in the British Virgin Islands.

This unaudited financial information is presented in Hong Kong dollars, which is same as the functional currency of the Company.

For the sole purpose of this unaudited financial information, the People's Republic of China ("PRC"; "China" or "Mainland China") shall exclude Hong Kong, Macau Special Administrative Region and Taiwan.

The Company acts as an investment holding company. The Group is engaged in the following principal activities:

#### *Continuing operations*

- (i) the environmental services segment engages in the environmental collection and disposal of hazardous medical and industrial wastes,
- (ii) the mold products segment engages in the manufacture and sale of high precision molds,
- (iii) the plastic products segment engages in the manufacture and sale of plastic products, and
- (iv) the plastic material dyeing segment engages in strategic investments on plastics dyeing businesses.

#### *Discontinued operation*

In 2008, with a view to rationalize the Group's operations, the Group discontinued the development and operation of docks, warehouses and logistics facilities in Zhenjiang City, Jiangsu Province, China (the "Zhenjiang Docks Project" or the "disposal group") by entering into two agreements dated 3 November 2008 as supplemented by two supplemental agreements dated 27 April 2009 and 10 September 2009 to dispose of the Group's entire 100% equity interests in New Universe International (Zhenjiang) Port Company Limited (新宇國際(鎮江)港務有限公司) ("Zhenjiang Port Company") and New Universe International (Zhenjiang) Warehouses Company Limited (新宇國際(鎮江)倉儲有限公司) ("Zhenjiang Warehouses Company") to an independent third party and its nominee (therein referred to as the "Disposal of Zhenjiang Docks Project"). The Disposal of

Zhenjiang Docks Project constituted a major disposal transaction of the Company and for which the controlling shareholder of the Company, NUEL has issued on 3 November 2008 a written approval of the transaction as contemplated. The assets attributable to Zhenjiang Docks Project have been classified and accounted for as assets of disposal group held for sale. The dock development segment relates to the Zhenjiang Docks Project or the disposal group held for sale. Details of the Disposal of Zhenjiang Docks Project could be referred to the announcement and circular dated 5 November 2008 and 18 November 2008 respectively, and the update announcements dated 4 December 2008, 7 May 2009 and 11 September 2009 made by the Company.

## 2 Basis of preparation and significant accounting policies

This unaudited financial information has been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules.

This unaudited financial information has been prepared under the historical cost convention, except for certain financial assets and liabilities that are measured at revalued amounts or fair values, as appropriate.

A number of new or revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in this unaudited financial information as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008.

### *HKFRS 8 Operating Segments*

(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure standard requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance that has resulted in redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group.

### *HKAS 1 (revised 2007) Presentation of Financial Statements*

(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The HKAS 1 (revised 2007) has had no significant impact on the reported results or financial position of the Group, except that certain figures previously reported as components of profit or loss in the income statement have now been restated and presented in the second statement beginning with profit or loss and displaying components of other comprehensive income in the statement of comprehensive income.

*HKAS 27 (revised 2008) Consolidated and Separate Financial Statements*

(effective for annual periods beginning on or after 1 July 2009)

HKAS 27 (revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognized where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognized in profit or loss. Under HKAS 27 (revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognizes all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognized at its fair value at the date the control is lost. A gain or loss on loss of control is recognized in profit or loss as the difference between the proceeds, if any, and these adjustments.

The revised standard is expected to affect the accounting for changes in ownership interests in future accounting periods, but the impact will only be determined once the detail of future transactions is known.

### 3 Turnover, other revenue and income

The Group's revenue analyzed by operating segment for the periods under review is as follows:

	For nine months ended 30 September 2009							
	Continuing operations					Discontinued operation		
	Environmental services	Mold products	Plastic products	Dyeing investments	Other Consolidated	Dock development	Total	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue (from external):								
Turnover	24,035	11,723	18,809	–	–	54,567	–	54,567
Other revenue and income	463	491	1	1,640	–	2,595	3	2,598
<b>Total</b>	<b>24,498</b>	<b>12,214</b>	<b>18,810</b>	<b>1,640</b>	<b>–</b>	<b>57,162</b>	<b>3</b>	<b>57,165</b>

	For nine months ended 30 September 2008							
	Continuing operations					Discontinued operation		
	Environmental services	Mold products	Plastic products	Dyeing investments	Other Consolidated	Dock development	Total	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue (from external):								
Turnover	25,833	17,146	6,472	–	–	49,451	–	49,451
Other revenue and income	457	1,885	19	1,822	74	4,257	544	4,801
<b>Total</b>	<b>26,290</b>	<b>19,031</b>	<b>6,491</b>	<b>1,822</b>	<b>74</b>	<b>53,708</b>	<b>544</b>	<b>54,252</b>

**4 Finance costs**

	Three months ended		Nine months ended	
	30 September		30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest expenses on				
– Bank loans wholly repayable within 5 years	73	217	426	607
– Loan from a related party wholly repayable within 5 years	29	–	33	–
– Finance lease	–	–	1	1
Imputed interest expenses on				
– Non-current promissory notes	565	340	1,650	340
	<b>667</b>	<b>557</b>	<b>2,110</b>	<b>948</b>

**5 Income tax**

	Three months ended		Nine months ended	
	30 September		30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
– Hong Kong	–	–	–	–
– PRC Enterprise Income Tax	(255)	–	(637)	–
Deferred taxation	27	27	253	145
	<b>(228)</b>	<b>27</b>	<b>(384)</b>	<b>145</b>

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

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong profits tax has been made, as the Group had no assessable profits subject to Hong Kong profits tax during the period (2008: Nil).

The PRC subsidiaries of the Group are subject to PRC Enterprise Income Tax at 25% (2008: 25%).

