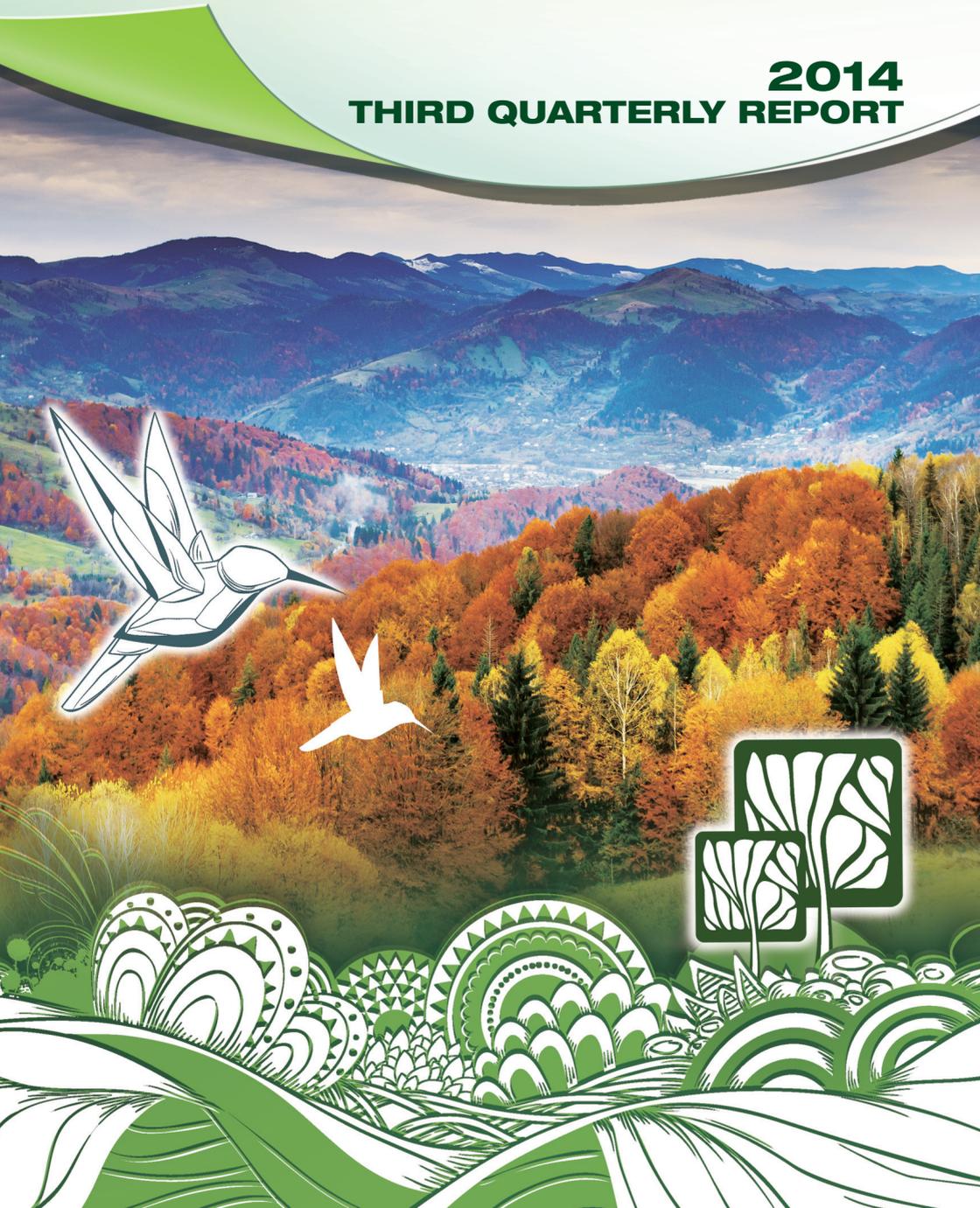


# NEW UNIVERSE INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 8068

## 2014 THIRD QUARTERLY 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.**

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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.*

## CORPORATE INFORMATION

### PLACE OF INCORPORATION

Cayman Islands

### BOARD OF DIRECTORS

#### Executive Directors

Mr. SONG Yuqing (*Chairman and CEO*)<sup>1</sup>

Ms. CHEUNG Siu Ling<sup>1</sup>

Mr. HON Wa Fai<sup>1</sup>

#### Non-Executive Director

Mr. SUEN Ki

#### Independent Non-Executive Directors

Dr. CHAN Yan Cheong<sup>2,3,4,5</sup>

Mr. YUEN Kim Hung, Michael<sup>2,3,4,6</sup>

Mr. HO Yau Hong, Alfred<sup>2,3,4,7</sup>

- 1 Member of Executive Committee
- 2 Member of Audit Committee
- 3 Member of Nomination Committee
- 4 Member of Remuneration Committee
- 5 Chairman of Audit Committee
- 6 Chairman of Nomination Committee
- 7 Chairman of Remuneration Committee

