



THIRD QUARTERLY REPORT **2013**

**NEW UNIVERSE** INTERNATIONAL GROUP LIMITED

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



## FINANCIAL HIGHLIGHTS

- Total revenue of continuing operations for the nine months ended 30 September 2013 increased by 20.9% to HK\$134,014,000 compared to HK\$110,824,000 for the corresponding period in 2012.
- Profit attributable to owners of the Company from continuing operations for the nine months ended 30 September 2013 increased by 66.0% to HK\$29,080,000 compared to HK\$17,521,000 for the corresponding period in 2012.
- Profit attributable to owners of the Company from discontinued operations for the nine months ended 30 September 2013 was approximately HK\$18,374,000 compared to HK\$9,118,000 for the corresponding period in 2012.
- Total earnings per share attributable to owners of the Company for the nine months ended 30 September 2013 were HK cents 1.79 compared to HK cents 1.21 for the corresponding period in 2012.
- Equity attributable to owners of the Company was HK\$542,484,000 at 30 September 2013 versus HK\$488,623,000 at 31 December 2012.
- Cash and cash equivalents of the Group was approximately HK\$116,097,000 at 30 September 2013 compared to HK\$111,212,000 at 31 December 2012.
- The Board resolved not to declare a dividend for the nine months ended 30 September 2013.

### THIRD QUARTERLY RESULTS 2013

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

#### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2013 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000	2012 HK\$'000 (restated)
<b>Continuing operations</b>					
Revenue	4	49,756	45,538	134,014	110,824
Cost of sales		(26,816)	(24,251)	(67,919)	(58,213)
Gross profit		22,940	21,287	66,095	52,611
Other revenue	5	253	1,358	5,487	7,379
Other net income	6	69	473	6,532	1,005
Distribution and selling expenses		(2,407)	(1,632)	(6,315)	(5,154)
Administrative expenses		(7,063)	(5,961)	(20,479)	(17,525)
Other operating expenses		(2,266)	(1,747)	(6,149)	(6,572)
Profit from operations		11,526	13,778	45,171	31,744
Finance costs	7	(834)	(1,039)	(2,754)	(3,530)
Share of profits/(losses) of associates		(893)	257	2,665	656
Profit before taxation		9,799	12,996	45,082	28,870
Income tax	8	(3,682)	(4,654)	(10,708)	(7,356)
Profit for the period from continuing operations		6,117	8,342	34,374	21,514
<b>Discontinued operations</b>					
Profit for the period from discontinued operations	9	–	9,420	18,374	9,118
<b>Profit for the period</b>	10	<b>6,117</b>	<b>17,762</b>	<b>52,748</b>	<b>30,632</b>
<b>Profit attributable to:</b>					
Owners of the Company		4,284	16,405	47,454	26,639
Non-controlling interests		1,833	1,357	5,294	3,993
		6,117	17,762	52,748	30,632
<b>Profit attributable to owners of the Company arising from:</b>					
Continuing operations		4,284	6,985	29,080	17,521
Discontinued operations		–	9,420	18,374	9,118
		4,284	16,405	47,454	26,639

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	Note	Three months ended 30 September		Nine months ended 30 September	
		2013	2012	2013	2012
		HK cents	HK cents (restated)	HK cents	HK cents (restated)
<b>Earnings per share from continuing and discontinued operations attributable to the owners of the Company during the period:</b> <i>(expressed in HK cents per share)</i>					
<b>Basic and diluted</b>	11				
From continuing operations		<b>0.16</b>	0.32	<b>1.10</b>	0.79
From discontinued operations		–	0.43	<b>0.69</b>	0.42
<hr/>					
From continuing and discontinued operations		<b>0.16</b>	0.75	<b>1.79</b>	1.21
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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 30 September		Nine months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000	2012 HK\$'000 (restated)
<b>Profit for the period</b>	<b>6,117</b>	17,762	<b>52,748</b>	30,632
<b>Other comprehensive income:</b>				
Translation differences				
– on translation of financial statements of overseas subsidiaries	2,495	(1,365)	10,791	(4,212)
– on translation of financial statements of overseas associates	30	(75)	786	(135)
– release of translation reserve upon deemed disposal of an overseas associate	–	–	(1,118)	–
Fair value changes on available-for-sale equity investments, net of deferred tax charge of HK\$650,000 (2012: net of deferred tax credit of HK\$563,000)	5,850	(6,427)	5,850	(5,437)
Other comprehensive income for the period, net of tax	8,375	(7,867)	16,309	(9,784)
<b>Total comprehensive income for the period</b>	<b>14,492</b>	9,895	<b>69,057</b>	20,848
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	12,510	8,610	63,077	17,054
Non-controlling interests	1,982	1,285	5,980	3,794
	<b>14,492</b>	9,895	<b>69,057</b>	20,848
<b>Total comprehensive income attributable to owners of the Company arising from:</b>				
Continuing operations	12,510	(810)	44,388	7,871
Discontinued operations	–	9,420	18,689	9,183
	<b>12,510</b>	8,610	<b>63,077</b>	17,054

