



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

2 0 1 0

Interim Report



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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of NEW UNIVERSE INTERNATIONAL GROUP LIMITED (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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

XI Yu (*Chairman*)
CHAN Chun Hing
(*Chief Executive Officer*)*
CHEUNG Siu Ling
HON Wa Fai

Non-Executive Directors

SONG Yuqing (*Vice-Chairman*)*
SUEN Ki

Independent Non-Executive Directors

CHAN Yan Cheong
YUEN Kim Hung, Michael
HO Yau Hong, Alfred
LEE Kwan Hung*

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

AUTHORISED REPRESENTATIVES

XI Yu
HON Wa Fai

COMPLIANCE OFFICER

XI Yu

COMPANY SECRETARY

HON Wa Fai

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2110-2112
Telford House
16 Wang Hoi Road
Kowloon Bay
Kowloon
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

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
Dr. Roy's Drive
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

* Note: Mr. CHAN Chun Hing was appointed executive director and chief executive officer of the Company with effect from 3 May 2010. Mr. SONG Yuqing was appointed non-executive director and vice-chairman of the Company with effect from 15 June 2010. Mr. LEE Kwan Hung was appointed independent non-executive director of the Company with effect from 15 June 2010.

FINANCIAL HIGHLIGHTS

- Total turnover increased 71.9% to HK\$55,598,000 for the 6 months to 30 June 2010 as compared to the 6 months to 30 June 2009 of HK\$32,334,000.
- Total profit attributable to the Company's owners was HK\$5,214,000 for the 6 months to 30 June 2010 (6 months to 30 June 2009: loss of HK\$1,048,000).
- Earnings per share amounted to HK cents 0.28 for the 6 months to 30 June 2010 (6 months to 30 June 2009: loss per share of HK cents 0.06).
- The Directors resolved not to declare a dividend for the 6 months to 30 June 2010.
- Cash and cash equivalents amounted to HK\$92,335,000 at 30 June 2010 (31 December 2009: HK\$42,823,000).
- Equity attributable to the Company's owners was HK\$329,753,000 at 30 June 2010 (31 December 2009: HK\$288,953,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental operations

The environmental operations remains the core business and key profit driver of the Company and its subsidiaries (collectively referred to as the “Group”). The Group’s three major environmental subsidiaries – Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), Yancheng New Universe Solid Waste Disposal Company Limited (“Yancheng New Universe”), and Taizhou New Universe Solid Waste Disposal Company Limited (“Taizhou New Universe”) are principally engaged in environmental treatment and disposal of regulated medical waste, and general and hazardous industrial waste in three major cities of Jiangsu Province, Mainland China. They service various clinics, hospitals, and major industrial enterprises in the cities where they are situated. All of them have their own pyrolyzing incinerators, with Zhenjiang New Universe also has its specialised filtration facilities to handle industrial liquid waste and operates a landfill to handle general industrial solid waste. During the period under review, they achieved robust growth in revenue and handled an aggregate of 1,061 metric tons of regulated medical wastes, 3,288 metric tons of general industrial waste, and 9,055 metric tons of hazardous industrial waste.

In the second quarter of 2010, the registered capital of Zhenjiang New Universe was increased to US\$6,850,000 from US\$2,850,000 in order to increase its recycling and disposal capacity. During the second quarter of 2010, the Company also entered into co-operative agreements for an aggregate financial commitment of approximately HK\$15 million on different equity investments for the further development of environmental operations in Jiangsu Province.

Eco-plating Specialised Zone

The Group owns 38% equity interest in New Sinotech Investments Limited (“New Sinotech”) which in turn holds 100% direct equity interest in Fair Time International Limited (“Fair Time”) and 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 Province, Mainland China, which is principally engaged in the development and operation of an eco-plating specialised zone with a total area of 183,521 square metres (“Eco-plating Specialised Zone”). Zhenjiang Sinotech owns a centralised discharge processing system for filtration and purification of electroplating sewage and sludge, and recycling facilities servicing the Eco-plating Specialised Zone. Zhenjiang Sinotech provides management services and environmental facilities to clients carrying out plating business in the zone under the centralised and environmentally friendly sewerage system.

The Company’s controlling shareholder, New Universe Enterprises Limited (“NUEL”), owns 53% direct equity interest in New Sinotech Group. With the support of project 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”), construction of the first phase of the Eco-plating Specialised Zone was completed. Development of the second phase has been commenced in 2010, and approvals for carrying out operations within the zone have been obtained from local environmental authorities.

Manufacturing operations

Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”) is the production and outlet base of the Group’s injection molds, plastic products and plastic materials in the Mainland China. To ensure a stable and reliable supply of plastic materials for production and to meet the demand from the customers within the Yangtze River Delta, the Group entered into a framework supply agreement with a related company, China (HK) Chemical & Plastics Co. Limited (“China (HK) Chemical”) on 26 February 2009 (“Supply Contract”) to ensure stable supply of plastic materials to Suzhou New Universe for the three years ending 31 December 2011 on favourable terms that would not be available from other independent suppliers.

The Group 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 principally engaged in plastic materials dyeing in the Mainland China. They are strategic investments made by the Company to enhance its customer networks for both manufacturing and environmental operations in the Mainland China.

Disposal of Zhenjiang Docks Project

The disposal of the Group's equity interests in New Universe International (Zhenjiang) Port Company Limited and New Universe International (Zhenjiang) Warehouses Company Limited (collectively referred to as the "Zhenjiang Docks Project") was completed and the control of the Zhenjiang Docks Project was passed on 28 October 2009. NUEL, being a controlling shareholder of the Company, approved the disposal of Zhenjiang Docks Project by a written resolution dated 3 November 2008. Details of the disposal were set out in the announcements of the Company dated 5 November 2008, 4 December 2008, 7 May 2009, 11 September 2009, 31 December 2009 and 21 January 2010 respectively and the circular of the Company dated 18 November 2008.

With the approval of the PRC governmental agencies, the purchaser of the Zhenjiang Docks Project settled part of the consideration of an aggregate amount of RMB37,049,100 (approximately HK\$42,162,000) in two instalments. The first instalment of RMB5,557,365 (approximately HK\$6,324,000) was settled on 29 December 2009, and the second instalment of RMB31,491,735 (approximately HK\$35,838,000) was settled on 21 January 2010. The Directors of the Company have been monitoring the status of the final settlement of outstanding balance of the consideration of RMB48,800,000 (approximately HK\$55,939,000). Pursuant to the guarantee letter dated 3 September 2009 jointly issued by 鎮江市京口區人民政府 (The District Government of Jingkou, Zhenjiang City) and 江蘇省國營共青團農場 (Stated Owned Gongqingtuan Farm of Jiangsu Province) to undertake the settlement of the outstanding balance had the purchaser defaulted, the Directors of the Company expected that the payment will be made by the purchaser in due course.

Fund raising exercise

On 18 June 2010, the Company completed a top-up placement of 150,000,000 new shares to independent strategic investors at a price of HK\$0.212 per placing share. The gross and net proceeds of the capital raised were HK\$31,800,000 and HK\$30,688,000 respectively. They will be used as general working capital and for strengthening the disposal capacity of the existing environmental operations of the Group. The share placement widened the shareholders' base and share capital base of the Company, and provided the Group with additional capital support for the development of environmental operations. The shares placed represented 7.46% of the enlarged issued share capital of the Company.