The PRC subsidiaries of the Group, Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), Taizhou New Universe Solid Waste Disposal Company Limited (“Taizhou New Universe”), and Yancheng New Universe Solid Waste Disposal Company Limited (“Yancheng New Universe”), are entitled to the exemptions from PRC Enterprise Income Tax for two

years starting from their first profit-making, followed by a 50% tax relief for the next three years. The first profit-making year of Yancheng New Universe and Taizhou New Universe was 2007 and accordingly, they were not subject to PRC Enterprise Income Tax in 2007 and 2008, but would be subject to PRC Enterprise Income Tax of 12.5% for the years 2009 to 2011. The first profit-making year of Zhenjiang New Universe was 2008 and accordingly, not subject to PRC Enterprise Income Tax in 2008 and 2009, but would be subject to PRC Enterprise Income Tax of 12.5% for the years 2010 to 2012.

The PRC subsidiary, Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe") had no profit subject to PRC Enterprise Income Tax during the periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 6 Profit for the period

Profit for the period is stated after charging the following:

	Three months ended		Nine months ended	
	30 September		30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories consumed	15,401	11,213	38,897	28,819
Amortization of land lease prepayments	127	126	381	378
Depreciation of property, plant and equipment	1,679	1,468	5,061	4,348
Impairment of goodwill	-	-	688	-

## 7 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company for the nine months ended 30 September 2009 and 2008 and the weighted average number of ordinary shares in issue during these periods.

There were no dilutive events in the nine months ended 30 September 2009 and 2008 and therefore, the diluted (loss)/earnings per share is same as basic (loss)/earnings per share for both periods.

The calculation of basic (loss)/earnings per share is based on the following data:

**(Loss)/earnings:**

	Three months ended		Nine months ended	
	30 September		30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(restated)		(restated)

**From continuing and discontinued operations**

(Loss)/profit for the period attributable to owners of the Company used in the basic (loss)/earnings per share calculation

475	356	(573)	8,753
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**From continuing operations**

(Loss)/profit for the period attributable to owners of the Company used in the basic (loss)/earnings per share calculation

474	190	(557)	8,278
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**From discontinued operation**

(Loss)/profit for the period attributable to owners of the Company used in the basic (loss)/earnings per share calculation

1	166	(16)	475
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**Number of shares:**

	Three months ended		Nine months ended	
	30 September		30 September	
	2009	2008	2009	2008
Weighted average number of ordinary shares in issue during the period	<b>1,825,891,681</b>	1,825,891,681	<b>1,825,891,681</b>	1,825,891,681

## 8 Movement of reserves

Details of movements in the reserves of the Group are set out in the unaudited condensed consolidated statement of changes in equity.

At 30 September 2009, the Company has reserves available for distribution to its equity owners amounting to HK\$227,718,000 (31 December 2008: HK\$230,321,000). According to the articles and association of the Company, dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law (revised) of the Cayman Islands and every modification thereof.

## 9 Comparative figures

As a result of the application of HKFRS 5, Non-current Assets Held for Sale and Discontinued Operations, to account for the Disposal of Zhenjiang Docks Project, and the application of HKAS 1 (revised 2007), Presentation of Financial Statements, and HKFRS 8, Operating Segments, certain comparative figures have been adjusted to conform to the current period's presentation and to provide comparative amounts in respect of items disclosed for the purposes. Further details of these development are disclosed in note 2 to this unaudited financial information.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

Mainland China's economy continued to revive in the second and third quarters of this year after hitting a bottom in the first quarter amid the global financial tsunami. Benefiting from the government's stimulus policy, domestic consumption and investments have been gathering momentum. During the nine months ended 30 September 2009, the Group initiated different measures to strengthen its operating efficiency, laying a solid foundation for its sustainable growth. With the dedicated efforts of all staff members, the Group's operating performance for the third quarter improved from the first two quarters of 2009. Profit of the Group for the third quarter of 2009 was HK\$1,142,000 as compared to HK\$520,000 for the third quarter of 2008.

For the nine months ended 30 September 2009, the Group achieved total revenue of HK\$54,567,000, representing a slight year-on-year improvement. The Company recorded a loss attributable to the shareholders of HK\$573,000 in current period as compared to a restated profit of HK\$8,753,000 for the corresponding period in 2008. In the second quarter of 2009, the Group accounted for a decrease in the fair value of its plastic materials dyeing operations amounted to HK\$9,700,000 due to the then worsening operating environment, though no further adjustment to the fair value was required for those investments in the third quarter.

#### Environmental Operations

The environmental businesses of the Group are carried out by three indirectly owned subsidiaries – Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe. The Company holds an 82% equity interest in each. They engage in environmental treatment and disposal of general industrial and regulated hazardous medical waste in Jiangsu Province, China, servicing various clinics, major hospitals, and major industrial enterprises in the cities where they are situated. The companies have their own pyrolyzing incinerators each with an annual capacity of over 3,000 tons of hazardous solid waste. In addition, Zhenjiang New Universe has specialized filtration facilities to handle over 96 cubic metres of industrial liquid waste per day, and also operates a 750,000 cubic metres landfill capable of handling 35,000 tons of general industrial solid waste per annum.

For the nine months ended 30 September 2009, Zhenjiang New Universe handled over 4,500 tons of general industrial waste, 4,000 tons of hazardous industrial waste, and 400 tons of regulated medical solid waste; Yancheng New Universe handled over 5,300 tons of general and hazardous industrial waste and 480 tons of regulated medical solid waste; and Taizhou New Universe handled over 1,350 tons of general and hazardous industrial waste and 460 tons of regulated medical solid waste.

For the nine months ended 30 September 2009, the Group's total revenue from environmental operations amounted to HK\$24,035,000 (3Q 2008: HK\$25,833,000).