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

	Attributable to owners of the Company									
	Issued capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2013</b>	<b>26,557</b>	<b>305,084</b>	<b>28,231</b>	<b>3,790</b>	<b>4,185</b>	<b>12,156</b>	<b>108,620</b>	<b>488,623</b>	<b>22,483</b>	<b>511,106</b>
Profit for the period	-	-	-	-	-	-	47,454	47,454	5,294	52,748
Other comprehensive income	-	-	9,773	5,850	-	-	-	15,623	686	16,309
Total comprehensive income	-	-	9,773	5,850	-	-	47,454	63,077	5,980	69,057
Disposal of partial interest in a subsidiary	-	-	-	-	610	-	-	610	10,786	11,396
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	23,529	23,529
Dividend relating to 2012	-	-	-	-	-	-	(9,826)	(9,826)	-	(9,826)
<b>At 30 September 2013</b>	<b>26,557</b>	<b>305,084</b>	<b>38,004</b>	<b>9,640</b>	<b>4,795</b>	<b>12,156</b>	<b>146,248</b>	<b>542,484</b>	<b>62,778</b>	<b>605,262</b>
<b>At 1 January 2012</b>	<b>22,131</b>	<b>266,502</b>	<b>28,503</b>	<b>6,437</b>	<b>4,185</b>	<b>8,197</b>	<b>85,343</b>	<b>421,298</b>	<b>21,546</b>	<b>442,844</b>
Profit for the period	-	-	-	-	-	-	26,639	26,639	3,993	30,632
Other comprehensive income	-	-	(4,148)	(5,437)	-	-	-	(9,585)	(199)	(9,784)
Total comprehensive income	-	-	(4,148)	(5,437)	-	-	26,639	17,054	3,794	20,848
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(75)	(75)
Dividend relating to 2011	-	-	-	-	-	-	(9,958)	(9,958)	-	(9,958)
<b>At 30 September 2012</b>	<b>22,131</b>	<b>266,502</b>	<b>24,355</b>	<b>1,000</b>	<b>4,185</b>	<b>8,197</b>	<b>102,024</b>	<b>428,394</b>	<b>25,265</b>	<b>453,659</b>

## NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

### 1. General Information

- (a) New Universe International Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The immediate and ultimate holding company of the Company is New Universe Enterprises Limited (“NUEL”), which is a limited liability company incorporated in the British Virgin Islands.
- (c) The unaudited financial information is presented in Hong Kong dollars (“HK\$”) that is also the functional currency of the Company while the functional currency of the subsidiaries in the Mainland of The People’s Republic of China (“PRC”) is Renminbi (“RMB”). As the Company’s shares are listed in Hong Kong, the Directors of the Company consider that it is more appropriate to present the financial statements in HK\$, that most of its investors are located in Hong Kong.
- (d) The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as follows:
- (i) environmental treatment of industrial and medical wastes;
  - (ii) environmental plating sewage treatment services and provision of facilities in an eco-plating specialised zone; and
  - (iii) investments in plastic materials dyeing operations.
- (e) Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”, a 97% indirectly owned subsidiary of the Company) had been principally engaged in the manufacturing and sale of molds and plastic products, and trading of plastic materials since it was incorporated in Suzhou, PRC on 23 December 2002. Owing to the change in state policy of the PRC, the use of land owned by Suzhou New Universe was changed to non-industrial use. On 3 July 2012, the Group entered into a conditional agreement (“Suzhou Disposal Agreement”) with the purchaser, the Administrative Committee of Mudu Tourism Development Zone in Wuzhong District of Suzhou City (蘇州市吳中區木瀆旅遊開發區管理委員會) (“Suzhou Land Purchaser”), pursuant to which, the Group agreed to sell and the Suzhou Land Purchaser agreed to buy the land, buildings and ancillary structures (“Suzhou Disposal Properties”) owned by Suzhou New Universe (“Suzhou Property Disposal”). After entering into the Suzhou Disposal Agreement, the Group discontinued the operations of Suzhou New Universe which comprised of (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials. The Suzhou Property Disposal was completed on 4 January 2013 upon the Suzhou Land Purchaser accepted and confirmed on the delivery of vacant possession of the Suzhou Disposal Properties by Suzhou New Universe (“Suzhou Disposal Completion”). These operations were accounted for as discontinued operations and disposal group held for sale in accordance with the Hong Kong Financial Reporting Standard 5 “Non-current Assets Held for Sale and Discontinued Operations”, details of the discontinued operations are referred to in note 9(a) to the unaudited financial information.



## 2. Basis of preparation

The unaudited financial information for the nine months ended 30 September 2013 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The unaudited financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2012, which has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

In line with the adoption of the HKFRS 5 for the year ended 31 December 2012, certain comparative figures have been reclassified to conform to the presentation of the current period.

## 3. Principal accounting policies

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

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

### Amendments to HKAS 1 "Presentation of financial statements"

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

### HKFRS 13 "Fair value measurement"

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. In accordance with the transitional provisions of HKFRS 13, the Group has applied the fair value measurement requirements prospectively. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

## 4. Revenue

	Three months ended 30 September 2013		Nine months ended 30 September 2013	
	HK\$'000	2012 HK\$'000 (restated)	HK\$'000	2012 HK\$'000 (restated)
<b>Continuing operations</b>				
Environmental waste treatment service income	36,143	31,133	92,463	72,787
Industrial sewage treatment and facility rental services income	13,613	14,405	41,551	38,037
	<b>49,756</b>	<b>45,538</b>	<b>134,014</b>	<b>110,824</b>
<b>Discontinued operations</b>				
Sales of molds, plastic products and plastic materials	–	–	–	32,523
	<b>49,756</b>	<b>45,538</b>	<b>134,014</b>	<b>143,347</b>

## 5. Other revenue

	Three months ended 30 September 2013		Nine months ended 30 September 2013	
	HK\$'000	2012 HK\$'000 (restated)	HK\$'000	2012 HK\$'000 (restated)
<b>Continuing operations</b>				
Bank interest income	246	841	893	1,957
Dividend income from available-for-sale equity investments	–	–	4,485	2,962
Scrap sales	7	517	109	2,460
	<b>253</b>	<b>1,358</b>	<b>5,487</b>	<b>7,379</b>
<b>Discontinued operations</b>				
Bank interest income	–	–	31	11
	<b>253</b>	<b>1,358</b>	<b>5,518</b>	<b>7,390</b>



6. Other net income

	Three months ended 30 September		Nine months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000	2012 HK\$'000 (restated)
<b>Continuing operations</b>				
Governmental grant	68	66	204	201
Gain on deemed disposal of an associate upon reclassification as available-for-sale equity investment	–	–	6,128	–
Sundry	1	407	200	804
	<b>69</b>	<b>473</b>	<b>6,532</b>	<b>1,005</b>
<b>Discontinued operations</b>				
Net gain on disposal of Suzhou Disposal Properties	–	–	18,685	–
Net compensation from the purchaser of the Zhenjiang Dock Project as mediated through PRC court	–	9,420	–	9,420
Sundry	–	–	–	47
	–	9,420	18,685	9,467
	<b>69</b>	<b>9,893</b>	<b>25,217</b>	<b>10,472</b>