Business outlook

Looking ahead into the second half of 2010, barring and unforeseeable circumstances, management is optimistic about the future growth of the Group. The Company have recently introduced new experienced members into the Board of Directors. Leveraging their expertise and extensive market experience, the Company will prudently expand its environmental operations while continuing to enhance efforts in improving the Group's operating efficiency

and corporate governance. The Group has recently invested over HK\$20 million to build a new rotary kiln in Zhenjiang in order to increase the capacity of handling solid waste, and the Company will continue to look for suitable opportunities for expanding environmental operations. As the Chinese government attaches great importance to environmental protection, management believes that there is ample room to grow for the Company's environmental operations. With the continuous support from customers and business partners, the Company will strive hard to maximise value for its shareholders.

FINANCIAL REVIEW

Turnover

Total turnover of the Group for the 6 months ended 30 June 2010 was HK\$55,598,000 representing an increase of 71.9% from HK\$32,334,000 for the 6 months ended 30 June 2009. Total revenue from environmental operations increased by 84.0% to HK\$25,427,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$13,822,000). Total revenue from sales of mold products decreased by 39.3% to HK\$5,134,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$8,461,000). Total revenue from sales of plastic products increased by 87.4% to HK\$8,499,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$4,536,000). Total revenue from sales of plastic materials increased by 199.9% to HK\$16,538,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$5,515,000).

Market momentum remained stable during the period under review, which resulting in a general improvement to the Group's total revenue from environmental operations and sales of plastic products and materials as compared to the corresponding period in 2009.

Gross profit

Gross profit of the Group for the 6 months ended 30 June 2010 was HK\$18,871,000 representing an increase of 113.5% from HK\$8,838,000 for the 6 months ended 30 June 2009. Overall gross profit margin of the Group was 33.9% for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: 27.3%). The average gross profit margin of environmental operations was 66.4% for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: 56.3%). The average gross profit margin of manufacturing operations was 6.6% for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: 5.7%), whereas the average gross profit margins of mold sales, plastic product sales and plastic materials sales were 0.2%, 13.4% and 5.1% respectively for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: 5.6%, 0.9% and 10.0% respectively).

Other revenue

Other revenue of Group increased by 92.4% to HK\$3,801,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$1,976,000). The net increase was mainly attributable to increase in other interest income.

Other net income

Other net income of the Group decreased by 89.3% to HK\$23,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$214,000).

Distribution and selling expenses

Distribution and selling expenses of the Group increased by 12.3% to HK\$2,359,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$2,101,000). The net increase was mainly attributable to increase in incentive payments and remunerations in relation to increase in sales of various operations in the period.

Administrative expenses

Administrative expenses of the Group increased by 33.4% to HK\$8,120,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$6,087,000). The net increase was mainly attributable to additional staff cost to strengthen the senior management at the head office in Hong Kong and increase in head count for the environmental operations.

Other expenses

Other expenses of the Group increased by 7.1% to HK\$1,698,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$1,586,000). The net increase was mainly attributable to increase in research and development cost in the period.

Finance costs

Finance costs of the Group decreased by 18.9% to HK\$1,170,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$1,443,000). The net decrease was mainly attributable to the early redemption of the promissory notes completed on 18 May 2010.

Share of net profits of associates

Share of net profit of associates amounted to HK\$312,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$529,000). The net profits shared by the Group for the 6 months ended 30 June 2010 were attributable to (i) net loss shared from New Sinotech Group amounted to HK\$674,000 (6 months ended 30 June 2009: HK\$89,000), and (ii) net profit shared from Qingdao Huamei amounted to HK\$986,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$618,000).

Income tax

The Group recorded an income tax expense of HK\$1,382,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: HK\$156,000). Income tax expenses arisen from environmental operations amounted to HK\$1,436,000, which was offset by deferred tax credit of HK\$54,000 for the 6 months ended 30 June 2010.

Profit/(loss) attributable to owners of the Company

Total profit of the Group amounted to HK\$6,962,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: loss of HK\$521,000), and profit attributable to owners of the Company amounted to HK\$5,214,000 for the 6 months ended 30 June 2010 (6 months ended 30 June 2009: loss of HK\$1,048,000). Increase in profit for the 6 months ended 30 June 2010 was mainly attributable to (i) the sustainable growth of Group's environmental operations, and (ii) growth momentum bestowed by the Mainland China's economy being continued to forge ahead for the 6 months ended 30 June 2010.

Liquidity and financial resources

The Group financed its operations activities with internally generated cash flows, banking facilities, and loans and advances from China (HK) Chemical. The Group remained in a satisfactory financial position with total equity attributable owners of the Company amounted to HK\$329,753,000 as at 30 June 2010 (31 December 2009: HK\$288,953,000) with total assets amounted to HK\$407,359,000 as at 30 June 2010 (31 December 2009: HK\$367,564,000).

The Group had cash and bank balances as follows:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Cash and bank balances		
– Continuing operations	92,335	42,823
– Discontinued operation	–	–
	92,335	42,823

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

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Trust receipts financing facilities	10,000	10,000

The Group had outstanding interest bearing borrowings as follows:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Bank borrowings – secured	10,317	5,121
Loan from China (HK) Chemical – unsecured*	2,106	3,042
	12,423	8,163

Note:

- * Subsequent to the end of the reporting period, the Company has fully repaid the loan due to China (HK) Chemical on 23 July 2010.

The Group had promissory notes with total nominal value amounted to HK\$26,920,000 under review as follows which have been redeemed during the period under review:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Promissory notes – unsecured**	–	22,185

Note:

- ** On 31 March 2010, the Company entered into a redemption deed (“Redemption Deed”) with the registered holder of the promissory notes (“PN”), Mr. CHAN Son Neng (“Mr. CHAN”), to redeem all promissory notes from Mr. CHAN by making cash payment of US\$2,584,000 and issuing 36,000,000 new shares of the Company that subject to a lock-up period of one year from the date of issue. The Redemption Deed was completed on 18 May 2010. Details of the Redemption Deed are set out in the Company’s announcements dated 31 March 2010 and 18 May 2010.

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

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Beijing New Universe Mirai Environmental Engineering Company Limited – unsecured	19	19

Capital structure

On 18 May 2010, upon the completion of the Redemption Deed, the Company issued 36,000,000 new shares (under the share issue mandate given to the Directors at the annual general meeting of the Company held on 30 April 2009) to redeem portion of the PN from its holder. The fair value of the 36,000,000 shares issued (which are subject to one year's lock-up period) was determined to be HK\$4,380,000 in accordance with the valuation report dated 30 July 2010 prepared by an independent professional valuer, RHL Appraisal Limited.

On 18 June 2010, upon the completion of a top-up placing exercise, the Company issued 150,000,000 new shares (under the share issue mandate given to the Directors at the annual general meeting of the Company held on 30 April 2010) to raise funds amounted to approximately HK\$30,688,000 (net of attributable expenses) for general working capital of the Company and further development of the Group's environmental operations in Jiangsu Province.