### AUTHORISED REPRESENTATIVES

Ms. CHEUNG Siu Ling

Mr. HON Wa Fai

### COMPLIANCE OFFICER

Ms. CHEUNG Siu Ling

### COMPANY SECRETARY

Mr. 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

### SHARE REGISTRAR AND TRANSFER OFFICES

#### Principal

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

#### Hong Kong Branch

Tricolor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

### LEGAL ADVISERS

#### As to Hong Kong Laws

Troutman Sanders

#### As to PRC Laws

Beijing Sinobridge PRC Lawyers

### INDEPENDENT AUDITOR

Crowe Horwath (HK) CPA Limited

### FINANCIAL ADVISER

Octal Capital Limited

### PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

### LISTING INFORMATION

#### Shares

The issued shares of the Company are listed and traded on the GEM of the Stock Exchange

#### Stock Code

8068

#### Board Lot

20,000 shares

#### WEBSITE

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

#### Notes:

- With effect from 18 August 2014, Mr. XI Yu resigned as executive director, chairman of the board, chairman of the executive committee, authorised representative and compliance officer of the Company.
- With effect from 18 August 2014, Mr. SONG Yuqing was appointed the chairman of the board of the Company.
- With effect from 18 August 2014, Ms. CHEUNG Siu Ling was appointed the authorised representative and compliance officer of the Company.

## FINANCIAL HIGHLIGHTS

- Total revenue of continuing operations for the nine months ended 30 September 2014 increased by 42.3% to HK\$190,755,000 compared to HK\$134,014,000 for the corresponding period in 2013.
- Profit attributable to owners of the Company from continuing operations for the nine months ended 30 September 2014 increased by 22.2% to HK\$35,550,000 compared to HK\$29,080,000 for the corresponding period in 2013.
- Earnings per share attributable to owners of the Company from continuing operations for the nine months ended 30 September 2014 were HK cents 1.34 compared to HK cents 1.10 for the corresponding period in 2013.
- Equity attributable to owners of the Company was HK\$586,749,000 at 30 September 2014 versus HK\$549,706,000 at 31 December 2013.
- Cash and cash equivalents of the Group was approximately HK\$98,753,000 at 30 September 2014 compared to HK\$109,827,000 at 31 December 2013.
- The Board resolved not to declare a dividend for the nine months ended 30 September 2014.

**THIRD QUARTERLY RESULTS 2014**

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 2014, and the comparative unaudited figures for the corresponding period in 2013.

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Continuing operations</b>					
Revenue	4	67,376	49,756	190,755	134,014
Cost of sales		(38,473)	(26,816)	(104,067)	(67,919)
Gross profit		28,903	22,940	86,688	66,095
Other revenue	6	48	7	4,468	4,594
Other net income	7	183	69	6,747	404
Distribution and selling expenses		(2,817)	(2,407)	(9,636)	(6,315)
Administrative expenses		(8,634)	(7,063)	(26,702)	(20,479)
Other operating expenses		(3,884)	(2,283)	(11,223)	(6,066)
Operating profit		13,799	11,263	50,342	38,233
Finance income	8	109	263	814	810
Finance costs	8	(702)	(834)	(2,149)	(2,754)
Finance costs, net	8	(593)	(571)	(1,335)	(1,944)
Gain on deemed disposal of an associate		-	-	-	6,128
Share of profits/(losses) of associates		1,480	(893)	2,007	2,665
Profit before taxation		14,686	9,799	51,014	45,082
Income tax	9	3,048	(3,682)	(6,135)	(10,708)
Profit for the period from continuing operations		17,734	6,117	44,879	34,374
<b>Discontinued operations</b>					
Profit for the period from discontinued operations		-	-	-	18,374
<b>Profit for the period</b>	10	17,734	6,117	44,879	52,748

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Profit for the period attributable to:</b>				
Owners of the Company	13,662	4,284	35,550	47,454
Non-controlling interests	4,072	1,833	9,329	5,294
	<b>17,734</b>	<b>6,117</b>	<b>44,879</b>	<b>52,748</b>

**Profit for the period attributable to owners  
of the Company arising from:**

Continuing operations	13,662	4,284	35,550	29,080
Discontinued operations	-	-	-	18,374
	<b>13,662</b>	<b>4,284</b>	<b>35,550</b>	<b>47,454</b>

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013
		HK cents	HK cents	HK cents	HK cents
<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		0.52	0.16	1.34	1.10
From discontinued operations		-	-	-	0.69
From continuing and discontinued operations		<b>0.52</b>	<b>0.16</b>	<b>1.34</b>	<b>1.79</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 30 September		Nine months ended 30 September	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
<b>Profit for the period</b>	<b>17,734</b>	<b>6,117</b>	<b>44,879</b>	<b>52,748</b>
<b>Other comprehensive income</b>				
Translation differences				
– on translation of financial statements of overseas subsidiaries	<b>837</b>	2,495	<b>(4,068)</b>	10,791
– on translation of financial statements of overseas associates	<b>17</b>	30	<b>(121)</b>	786
– reclassification of translation reserve included in gain on deemed disposal of an overseas associate	–	–	–	(1,118)
Fair value changes on available-for-sale equity investments	<b>5,900</b>	6,500	<b>19,300</b>	6,500
Tax effect relating to changes in fair value of available-for-sale equity investments	<b>(590)</b>	(650)	<b>(1,930)</b>	(650)
Other comprehensive income for the period, net of tax	<b>6,164</b>	8,375	<b>13,181</b>	16,309
<b>Total comprehensive income for the period</b>	<b>23,898</b>	<b>14,492</b>	<b>58,060</b>	<b>69,057</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>19,728</b>	12,510	<b>49,259</b>	63,077
Non-controlling interests	<b>4,170</b>	1,982	<b>8,801</b>	5,980
	<b>23,898</b>	<b>14,492</b>	<b>58,060</b>	<b>69,057</b>
<b>Total comprehensive income attributable to owners of the Company arising from:</b>				
Continuing operations	<b>19,728</b>	12,510	<b>49,259</b>	44,388
Discontinued operations	–	–	–	18,689
	<b>19,728</b>	<b>12,510</b>	<b>49,259</b>	<b>63,077</b>