## 7. Finance costs

	Three months ended 30 September		Nine months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000	2012 HK\$'000 (restated)
<b>Continuing operations</b>				
Interest on:				
Bank borrowings wholly repayable within 5 years	589	909	2,170	2,847
Borrowings from a related company wholly repayable within 5 years, net of interest overprovided	–	(44)	–	166
Borrowings from ultimate holding company wholly repayable within 5 years	91	174	355	517
Other borrowings wholly repayable within 5 years	154	–	229	–
	<b>834</b>	<b>1,039</b>	<b>2,754</b>	<b>3,530</b>
<b>Discontinued operations</b>				
Interest on:				
Bank borrowings wholly repayable within 5 years	–	–	–	354
	<b>834</b>	<b>1,039</b>	<b>2,754</b>	<b>3,884</b>

8. Income tax

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

	Three months		Nine months	
	ended 30 September 2013	2012	ended 30 September 2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Current tax:				
Hong Kong Profits Tax	-	-	-	-
PRC Income Tax	<b>3,818</b>	3,212	<b>11,279</b>	7,415
Under/(over) provision in respect of prior periods	-	6	<b>(163)</b>	(1,223)
	<b>3,818</b>	3,218	<b>11,116</b>	6,192
Deferred tax, net of credit	<b>(136)</b>	1,436	<b>(408)</b>	1,164
	<b>3,682</b>	4,654	<b>10,708</b>	7,356
<b>Discontinued operations</b>				
Current tax:				
PRC Income Tax	-	-	-	-
Under/(over) provision in respect of prior periods	-	-	-	-
	-	-	-	-
	<b>3,682</b>	4,654	<b>10,708</b>	7,356

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

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax was made, as the Group did not have any assessable profits arising in Hong Kong for the period.

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

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

	Nine months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)
<b>Continuing operations</b>		
Profit before taxation	45,082	28,870
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	11,071	7,740
Tax effect of expenses not deductible for tax purpose	841	50
Tax effect of income not taxable for tax purpose	(2,607)	(923)
Tax effect of tax losses not recognised	2,098	2,152
Tax effect of tax losses utilised	(124)	–
Over provision in respect of prior periods	(163)	(1,223)
Tax effect of temporary differences recognised	(408)	1,164
Tax effect of tax exemption in PRC	–	(1,604)
Income tax for the period	10,708	7,356

#### 9. Discontinued operations and disposal groups

	Three months ended 30 September		Nine months ended 30 September	
	2013 HK\$'000	2012 HK\$'000 (restated)	2013 HK\$'000	2012 HK\$'000 (restated)
<b>Discontinued operations</b>				
Profit for the period from discontinued operations:				
– Manufacture and sales of molds and plastic products, and trading of plastic materials (note (a) below)	–	–	18,374	(302)
– Net compensation from the purchaser of the Zhenjiang Dock Project (note (b) below)	–	9,420	–	9,420
	–	9,420	18,374	9,118

#### Discontinued operations

Profit for the period from discontinued operations:

– Manufacture and sales of molds and plastic products, and trading of plastic materials (note (a) below)	–	–	18,374	(302)
– Net compensation from the purchaser of the Zhenjiang Dock Project (note (b) below)	–	9,420	–	9,420
	–	9,420	18,374	9,118

- (a) As referred to in note 1(e) to the unaudited financial information, after entering into the Suzhou Disposal Agreement, the Directors of the Company resolved to cease the Group's operations of manufacture and sale of molds, manufacture and sale of plastic products and trading of plastics materials. The assets and liabilities attributable to the discontinued operations have been classified as a disposal group held for sale of the Company. The business segments of manufacture and sale of molds, manufacture and sale of plastic products and trading of plastics materials were classified as discontinued operations. The Suzhou Disposal Agreement was completed on 4 January 2013. The unaudited results of the discontinued operations and disposal group for the nine months ended 30 September 2013, which have been included in the unaudited condensed consolidated income statement, were as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
<b>Discontinued operations</b>				
Revenue	-	-	-	32,523
Cost of sales	-	-	-	(29,561)
Gross profit	-	-	-	2,962
Other revenue				
- Bank interest income	-	-	31	11
Other net income				
- Net gain on disposal of Suzhou Disposal Properties	-	-	18,685	-
- Sundry	-	-	-	47
Distribution and selling expenses	-	-	-	(791)
Administrative expenses	-	-	(290)	(1,828)
Other operating expenses	-	-	(52)	(349)
Finance costs	-	-	-	(354)
Profit/(loss) before taxation	-	-	18,374	(302)
Income tax	-	-	-	-
<b>Profit/(loss) for the period</b>	-	-	18,374	(302)
Other comprehensive income				
- Translation differences on translation of financial statements	-	-	315	65
<b>Total comprehensive income for the period</b>	-	-	18,689	(237)
<b>Profit/(loss) from discontinued operations attributable to:</b>				
Owners of the Company	-	-	18,374	(302)
Non-controlling interests	-	-	-	-
	-	-	18,374	(302)
<b>Total comprehensive income from discontinued operations attributable to:</b>				
Owners of the Company	-	-	18,689	(237)
Non-controlling interests	-	-	-	-
	-	-	18,689	(237)

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

During the year ended 31 December 2009, the Group completed the disposal of the interests in the Zhenjiang Dock Project, but the purchaser defaulted in settlement of the outstanding consideration balance according to the agreed payment schedule. On 7 September 2012, the People's Intermediate Court of Zhenjiang City, Jiangsu Province confirmed the civil mediation agreement ((2012)鎮商外初字第2號) entered into between the Plaintiffs (that comprised the Group's wholly owned subsidiaries, New Universe International Ports Limited and New Universe International Warehouse & Logistics Limited) and the Defendants (that comprised the purchaser and the guarantors to the agreements entered into for disposal of the Zhenjiang Dock Project) which took legal effect equivalent to PRC court judgement (the "Settlement Agreement"). Pursuant to the Settlement Agreement, the purchaser should compensate the Plaintiffs for interests and default charge on the overdue outstanding consideration, which should be settled by 12 monthly instalments commenced from October 2012. The Group accounted for the net compensation income (after deduction of litigation costs and related transaction costs) as contemplated under the Settlement Agreement amounted approximately to HK\$9,420,000 as other net income from discontinued operation for the year ended 31 December 2012 in accordance with the Hong Kong Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations". As at 30 September 2013, all judged compensation recoverable under the Settlement Agreement had been fully settled by the purchaser.