Save as disclosed therein, there was no other material change to the capital structure of the Group as at 30 June 2010 compared to that as at 31 December 2009.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 24 May 2010, the Company acquired 9% indirect equity interest in New Proficient Limited ("New Proficient") at a cost of HK\$7,000. On 29 June 2010, the Company acquired 9% indirect equity interest in Fair Waste Disposal Limited ("FWDL") and 4% indirect equity interest in Fair Industry Waste Recyclables Limited ("FIWRL") at the cost of HK\$7,000 and HK\$3,000 respectively. New Proficient, FWDL and FIWRL are new investment holding companies incorporated to explore for new environmental business in PRC.

Save as disclosed therein, there were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the 6 months ended 30 June 2010.

Charges on Group assets

As at 30 June 2010, the Group pledged the land use rights together with its property, plant and equipment owned by Suzhou New Universe with a carrying amount of HK\$2,325,000 (31 December 2009: HK\$2,335,000) and HK\$9,092,000 (31 December 2009: HK\$9,228,000) respectively to a bank in China to secure bank loans of HK\$10,317,000 (equivalent to RMB9,000,000) (31 December 2009: HK\$5,121,000) granted to the Suzhou New Universe.

Gearing ratio

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

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Continuing operations		
Current liabilities	56,111	37,819
Non-current liabilities (excluding deferred taxes)	2,106	25,227
<hr/>		
Total debts	58,217	63,046
Less: cash and cash equivalents	92,335	42,823
<hr/>		
(Net cash)/net debts	(34,118)	20,223
<hr/>		
Total equity	344,109	299,371
<hr/>		
Gearing ratio	N/A	6.8%
<hr/>		

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

Investments held and their performance

According to the valuation report dated 30 July 2010 issued by an independent professional valuer, BMI Appraisals Limited, as at 30 June 2010, the market value of the available-for-sale equity investments in Suzhou New Huamei attributable to the Group was HK\$37,500,000 (31 December 2009: HK\$37,300,000) and in Danyang New Huamei attributable to the Group was HK\$15,800,000 (31 December 2009: HK\$16,600,000). The dividends declared by Suzhou New Huamei and Danyang New Huamei in April 2010 that would be distributable to the Group were HK\$1,536,000 and HK\$506,000 respectively (2009: HK\$1,262,000 and HK\$560,000 respectively).

The Group holds 28.67% equity interest in Qingdao Huamei as an associate. For the 6 months ended 30 June 2010, the Group shared net profit of Qingdao Huamei amounted to HK\$986,000 (6 months ended 30 June 2009: shared net profit of HK\$618,000). The dividends declared by Qingdao Huamei in April 2010 that would be distributable to the Group were HK\$887,000 (2009: HK\$875,000).

For the six months ended 30 June 2010, the profit margins of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei were 3.1%, 1.9% and 4.5% respectively (6 months ended 30 June 2009: 3.0%, 3.8% and 6.3% respectively).

The Group holds 38% equity interests in New Sinotech Group as associates. For the 6 months ended 30 June 2010, the Group shared net loss of New Sinotech Group amounted to HK\$674,000 (6 months ended 30 June 2009: shared net loss of HK\$89,000). No dividend was declared by New Sinotech Group for the 6 months ended 30 June 2010 (2009: Nil).

On 24 May 2010, the Company acquired 9% equity interest in New Proficient. On 29 June 2010, the Company acquired 9% and 4% equity interests in FWDL and FIWRL respectively. The Group's financial commitments for the business development of New Proficient, FWDL and FIWRL were in aggregate approximately to HK\$15 million as at 30 June 2010. The Directors opined that the cost of investments in New Proficient, FWDL and FIWRL approximated to their fair value as at 30 June 2010.

Capital expenditure

For the 6 months ended 30 June 2010, the Group had incurred capital expenditure to increase property, plant and equipment for the environmental operations amounted to HK\$6,943,000 (6 months ended 30 June 2009: HK\$964,000), and for the manufacturing operations amounted to HK\$60,000 (6 months ended 30 June 2009: HK\$728,000).

Commitments

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

(i) Capital commitments

During the period under review, the Group has increased its capital commitments to enhance its existing operations, and the Group had capital commitments not provided for in the financial statements as follows:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Continuing operations		
Contracted for		
– Acquisition of property, plant and equipment	26,201	23
Authorised but not contracted for		
– Acquisition of property, plant and equipment	991	7,760
– Financial commitments to equity investments in environmental operations	15,476	–
– Financial commitments to New Sinotech Group	35,477	35,386

(ii) Operating lease commitments

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

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Continuing operations		
Within one year	475	187
In the second to fifth years, inclusive	380	366
After five years	–	80
	855	633

Contingent liabilities

There were no significant contingent liabilities of the Group as at 30 June 2010 (31 December 2009: Nil).

Exposure to exchange rate fluctuations

As most of the Group's monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars, and US dollars, the exchange risk of the Group were considered to be minimal. During the 6 months ended 30 June 2010, no related hedging has been arranged by the Group.

Employee information

As at 30 June 2010, the Group had 356 (31 December 2009: 302) full-time employees of which 18 (31 December 2009: 13) were based in Hong Kong, and 338 (31 December 2009: 289) in the Mainland China. Staff costs, including directors' remuneration and amount capitalised as inventories was HK\$6,510,000 for the six months ended 30 June 2010 (six months ended 30 June 2009: HK\$6,483,000). Directors and employees of the Group 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 Directors resolved not to declare a dividend for the 6 months to 30 June 2010 in order to conserve funds for further development of the Group's operations.

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

As at 30 June 2010, the interests and short positions of the Directors and chief executives and their associates in the shares, 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 are taken or deemed to have under such provisions of the SFO); or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors, 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	Interest of children or spouse	Interests of controlled corporation		
Mr. XI Yu *	-	-	1,249,649,115	1,249,649,115	62.11

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 1,249,649,115 shares of the Company, representing approximately 62.11% of the issued share capital of the Company. Pursuant to a placing agreement dated 17 May 2010 entered into between NUEL and the placing agent, NUEL has agreed to appoint the placing agent as agent in relation to (i) the placing of 100,000,000 shares of the Company (the "First Lot Placing Shares") on fully underwritten basis; and (ii) placing of up to 160,000,000 shares of the Company on a best effort basis during the period from 17 May 2010 up to 16 August 2010 (the "Second Lot Placing Shares"). As at the date of this report, only placing of the First Lot Placing Shares was completed. Before the completion of the Second Lot Placing Shares takes place, the interest of NUEL in the issued share capital of the Company would have been 62.11%.

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	Interest of children or spouse	Interests of controlled corporation		
Mr. XI Yu	16,732	–	–	16,732	83.66
Ms. CHEUNG Siu Ling	1,214	1,214	–	2,428	12.14
Mr. SUEN Ki	840	–	–	840	4.20

Save as disclosed above, as at 30 June 2010, none of the Directors and chief executives had any interests or short positions in any shares, underlying shares and 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 to 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 authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The Share Option Scheme shall be valid and effective for a period of 10 years ending on 9 December 2013, after which no further options will be granted.

The total number of securities available for issue under the Share Option Scheme as at 30 June 2010 was 182,589,168 shares of the Company which represented the current scheme mandate limit given to the Directors as refreshed by the Company's shareholders on 28 April 2008 and approved by the Stock Exchange on 23 May 2008.