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

The unaudited condensed consolidated statement of changes in equity sets out the movement of reserves of the Company as follows:

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share 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			
At 1 January 2013	26,557	305,084	28,231	3,790	4,185	12,156	108,620	488,623	22,483	511,106
Change in equity for 9 months ended 30 September 2013:										
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)
At 30 September 2013 (unaudited)	26,557	305,084	38,004	9,640	4,795	12,156	146,248	542,484	62,778	605,262
At 1 January 2014	26,557	305,084	41,305	5,050	4,795	16,718	150,197	549,706	58,551	608,257
Change in equity for 9 months ended 30 September 2014:										
Profit for the period	-	-	-	-	-	-	35,550	35,550	9,329	44,879
Other comprehensive income	-	-	(3,661)	17,370	-	-	-	13,709	(528)	13,181
Total comprehensive income	-	-	(3,661)	17,370	-	-	35,550	49,259	8,801	58,060
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	6,576	6,576
Dividend relating to 2013	-	-	-	-	-	-	(12,216)	(12,216)	-	(12,216)
At 30 September 2014 (unaudited)	26,557	305,084	37,644	22,420	4,795	16,718	173,531	586,749	73,928	660,677

## NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

### 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.

### 2. Basis of preparation

The unaudited financial information for the nine months ended 30 September 2014 has been prepared in accordance with the applicable disclosure requirements of 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 2013, 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”).

### 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 of the Company for the year ended 31 December 2013.

In the current period, the Group has applied, for the first time, all the new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the current period.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities
- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets
- Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting
- HK(IFRIC) 21, Levies

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. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. Revenue

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Environmental waste treatment service income	45,863	36,143	131,998	92,463
Industrial sewage treatment and facility services income	21,513	13,613	58,757	41,551
	<b>67,376</b>	<b>49,756</b>	<b>190,755</b>	<b>134,014</b>

### 5. Seasonality of operations

The environmental waste treatment services are subject to seasonal fluctuation, with peak demand in the third and fourth quarters of a year.

For the financial year ended 31 December 2013, the environment waste treatment services reported revenue of HK\$131,623,000 (2012: HK\$110,487,000), and pre-tax profit of HK\$49,888,000 (2012: HK\$41,784,000) with approximately 42.8% (2012: 37.7%) of revenue accumulated in the first half of the year, with approximately 57.2% (2012: 62.3%) accumulating in the second half of the year.

For the 12 months ended 30 September 2014, the environment waste treatment services reported revenue of HK\$171,158,000 (12 months ended 30 September 2013: HK\$130,163,000), and pre-tax profit of HK\$58,026,000 (12 months ended 30 September 2013: HK\$56,687,000).

**6. Other revenue**

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Dividend income from available-for-sale equity investments	–	–	4,352	4,485
Scrap sales	48	7	116	109
	<b>48</b>	<b>7</b>	<b>4,468</b>	<b>4,594</b>

**7. Other net income**

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Government environmental subsidies	–	–	2,710	–
Governmental grant	115	68	333	204
Reversal of over accrued expenses	–	–	3,636	–
Net gain on sale of an available-for-sale equity investment	29	–	29	–
Sundry	39	1	39	200
	<b>183</b>	<b>69</b>	<b>6,747</b>	<b>404</b>

## 8. Finance costs, net

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Interest expenses on:				
Bank borrowings wholly repayable within 5 years	365	589	1,225	2,170
Borrowings from ultimate holding company wholly repayable within 5 years	–	91	–	355
Other borrowings wholly repayable within 5 years	337	154	924	229
<b>Total finance costs</b>	<b>702</b>	<b>834</b>	<b>2,149</b>	<b>2,754</b>
Finance income on:				
Interest income on short-term bank deposits	302	246	1,182	893
Net foreign exchange gain/(loss) on financing activities	(193)	17	(368)	(83)
<b>Total finance income</b>	<b>109</b>	<b>263</b>	<b>814</b>	<b>810</b>
<b>Net finance costs</b>	<b>593</b>	<b>571</b>	<b>1,335</b>	<b>1,944</b>

## 9. Income tax

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

	Three months		Nine months	
	ended 30 September		ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Income Tax	870	3,818	10,326	11,279
Over provision in respect of prior periods	(3,782)	–	(3,782)	(163)
	(2,912)	3,818	6,544	11,116
Deferred tax	(136)	(136)	(409)	(408)
	(3,048)	3,682	6,135	10,708

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% (2013: 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 at a rate of 25% (2013: 25%).