**10. Profit for the period**

Profit for the period was arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(restated)		(restated)
<b>Continuing operations</b>				
Cost of sales				
– Cost of services rendered	26,816	24,251	67,919	58,213
Depreciation of property, plant and equipment	5,404	4,638	15,225	13,852
Amortisation of land lease prepayments	616	601	1,823	1,805
<b>Discontinued operations</b>				
Cost of sales				
– Cost of goods sold	–	–	–	29,561
Depreciation of property, plant and equipment	–	–	–	2,021
Amortisation of land lease prepayments	–	–	–	30



## 11. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to owners of the Company of HK\$47,454,000 for the nine months ended 30 September 2013 (2012: HK\$26,639,000) and the weighted average number of 2,655,697,018 (2012: 2,213,080,849) ordinary shares of the Company in issue during the periods.

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

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(restated)		(restated)
From continuing operations	4,284	6,985	29,080	17,521
From discontinued operations	–	9,420	18,374	9,118
Earning for the purpose of basic and diluted earnings per share	4,284	16,405	47,454	26,639

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

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
Total number of ordinary shares in issue at the end of the period	2,655,697,018	2,213,080,849	2,655,697,018	2,213,080,849
Weighted average number of ordinary shares in issue during the period	2,655,697,018	2,213,080,849	2,655,697,018	2,213,080,849

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

## 12. Dividend

A dividend of HK\$0.0037 per share with a total of approximately HK\$9,826,000 in relation to the year ended 31 December 2012 was paid on 31 July 2013 (2012: approximately HK\$9,958,000 at HK\$0.0045 per share in relation to the year ended 31 December 2011 was paid on 31 May 2012).

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2013 (2012: Nil).

### 13. The Asset Swap Agreement

On 19 July 2013, New Universe Recyclables Limited (“NURL”, an indirectly and wholly owned subsidiary of the Company) entered into an equity swap agreement (“Asset Swap Agreement”) with 江蘇輝豐農化股份有限公司 (Jiangsu Huifeng Agrochemical Co. Limited) (“JSHF”), pursuant to which (i) NURL agreed to transfer its 35% equity interest in 響水新宇環保科技有限公司 (Xiangshui New Universe Environmental Technology Limited) (“XSNU”) to JSHF for a consideration of HK\$11,200,000, and (ii) JSHF agreed to transfer its 16% equity interest of 鹽城新宇輝豐環保科技有限公司 (Yancheng NUHF Environmental Technology Limited) (“YCNUHF”) to NURL for a consideration of HK\$10,560,000 (“Asset Swap”). The Asset Swap Agreement and the transactions as contemplated thereunder were completed on 28 August 2013 (“Completion of Asset Swap”).

YCNUHF is currently engaged in environmental treatment of industrial waste and has been granted approval for trial operation by the Provincial Environmental Protection Department in August 2013. XSNU is now under construction and will be also engaged in environmental treatment of industrial waste upon completion.

#### (a) Disposal of 35% equity interest in XSNU to non-controlling interest

Upon the Completion of Asset Swap, the Group disposed of its 35% equity interest out of the previously held 100% equity interest in XSNU to JSHF. Excess of consideration over carrying amount of 35% net assets disposed of amounted approximately to HK\$610,000 were accounted for by the Group as capital reserve.

	2013 HK\$'000
Fair value of consideration received on disposal of 35% equity interest in XSNU	11,396
35% equity interest in XSNU disposed of	(10,786)
	<hr/> 610
Consideration was satisfied by:	
Cash consideration received	640
Fair value of 16% equity interest in YCNUHF transferred in	10,756
	<hr/> 11,396

**(b) Acquisition of a subsidiary, YCNUHF**

The Group previously held 49% equity interest in YCNUHF as an associated company. Upon the Completion of the Asset Swap, the Group acquired additional 16% equity interest in YCNUHF, and accounted for the 65% owned subsidiary of the Group using the purchase method.

	2013 HK\$'000
Fair value of consideration given for 16% additional interest in YCNUHF acquired	10,756
Fair value of 49% equity interest previously held in YCNUHF	32,941
Fair value of 35% equity interest remains held by JSHF as non-controlling interest	23,529
<hr/>	
Fair value of net assets of YCNUHF	67,226

**(c) Deemed disposal of 49% equity interest in YCNUHF**

The Group previously held 49% equity interest in YCNUHF which was de-recognised as the 49% owned associate. The 49% equity interest in YCNUHF previously held by the Group was deemed disposed of at its carrying amount that was equal to its fair value upon the Completion of Asset Swap.

	2013 HK\$'000
100% of the net assets of YCNUHF upon the Completion of Asset Swap	67,226
<hr/>	
Fair consideration on deemed disposal of 49% equity interest in YCNUHF	32,941

#### 14. Movement of reserves

The movement of the Group's reserves is as follows:

	Share premium	Translation reserve	Investment revaluation reserve	Capital reserve	Statutory reserve	Retained profits	Total reserves
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2013</b>	<b>305,084</b>	<b>28,231</b>	<b>3,790</b>	<b>4,185</b>	<b>12,156</b>	<b>108,620</b>	<b>462,066</b>
Profit for the period	-	-	-	-	-	47,454	47,454
Other comprehensive income	-	9,773	5,850	-	-	-	15,623
Total comprehensive income	-	9,773	5,850	-	-	47,454	63,077
Disposal of partial interest in a subsidiary	-	-	-	610	-	-	610
Dividend relating to 2012	-	-	-	-	-	(9,826)	(9,826)
<b>At 30 September 2013</b>	<b>305,084</b>	<b>38,004</b>	<b>9,640</b>	<b>4,795</b>	<b>12,156</b>	<b>146,248</b>	<b>515,927</b>
At 1 January 2012	266,502	28,503	6,437	4,185	8,197	85,343	399,167
Profit for the period	-	-	-	-	-	26,639	26,639
Other comprehensive income	-	(4,148)	(5,437)	-	-	-	(9,585)
Total comprehensive income	-	(4,148)	(5,437)	-	-	26,639	17,054
Dividend relating to 2011	-	-	-	-	-	(9,958)	(9,958)
At 30 September 2012	266,502	24,355	1,000	4,185	8,197	102,024	406,263