As at 30 June 2010 and during the six months then ended, no option has been granted or 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.

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

So far as is known to any Director or chief executive of the Company, as at 30 June 2010, persons or corporations who have interests or short positions in the shares and underlying shares 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 maintained by the Company pursuant to 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 interests	Interests of controlled corporation	Number of shares held	
NUEL	1,249,649,115	–	–	1,249,649,115	62.11
Mr. Xi Yu *	–	–	1,249,649,115	1,249,649,115	62.11

Note:

- * The interest in 1,249,649,115 shares disclosed by Mr. Xi Yu is the same as those disclosed as held by NUEL. Pursuant to a placing agreement dated 17 May 2010 entered into between NUEL and the placing agent, NUEL was agreed to appoint the placing agent as agent in relation to (i) the placing of 100,000,000 shares of the Company (the "First Lot Placing Shares") on fully underwritten basis; and (ii) placing of up to 160,000,000 shares of the Company on a best effort basis during the period from 17 May 2010 up to 16 August 2010 (the "Second Lot Placing Shares"). As at the date of this report, only placing of the First Lot Placing Shares was completed. Before the completion of the Second Lot Placing Shares takes place, the interest of NUEL in the issued share capital of the Company would have been 62.11%.

Save as disclosed above, as at 30 June 2010, none of the directors were aware of any other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or as recorded in the register required to be maintained by the Company under Section 336 of the SFO.

DIRECTOR'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

The following contracts or arrangements subsisted during the 6 months ended 30 June 2010 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 interests 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 and NUEL. Mr. XI Yu is common director of Zhenjiang New Universe. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. HON Wa Fai are common directors of Zhenjiang Sinotech.

- (ii) A renewable rental agreement dated 28 August 2009 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 a monthly rental of HK\$10,000 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. A renewed rental agreement was signed on 26 July 2010 at a monthly rental of HK\$20,000 for a rental period from 1 August 2010 to 31 July 2011. Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors of the Company, Smartech Services, NUHL and Sun Ngai.

- (iii) 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 (a 97% owned subsidiary of NUHL) 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 requirement of providing any collateral. 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 NUHL and Suzhou New Universe.
- (iv) 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. On 21 April 2010, Bestwin made partial settlement of US\$120,000 (approximately HK\$936,000) of the loan. On 23 July 2010, Bestwin has fully settled the balance of loan in the amount of US\$270,000 (approximately HK\$2,106,000). 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.

The above transactions were reviewed by the independent non-executive directors that were conducted on terms no less favourable than terms available from independent third parties, in the ordinary course of business of the Group and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as whole.

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.

CONTINUING CONNECTED TRANSACTIONS

On 26 February 2009, the Supply Contract was entered into between Suzhou New Universe and China (HK) Chemical in relation to the supply of plastic materials to Suzhou New Universe by China (HK) Chemical. 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 and China (HK) Chemical's holding company, NUHL. By virtue of the common directors who represent all members of the board of directors of China (HK) Chemical and through their directorship in NUHL control the board of directors of China (HK) Chemical, China (HK) Chemical is hence a connected person (as defined in the GEM Listing Rules) of the Company.

Pursuant to an ordinary resolution duly passed under poll voting by the independent shareholders of the Company at an extraordinary general meeting held on 18 September 2009, the Company was approved to procure Suzhou New Universe to purchase plastic materials from China (HK) Chemical at the annual caps in the amounts of US\$12,800,000 (approximately HK\$99,328,000), US\$14,080,000 (approximately HK\$109,261,000) and US\$15,488,000 (approximately HK\$120,187,000) for the three financial years ending 31 December 2011 respectively ("Annual Caps").

Details of the Supply Contract and Annual Caps are set out in the announcements of the Company dated 27 February 2009, 14 August 2009 and 18 September 2009, and the circular of the Company dated 31 August 2009.

Pursuant to the Supply Contract, during the 6 months ended 30 June 2010, Suzhou New Universe ordered plastic materials of 688 metric tons for an aggregate amount of HK\$13,448,000 from China (HK) Chemical; and accordingly, China (HK) Chemical delivered 743.5 metric tons of plastic materials for an aggregate amount of HK\$14,471,000 to Suzhou New Universe ("Continuing Connected Transactions").

The independent non-executive directors of the Company have reviewed the Continuing Connected Transactions and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on terms no less favourable than terms available from independent third parties, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

COMPETING INTERESTS

Save as disclosed therein, the Board is not aware of any Directors having any interests in a business which competes or may compete with the business of the Group.

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 6 months ended 30 June 2010.

CORPORATE GOVERNANCE PRACTICES

Throughout the 6 months ended 30 June 2010, the Company complied with the principles of the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 of the GEM Listing Rules except for the following deviation:

- (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. Until the appointment of the Company's new chief executive officer, Mr. CHAN Chun Hing was effected on 3 May 2010, the Company's chairman, Mr. XI Yu has shared the responsibilities of the vacant office of the Group's chief executive officer since the resignation of the last managing director of the Group with effect from 1 February 2007. The Directors considered the deviation did not significantly affect the Group's operations. During the period when Mr. XI Yu have to take the roles of both chairman and chief executive officer, he was able to lead 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 2010 owing to his trip out of Hong Kong for the business of the Group. Failing his presence, Mr. XI Yu delegated the non-executive director of the Company, Mr. SUEN Ki 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

During the 6 months ended 30 June 2010, 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 6 months ended 30 June 2010.

AUDIT COMMITTEE

The Company's Audit Committee has been established since May 2000 with written terms of reference in compliance with the GEM Listing Rules, which members comprise three independent non-executive directors, Dr. CHAN Yan Cheong (Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

The Audit Committee reviewed with management on the accounting principles and practices adopted by the Group and discussed on the internal controls and financial reporting matters including a review of these unaudited financial statements of the Company for the 6 months ended 30 June 2010.

By order of the Board
New Universe International Group Limited
CHAN Chun Hing
Chief Executive Officer

Hong Kong, 6 August 2010

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

Mr. XI Yu	<i>(Executive Director and Chairman)</i>
Mr. CHAN Chun Hing	<i>(Executive Director and Chief Executive Officer)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Mr. SONG Yuqing	<i>(Non-executive Director and Vice-Chairman)</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>
Mr. LEE Kwan Hung	<i>(Independent Non-executive Director)</i>

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**CCIF****CCIF CPA LIMITED**

34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

To the board of directors of

New Universe International Group Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 25 to 50 which comprises the condensed consolidated statement of financial position of New Universe International Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