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

	Nine months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Profit before taxation	51,014	45,082
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	13,048	11,071
Tax effect of expenses not deductible for tax purpose	1,619	841
Tax effect of income not taxable for tax purpose	(3,375)	(2,607)
Tax effect of tax losses not recognised	2,325	2,098
Tax effect of tax losses utilised	–	(124)
Over provision in relation to prior periods	(3,782)	(163)
Tax effect of temporary differences recognised	(409)	(408)
Tax effect of tax preferential policy in PRC	(3,291)	–
Income tax for the period	6,135	10,708

#### 10. Profit for the period

Profit for the period was arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Cost of sales (note)	38,473	26,816	104,067	67,919
Depreciation of property, plant and equipment	7,068	5,404	20,876	15,225
Amortisation of land lease prepayments	643	616	1,928	1,823
Operating lease charges for minimum payments				
– Land and buildings in Hong Kong	144	72	312	216
– Land and buildings in PRC	304	–	304	–
– Landfill in PRC	23	21	67	65

Note:

Included in cost of sales were raw materials consumed of HK\$17,341,000 (2013: HK\$9,082,000), staff costs of HK\$14,667,000 (2013: HK\$11,503,000), and depreciation of HK\$18,295,000 (2013: HK\$13,280,000) and of which depreciation was included in the respective total amount disclosed above.

## 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 for the period attributable to owners of the Company of HK\$35,550,000 for the nine months ended 30 September 2014 (2013: HK\$47,454,000) and the weighted average number of 2,655,697,018 (2013: 2,655,697,018) ordinary shares of the Company in issue during the periods.

(a) Profit for the period attributable to owners of the Company:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
From continuing operations	13,662	4,284	35,550	29,080
From discontinued operations	–	–	–	18,374
Earning for the purpose of basic and diluted earnings per share	13,662	4,284	35,550	47,454

(b) Weighted average number of ordinary shares:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Total number of ordinary shares in issue at the end of the period	2,655,697,018	2,655,697,018	2,655,697,018	2,655,697,018
Weighted average number of ordinary shares in issue during the period	2,655,697,018	2,655,697,018	2,655,697,018	2,655,697,018

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

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2014 (2013: Nil).

Final dividend at HK\$0.0046 per share of approximately HK\$12,216,000 in respect of the financial year ended 31 December 2013 as approved by the shareholders of the Company on 5 May 2014 was paid on 31 July 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Environmental Waste Integrated Treatment Services

For the nine months ended 30 September 2014, the Group collected for treatment an aggregate of approximately 20,916 metric tons (2013: 16,607 metric tons) of hazardous industrial waste, 5,433 metric tons (2013: 6,580 metric tons) of general industrial waste, and 3,515 metric tons (2013: 3,280 metric tons) of regulated medical waste from the cities of Zhenjiang, Yancheng and Taizhou. The tank truck cleansing service centre in Zhenjiang had serviced 851 vehicles (2013: 1,054 vehicles) for the nine months ended 30 September 2014. The nitrile rubber recycling centre had handled approximately 297 metric tons (2013: 591 metric tons) of synthetic rubber scrap for the nine months ended 30 September 2014.

For the nine months ended 30 September 2014, the pre-tax profitability of the Group's environmental waste integrated treatment services was approximately 33.9% (2013: 39.6%).

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

For the nine months ended 30 September 2014, the average utilisation rate of the industrial buildings and facilities in the eco-plating specialised industrial zone was approximately 95.3% (2013: 82.8%) and the centralised plating sewage treatment system had handled approximately 402,541 metric tons (2013: 297,000 metric tons) of plating sewage discharged from the manufacturers in the zone.

For the nine months ended 30 September 2014, the pre-tax profitability of the Group's operations in the eco-plating specialised industrial zone was approximately 11.9% (2013: 11.7%).

#### Investments in Plastic Materials Dyeing Operations

For the nine months ended 30 September 2014, 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 5.0%, 1.3% and 3.0% (2013: 4.4%, 1.5% and 2.5%) respectively.

### Update on the proposed transfer of listing

On 31 March 2014, the Company submitted a formal application to the Stock Exchange for the transfer of listing of the shares of the Company from GEM to the Main Board under the transfer of listing arrangement pursuant to Chapter 9A of the Rules Governing the Listing of the Securities on the Stock Exchange (the "Application"). Thereafter, it was brought to the attention of the Company and the Company made announcements (i) on 20 August 2014 in relation to the bankruptcy adjudication of Mr. Xi Yu (the "Bankruptcy Adjudication"), and (ii) on 21 August 2014 in relation to a winding-up petition filed against NUEL (the "Winding-up Petition"). In light of the Bankruptcy Adjudication and the Winding-up Petition, the Board is of the view that it is in the best interest of the Company and the Shareholders not to proceed with the Application at this stage. On 22 August 2014, the Board resolved to withdraw the Application. The Board believes that the withdrawal of the Application has no material adverse impact on the financial or business operations of the Group.