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Environmental Waste Integrated Treatment Services

For the nine months ended 30 September 2013, the Group had collected for treatment in aggregate of approximately 16,607 metric tons (2012: 15,930 metric tons) of hazardous industrial waste, 6,580 metric tons (2012: 3,617 metric tons) of general industrial waste, and 3,280 metric tons (2012: 2,265 metric tons) of regulated medical waste from the cities of Zhenjiang, Yancheng and Taizhou. The tank truck cleansing service centre in Zhenjiang had serviced 1,054 vehicles (2012: 815 vehicles) for the nine months ended 30 September 2013. The nitrile rubber recycling centre had handled approximately 591 metric tons (2012: 542 metric tons) of synthetic rubber scrap for the nine months ended 30 September 2013.

For the nine months ended 30 September 2013, the pre-tax profitability of the Group's environmental waste integrated treatment services was approximately 30.0% (2012: 30.6%).

On 19 July 2013, the Group entered into the Asset Swap Agreement. Upon the Completion of Asset Swap took place on 28 August 2013, both XSNU and YCNUHF became 65% indirectly owned subsidiaries of the Company. The transaction contemplated under the Asset Swap Agreement constitutes a discloseable transaction of the Company under the GEM Listing Rules and accordingly announcement has been made on 19 July 2013. The Asset Swap will allow the group's capacity and operations to cover the whole area of Yancheng City and greater area surrounding the city in order to increase the Group's market share of industrial solid waste disposal in the Yancheng City of Jiangsu Province, the PRC.

#### Environmental Industrial Sewage Treatment in Eco-plating Specialised Zone

For the nine months ended 30 September 2013, the average utilisation rate of the industrial buildings and facilities in the eco-plating specialised industrial zone was approximately 82.8% (2012: 74%) and the centralised plating sewage treatment system had handled approximately 297,000 metric tons (2012: 371,000 metric tones) of plating sewage discharged from the manufacturers in the zone.

For the nine months ended 30 September 2013, the pre-tax profitability of the Group's operations in the eco-plating specialised industrial zone was approximately 9.8% (2012: 12.2%).

#### Investments in Plastic Materials Dyeing Operations

For the nine months ended 30 September 2013, the pre-tax profitability of Suzhou New Huamei Plastics Company Limited ("Suzhou New Huamei"), Danyang New Huamei Plastics Company Limited ("Danyang New Huamei") and Qingdao Zhongxin Huamei Plastics Company Limited ("Qingdao Huamei") that engaged in plastic material dyeing business in Mainland China were 4.4%, 1.5% and 2.5% (2012: 5.0%, 1.7% and 3.2%) respectively.

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

### **Update on Discontinued Operations**

Reference is made to the Suzhou Disposal Agreement dated 3 July 2012 entered into by Suzhou New Universe to sell the Suzhou Disposal Properties at an aggregate consideration of RMB52,000,000 ("Suzhou Properties Consideration", approximately HK\$64,132,000), pursuant to which the Group's operations comprised of (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials were ceased and classified as discontinued operations. On 4 January 2013, the Suzhou Disposal Agreement was completed upon the delivery of the vacant possession of the Suzhou Disposal Properties to the purchaser, and a net gain on disposal of the Suzhou Disposal Properties approximately to HK\$18,523,000 was accounted for by the Group for the nine months ended 30 September 2013. Thereafter the completion of Suzhou Disposal Agreement, the registered paid up capital of Suzhou New Universe was reduced from US\$4,600,000 to US\$100,000 with effect from 25 March 2013. As at 30 September 2013, the balance of the Suzhou Properties Consideration amounted to RMB20,800,000 (approximately HK\$26,235,000) shall be settled by the purchaser by the end of one year after the completion of the Suzhou Disposal Agreement.



Reference is made to the civil mediation agreement ((2012)鎮商外初字第2號) dated 7 September 2012 (“Settlement Agreement”) entered into between the Plaintiffs (that comprised the Group’s wholly owned subsidiaries, New Universe International Ports Limited and New Universe International Warehouse & Logistics Limited) and the Defendants (that comprised the purchaser and the guarantors to the agreements entered into for the Group’s disposal of the Zhenjiang Dock Project), pursuant to which purchaser had settled all outstanding consideration, and should compensate the Plaintiffs for interests and default charges. As at 30 September 2013, all compensation payable by the purchaser under the Settlement Agreement was fully settled.

## Outlook

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

## FINANCIAL REVIEW

### Summary of the third quarterly results

The unaudited consolidated results of the Group’s continuing operations for the nine months ended 30 September 2013 as comparing to the unaudited figures for the corresponding period in 2012 are summarised as follows:

(Expressed in HK\$’000 unless indicated otherwise)	Note	For the three months ended 30 September			For the nine months ended 30 September		
		2013	2012	Change %	2013	2012	Change %
<b>Continuing operations</b>							
Revenue	(a)	49,756	45,538	+9.3	134,014	110,824	+20.9
Average gross profit margin (%)	(b)	46.1	46.7	-1.3	49.3	47.5	+3.8
Other revenue	(c)	253	1,358	-81.4	5,487	7,379	-25.6
Other net income	(d)	69	473	-85.4	6,532	1,005	+550.0
Distribution and selling expenses	(e)	2,407	1,632	+47.5	6,315	5,154	+22.5
Administrative expenses	(f)	7,063	5,961	+18.5	20,479	17,525	+16.9
Other operating expenses	(g)	2,266	1,747	+29.7	6,149	6,572	-6.4
Finance costs	(h)	834	1,039	-19.7	2,754	3,530	-22.0
Share of profits/(losses) of associates	(i)	(893)	257	-447.5	2,665	656	+306.3
Income tax	(j)	3,682	4,654	-20.9	10,708	7,356	+45.6
Net profit for the period	(k)	6,117	8,342	-26.7	34,374	21,514	+59.8
Profit attributable to owners of the Company	(k)	4,284	6,985	-38.7	29,080	17,521	+66.0
Basic and diluted EPS (HK cents)	(k)	0.16	0.32	-50.0	1.10	0.79	+39.2