CCIF CPA Limited

Certified Public Accountants

Hong Kong, 6 August 2010

Leung Chun Wa

Practising Certificate Number P04963

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Continuing operations					
Turnover	6	29,872	15,611	55,598	32,334
Cost of sales		(19,512)	(11,080)	(36,727)	(23,496)
<hr/>					
Gross profit		10,360	4,531	18,871	8,838
Other revenue	7	2,448	1,841	3,801	1,976
Other net income		23	206	23	214
Loss on redemption of promissory notes		(1,316)	–	(1,316)	–
Impairment of goodwill		–	(688)	–	(688)
Distribution and selling expenses		(1,201)	(1,081)	(2,359)	(2,101)
Administrative expenses		(4,379)	(2,907)	(8,120)	(6,087)
Other expenses		(642)	(910)	(1,698)	(1,586)
Share of profits of associates, net		350	325	312	529
Finance costs	8	(477)	(726)	(1,170)	(1,443)
<hr/>					
Profit/(loss) before tax		5,166	591	8,344	(348)
Income tax	9	(834)	(193)	(1,382)	(156)
<hr/>					
Profit/(loss) for the period from continuing operations		4,332	398	6,962	(504)
<hr/>					
Discontinued operation					
Loss for the period from discontinued operation		–	–	–	(17)
<hr/>					
Profit/(loss) for the period	10	4,332	398	6,962	(521)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) *(continued)*

	Notes	Three months ended 30 June		Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Profit/(loss) for the period attributable to:					
Owners of the Company		3,328	(42)	5,214	(1,048)
Minority interests		1,004	440	1,748	527
		4,332	398	6,962	(521)
Earnings/(loss) per share	12				
for profit/(loss) attributable to owners of the Company <i>(expressed in HK cents per share)</i>					
From continuing and discontinued operations					
Basic and diluted		0.18	(0.01)	0.28	(0.06)
From continuing operations					
Basic and diluted		0.18	(0.01)	0.28	(0.06)
From discontinued operation					
Basic and diluted		–	–	–	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 30 June		Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Profit/(loss) for the period	4,332	398	6,962	(521)
Other comprehensive income:				
Exchange differences on translation of financial statements of overseas subsidiaries	775	(27)	779	(28)
Fair value loss on available-for-sale equity investments, net of deferred tax	(540)	(9,700)	(540)	(9,700)
Share of other comprehensive income of associates	461	–	461	(76)
Other comprehensive income for the period	696	(9,727)	700	(9,804)
Total comprehensive income for the period	5,028	(9,329)	7,662	(10,325)
Total comprehensive income attributable to:				
Owners of the Company	3,929	(9,768)	5,819	(10,851)
Minority interests	1,099	439	1,843	526
	5,028	(9,329)	7,662	(10,325)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June	31 December
		2010	2009
		(unaudited)	(audited)
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	13	64,011	60,348
Prepaid lease payments	14	21,598	21,819
Goodwill	15	33,000	33,000
Interests in associates	16	42,643	37,411
Available-for-sale equity investments	17	53,317	53,900
		214,569	206,478
Current assets			
Inventories		24,472	12,343
Trade and bills receivables	18	18,018	17,071
Prepayments, deposits and other receivables		3,487	952
Consideration receivable on disposal of discontinued operation		51,927	87,389
Dividend receivables		2,042	–
Prepaid lease payments	14	509	508
Cash and cash equivalents		92,335	42,823
		192,790	161,086
Current liabilities			
Interest-bearing bank borrowings	19	10,317	5,121
Trade payables	20	16,883	10,614
Accrued liabilities and other payables		13,822	13,746
Deposits received		13,130	6,135
Income tax payable		1,940	2,184
Amount due to a related company		19	19
		56,111	37,819
Net current assets		136,679	123,267
Total assets less current liabilities		351,248	329,745

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited) HK\$'000
	Notes		
Capital and reserves			
Share capital	21	20,119	18,259
Reserves	22	309,634	270,694
<hr/>			
Equity attributable to owners of the Company		329,753	288,953
Minority interests		14,356	10,418
<hr/>			
Total equity		344,109	299,371
<hr/>			
Non-current liabilities			
Promissory notes	23	–	22,185
Deferred tax liabilities		5,033	5,147
Loan from a related company	24	2,106	3,042
<hr/>			
		7,139	30,374
<hr/>			
Total equity and liabilities		351,248	329,745
<hr/>			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Issued capital	Share premium	Translation reserve	Investment			Total	Minority interests	Total equity
				revaluation reserve	General reserve	Retained profits			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2009 (audited)	18,259	206,488	19,092	-	31,929	(335)	275,433	8,246	283,679
Changes in equity for the six months ended 30 June 2009:									
Loss for the period	-	-	-	-	-	(1,048)	(1,048)	527	(521)
Other comprehensive income for the period	-	-	(103)	(9,700)	-	-	(9,803)	(1)	(9,804)
Total comprehensive income for the period	-	-	(103)	(9,700)	-	(1,048)	(10,851)	526	(10,325)
At 30 June 2009 (unaudited)	18,259	206,488	18,989	(9,700)	31,929	(1,383)	264,582	8,772	273,354
At 1 January 2010 (audited)	18,259	206,488	9,620	4,637	31,929	18,020	288,953	10,418	299,371
Changes in equity for the six months ended 30 June 2010:									
Profit for the period	-	-	-	-	-	5,214	5,214	1,748	6,962
Other comprehensive income for the period	-	-	1,145	(540)	-	-	605	95	700
Total comprehensive income for the period	-	-	1,145	(540)	-	5,214	5,819	1,843	7,662
Shares issued	1,860	34,320	-	-	-	-	36,180	-	36,180
Transaction costs attributable to issue of new shares	-	(1,199)	-	-	-	-	(1,199)	-	(1,199)
Capital contribution by minority equity holders of subsidiaries	-	-	-	-	-	-	-	2,095	2,095
At 30 June 2010 (unaudited)	20,119	239,609	10,765	4,097	31,929	23,234	329,753	14,356	344,109

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Net cash flows from operating activities	8,333	7,974
Additions to property plant and equipment	(7,003)	(1,692)
Proceeds from disposal of property, plant and equipment	66	–
Proceeds from disposal of subsidiaries	35,837	–
Capital contribution made to associates	(4,459)	–
Dividends received from associates	–	312
Acquisition of interests in available-for-sale equity investments	(17)	–
Payment on project development	–	(37)
Net cash flows from/(used in) investing activities	24,424	(1,417)
Bank loans raised	5,196	–
Repayment of bank loans	–	(3,390)
Loan from a related company	–	3,042
Repayment of loan from a related company	(936)	–
Capital contribution by minority equity holders of subsidiaries	2,095	–
Cash payment for redemption of promissory notes	(20,052)	–
Transaction costs attributable to redemption of promissory notes	(87)	–
Proceeds from new shares issued	31,800	–
Transaction costs attributable to issue of new shares	(1,112)	–
Capital element of finance lease payment	–	(3)
Net cash flows from/(used in) financing activities	16,904	(351)
Net increase in cash and cash equivalents	49,661	6,206
Cash and cash equivalents at 1 January	42,823	46,386
Effect of foreign exchange rate changes	(149)	(27)
Cash and cash equivalents at 30 June	92,335	52,565
Cash and cash equivalents representing:		
Cash and bank balances		
– Continuing operations	92,335	29,362
– Discontinued operation	–	23,203
	92,335	52,565

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

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 ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

At 30 June 2010, 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.

These condensed consolidated financial statements are presented in Hong Kong dollars, which is same as the functional currency of the Company.

For the sole purpose of these condensed consolidated financial statements, 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:

- (i) medical and industrial waste environmental disposal services;
- (ii) manufacture and sale of molds;
- (iii) manufacture and sale of plastic products;
- (iv) sale of plastic materials; and
- (v) investments in plastic materials dyeing business.