### Outlook

As at 30 September 2014, the Group owned 5 major hazardous waste treatment plants in Jiangsu Province, PRC, operating waste incinerators and landfills to handle general and hazardous solid waste, and the Group also owned the Eco-plating Specialised Zone in Zhenjiang owning 19 factory buildings, operating a centralised sewage treatment plant and a chemical sludge treatment plant to handle industrial sewage and sludge waste. 4 new incinerators have been built and completed in 2013 at Dafeng and Xiangshui of Yancheng with aggregate annual incineration capacity of approximately 24,800 metric tons, which 20% of the capacity has been put into operation commencing third quarter of 2013 and will gradually be in full operation by 2015. The construction of another new incinerator in Zhenjiang at a total expected cost of approximately RMB 31.14 million for an annual incineration capacity up to 16,500 metric tons has been started in July 2014. The construction of a new hazardous waste landfill with a site area of 30,000 square metres in Dafeng of Yancheng at a total expected cost of approximately RMB 45.55 million for a maximum capacity of approximately 280,000 cubic metres has been started in May 2014. The new incinerator and the landfill are expected to be completed by 2015.

Entering the third quarter of 2014, in the Eco-plating Specialised Zone, the construction of 3 new factory buildings with a total gross floor area of approximately 22,000 square metres has commenced to meet the demand of new plating manufacturers to entering the zone. In August 2014, with the removal compensation agreement committed by the local government representative authority, Taizhou New Universe Solid Waste Disposal Company Limited has moved to a new site to enhance its regulated medical waste disposal operations.

The Group will continue to focus on environmental related business and will improve the waste management and treatment standards of the Group continuously. The Group expects to finance the enhancement of the waste treatment capacity of the Group with internally generated cash flows. Barring any unforeseeable impact to the Company and the continuous supports of the financiers of the Company that might be caused by the Bankruptcy Adjudication of Mr. Xi Yu and the possible outcome from the Winding-up Petition against NUEL, and barring any unforeseeable risks from the global and local economies that might affect the Group's environmental operations in the Mainland China, the Group would still target for a modest profitability 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 2014 as comparing to the unaudited figures for the corresponding period in 2013 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		
		2014	2013	Change %	2014	2013	Change %
<b>Continuing operations</b>							
Revenue	(a)	<b>67,376</b>	49,756	+35.4	<b>190,755</b>	134,014	+42.3
Average gross profit margin (%)	(b)	<b>42.9</b>	46.1	-6.9	<b>45.4</b>	49.3	-7.9
Other revenue	(c)	<b>48</b>	7	+585.7	<b>4,468</b>	4,594	-2.7
Other net income	(d)	<b>183</b>	69	+165.2	<b>6,747</b>	404	+1,570.0
Distribution and selling expenses	(e)	<b>2,817</b>	2,407	+17.0	<b>9,636</b>	6,315	+52.6
Administrative expenses	(f)	<b>8,634</b>	7,063	+22.2	<b>26,702</b>	20,479	+30.4
Other operating expenses	(g)	<b>3,884</b>	2,283	+70.1	<b>11,223</b>	6,066	+85.0
Finance income	(h)	<b>109</b>	263	-58.6	<b>814</b>	810	+0.5
Finance costs	(i)	<b>702</b>	834	-15.8	<b>2,149</b>	2,754	-22.0
Gain on deemed disposal of an associate	(j)	-	-	N/A	-	6,128	N/A
Share of net profits/(losses) of associates	(k)	<b>1,480</b>	(893)	N/A	<b>2,007</b>	2,665	-24.7
Income tax	(l)	<b>(3,048)</b>	3,682	N/A	<b>6,135</b>	10,708	-42.7
Net profit for the period	(m)	<b>17,734</b>	6,117	+189.9	<b>44,879</b>	34,374	+30.6
Profit attributable to owners of the Company	(m)	<b>13,662</b>	4,284	+218.9	<b>35,550</b>	29,080	+22.2
Basic and diluted EPS (HK cents)	(m)	<b>0.52</b>	0.16	+225.0	<b>1.34</b>	1.10	+21.8

Notes:

- (a) Net increase in total revenue for the nine months ended 30 September 2014 was mainly attributable to:
- (i) increases in average processing unit price and quantities of hazardous industrial wastes collected for innocuity treatment and disposal; and
  - (ii) increase in utilisation rate of the industrial buildings and facilities in the eco-plating specialised zone.
- (b) Decrease in average gross profit margin of the Group for the nine months ended 30 September 2014 was mainly attributable to the relatively higher cost of sales for the new waste treatment plant in Dafeng of Yancheng.
- (c) Net decrease in other revenue for the nine months ended 30 September 2014 was mainly attributable to decrease in dividend from the equity investment in Qingdao Huamei in current year as comparing to the last corresponding period.
- (d) Net increase in other net income for the nine months ended 30 September 2014 was mainly attributable to:
- (i) subsidies on environmental recycling renovation received from PRC government by a subsidiary in Zhenjiang; and
  - (ii) reversal of over accrued legal and professional expenses before de-registration of three investment holding subsidiaries recorded in April 2014.
- (e) Net increase in distribution and selling expenses for the nine months ended 30 September 2014 was mainly attributable to the increase in market developing expenses for the new waste treatment plant in Dafeng of Yancheng.
- (f) Net increase in administrative expenses for the nine months ended 30 September 2014 was mainly attributable to increases in head count and staff costs of the Group as comparing to the last corresponding period.
- (g) Net increase in other operating expenses for the nine months ended 30 September 2014 was mainly attributable to:
- (i) increase in research and development costs incurred by Zhenjiang New Universe Solid Waste Disposal Company Limited; and
  - (ii) legal and professional expenses incurred in relation to the application made to the Stock Exchange for the transfer of listing of the shares of the Company from GEM to the Main Board in current period.