### **Investment in Eco-plating Specialized Zone Project**

After the acquisition completed on 8 August 2008, the Group holds a 38% equity interest in New Sinotech Investments Limited ("New Sinotech") (therein referred to as the "Acquisition of Interests in New Sinotech"). The Acquisition of Interests in New Sinotech constituted a discloseable transaction of the Company with details set out in the announcement and circular of the Company dated 18 August 2008 and 4 September 2008 respectively. New Sinotech holds a 100% direct equity interest in Fair Time International Limited ("Fair Time") and a 100% indirect equity interest in Zhenjiang Sinotech Eco-electroplating Development Limited ("Zhenjiang Sinotech") (collectively referred to as the "New Sinotech Group"). Zhenjiang Sinotech is a wholly foreign owned enterprise established in Zhenjiang, China, to engage in the development and operation of an eco-plating specialized zone with a total area of 183,521 square kilometres ("Eco-plating Specialized Zone Project"). The Eco-plating Specialized Zone Project is engaged in the development, operation and management of the specialized zone for environmental electroplating recycling, environmental treatment of electroplating sewage and sludge, and recycling of metallic substances and resources.

The Company's controlling shareholder, NUEL, also acquired a 53% direct equity interest in New Sinotech Group on 8 August 2008. With the support of term loans granted by major banks in Hong Kong and guaranteed by the Company's chairman, Mr. Xi Yu and a related company, New Universe Holdings Limited ("NUHL"), the construction of the Eco-plating Specialized Zone Project is making good progress. Industrial buildings with a gross floor area of 22,758 square metres have been completed. The specialized plating sewage discharge system has been completed and is now at a testing stage and pending certification.

The Eco-plating Specialized Zone Project is still under construction but commenced operations in the second quarter of 2008. The Group shared net loss in the New Sinotech Group amounted to HK\$181,000 for the nine months ended 30 September 2009 (3Q 2008: HK\$270,000).

## Manufacturing Operations

Suzhou New Universe is a 97% owned subsidiary of the Group situated in the Yangtze River Delta. It is the major production base for the Group's injection molds and plastic products in Mainland China and is engaged in marketing these products. Total turnover of Suzhou New Universe for 3Q 2009 was HK\$30,532,000, representing an increase of 29.3% as compared to HK\$23,618,000 for 3Q 2008. Suzhou New Universe's sales of molds for 3Q 2009 decreased by 31.6% to HK\$11,723,000 (3Q 2008: HK\$17,146,000) while sales of plastic products for the same period increased by 190.6% to HK\$18,809,000 (3Q 2008: HK\$6,472,000).

To ensure a stable and reliable supply of plastic materials for Suzhou New Universe's production, the Group entered into a framework supply agreement with a related company, China (HK) Chemical & Plastics Co. Limited ("China (HK) Chemical", a direct 97% owned subsidiary of NUHL) on 26 February 2009 ("Supply Contract"). Pursuant to the Supply Contract, Suzhou New Universe will purchase and China (HK) Chemical will supply plastic materials for three years ending 31 December 2011 on favorable terms that would not be available to Suzhou New Universe from other independent suppliers.

The transactions as contemplated under the Supply Contract constitute continuing connected transactions of the Company with details set out in the Company's announcement dated 27 February 2009 that annual caps on purchases from China (HK) Chemical in the amount of US\$1,280,000 (approximately HK\$9,984,000) were anticipated for the three financial years ending 31 December 2011. However, the original annual cap amount for the year ending 31 December 2009 was almost fully utilized as at 30 June 2009. In order to meet the increasing demand of Suzhou New Universe, the Company made an announcement on 14 August 2009 and issued a circular dated 31 August 2009 to propose for an increase in the annual caps to US\$12,800,000, US\$14,080,000 and US\$15,488,000 for the three financial years ending 31 December 2011 respectively ("Revision of Caps"). With NUEL's 73.91% interest in the Company abstaining from voting, the independent shareholders of the Company duly passed a resolution to approve the Revision of Caps by poll voting at an extraordinary general meeting held on 18 September 2009.

## Investments in Plastics Dyeing Operations

The Group indirectly owns equity interests of 18.62%, 24.5% and 28.67% respectively in Suzhou New Huamei Plastics Company Limited ("Suzhou New Huamei"), Danyang New Huamei Plastics Company Limited ("Danyang New Huamei") and Qingdao Zhongxin Huamei Plastics Company Limited ("Qingdao Huamei"). Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei are engaged in plastic materials dyeing in Mainland China. The Company's equity interest in Qingdao Huamei is treated as investment in an associate while the investments in Suzhou New Huamei and Danyang New Huamei are treated as available-for-sale equity investments.

The net profit margins of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei were 3.1%, 3.8% and 5.0% for 3Q 2009 respectively (3Q 2008: 3.2%, 7.4% and 2.0% respectively). According to a confirmation letter dated 28 October 2009 issued by an independent professional valuer, BMI Appraisals Limited (“BMI”), the total market value attributable to the Group for the available-for-sale equity investments in Suzhou New Huamei and Danyang New Huamei as at 30 September 2009 was not significantly different from that as of 30 June 2009 in the total of HK\$39,200,000 (31 December 2008: HK\$48,900,000). In 3Q 2009, the Group shared net profit of Qingdao Huamei amounted to HK\$840,000 (3Q 2008: HK\$576,000).