## Notes:

- (a) Net increase in total revenue for the nine months ended 30 September 2013 was mainly attributable to:
- (i) increase in average processing unit price and increase in quantities of wastes collected for innocuity treatment and disposal, and
  - (ii) slight increase in average charging unit price in the eco-plating specialised zone.
- (b) Increase in average gross profit margin of the Group for the nine months ended 30 September 2013 was mainly attributable to increase in average processing unit price of environmental related operation.
- (c) Net decrease in other revenue for the nine months ended 30 September 2013 was mainly attributable to decrease in bank interest income and scrap sales in current period.
- (d) Net increase in other net income for the nine months ended 30 September 2013 was mainly attributable to a gain on de-recognition of interest in an associated company of HK\$6,128,000 was recorded in the second quarter of 2013.
- (e) Net increase in distribution and selling expenses for the nine months ended 30 September 2013 was mainly attributable to the increase in market developing expenses for the environmental waste treatment services.
- (f) Net increase in administrative expenses for the nine months ended 30 September 2013 was mainly attributable to increase in staff costs.
- (g) Net decrease in other operating expenses for the nine months ended 30 September 2013 was mainly attributable to decrease in legal costs.
- (h) Net decrease in finance costs for the nine months ended 30 September 2013 was mainly attributable to decrease in bank borrowings of the Group in current period.
- (i) Net increase in profits shared from associates for the nine months ended 30 September 2013 was mainly attributable to certain associates have obtained PRC government environmental subsidies in the second quarter of 2013.
- (j) Net increase in income tax for the nine months ended 30 September 2013 was mainly attributable to all profit-making PRC subsidiaries were subject to standard income tax rate in current period.
- (k) For the nine months ended 30 September 2013 net increase in profit from continuing operations, net increase in profit attributable to owners of the Company from continuing operations, and therefore, increase in EPS from continuing operations were mainly attributable to increase in revenue from environmental business of the Group in current period.



### Seasonality of operations

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

### Capital expenditure

For the nine months ended 30 September 2013 the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental waste treatment services amounted to HK\$11,834,000 (2012: HK\$27,178,000), and (ii) for the industrial sewage and sludge treatment and facility provision services in the eco-plating industrial zone amounted to HK\$12,281,000 (2012: HK\$17,858,000).

### Commitments

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

	<b>30 September 2013 HK\$'000</b>	31 December 2012 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment	<b>66,517</b>	68,920
Authorised but not contracted for:		
– Investment in available-for-sale equity investments	<b>3,443</b>	3,664
– Investment in associates	–	3,700

### Liquidity, financial resources and level of borrowings

During the nine months ended 30 September 2013, the Group financed its operations with internally generated cash flows, banking facilities, borrowings from the related companies, New Universe Enterprises Limited and China (HK) Chemical & Plastics Company Limited (“China (HK) Chemical”).

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

The Group remained in a stable financial position with unaudited equity attributable to owners of the Company amounted approximately to HK\$542,848,000 and unaudited total assets amounted approximately to HK\$855,792,000 as at 30 September 2013 (31 December 2012: HK\$488,623,000 and HK\$778,176,000 respectively).

As at 30 September 2013, the current ratio of the Group representing the unaudited consolidated current assets to the unaudited consolidated current liabilities was 1.17 (31 December 2012: 1.19).

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

	<b>30 September 2013 HK\$'000</b>	31 December 2012 HK\$'000
(a) Cash and bank balances		
– Continuing operations	116,097	83,305
– Discontinued operations	–	27,907
	<hr/> <b>116,097</b>	<hr/> 111,212
(b) Available undrawn banking facilities		
– Continuing operations	<b>52,538</b>	45,114

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

	<b>30 September 2013 HK\$'000</b>	31 December 2012 HK\$'000
Current liabilities (excluding government grant, but including liabilities for the disposal groups classified as held for sale)	<b>179,298</b>	171,449
Non-current liabilities (excluding government grant and deferred taxes)	<b>39,172</b>	66,990
	<hr/> <b>218,470</b>	<hr/> 238,439
Total debts		
Less: cash and cash equivalents (including cash and cash equivalents of discontinued operations)	<b>116,097</b>	111,212
	<hr/> <b>102,373</b>	<hr/> 127,227
Net debts		
	<hr/> <b>605,262</b>	<hr/> 511,106
Total equity		
	<hr/> <b>16.9%</b>	<hr/> 24.9%
Net gearing ratio		

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

## Capital structure

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

## Significant investments held and their performance

According to the valuation report dated 7 November 2013 issued by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited (“Cushman & Wakefield”), the fair value attributable to the Group’s interests in the available-for-sale equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 30 September 2013 were HK\$46,400,000, HK\$12,900,000 and HK\$13,300,000 (31 December 2012: HK\$37,200,000, HK\$15,800,000 and HK\$16,200,000) respectively.

In prior years, the Group was able to exert significant influence over Qingdao Huamei as the Group had power to appoint one out of five directors of Qingdao Huamei to vote on the important issues of the entity. On 9 April 2013, the Directors of the Company opined that Qingdao Huamei was not regarded as an associate of the Group because the Group has less than 20% voting power in the directors’ meeting of Qingdao Huamei pursuant to the shareholders’ agreement. Upon the loss of significant influence, though the Group has retained 28.67% equity interest in Qingdao Huamei, which is classified as available-for-sale equity investment and measured at fair value. The reclassification of equity investment has resulted in the recognition of a gain on deemed disposal of an associate of approximately HK\$6,128,000 for the nine months ended 30 September 2013.

For the nine months ended 30 September 2013, there was no significant change to the carrying amounts of the available-for-sale equity investments of the Group that were being stated at cost.