- (h) Net increase in finance income for the nine months ended 30 September 2014 was mainly attributable to increase in net free cash flow of the Group in current period.
- (i) Net decrease in finance costs for the nine months ended 30 September 2014 was mainly attributable to decrease in bank borrowings of the Group in current period as comparing to the last corresponding period.
- (j) Gain on deemed disposal of an associate was a one-off gain recorded in the last corresponding period upon de-recognition of an associate in 2013.
- (k) Net decrease in profits shared from an associate for the nine months ended 30 September 2014 was mainly attributable to net decrease in industrial waste handled by the hazardous waste landfill owned by the associate in current period as comparing to the last corresponding period.
- (l) Net decrease in income tax for the nine months ended 30 September 2014 was mainly attributable to the refund of over payment of income tax in relation to previous year thereafter Zhenjiang New Universe Solid Waste Disposal Company Limited has been certified as a High and New Technology Enterprise in Jiangsu Province which is entitled to income tax rate of 15% under tax preferential policy in PRC.
- (m) For the nine months ended 30 September 2014, 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 as comparing to the last corresponding period.

### Capital expenditure

For the nine months ended 30 September 2014 the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental waste treatment services amounted to HK\$41,391,000 (2013: HK\$11,834,000), and (ii) for the industrial sewage and sludge treatment and facility provision services in the eco-plating industrial zone amounted to HK\$17,010,000 (2013: HK\$12,281,000).

## Commitments

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

	<b>30 September 2014 HK\$'000</b>	31 December 2013 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment for PRC subsidiaries:		
Yancheng NUHF Environmental Technology Limited	<b>73,005</b>	20,924
Xiangshui New Universe Environmental Technology Limited	<b>9,553</b>	11,795
Zhenjiang New Universe Solid Waste Disposal Company Limited	<b>17,998</b>	2,438
Taizhou New Universe Solid Waste Disposal Company Limited	<b>5,087</b>	1,057
Zhenjiang Sinotech Eco-Electroplating Development Limited	<b>71,135</b>	48,183
Authorised but not contracted for:		
– Acquisition of property, plant and equipment in PRC	–	17,447
– Investment in available-for-sale equity investments	–	3,443

## Liquidity, financial resources and level of borrowings

During the nine months ended 30 September 2014, the Group financed its operations with internally generated cash flows, banking facilities and other borrowings.

As at 30 September 2014, the unaudited equity attributable to owners of the Company was approximately to HK\$586,749,000 (31 December 2013: HK\$549,706,000) and the unaudited total assets of the Group was approximately to HK\$875,112,000 (31 December 2013: HK\$834,462,000).

As at 30 September 2014, the current ratio of the Group representing the unaudited consolidated current assets to the unaudited consolidated current liabilities was 1.12 (31 December 2013: 1.18).

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

	<b>30 September 2014 HK\$'000</b>	31 December 2013 HK\$'000
(a) Cash and bank balances		
– Continuing operations	<b>98,753</b>	109,827
(b) Available unused secured banking facilities		
– Continuing operations	<b>2,524</b>	41,328

The Group monitors its capital through net gearing ratio. This ratio is calculated as net debts divided by total capital. Net debts represent as all liabilities (excluding deferred government grants, income tax payable and deferred taxes) shown in the consolidated statement of financial position less cash and cash equivalents of the Group. Total capital represents the total equity shown in the consolidated statement of financial position plus the aforementioned net debts. The net gearing ratio at the end of the reporting period was as follows:

	<b>30 September 2014 HK\$'000</b>	31 December 2013 HK\$'000
Consolidated current liabilities		
Interest-bearing bank borrowings	<b>45,550</b>	54,007
Trade payables	<b>2,129</b>	1,456
Accrued liabilities and other payables	<b>76,408</b>	92,128
Deposits received from customers	<b>4,128</b>	2,458
Other borrowings	<b>18,000</b>	–
Consolidated non-current liabilities		
Interest-bearing bank borrowings	<b>1,262</b>	–
Other borrowings	<b>31,000</b>	40,000
All liabilities (excluding deferred government grants, income tax payable and deferred taxes)	<b>178,477</b>	190,049
Less: consolidated cash and bank balances	<b>98,753</b>	109,827
Net debts	<b>79,724</b>	80,222
Total equity	<b>660,677</b>	608,257
Total capital	<b>740,401</b>	688,479
<b>Gearing ratio</b>	<b>10.8%</b>	11.7%

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 Company as at 30 September 2014 compared to that as at 31 December 2013.

## Significant investments held and their performance

According to the valuation report dated 6 November 2014 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 2014 were HK\$51,600,000, HK\$17,100,000 and HK\$18,100,000 (31 December 2013: HK\$43,800,000, HK\$11,100,000 and HK\$12,600,000) respectively.

On 23 September 2014, the Group disposed of the 4% equity investment and the loan interests in Ever Champ (China) Limited at a total consideration of HK\$990,000, which had been an available-for-sale equity investment of the Group being stated at cost. The Group recorded a net gain on sale of the equity investment of approximately HK\$29,000.