### **Disposal of Zhenjiang Docks Project**

Co-operation between the Company and China parties (therein referred to as the “China Parties”, comprising The District Government of Jingkou, Zhenjiang and the State-owned Gongqingtuan Farm in Jiangsu Province) regarding the investment in the construction of dock infrastructure and the development of warehouses and depot facilities in Xinminzhou, Jingkou District, Zhenjiang City, Jiangsu, China (therein referred to as the “Zhenjiang Docks Project”) has made no significant progress in 2009. The Board has closely monitored the progress of the Zhenjiang Docks Project and reviewed the Group’s investment from time to time. The management of the Zhenjiang Port Company and the Zhenjiang Warehouses Company have been in negotiations with the China Parties on the progress of the Zhenjiang Docks Project, though the original plan of 2006 is unlikely to materialize owing to revised policies of the local government on the district surrounding Xinminzhou.

Two wholly foreign owned enterprises (referred therein to as the “Dock WFOEs” or “disposal group held for sale”) established for the purpose of carrying out the Zhenjiang Docks Project, namely, Zhenjiang Port Company and Zhenjiang Warehouses Company were injected with US\$8,500,000 (approximately HK\$66,300,000) and US\$1,500,000 (approximately HK\$11,700,000) respectively as their paid-up registered capital up to 30 September 2009. Land deposits of RMB48,800,000 (approximately HK\$55,144,000) were paid by the Zhenjiang Port Company to the local government to secure land use rights for the dock site.

On 3 November 2008, the Group entered into two sale and purchase agreements (“Dock Disposal Agreements”) to dispose of its entire equity interests in Zhenjiang Port Company and Zhenjiang Warehouses Company to an independent buyer, as witnessed by a representative of the China Parties, at an aggregate consideration of RMB84,951,300 (approximately HK\$95,995,000). The Disposal of the Zhenjiang Docks Project constituted a major disposal transaction of the Company and for which the controlling shareholder, NUEL, issued written approval.

On 27 April 2009, the Group entered into a supplemental sale and purchase agreement to re-schedule payment terms in relation to the Disposal of Zhenjiang Docks Project with a nominated party of the buyer (“Purchaser”, namely, Jiangsu Golden Coast Investment Construction Development Co., Limited 江蘇金海岸投資建設發展有限公司) as witnessed by a representative of the China Parties (“First Supplemental Dock Disposal Agreement”). Pursuant to the First Supplemental Dock Disposal Agreement, a refundable deposit of RMB3,500,000 (approximately HK\$3,955,000) was paid by the Purchaser on 6 May 2009 and under the custody of the Group’s subsidiary, Zhenjiang New Universe; and consideration for the Disposal of Zhenjiang Docks Project was adjusted to RMB85,849,100 (approximately HK\$97,009,000) that would be settled by the Purchaser as to (i) RMB17,049,100 (approximately HK\$19,265,000) after the termination of the approval certificates of Dock WFOEs, (ii) RMB20,000,000 (approximately HK\$22,600,000) after the change of business licenses of the Dock WFOEs in favour of the Purchaser, and (iii) RMB48,800,000 (approximately HK\$55,144,000) after the Purchaser obtains legal title to the land for the Zhenjiang Docks Project. Any outstanding payment in respect of any consideration due is subject to interest at a rate of 3.6% per annum payable by the Purchaser.

On 10 September 2009, the Group entered into a second supplemental sale and purchase agreement in relation to the Disposal of Zhenjiang Docks with the Purchaser as witnessed by a representative of the China Parties to confirm the resulting shareholding structure that the Purchaser and another independent third party (“Nominated Party”) shall hold 90% and 10% equity interest of the Dock WFOEs respectively (“Second Supplemental Dock Disposal Agreement”). Pursuant to the Second Supplemental Dock Disposal Agreement, the Purchaser and the Nominated Party agreed to assure the obligations of the Purchaser jointly and the Purchaser agreed to be responsible for fulfilling the Nominated Party’s obligation in case the Nominated Party fails to fulfill the same. In addition, the China Parties issued a guarantee letter to the Group to ensure payment by the Purchaser of the third installment of RMB48,800,000 pursuant to the First Supplemental Dock Disposal Agreement.

Up to the date of this report, the Dock Disposal Agreement, the First Supplemental Dock Disposal Agreement and the Second Supplemental Dock Disposal Agreement in relation to the Disposal of Zhenjiang Docks Project (collectively referred to as the “Dock Disposal Agreements”) have not yet been completed. Parties to the Dock Disposal Agreements remain committed to the Disposal of Zhenjiang Docks Project and have been procuring necessary approvals from different governmental departments for completing the transactions as contemplated.

## Prospects

Looking ahead to the fourth quarter of 2009, management will continue to enhance its operating efficiency and to optimize its operations. As the Chinese economy recovers gradually, we are confident that the Group's businesses will resume their growth momentum. The Group's diversification strategy has started to produce the expected results. Since 2007, the environmental operations have contributed a significant portion of the Group's revenue. Meanwhile, as domestic demand in China continues to grow, our manufacturing operations have also improved. The management believes the Group will create greater value for shareholders through relentless efforts of all staff members and continuous supports from customers and business partners.

## FINANCIAL REVIEW

### Turnover

The Group's turnover was HK\$54,567,000 for the nine months ended 30 September 2009 representing an increase of 10.3% from HK\$49,451,000 for the nine months ended 30 September 2008. The manufacturing operations contributed for 56.0% of the Group's turnover for 3Q 2009 as compared to 47.8% for 3Q 2008. The environmental operations contributed for 44.0% of the Group's turnover for 3Q 2009 as compared to 52.2% for 3Q 2008. The increase in total turnover of the Group for 3Q 2009 was mainly attributable to increase in turnover of the Group's manufacturing operations in 3Q 2009, though the profit margin declined during the period. Manufacturing industries in the Jiangsu region have picked up the momentum in the third quarter of 2009 that resulted in resumption in industrial wastes handled by the environmental entities and therefore the environmental revenue of the Group.