2 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

3. Principal accounting policies

These condensed consolidated financial statements have been prepared on the historical cost basis except for the available-for-sale equity investments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation in the Group’s annual financial statements for the year ended 31 December 2009, except for described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners

The application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Groups has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related party disclosures ⁴
HKAS 32 (Amendment)	Classification of rights issues ²
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ³
HKFRS 9	Financial instruments ⁵
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a minimum funding requirement ⁴
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments ³

- 1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2010, as appropriate
- 2 Effective for annual periods beginning on or after 1 February 2010
- 3 Effective for annual periods beginning on or after 1 July 2010
- 4 Effective for annual periods beginning on or after 1 January 2011
- 5 Effective for annual periods beginning on or after 1 January 2013

4 The Independent Accountants’ Review Report

The independent accountants engaged by the Company have reviewed the unaudited interim financial statements for the six months ended 30 June 2010 which does not constitute an audit. On the basis of their review, the independent accountants are not aware of any material modifications that should be made to the interim financial statements for the six months ended 30 June 2010.

5 Segment information

Segment revenue and results

An analysis of the Group's revenue and results by reportable segment for the periods under review is as follows:

Continuing operations

For the six months ended 30 June 2010

	Reportable segments					Total HK\$'000
	Environmental services HK\$'000	Mold products HK\$'000	Plastic products HK\$'000	Plastic materials trading HK\$'000	Plastic materials dyeing HK\$'000	
Segment revenue:						
Revenue on external sales	25,427	5,134	8,499	16,538	–	55,598
Other revenue	337	152	2	3	2,042	2,536
Total	25,764	5,286	8,501	16,541	2,042	58,134
Cost of sales and services	(8,542)	(5,126)	(7,360)	(15,699)	–	(36,727)
Distribution and selling expenses	(1,344)	(256)	(424)	(335)	–	(2,359)
Administrative expenses	(3,748)	(631)	(1,044)	–	–	(5,423)
Other expenses	(1,001)	(71)	(118)	–	–	(1,190)
Share of profits/(losses) of associates	(674)	–	–	–	986	312
Loss on redemption of promissory notes	(1,316)	–	–	–	–	(1,316)
Finance costs	(931)	(41)	(67)	(131)	–	(1,170)
Segment results	8,208	(839)	(512)	376	3,028	10,261
Unallocated corporate items:						
Other revenue and income						1,288
Central administration costs						(2,422)
Directors' emoluments						(783)
Finance costs						–
Profit before tax						8,344

5 Segment information (continued)

Segment revenue and results (continued)

Continuing operations

For the six months ended 30 June 2009

	Reportable segments					Total HK\$'000
	Environmental services HK\$'000	Mold products HK\$'000	Plastic products HK\$'000	Plastic materials trading HK\$'000	Plastic materials dyeing HK\$'000	
Segment revenue:						
Revenue on external sales	13,822	8,461	4,536	5,515	–	32,334
Other revenue	308	28	–	–	1,640	1,976
Other net income	–	214	–	–	–	214
Total	14,130	8,703	4,536	5,515	1,640	34,524
Cost of sales and services	(6,046)	(7,988)	(4,497)	(4,965)	–	(23,496)
Distribution and selling expenses	(1,281)	(428)	(294)	(98)	–	(2,101)
Administrative expenses	(2,404)	(941)	(627)	–	–	(3,972)
Other expenses	(850)	(135)	(90)	–	–	(1,075)
Share of profits/(losses) of associates	(89)	–	–	–	618	529
Impairment of goodwill	(688)	–	–	–	–	(688)
Finance costs	(1,085)	(163)	(88)	(106)	–	(1,442)
Segment results	1,687	(952)	(1,060)	346	2,258	2,279
Unallocated corporate items:						
Central administration costs						(2,139)
Directors' emoluments						(487)
Finance costs						(1)
Loss before tax						(348)

5 Segment information (continued)**Segment assets**

An analysis of total assets of the Group by reportable segment is as follows:

	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
Segment assets		
Continuing operations:		
Environmental services	183,179	149,653
Mold products	38,384	30,628
Plastic products	19,443	17,785
Plastic materials trading	16,727	7,689
Plastic materials dyeing investments	62,228	59,757
<hr/>		
Total segment assets relating to continuing operations	319,961	265,512
Assets relating to discontinued operation	51,928	87,389
Central administration	35,470	14,663
<hr/>		
Consolidated assets	407,359	367,564

5 Segment information (continued)

Other segment information

Continuing operations

For the six months ended 30 June 2010

	Reportable segments					Total HK\$'000
	Environmental services	Mold products	Plastic products	Plastic materials trading	Plastic materials dyeing	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Additions to property, plant and equipment	6,943	48	12	–	–	7,003
Depreciation	1,931	1,177	541	12	–	3,661
Amortisation	227	28	–	–	–	255
Loss on disposal of property, plant and equipment	53	–	–	–	–	53
Income tax	1,382	–	–	–	–	1,382

Continuing operations

For the six months ended 30 June 2009

	Reportable segments					Total HK\$'000
	Environmental services	Mold products	Plastic products	Plastic materials trading	Plastic materials dyeing	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Additions to property, plant and equipment	964	199	409	120	–	1,692
Depreciation	1,642	1,203	537	–	–	3,382
Amortisation	227	27	–	–	–	254
Income tax	156	–	–	–	–	156

6 Turnover

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Environmental service income	14,130	8,746	25,427	13,822
Sale of mold products	1,029	2,977	5,134	8,461
Sale of plastic products	4,539	2,259	8,499	4,536
Sale of plastic materials	10,174	1,629	16,538	5,515
	29,872	15,611	55,598	32,334

7 Other revenue

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Bank interest income	89	22	1,414	38
Dividends from available-for-sale equity investments	2,042	1,640	2,042	1,640
Scrap sales	317	179	345	298
	2,448	1,841	3,801	1,976

8 Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Interest on				
Bank loans wholly repayable within five years	124	172	199	353
Loan from a related party wholly repayable within 5 years	17	4	40	4
Finance lease	–	–	–	1
Imputed interest on promissory notes	336	550	931	1,085
	477	726	1,170	1,443

9 Income tax

	Three months		Six months	
	ended 30 June		ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations				
Current tax	-	-	-	-
Hong Kong Profits Tax	-	-	-	-
PRC Income Tax	(861)	(220)	(1,436)	(382)
	(861)	(220)	(1,436)	(382)
Deferred tax	27	27	54	226
	(834)	(193)	(1,382)	(156)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company 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% (2009: 16.5%) of the estimated assessable profits for the periods. No provision for Hong Kong profits has been made as the Group did not have any assessable profits arising in Hong Kong for the periods under review (2009: Nil).

Under the Law of The People's Republic of China on Enterprise Income Tax ("EIT") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Zhenjiang New Universe Solid Waste Disposal Company Limited ("Zhenjiang New Universe"), Yancheng New Universe Solid Waste Disposal Company Limited ("Yancheng New Universe"), Taizhou New Universe Solid Waste Disposal Company Limited ("Taizhou New Universe"), Zhenjiang New Universe Recyclables Company Limited ("Zhenjiang Recyclables"), and Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe") are the Company's subsidiaries located and operated in the PRC.