## Goodwill

As at 30 September 2013, the assessment on the recoverable amount of the Group’s cash generating units principally engaged in environmental waste treatment services in the PRC was determined by referring to the valuation report dated 7 November 2013 issued by the independent professional valuer, Cushman & Wakefield, after their review of the cash flows projection covering a five-year period with an annual growth rate thereafter at 4.04% (31 December 2012: 1.65%) of the environmental entities of the Group comprising Zhenjiang New Universe Solid Waste Disposal Company Limited, Yancheng New Universe Solid Waste Disposal Company Limited, and Taizhou New Universe Solid Waste Disposal Company Limited, using the pre-tax discount rate of 18.57% (31 December 2012: 19.63%) taken into account of the risks for the industries, no impairment loss to the goodwill was considered necessary for the nine months end 30 September 2013 (2012: Nil).

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

On 31 January 2013, the Company terminated the co-operative agreement dated 18 June 2010 for the participation to the development and establishment of an environmental sludge treatment project in Jiangsu, China, and disposed of the Group's 4% interests in the equity and shareholder's loan of Fair Industry Waste Recyclables Limited ("FIWRL") ("Termination Agreement") to the existing shareholder, a third party to the Company, who interested in 96% interests in the equity and shareholder's loan of FIWRL. Pursuant to the Termination Agreement, the Company disposed of all the Group's interests and rights in FIWRL at a total cash consideration of HK\$1,943,120. There was no significant gain or loss on disposal of the Group's interests in FIWRL that was previously held as available-for-sale equity investment.

On 19 July 2013, NURL, a wholly owned subsidiary of the Company entered into the Asset Swap Agreement with an independent third party, JSHF, pursuant to which (i) NURL agreed to transfer its 35% in Xiangshui New Universe Environmental Technology Limited, and (ii) JSHF agreed to transfer its 16% equity interest in Yancheng NUHF Environmental Technology Limited, for the considerations of HK\$11,200,000 and HK\$10,560,000, respectively. The details are set out in the Company's announcement dated 19 July 2013. The Asset Swap Agreement was completed on 28 August 2013 and the consideration was duly settled on 6 November 2013. Both Xiangshui New Universe Environmental Technology Limited and Yancheng NUHF Environmental Technology Limited became 65% indirectly owned subsidiaries of the Company upon the Completion of Asset Swap.

Save as disclosed therein, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the nine months ended 30 September 2013.

### Charges on Group assets

As at 30 September 2013, the Group pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$51,339,000 (31 December 2012: HK\$53,147,000) and HK\$10,656,000 (31 December 2012: HK\$10,836,000) respectively to secure bank loans of approximately HK\$11,352,000 (31 December 2012: HK\$15,416,000) granted to the Group.

As at 30 September 2013, the Group also pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$41,834,000 (31 December 2012: HK\$42,575,000) and HK\$21,644,000 (31 December 2012: HK\$21,522,000) respectively to secure undrawn bank loan facilities of approximately HK\$46,138,000 (31 December 2012: HK\$45,114,000) available to the Group.

All equity interests in the Group's subsidiaries, Fair Time International Limited and Zhenjiang Sinotech Eco-electroplating Development Limited were pledged under fixed and floating charges to secure bank loans of approximately HK\$9,696,000 as at 30 September 2013 (31 December 2012: HK\$30,035,000).



### **Contingent liabilities**

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

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

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

### **Employee information**

As at 30 September 2013, the Group had 235 (2012: 240) full-time employees, of which 16 (2012: 16) were based in Hong Kong, and 219 (2012: 224) in the Mainland China (which comprised of 219 (2012: 216) for continuing operations and no staff (2012: 8) for discontinued operations).

For the nine months ended 30 September 2013, staff costs, including the Directors' remuneration and amount capitalised as inventories was HK\$24,286,000 (2012: HK\$19,088,000) for the Group's continuing operations and HK\$118,000 (2012: HK\$7,228,000) for the Group's discontinued operations. Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, share options and continuing development and training.

### **Dividend**

The Board resolved not to declare a dividend for the nine months ended 30 September 2013.

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

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

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

## The Company

### Long positions in ordinary shares of the Company

Name of Director	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Personal/beneficial	Interests of children or spouse	Interests of controlled corporation		
Mr. Xi Yu *	-	-	1,871,823,656	1,871,823,656	70.48

Note:

- \* Mr. Xi Yu is the shareholder of 16,732 shares of US\$1.00 each in NUEL, representing 83.66% of the issued share capital of NUEL, which in turn beneficially interested in 1,871,823,656 shares of the Company, representing approximately 70.48% of the issued share capital of the Company as at 30 September 2013.

## Associated corporation

### Long positions in ordinary shares of NUEL

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

Save as disclosed above, as at 30 September 2013, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

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

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

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

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

Note:

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

Save as disclosed above, as at 30 September 2013, the Directors of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

## SHARE OPTION SCHEME

The Company has a share option scheme which was adopted by the Company's shareholders in general meeting on 10 December 2003 ("Share Option Scheme"), which shall be valid and effective for a period of 10 years ending on 9 December 2013, after which no further options will be granted.

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

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

## SERVICE CONTRACTS

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



## DIRECTORS' INTERESTS IN CONTRACT OR AGREEMENT

During the nine months ended 30 September 2013, contracts or arrangements subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