### Gross profit

Gross profit of the Group for 3Q 2009 decreased by 24.1% to HK\$15,670,000 as compared to HK\$20,632,000 for 3Q 2008. The overall gross profit margin of the Group was 28.7% for 3Q 2009 (3Q 2008: 41.7%). The average gross profit margin of the Group's manufacturing operations was 4.4% for 3Q 2009 (3Q 2008: 21.9%). The average gross profit margin of the Group's environmental operations was 60.0% for 3Q 2009 (3Q 2008: 59.8%).

### (Loss)/profit attributable to owners of the Company

The Group made a loss attributable to owners of the Company of HK\$573,000 for 3Q 2009 as compared to a profit of HK\$8,753,000 for 3Q 2008.

Loss per share attributable to the owners of the Company in relation to the continuing operations and the discontinued operation were Hong Kong cents 0.03 and Hong Kong cents Nil respectively for 3Q 2009 as compared to earnings per share attributable to the continuing operations and the discontinued operation of Hong Kong cents 0.45 and Hong Kong cents 0.03 respectively for 3Q 2008.

Net decrease in fair value of the Group's available-for-sale equity investments amounted to HK\$9,700,000 was accounted for in the consolidated statement of comprehensive income of the Group for the nine months ended 30 September 2009 (3Q 2008: HK\$6,922,000), though no further decrease in value was required to be made in the third quarter of 2009.

### **Other revenue and income**

The Group's other revenue and income from continuing operations decreased to HK\$2,595,000 for 3Q 2009 as compared to HK\$4,257,000 for 3Q 2008. Other revenue and income from discontinued operation mainly attributable to bank interest income amounted to HK\$3,000 for 3Q 2009 (3Q 2008: HK\$544,000).

### **Selling and distribution costs**

Selling and distribution costs of the Group for continuing operations decreased by 23.4% to HK\$3,092,000 for 3Q 2009, representing 5.7% to the Group's turnover for 3Q 2009 (3Q 2008: HK\$4,038,000 representing 8.2% to Group's turnover for 3Q 2008). The current decrease in selling and distribution costs was mainly attributable to decrease in incentive payments to sales persons and marketing agencies of both environmental and manufacturing operations for 3Q 2009. There were no selling and distribution costs incurred on discontinued operation for 3Q 2009 and 3Q 2008.

### **Administrative expenses**

Administrative expenses of the Group for continuing operations increased by 18.4% to HK\$9,493,000 for 3Q 2009, representing 17.4% to the Group's turnover for 3Q 2009 (3Q 2008: HK\$8,017,000 representing 16.2% to the Group's turnover for 3Q 2008). Administrative expenses on discontinued operation amounted to HK\$19,000 for 3Q 2009 (3Q 2008: HK\$69,000).

### **Other operating expenses**

Other operating expenses of the Group for continuing operations increased by 6.8% to HK\$2,519,000 for 3Q 2009, representing 4.6% to the Group's turnover for 3Q 2009 (3Q 2008: HK\$2,359,000 representing 4.8% to Group's turnover for 3Q 2008). The current increase in other operating expenses was mainly attributable to increase in amortization of land lease prepayments for 3Q 2009. There were no other operating expenses incurred on discontinued operation for 3Q 2009 (3Q 2008: Nil).

## Finance costs

Finance costs of the Group for continuing operations increased by 122.6% to HK\$2,110,000 for 3Q 2009 as compared to HK\$948,000 for 3Q 2008. The increase was mainly attributable to the interest imputed on the promissory notes issued for the Acquisition of Interests in Zhenjiang Sinotech that amounted to HK\$1,650,000 for 3Q 2009 (3Q 2008: HK\$340,000). There was no finance costs incurred on discontinued operation for 3Q 2009 and 3Q 2008.

## Segment results

The revenue distribution by environmental services segment, molds segment, plastics segment, and plastic materials dyeing segment was 42.9%, 21.4%, 32.9% and 2.8% respectively for 3Q 2009 as compared to 48.9%, 35.4%, 12.1% and 3.4% respectively for 3Q 2008.

## Liquidity and financial resources

During the period under review, the Group financed its operations activities with internally generated cash flows, banking facilities, and loans from NUEL and China (HK) Chemical. Taking into account the existing financial resources available to the Group, it is anticipated that the Group have adequate financial resources to meet its operating and development requirements.

The Group had cash and bank balances as follows:

	<b>30 September 2009 HK\$'000</b>	31 December 2008 HK\$'000
Cash and bank balances		
– Continuing operations	<b>31,234</b>	23,128
– Discontinued operation*	<b>23,202</b>	23,258
	<b>54,436</b>	46,386

\* Cash and bank balances of the Dock WFOEs have been under custody of a banker in China pending the implementation and completion of the Dock Disposal Agreements.

The Group had available unused standby general banking facilities as follows.

	<b>30 September 2009 HK\$'000</b>	31 December 2008 HK\$'000
Trust receipts financing facilities	<b>10,000</b>	10,000

The Group had outstanding interest bearing borrowings as follows:

	<b>30 September 2009 HK\$'000</b>	31 December 2008 HK\$'000
Bank borrowings – secured	<b>5,085</b>	10,170
Finance lease payables – secured	–	4
Borrowings from China (HK) Chemical – unsecured	<b>4,342</b>	–
	<b>9,427</b>	10,174

The Group had promissory notes (par value before imputed interests: HK\$26,920,000) with carrying fair value as follows:

	<b>30 September 2009 HK\$'000</b>	31 December 2008 HK\$'000
Promissory notes – unsecured	<b>21,606</b>	19,956

The Group had outstanding non-interest bearing borrowings due to the Group's related companies as follows:

	<b>30 September 2009 HK\$'000</b>	31 December 2008 HK\$'000
Unsecured borrowings		
– NUEL, controlling shareholder	<b>2,416</b>	2,416
– Beijing New Universe Mirai Environmental Engineering Company Limited, related company	<b>19</b>	19
	<b>2,435</b>	2,435

### Treasury policies

The Group operates with conservative treasury policies to avoid risky investments and to minimize interest-bearing borrowings. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. The Board also closely monitors the Group's liquidity position to ensure the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirement and minimize liquidity risk.