Zhenjiang New Universe, Yancheng New Universe, and Taizhou New Universe are entitled to the exemptions from PRC Foreign Enterprise Income Tax for two financial years starting from their first profit-making, followed by a 50% tax relief for the next three financial years. Yancheng New Universe and Taizhou New Universe would be subject to EIT of 12.5% for the years from 2009 to 2011. Zhenjiang New Universe was not subject to EIT in 2008 and 2009, but would be subject to EIT of 12.5% for the years from 2010 to 2012. Zhenjiang Recyclables and Suzhou New Universe had no profits subject to EIT for the periods under review (2009: Nil).

10 Profit/(loss) for the period

Profit/(loss) for the period is stated after charging the following:

	Three months ended 30 June		Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Continuing operations				
Cost of inventories consumed	19,512	11,080	36,727	23,496
Amortisation of land lease prepayments	128	127	255	254
Depreciation of property, plant and equipment	1,879	1,709	3,661	3,382
Impairment of goodwill	–	688	–	688

11 Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

12 Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on the following data:

Number of shares:

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	1,864,726,846	1,825,891,681	1,845,416,543	1,825,891,681

12 Earnings/(loss) per share (continued)**Earnings/(loss):**

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
From continuing and discontinued operations				
Earnings/(loss) for the purpose of basic earnings/(loss) per share	3,328	(42)	5,214	(1,048)
From continuing operations				
Earnings/(loss) for the purpose of basic earnings/(loss) per share	3,328	(42)	5,214	(1,031)
From discontinued operation				
Earnings/(loss) for the purpose of basic earnings/(loss) per share	-	-	-	(17)

There were no dilutive ordinary shares in existence during the periods under review, therefore, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share.

13 Property, plant and equipment

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Net carrying amount at 1 January	60,348	63,083
Additions	7,003	3,745
Disposals	(422)	(52)
Depreciation		
– charge for the period	(3,661)	(6,914)
– written back	303	52
Exchange adjustments	440	434
Net carrying amount at the end of the reporting period	64,011	60,348

As at 30 June 2010, property, plant and equipment of the Group with net carrying amount of HK\$9,092,000 (31 December 2009: HK\$9,228,000) were pledged to a bank to secure the bank loans granted to the Group.

14 Prepaid lease payments

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Net carrying amount at 1 January	22,327	22,803
Amortisation	(255)	(508)
Exchange adjustments	35	32
Net carrying amount at the end of the reporting period	22,107	22,327
Classified as		
Non-current assets	21,598	21,819
Current assets	509	508
	22,107	22,327

All interests in land use rights of the Group are held in Jiangsu Province, the PRC and on leases over the period of 50 years.

As at 30 June 2010, the land use rights of the Group with net carrying amount of HK\$2,325,000 (31 December 2009: HK\$2,335,000) were pledged to a bank to secure the bank loans granted to Suzhou New Universe.

15 Goodwill

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Net carrying amount at 1 January	33,000	33,688
Impairment	–	(688)
Net carrying amount at the end of the reporting period	33,000	33,000

The goodwill arisen in 2007 from the acquisitions of 100% interest in New Universe Environmental Protection Investments Limited which in turn holds 82% indirect equity interests in each of New Universe Environmental Technologies (Jiang Su) Limited, Zhenjiang New Universe, Yancheng New Universe and Taizhou New Universe amounted to HK\$33,000,000 as at 30 June 2010 (31 December 2009: HK\$33,000,000). Based on the report on the impairment assessment of the recoverable amount of the goodwill prepared by an independent professional valuer, BMI Appraisals Limited, dated 30 July 2010, no impairment on goodwill was required for the period under review (6 months to 30 June 2009: impairment of HK\$688,000).

16 Interests in associates

Share of net assets of associates:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
At 1 January	37,411	36,962
Share of net profits of associates	312	1,303
Share of exchange reserves	461	275
Dividends received from an associate	–	(1,129)
Capital contribution to associates	4,459	–
	<hr/>	<hr/>
At 30 June 2010/31 December 2009	42,643	37,411

With reference to the valuation report dated 30 July 2010 prepared by an independent professional valuer, BMI Appraisals Limited, the Directors opined that there was no impairment on the carrying amount of investments in associates at the end of the reporting period.

17 Available-for-sale equity investments

Fair value of the unlisted equity investments:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
At 1 January	53,900	48,900
Additions	17	–
Change in fair value	(600)	5,000
	<hr/>	<hr/>
At 30 June 2010/31 December 2009	53,317	53,900

The fair value of the unlisted equity investments in Suzhou New Huamei Plastics Company Limited and Danyang New Huamei Plastics Company Limited as at 30 June 2010 and 31 December 2009 were determined by the Directors by reference to the professional valuation reports prepared by an independent professional valuer, BMI Appraisals Limited, dated 30 July 2010 and 22 March 2010 respectively, using the market approach.

On 24 May 2010, the Company acquired 9% indirect equity interest in New Proficient Limited ("New Proficient", a company incorporated in British Virgin Islands with limited liability) at a cost of HK\$7,000. On 29 June 2010, the Company acquired 9% indirect equity interest in Fair Waste Disposal Limited ("FWDL", a company incorporated in British Virgin Islands with limited liability) and 4% indirect equity interest in Fair Industry Waste Recyclables Limited ("FIWRL", a company incorporated in British Virgin Islands with limited liability) at the cost of HK\$7,000 and HK\$3,000 respectively. New Proficient, FWDL and FIWRL are controlled by an independent third party, which are incorporated to explore for new environmental business in PRC. The Directors opined that the cost of new investments in New Proficient, FWDL and FIWRL approximated to their fair values as at 30 June 2010.

18 Trade and bills receivables

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

An ageing analysis of the trade and bills receivables as at the end of the reporting periods, based on invoice date and net of provisions, is as follows:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Within 1 month	8,967	9,452
1 to 2 months	3,798	3,647
2 to 3 months	1,963	1,318
4 to 6 months	1,924	1,992
7 to 12 months	1,033	538
Over 12 months	333	124
	18,018	17,071

19 Interest-bearing bank borrowings

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Bank loans – secured	10,317	5,121
Amounts due within 1 year classified as current liabilities	10,317	5,121

The interest-bearing bank borrowings of the Group are denominated in Renminbi. The secured bank loans bore interest of 5.84% per annum for the six months ended 30 June 2010 (year ended 31 December 2009: 5.84% to 8.59% per annum).