1. Mr. XI Yu has provided personal guarantees, and New Universe Environmental Technologies (Jiang Su) Limited ("NUET(JS)", a 82% indirectly owned subsidiary of the Company) and New Universe Holdings Limited ("NUHL", a related party of the Company), both of which Mr. XI Yu and Ms. CHEUNG Siu Ling are directors, have provided corporate guarantees in the following arrangements:
  - (a) The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and DBS Bank (Hong Kong) Limited have, pursuant to a facility agreement dated 8 August 2008, agreed to grant the loan facilities of up to US\$14,000,000 to Fair Time International Limited, a 98% indirectly owned subsidiary of the Company, which are guaranteed by Mr. XI Yu and NUHL. As at 30 September 2013, the outstanding loan was US\$1,250,000 (approximately HK\$9,696,000).
  - (b) The Hongkong and Shanghai Banking Corporation Limited has pursuant to a facility letter dated 14 June 2011 and renewed facility letters dated 13 April 2012 and 20 June 2013, granted banking facilities of up to HK\$10,000,000 to NUET(JS), which are guaranteed by the Company and Mr. XI Yu, each up to a limit of HK\$10,000,000. As at 30 September 2013, the outstanding loan was HK\$7,500,000.
  - (c) Standard Chartered Bank (Hong Kong) Limited has pursuant to a facility letter dated 1 March 2012, granted banking facilities of up to HK\$50,700,000 to the Company, and pursuant to a renewed facility letter dated 16 October 2013, granted banking facilities up to a revised amount of HK\$23,400,000, which are guaranteed by Mr. XI Yu and NUET(JS). As at 30 September 2013, the outstanding loan was HK\$17,000,000.
  - (d) The Hongkong and Shanghai Banking Corporation Limited has pursuant to a facility letter dated 6 July 2012, granted banking facilities of up to HK\$12,000,000 to NUET(JS), which were guaranteed by Mr. XI Yu up to a limit of HK\$12,000,000, and Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK\$2,000,000. Pursuant to a renewed facility letter dated 5 November 2012, The Hongkong and Shanghai Banking Corporation Limited agreed to extend the latest drawdown date for the banking facilities of up to HK\$12,000,000 granted to NUET(JS), and has revised the security for the said banking facilities, which is currently guaranteed by Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK\$12,000,000. As at 30 September 2013, the outstanding loan was HK\$11,200,000.
  - (e) Hang Seng Bank Limited has pursuant to a facility letter dated 21 August 2012, granted banking facilities of up to HK\$15,000,000 to NUET(JS), which are guaranteed by the Company and Mr. XI Yu, each up to a limit of HK\$15,000,000. As at 30 September 2013, the outstanding loan was HK\$15,000,000.



2. Each of Mr. XI Yu and Ms. CHEUNG Siu Ling is a director of the landlord to both of the following tenancy agreements entered into by the Group as tenants:
  - (a) A tenancy agreement dated 26 July 2012 entered into between Smartech Services Limited ("Smartech Services", an indirectly wholly owned subsidiary of the Company) as tenant and Sun Ngai International Investment Limited ("Sun Ngai", a wholly owned subsidiary of NUHL which board of directors comprises Mr. XI Yu and Ms. CHEUNG Siu Ling) as landlord. Pursuant to which, Smartech Services rented an office unit located at Room 2109, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong from Sun Ngai at a monthly rental of HK\$20,000 for the term from 1 August 2012 to 31 July 2013. The tenancy agreement was renewed on 15 July 2013 at the same monthly rental of HK\$20,000 for an extended term to 31 July 2014.
  - (b) A tenancy agreement dated 8 December 2010 entered into between Smartech Services as tenant and Sun Ngai as landlord. Pursuant to which, Smartech Services rented a factory unit for use as warehouse located at Suite 12, 5th Floor, Yuen Fat Industrial Building, 25 Wang Chiu Road, Kowloon Bay, Hong Kong from Sun Ngai at a monthly rental of HK\$4,000 for the term from 1 January 2011 to 31 December 2013.
3. Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki is a director of China (HK) Chemical; and Mr. XI Yu and Ms. CHEUNG Siu Ling are directors of NUHL, which holds 97% of the issued share capital of China (HK) Chemical. China (HK) Chemical is a party to the loan agreement dated 11 January 2013 with the Company, pursuant to which China (HK) Chemical granted an unsecured interest-free loan of HK\$5,000,000 to the Company for general working capital purposes. The loan was fully repaid on 26 March 2013.
4. Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki is a shareholder and a director of NUEL. As at 30 September 2013, the Company owed NUEL unsecured loans amounted to HK\$20,671,000, of which HK\$5,000,000 is interest-free and the remaining balance of HK\$15,671,000 is interest-bearing at a rate of 2% per annum. The principal of the aforesaid loans was fully repaid on 31 October 2013. As at 30 September 2013, the 98% indirectly owned subsidiary of the Company, New Sinotech Investments Limited also owed NUEL an unsecured interest-free loan of HK\$20,347,000. The aforementioned loans do not have specific terms of repayment, though of which NUEL has agreed not to actively demand repayment to ensure the Company could meet its liabilities and debts due first.

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

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

### **COMPETING BUSINESS OR INTEREST**

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

### **SUFFICIENCY OF PUBLIC FLOAT**

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

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

Neither of the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine months ended 30 September 2013.

### **CORPORATE GOVERNANCE PRACTICES**

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

### **DIRECTORS' SECURITIES TRANSACTIONS**

During the nine months ended 30 September 2013, the Company has applied the principals of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the nine months ended 30 September 2013.

### **INDEPENDENT AUDITORS**

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

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

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

The Company did not engaged with independent auditors to review the financial statements of the Group for the purpose of third quarterly results of the Company for the nine months ended 30 September 2013.

## **REVIEW BY AUDIT COMMITTEE**

The Company's Audit Committee comprises three independent non-executive Directors, Dr. CHAN Yan Cheong (as the Audit Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

During the period under review, members of the Audit Committee have visited various subsidiaries situated at Jiangsu Province, Mainland China and have reviewed with management on the accounting principles and practices adopted by the Group and discussed on the internal controls and financial reporting matters.

The unaudited consolidated results and financial information of the Company for the nine months ended 30 September 2013 have been reviewed by the Audit Committee of the Company which does not constitute an audit.

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

Hong Kong, 7 November 2013

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

Mr. XI Yu	<i>(Executive Director and Chairman)</i>
Mr. SONG Yuqing	<i>(Executive Director, Chief Executive Officer and Vice-Chairman)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. SUEN Ki	<i>(Non-executive Director)</i>
Dr. CHAN Yan Cheong	<i>(Independent Non-executive Director)</i>
Mr. YUEN Kim Hung, Michael	<i>(Independent Non-executive Director)</i>
Mr. HO Yau Hong, Alfred	<i>(Independent Non-executive Director)</i>