### Gearing ratio

The Group monitors its capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity. For this purpose, the Group defines total borrowings as the total liabilities (which including current and non-current liabilities).

The gearing ratio as at 30 September 2009 and 31 December 2008 was as follows:

	<b>30 September 2009 HK\$'000</b>	31 December 2008 HK\$'000
<b>Current liabilities</b>	<b>42,254</b>	35,017
<b>Non-current liabilities</b>	<b>29,352</b>	27,437
<b>Total borrowings</b>	<b>71,606</b>	62,454
<b>Total equity</b>	<b>274,407</b>	283,679
<b>Gearing ratio</b>	<b>26.1%</b>	22.0%

Save for the commitments disclosed therein, neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

### Goodwill

In October 2007, the Group acquired from NUEL 100% equity interest in New Universe Environmental Protection Investment Limited (referred therein to as "NUEPIL") (collectively referred to as the "Environmental Acquisitions") which holds 82% direct equity interest in New Universe Environmental Technologies (Jiang Su) Limited, and 82% indirect equity interests in Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe. The goodwill represented the excess of the consideration over the fair value of net assets of the Environmental Acquisitions that amounted to approximately HK\$33,688,000 arisen on the completion date on 12 October 2007.

BMI, an independent professional valuer, was engaged by the Company to conduct the assessment of the carrying value of the goodwill arisen on the Environmental Acquisitions periodically. Based on the confirmation letter dated 28 October 2009 issued by BMI as to the goodwill valuation, the recoverable amount of the goodwill at of 30 September 2009 had no significant difference to its carrying value at 30 June 2009 amounted to HK\$33,000,000. No further impairment to the goodwill was required for the three months ended 30 September 2009 after an impairment of HK\$688,000 was accounted for the period ended 30 June 2009.

### Capital structure

There was no significant change to the capital structure of the Group during the nine months ended 30 September 2009.

## Material acquisitions and disposals of subsidiaries and affiliated companies

There were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the nine months ended 30 September 2009.

## Investments held and their performance

In April 2009, the boards of Suzhou New Huamei and Danyang New Huamei have declared dividends with the amounts of HK\$1,136,000 and HK\$504,000 net of tax respectively distributable to the Group (2008: HK\$1,624,000 and HK\$400,000 respectively).

Based on the confirmation letter dated 28 October 2009 issued by BMI as to the market value of the available-for-sale equity investments attributable to the Group as at 30 September 2009 that the market value of the investments in Suzhou New Huamei and Danyang New Huamei would not be significantly different to their carrying value of HK\$26,900,000 and HK\$12,300,000 respectively at 30 September 2009 (31 December 2008: HK\$39,000,000 and HK\$9,900,000 respectively). Net decrease in fair value of HK\$9,700,000 was accounted for in the statement of comprehensive income of the Group in the second quarter of 2009, and no further decrease was accounted for in the third quarter of 2009.

The Group holds 28.67% equity interest in Qingdao Huamei as an associated company. For the nine months ended 30 September 2009, the Group shared net profit of the Qingdao Huamei amounted to HK\$840,000 (3Q 2008: HK\$576,000). In April 2009, the board of Qingdao Huamei has declared dividend with HK\$875,000 net of tax distributable to the Group (2008: HK\$648,000).

The Group holds 38% equity interests in New Sinotech, Fair Time and Zhenjiang Sinotech as associated companies. For the nine months ended 30 September 2009, the Group shared net loss of the New Sinotech Group amounted to HK\$181,000 (3Q 2008: HK\$270,000).

## Charges on Group assets

As at 30 September 2009, the Group pledged the land use rights owned by Suzhou New Universe with a carrying value of HK\$2,332,000 (31 December 2008: HK\$2,373,000), together with its property, plant and equipment with carrying value of HK\$9,310,000 (31 December 2008: HK\$9,716,000) to a bank in China to secure bank loans of RMB4,500,000 (approximately HK\$5,085,000) outstanding as at 30 September 2009 (31 December 2008: RMB9,000,000 or approximately HK\$10,170,000) granted to the Suzhou New Universe.

## Capital expenditure

For 3Q 2009, the Group had capital expenditure to increase property, plant and equipment for its manufacturing operations amounted to HK\$1,230,000 (3Q 2008: HK\$280,000), and had capital expenditure to increase property, plant and equipment for its environmental operations amounted to HK\$2,539,000 (3Q 2008: HK\$8,534,000).

For 3Q 2009, the Group also had capital expenditure incurred on the discontinued operation in relation to the disposal group held for sale amounted to HK\$158,000 (3Q 2008: HK\$1,078,000) which represented outgoings to maintain the Dock WFOEs until final completion of the Disposal of Zhenjiang Docks Project.

## Commitments

As at 30 September 2009, the Group had the following commitments:

### (i) Capital commitments

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

	<b>30 September 2009 HK\$'000</b>	31 December 2008 HK\$'000
<b>Continuing operations</b>		
Contracted for		
– Plant and machinery	23	46
– Construction in progress	279	2,033
	<b>302</b>	2,079
<b>Discontinued operation</b>		
Contracted for		
– Zhenjiang Docks Project	153,783	153,783
Authorized but not contracted for		
– Zhenjiang Docks Project	63,761	63,761
	<b>217,544</b>	217,544
	<b>217,846</b>	219,623

In respect of the Zhenjiang Docks Project, a PRC bank has provided a letter of intent under which this PRC bank has agreed in principle to finance the docks project upon the necessary approvals to be obtained from the PRC authorities. In addition, China (HK) Chemical, a related company in which Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are the common directors, has agreed to provide financial support for the docks project. Upon the final completion of the Dock Disposal Agreements, the Purchaser shall be transferred the development rights of the Zhenjiang Docks Project and shall undertake commitments of the Zhenjiang Docks Project.