20 Trade payables

An ageing analysis of the trade payables as at the at the end of the reporting periods, based on invoice date is as follows:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Within 1 month	1,909	2,883
1 to 2 months	10,913	2,888
2 to 3 months	3,203	3,897
Over 3 months	858	946
	16,883	10,614

21 Share capital

	Number of shares		Share capital	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
<i>Notes</i>	'000	'000	HK\$'000	HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised				
At 1 January and the end of the reporting period	100,000,000	100,000,000	1,000,000	1,000,000
Issued and fully paid				
At 1 January	1,825,892	1,825,892	18,259	18,259
Issue of new shares on redemption of promissory notes (i)	36,000	–	360	–
Issue of new shares on top-up placement (ii)	150,000	–	1,500	–
At the end of the reporting period	2,011,892	1,825,892	20,119	18,259

Notes

- (i) On 18 May 2010, upon the completion of the Redemption Deed, 36,000,000 new shares of the Company were issued in favour of Mr. CHAN to satisfy part of the consideration as contemplated under the Redemption Deed. The 36,000,000 shares issued ranks pari passu to all existing shares of the Company, but are subject to a lock-up period of one year from the date of issue. Details in relation to the Redemption Deed were set out in the announcements of the Company dated 31 March 2010 and 18 May 2010.
- (ii) On 7 June 2010, agreements in relation to a top-up placement of 150,000,000 shares of the Company were entered into among the Company, an independent placing agent and NUEL as the vendor. 150,000,000 new shares of the Company were issued upon the completion of the top-up placement on 18 June 2010, which ranks pari passu to all existing shares of the Company. Details in relation to the top-up placement were set out in the announcements of the Company dated 7 June 2010 and 18 June 2010.

22 Reserves

	Share premium HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	General reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2009 (audited)	206,488	19,092	–	31,929	(335)	257,174
Changes in equity for the six months ended 30 June 2009:						
Loss for the period	–	–	–	–	(1,048)	(1,048)
Other comprehensive income for the period	–	(103)	(9,700)	–	–	(9,803)
Total comprehensive income for the period	–	(103)	(9,700)	–	(1,048)	(10,851)
At 30 June 2009 (unaudited)	206,488	18,989	(9,700)	31,929	(1,383)	246,323
At 1 January 2010 (audited)	206,488	9,620	4,637	31,929	18,020	270,694
Changes in equity for the six months ended 30 June 2010:						
Profit for the period	–	–	–	–	5,214	5,214
Other comprehensive income for the period	–	1,145	(540)	–	–	605
Total comprehensive income for the period	–	1,145	(540)	–	5,214	5,819
New shares issued	34,320	–	–	–	–	34,320
Transaction costs attributable to issue of new shares	(1,199)	–	–	–	–	(1,199)
At 30 June 2010 (unaudited)	239,609	10,765	4,097	31,929	23,234	309,634

Distributability of reserves

At 30 June 2010, the Company has reserves available for distribution to its owners amounting to HK\$257,238,000 (31 December 2009: HK\$226,754,000). According to the articles and association of the Company, dividends may be declared and paid out of the profits of the Company, realised or unrealised, 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 authorised for this purpose in accordance with the Companies Law (revised) of the Cayman Islands and every modification thereof.

23 Promissory notes

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Promissory notes – unsecured	–	22,185
Amounts due after 1 year classified as non-current liabilities	–	22,185

On 8 August 2008, the Company issued four promissory notes of HK\$6,730,000 each in an aggregate nominal value of HK\$26,920,000, at zero coupon rate, repayable by the maturity dates on 9 February 2011, 8 August 2011, 9 February 2012 and 8 August 2012 respectively for the settlement of the balance consideration upon completion of the acquisition of 38% equity interests of New Sinotech Investments Limited (“New Sinotech”) (which included the beneficial interest in the shareholder loan amounting to HK\$133,223.44). The fair value of the promissory notes was determined at HK\$19,095,000 at the date of issue by an independent professional valuer, BMI Appraisals Limited.

On 31 March 2010, the Company entered into a redemption deed (“Redemption Deed”) with the registered holder of the promissory notes, Mr. CHAN Son Neng (“Mr. CHAN”), to revise the terms of the promissory notes and to early redeem all promissory notes from Mr. CHAN by making cash payment of US\$2,584,000 and issuing 36,000,000 new shares of the Company whereas new shares being issued are subject to a lock-up period of one year from the date of issue. The Redemption Deed was completed upon issued of 36,000,000 new shares to Mr. CHAN on 18 May 2010.

24 Loan from a related company

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Loan from a related company – unsecured	2,106	3,042
Amounts due after 1 year classified as non-current liabilities	2,106	3,042

The loan from a related company, China (HK) Chemical & Plastics Co. Limited (“China (HK) Chemical”), in the amount of US\$390,000, is unsecured, bearing interest at 3% per annum and repayable by the end of third year from date of drawdown on 15 June 2009. The loan was used for the general working purpose of the Group’s 97% owned subsidiary, Suzhou New Universe. On 21 April 2010, the Company partially repaid US\$120,000 of the loan, and on 23 July 2010, the Company repaid the remaining balance US\$270,000 of the loan. Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors of the Company and China (HK) Chemical.

25 Commitments

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

(a) *Capital commitments*

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

	Notes	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Continuing operations			
Contracted for			
Acquisition of property, plant and equipment	(i)	26,201	23
Authorised and not contracted for			
Acquisition of property, plant and equipment		991	7,760
Financial commitments to equity investments in environmental operations	(ii)	15,476	–
Financial commitments to New Sinotech Group	(iii)	35,477	35,386

Notes:

- (i) Capital commitments in relation to contracted acquisition of property, plant and equipment in the ordinary course of business of the Group from independent third parties but not yet provided for in the financial statements as at 30 June 2010 comprised (a) subcontracted construction to build a new rotary kiln with a capacity to handle 30 metric tons of industrial solid waste a day for Zhenjiang New Universe at the committed amount of approximately HK\$22,878,000; (b) acquisition of new plastic injection machineries for Suzhou New Universe at the committed amount of approximately HK\$1,966,000; and (c) research and development project to carry out industrial waste recycling for Zhenjiang Recyclables at the committed amount of approximately HK\$1,357,000, all of which will be funded by the Group's internal resources.
- (ii) Financial commitments in relation to capital contributions for the development of environmental operations in PRC through interests in subsidiaries and equity investments of the Group as of 30 June 2010 comprised (a) committed investment to the Group's 9% equity interest in New Proficient amounted to HK\$7,200,000; (b) committed investment to the Group's 9% equity interest in FWDL amounted to HK\$3,276,000; and (c) committed investment to the Group's 4% equity interest in FIWRL amounted to HK\$5,000,000.
- (iii) Financial commitments in relation to capital contribution to the Group's 38% equity interest in New Sinotech Group amounted to US\$4,560,000 (approximately HK\$35,477,000) as of 30 June 2010.

25 Commitments (continued)*(b) Operating lease commitments*

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

	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
Continuing operations		
Within 1 year	475	187
After 1 year but within 5 years	380	366
After 5 years	–	80
	855	633

At the end of the reporting period, the Group as lessee had minimum lease payments under operating lease for office premises in Hong Kong amounted to HK\$216,000 (31 December 2009: HK\$235,000) and for landfill in PRC amounted to HK\$398,000 (31 December 2009: HK\$398,000).

26 Related party transactions

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

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

26 Related party transactions (continued)

(i) Transactions with related parties:

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Recurring transactions:		
Purchase of raw materials		
– China (HK) Chemical	14,471	9,366
Rental paid		
– Sun Ngai	132	84
Non-recurring transactions:		
Loan interest		
– China (HK) Chemical	40	4

(ii) Balances due to related parties:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
	Trade balances	
– China (HK) Chemical	9,920	7,169
Other payable balances		
– Beijing New Universe	19	19
Loan		
– China (HK) Chemical	2,106	3,042

(iii) Key management personnel remuneration:

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Short-term employees benefits	1,902	1,267
Post-employment benefits	24	17