## Impairment testing on goodwill

As at 30 September 2014, the assessment on the recoverable amount of the Group’s cash generating unit principally engaged in environmental waste treatment services in the PRC was determined by referring to the valuation report dated 6 November 2014 issued by the independent professional valuer, Cushman & Wakefield, after their review of the cash flows projection at a long-term growth rate at 2% (31 December 2013: 2%) 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 a pre-tax discount rate of 18.77% (31 December 2013: 20.55%) taken into account of the risks for the industry, no impairment loss to the goodwill was considered necessary for the nine months end 30 September 2014 (2013: Nil).

## Material acquisitions and disposals of subsidiaries and affiliated companies

Each of the wholly owned subsidiaries of the Group, New Universe International Ports Limited (新宇國際港口有限公司), New Universe International Warehouse & Logistics Limited (新宇國際倉儲物流有限公司) and New Universe International Ports & Logistics Limited (新宇國際港口物流有限公司) was duly dissolved in the British Virgin Islands on 1 April 2014, 1 April 2014 and 30 April 2014 respectively.

The Company’s 97% indirectly owned subsidiary, Suzhou New Universe Smartech Tooling and Plastics Limited (蘇州新宇模具塑膠有限公司) was duly de-registered in PRC on 5 November 2014.

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 2014.

### Charges on Group assets

As at 30 September 2014, the Group pledged certain land use rights with carrying amount of HK\$6,825,000 (31 December 2013: property, plant and equipment with carrying amount of HK\$93,028,000 and land use rights with carrying amount of HK\$19,803,000) to secure banking facilities totally amounted to approximately HK\$49,336,000 (31 December 2013: HK\$119,362,000) of which to the extent of HK\$46,812,000 was utilised as bank borrowings (31 December 2013: HK\$54,007,000) granted to the Group.

### Contingent liabilities

There were no significant contingent liabilities of the Group as at 30 September 2014 (31 December 2013: Nil).

### Exposure to exchange rate fluctuations

As most of the Group's monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars and US dollars, the exchange risks of the Group were considered to be minimal. For the nine months ended 30 September 2014, no related hedging has been arranged by the Group.

### Employee information

As at 30 September 2014, the Group had 320 (2013: 290) full-time employees, of which 16 (2013: 16) were based in Hong Kong, and 304 (2013: 274) in the Mainland China for the continuing operations.

For the nine months ended 30 September 2014, staff costs, including the Directors' remuneration and amount capitalised as inventories was HK\$33,160,000 (2013: HK\$24,286,000) for the Group's continuing 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 2014.

The dividend at HK\$0.0046 per share amounted approximately to HK\$12,216,000 that related to the year ended 31 December 2013 was paid on 31 July 2014.

On 21 October 2014, the Company has signed an undertaking with Standard Chartered Bank (Hong Kong) Limited that except with the prior consent of the bank, the Company will not declare or pay any dividend to its shareholders for so long as there is amounts outstanding under the banking facilities granted by Standard Chartered Bank (Hong Kong) Limited.

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

As at 30 September 2014, 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:

*Long positions in ordinary shares of an associated corporation, 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	Interest of children or spouse	Interests of controlled corporation		
Ms. CHEUNG Siu Ling	1,214	1,214	–	2,428	12.14
Mr. SUEN Ki	840	–	–	840	4.20

\* NUEL is 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 2014. Ms. CHEUNG Siu Ling and Mr. SUEN Ki are also directors of NUEL. On 21 August 2014, Ms. CHEUNG Siu Ling and her spouse in their capacities as creditors of NUEL, have filed a winding-up petition in the High Court against NUEL, and the said petition would be heard at the High Court on an adjourned date at 19 November 2014.

Save as disclosed above, as at 30 September 2014, 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 2014, 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	Interests of controlled corporation	Number of shares held	
NUEL *	1,871,823,656	–	–	1,871,823,656	70.48

Note:

- \* Mr. XI Yu has been adjudged bankrupt by the High Court of Hong Kong on 18 August 2014, and 16,732 issued ordinary shares representing 83.66% of the issued share capital of NUEL were registered in the name of Mr. XI Yu.

Save as disclosed above, as at 30 September 2014, 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.

## 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)).

## CHANGE IN DIRECTORS' INFORMATION

### Mr. XI Yu (“Mr. XI”)

On 18 August 2014, Mr. XI resigned as executive director, chairman of the board, chairman of the executive committee, compliance officer, an authorised representative under Rule 5.24 of the GEM Listing Rules, and the process agent of the Company. Mr. XI also resigned from his position as director of all subsidiaries of the Company incorporated in Hong Kong and the British Virgin Islands.

On 22 August 2014, Mr. XI was appointed as a consultant to the Group for a term from 22 August 2014 to 31 December 2014.

### Mr. SONG Yuqing (“Mr. SONG”)

On 18 August 2014, Mr. SONG was appointed the chairman of the board and the chairman of the executive committee of the Company. Mr. SONG is also the chief executive officer of the Company, and he has resigned as vice-chairman of the board.

### Ms. CHEUNG Siu Ling (“Ms. CHEUNG”)

On 16 June 2014, Ms. CHEUNG was relieved from acting as the director of the 98% owned subsidiary of the Group, Zhenjiang Sinotech Eco-Electroplating Development Limited.