(ii) *Operating lease commitments*

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2009 HK\$'000</b>	31 December 2008 HK\$'000
Within one year	<b>241</b>	197
In the second to fifth years, inclusive	<b>379</b>	365
After five years	<b>79</b>	158
	<b>699</b>	720

### **Contingent liabilities**

There were no significant contingent liabilities of the Group as at 30 September 2009 (31 December 2008: Nil).

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

During the nine months ended 30 September 2009, the Group experienced exchange rates fluctuations among key operating currencies, Hong Kong dollars, United States dollars and Renminbi, which were mostly of capital nature to the Group that did not have material effects to the Group's results for 3Q 2009. The Group considered that as the exchange rate risks of the Group were moderately low, and the Group did not employ any financial instruments for hedging purposes.

## Employee information

As at 30 September 2009, the Group had 304 (31 December 2008: 312) full-time employees. Staff costs, excluding directors' remuneration but including amount capitalized as inventory was HK\$9,710,000 for the nine months ended 30 September 2009 (year ended 31 December 2008: HK\$16,362,000). Employees were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, share options and necessary training.

## DIVIDEND

The Board of the Company does not recommend the payment of a dividend for the nine months ended 30 September 2009 (2008: Nil).

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

As at 30 September 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, or in respect of equity derivatives, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("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:

### (i) Long positions in issued shares of the Company

Name of director	Number of ordinary shares of HK\$0.01 each			Total number of shares held	% of total shares in issue
	Beneficial owner	Family interests	Interests of controlled corporation		
XI Yu *	–	–	1,349,649,115	1,349,649,115	73.91

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 is beneficially interested 1,349,649,115 shares of the Company, representing approximately 73.91% of the issued share capital of the Company.

**(ii) Long positions in issued shares of an associated company, NUEL**

Name of director	Number of ordinary shares of US\$1.00 each				% of total shares in issue
	Beneficial owner	Family interests	Interest of controlled corporation	Total number of shares held	
XI Yu	16,732	–	–	16,732	83.66
CHEUNG Siu Ling	1,214	1,214	–	2,428	12.14
SUEN Ki	840	–	–	840	4.20

Save as disclosed above, as at 30 September 2009, none of the Directors or chief executive of the Company had any interests or short positions in any shares, or in respect of equity derivatives, underlying shares in or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have 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 and 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

**SHARE OPTION SCHEME**

The Company has a share option scheme which was adopted by the Company's shareholders in general meeting on 10 December 2003 ("Share Option Scheme"), whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The Share Option Scheme shall be valid and effective for a period of 10 years ending on 9 December 2013, thereafter no further options will be granted.

The total number of securities available for issue under the Share Option Scheme as at 30 September 2009 was 182,589,168 shares of the Company which represented the latest scheme mandate limit given to the Company's Directors as refreshed by the Company's shareholders on 28 April 2008 and approved by the Stock Exchange on 23 May 2008.

As at 30 September 2009 and during the nine months then ended, no option has been granted nor outstanding under the Company's Share Option Scheme.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 30 September 2009, so far as is known to any Director or the chief executive of the Company, persons or corporations, other than a director or the chief executive of the Company, who had 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 would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long positions in issued shares of the Company

	Number of ordinary shares of HK\$0.01 each				% of total shares in issue
	Beneficial owner	Family interests	Corporate interests	Total number of shares held	
Substantial shareholder					
NUEL	1,349,649,115	–	–	1,349,649,115	73.91

Note:

- \* Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are directors of NUEL.

Save as disclosed above, as at 30 September 2009, 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DIRECTOR'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

The following contracts or arrangements subsisted during the nine months ended 30 September 2009 of which certain directors of the Company had interests that were deemed significant to the business of the Group:

- (i) A lease agreement dated 1 July 2007 was entered into between Zhenjiang Sinotech (in which NUEL and the Company has 53% and 38% indirect equity interest respectively) as lessee and Zhenjiang New Universe (an indirect 82% owned subsidiary of the Company) as lessor, pursuant to which Zhenjiang New Universe leases an office unit located at Zhenjiang City to Zhenjiang Sinotech at the annual rental of RMB15,000. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, NUEL, Zhenjiang New Universe, and Zhenjiang Sinotech.
- (ii) A loan agreement dated 12 October 2007 was entered into between the Company as borrower and NUEL as lender for a loan of HK\$2,416,000 granted to the Company to settle the adjusted portion of the consideration in relation to the Group's disposal of its entire interests in Dongguan Smartech Tooling and Plastics Co. Limited, which would have been repayable on or before 12 October 2008 and was granted extendable to 12 January 2010. The loan was fully settled on 6 November 2009. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and NUEL.
- (iii) A renewed rental agreement dated 1 August 2008 was 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) 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 the monthly rental of HK\$10,000 for one year commencing 1 August 2008. Another renewed rental agreement dated 28 August 2009 was entered into between Smartech Services as tenant and Sun Ngai as landlord, pursuant to which Smartech Services rents the same office unit for one year commencing 1 August 2009 till 31 July 2010 at a monthly rental of HK\$10,000 for the period from 1 August 2009 to 30 September 2009 and at a monthly rental of HK\$18,000 for the period from 1 October 2009 to 31 July 2010. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, Smartech Services and Sun Ngai.

- (iv) A framework supply agreement dated 26 February 2009 (referred therein to as “Supply Contract”) was entered into between Suzhou New Universe (an indirectly 97% owned subsidiary of the Company) and China (HK) Chemical in relation to the supply of plastic materials to Suzhou New Universe by China (HK) Chemical. The term of the Supply Contract commenced from the date of the Supply Contract and up to 31 December 2011 which term may be renewed for three years by agreement of the parties to the Supply Contract. China (HK) Chemical offers Suzhou New Universe payment term with credit period of 90 days from the shipment date of the plastic materials purchased without provision of any securities. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and China (HK) Chemical. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of Suzhou New Universe.

Pursuant to an ordinary resolution duly passed by the independent shareholders of the Company on 18 September 2009, the Company was approved to procure Suzhou New Universe to purchase from China (HK) Chemical plastic materials with the revised annual cap amounts of US\$12,800,000 (approximately HK\$99,840,000), US\$14,080,000 (approximately HK\$109,824,000) and US\$15,488,000 (approximately HK\$120,806,400) for the three financial years ending 31 December 2011 respectively (“Revised Caps”).

Pursuant to the Supply Contract, during the nine months ended 30 September 2009, Suzhou New Universe ordered plastic materials of 947 metric tons in an aggregate amount of HK\$10,731,000 from China (HK) Chemical; and accordingly, China (HK) Chemical delivered 889 tons of plastic materials in an aggregate amount of HK\$9,982,000 to Suzhou New Universe. The independent non-executive directors of the Company opined that the transactions being undertaken under the Supply Contract during the period under review were entered into (a) on normal commercial terms and in the ordinary and usual course of business of the Company, (b) on terms no less favourable to the Company or Suzhou New Universe than terms available from independent third parties, (c) in accordance with the Supply Contract governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole, and (d) in accordance with the Revised Caps as approved by the independent shareholders of the Company.

- (v) A loan agreement dated 18 May 2009 was entered into between Bestwin (China) Limited ("Bestwin", an indirectly 97% owned subsidiary of the Company) as borrower and China (HK) Chemical as lender, pursuant to which China (HK) Chemical granted an unsecured loan of US\$390,000 (approximately HK\$3,042,000) to Bestwin on 15 June 2009. The loan bearing interest at 3% per annum is repayable by the end of third year after the date of drawdown. The loan was applied to on lending to Bestwin's wholly owned subsidiary in China, Suzhou New Universe as registered foreign shareholder's loan for its working capital purposes. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, China (HK) Chemical, Bestwin, and Suzhou New Universe. Mr. SUEN Ki is common director of the Company and China (HK) Chemical.
- (vi) A loan agreement dated 6 August 2009 was entered into between the Company as borrower and China (HK) Chemical as lender for a loan of HK\$1,300,000 granted for general working capital purposes of the Company, which is unsecured, bearing interest at 3% per annum, and repayable within one year on demand. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common director of the Company and China (HK) Chemical.

#### **COMPETITION AND CONFLICT OF INTERESTS**

Save as disclosed therein, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

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

Neither of the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine months ended 30 September 2009.

## CORPORATE GOVERNANCE PRACTICES

Throughout the nine months ended 30 September 2009, the Company has complied with all code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set in Appendix 15 of the GEM Listing Rules except for the following deviations:

- (i) Code Provision A.2.1 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, and that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company’s chairman, Mr. XI Yu up to the date of this report has to share the responsibilities of the vacant office of the Group’s chief executive officer since the resignation of the last managing director of the Group was effective on 1 February 2007. The Directors considered the deviation did not significantly affect the Group’s operations. Mr. XI Yu leads the Board to act in the best interests of the Company and make decision efficiently on business and strategic matters. Through the supervision of the full Board and the Board committees, balance of power and authority could be ensured.
- (ii) Code Provision E.1.2 of the CG Code requires that, amongst the others, the chairman of the Board should attend annual general meeting of the Company. The Company’s chairman, Mr. XI Yu did not attend the Company’s annual general meeting held on 30 April 2009 owing to his trip out of Hong Kong for the business of the Group. Failing his presence, Mr. XI Yu delegated an executive director of the Company to chair the meeting and to arrange other directors, including the chairman of the audit committee, be available to answer any questions at the annual general meeting.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors of the Company 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.

Having made specific enquiry of all directors, the Directors of the Company have complied with its code of conduct regarding securities transactions by the directors and the required standard of dealings as set out in the GEM Listing Rules throughout the nine months ended 30 September 2009.

## NOMINATION COMMITTEE

In May 2006, the Company's nomination committee was established with written terms of reference to ensure fair and transparent procedures for the appointment of directors to the Board. The nomination committee shall comprise at least three members, the majority of whom shall be independent non-executive directors of the Company. The existing nomination committee of the Company comprises Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, and Mr. HO Yau Hong, Alfred.

## REMUNERATION COMMITTEE

In May 2006, the Company's Remuneration Committee was established 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 shall comprise at least three members, the majority of whom shall be independent non-executive directors of the Company. The existing Remuneration Committee comprises Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, and Mr. HO Yau Hong, Alfred.

## AUDIT COMMITTEE

The Company's audit committee was established on 20 May 2000 with written terms of reference as revised on 3 July 2009 in compliance with the GEM Listing Rules. The audit committee members comprise three independent non-executive directors of the Company, Dr. CHAN Yan Cheong (committee chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

During the period under review, the audit committee of the Company reviewed with management on the accounting principles and practices adopted by the Group, the continuing connected transactions of the Company, and discussed on the internal controls and financial reporting matters including a review of these unaudited financial information and results of the Company for the nine months ended 30 September 2009.

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

Hong Kong, 6 November 2009

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

Mr. XI Yu	<i>(Chairman and Executive Director)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. HON Wa Fai	<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>