On 18 August 2014, Ms. CHEUNG was appointed as the authorised representative, the compliance officer and the process agent of the Company.

On 21 August 2014, Ms. CHEUNG together with her spouse, Mr. CHU Yuk Ngai (“Mr. CHU”), in their capacities as creditors of NUEL, have filed a winding-up petition in the High Court of Hong Kong against NUEL, and the winding-up petition would be heard at the High Court on the adjourned date of 19 November 2014. Ms. CHEUNG and Mr. CHU are directors and shareholders of NUEL, and they are both directors of all subsidiaries of the Company incorporated in Hong Kong.

### Mr. HON Wa Fai (“Mr. HON”)

On 16 June 2014, Mr. HON was relieved from acting as the director of the 98% owned subsidiary of the Group, Zhenjiang Sinotech Eco-Electroplating Development Limited.

**Mr. YUEN Kim Hung, Michael (“Mr. YUEN”)**

On 1 October 2014, Mr. YUEN has terminated his office as independent non-executive director of Prosperity Minerals Holdings Limited, of which the shares had been cancelled from trading on AIM of the London Stock Exchange since 2 October 2013.

Save as disclosed therein, there was no other change in details of the Directors’ information since the date of last annual report of the Company for the year ended 31 December 2013.

Save as disclosed therein, there are no other information is to be disclosed pursuant to the requirements of the Rule 17.50(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

**DIRECTORS’ INTERESTS IN CONTRACT OR AGREEMENT**

As at 30 September 2014, 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. New Universe Environmental Technologies (Jiang Su) Limited (“NUET(JS)”) is a 82% indirectly owned subsidiary of the Company, of which Ms. CHEUNG Siu Ling is a director, has provided corporate guarantees in the following arrangements:
  - (a) Standard Chartered Bank (Hong Kong) Limited has granted banking facilities of up to HK\$23,400,000 to the Company, which are guaranteed by NUET(JS). As at 30 September 2014, the outstanding loan was HK\$20,900,000.
  - (b) The Hongkong and Shanghai Banking Corporation Limited has granted banking facilities of up to HK\$10,000,000 to NUET(JS), which are guaranteed by the Company up to a limit of HK\$10,000,000. As at 30 September 2014, the outstanding loan was HK\$5,000,000.
  - (c) The Hongkong and Shanghai Banking Corporation Limited has granted banking facilities of up to HK\$12,000,000 to NUET(JS), which are guaranteed by CHEUNG Siu Ling and Mr. SUEN Ki each up to a limit of HK\$12,000,000. As at 30 September 2014, the outstanding loan was HK\$8,400,000.
  - (d) Hang Seng Bank Limited has granted banking facilities of up to HK\$15,000,000 to NUET(JS), which are guaranteed by the Company up to a limit of HK\$15,000,000. As at 30 September 2014, the outstanding loan was HK\$11,250,000.

2. Ms. CHEUNG Siu Ling is a director of the landlord, Sun Ngai International Investment Limited (“Sun Ngai”, a wholly owned subsidiary of New Universe Holdings Limited that Ms. CHEUNG Siu Ling is also a director) to the following tenancy agreements entered into by the Group as tenants:
  - (a) A tenancy agreement dated 15 July 2013 entered into by Smartech Services Limited (“Smartech Services”, an indirectly wholly owned subsidiary of the Company) as tenant for an office unit at Room 2109, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$20,000 for the term from 1 August 2013 to 31 July 2014.
  - (b) A tenancy agreement dated 18 July 2014 entered into by Smartech Services as tenant for two office units at Rooms 2109 and 2110, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$50,000 for the term from 1 August 2014 to 31 July 2015.
  - (c) A tenancy agreement dated 20 December 2013 entered into by Smartech Services as tenant for a factory unit used as warehouse at Suite 12, 5th Floor, Yuen Fat Industrial Building, 25 Wang Chiu Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$8,000 for the term from 1 January 2014 to 31 December 2016.

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**

For the nine months ended 30 September 2014, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the GEM Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with 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 2014.

## CORPORATE GOVERNANCE PRACTICES

Throughout the nine months ended 30 September 2014, the Company has complied with the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules ("CG Code"), but save for the deviation from the code provision A.2.1, the Directors confirmed that they were not aware of any other deviation from the CG Code during the period then ended.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As a result of the appointment of Mr. SONG as chairman of the board ("Chairman") of the Company with effect from 18 August 2014, Mr. SONG has assumed the role of both the Chairman and the Chief Executive Officer. As such, such dual role constitutes a deviation from code provision A.2.1 of the CG Code. The Board considers that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer; (ii) Mr. SONG as the Chairman and Chief Executive Officer is fully accountable to the shareholders of the Company and contributes to the Board and the Group on all top level and strategic decisions and is responsible for ensuring that all Directors act in the best interests of the Shareholders; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting the role of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively. However, the Board will continue to review and consider splitting the role of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate.

## DIRECTORS' SECURITIES TRANSACTIONS

During the nine months ended 30 September 2014, 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 2014.

## 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.

The Audit Committee has 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 2014 have not been audited by the independent auditor of the Company, and they 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**  
**SONG Yuqing**  
*Chairman*

Hong Kong, 6 November 2014

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

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