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New Universe Environmental Group Limited

新宇環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 436)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2016 increased by 6.7% to HK\$157,440,000 compared to HK\$147,555,000 for the corresponding period in 2015.
- Net profit for the six months ended 30 June 2016 increased by 15.7% to HK\$55,357,000 compared to HK\$47,857,000 for the corresponding period in 2015.
- Profit attributable to owners of the Company for the six months ended 30 June 2016 increased by 17.3% to HK\$42,490,000 compared to HK\$36,234,000 for the corresponding period in 2015.
- Total earnings per share attributable to owners of the Company for the six months ended 30 June 2016 were HK cents 1.44 compared to HK cents 1.27 for the corresponding period in 2015.
- Equity attributable to owners of the Company was approximately HK\$710,566,000 at 30 June 2016 compared to HK\$688,853,000 at 31 December 2015.
- Cash and cash equivalents of the Group was approximately HK\$194,831,000 at 30 June 2016 compared to HK\$175,805,000 at 31 December 2015.
- The Board resolved not to declare a dividend for the six months ended 30 June 2016.

The board of directors (the “Directors”) of New Universe Environmental Group Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015.

CONSOLIDATED INCOME STATEMENT

	Note	Three months ended 30 June		Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	5	83,784	76,859	157,440	147,555
Cost of sales		<u>(41,567)</u>	<u>(39,728)</u>	<u>(80,267)</u>	<u>(75,606)</u>
Gross profit		42,217	37,131	77,173	71,949
Other revenue	6	4,193	4,527	4,608	4,962
Other net income	7	4,319	128	7,224	2,848
Distribution and selling expenses		<u>(2,507)</u>	<u>(3,327)</u>	<u>(4,546)</u>	<u>(6,507)</u>
Administrative expenses		<u>(11,011)</u>	<u>(10,370)</u>	<u>(21,164)</u>	<u>(18,941)</u>
Other operating expenses		<u>(5,706)</u>	<u>(2,868)</u>	<u>(7,760)</u>	<u>(6,249)</u>
Operating profit		31,505	25,221	55,535	48,062
Finance income	8	63	328	316	551
Finance costs	8	<u>(954)</u>	<u>(711)</u>	<u>(1,984)</u>	<u>(1,510)</u>
Finance costs, net	8	(891)	(383)	(1,668)	(959)
Share of profits of an associate		<u>1,242</u>	1,190	<u>1,837</u>	3,548
Profit before taxation	9	31,856	26,028	55,704	50,651
Income tax	10	<u>3,927</u>	<u>2,482</u>	<u>(347)</u>	<u>(2,794)</u>
Profit for the period		<u>35,783</u>	<u>28,510</u>	<u>55,357</u>	<u>47,857</u>
Attributable to:					
Owners of the Company		<u>27,472</u>	21,923	<u>42,490</u>	36,234
Non-controlling interests		<u>8,311</u>	<u>6,587</u>	<u>12,867</u>	<u>11,623</u>
		<u>35,783</u>	<u>28,510</u>	<u>55,357</u>	<u>47,857</u>
Earnings per share attributable to owners of the Company during the period (expressed in HK cents per share)					
Basic and diluted	11	<u>0.93</u>	<u>0.75</u>	<u>1.44</u>	<u>1.27</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Profit for the period	35,783	28,510	55,357	47,857
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Exchange differences				
– on translation of financial statements of overseas subsidiaries	(15,716)	(116)	(12,349)	(4,788)
– on translation of financial statements of an overseas associate	(406)	3	(314)	(139)
Fair value changes on available-for-sale equity investments	(1,700)	7,700	(10,800)	4,600
Tax effect relating to changes in fair value of available-for-sale equity investments	170	(770)	1,080	(460)
Other comprehensive income for the period, net of tax	(17,652)	6,817	(22,383)	(787)
Total comprehensive income for the period	18,131	35,327	32,974	47,070
Attributable to:				
Owners of the Company	11,891	28,766	21,713	36,175
Non-controlling interests	6,240	6,561	11,261	10,895
	18,131	35,327	32,974	47,070

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016 (Unaudited) <i>HK\$'000</i>	31 December 2015 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	13	525,361	527,884
Prepaid lease payments and deposit paid for land use rights	14	98,030	99,984
Goodwill		33,000	33,000
Interest in an associate		16,883	15,360
Available-for-sale equity investments		65,900	76,700
		739,174	752,928
Current assets			
Inventories		2,001	1,042
Trade and bills receivables	15	57,798	46,857
Prepayments, deposits and other receivables	16	18,884	14,569
Dividend receivables		3,848	–
Prepaid lease payments	14	2,561	2,599
Pledged bank deposits	17	–	5,318
Cash and cash equivalents	17	194,831	175,805
		279,923	246,190
Current liabilities			
Interest-bearing bank borrowings	18	64,874	39,798
Trade payables	19	3,237	4,251
Accrued liabilities and other payables	20	93,743	114,972
Deposits received from customers		3,903	3,621
Deferred government grants		470	447
Income tax payable		5,469	9,436
		171,696	172,525
Net current assets		108,227	73,665
Total assets less current liabilities		847,401	826,593

		30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
	<i>Note</i>		
Non-current liabilities			
Interest-bearing bank borrowings	18	3,159	7,874
Other interest-bearing borrowings	21	25,000	30,000
Deferred government grants		3,860	3,790
Deferred tax liabilities		23,821	25,157
		<u>55,840</u>	<u>66,821</u>
Net assets		<u>791,561</u>	<u>759,772</u>
Capital and reserves			
Share capital	22	29,557	29,557
Reserves		681,009	659,296
Equity attributable to owners of the Company		710,566	688,853
Non-controlling interests		80,995	70,919
Total equity		<u>791,561</u>	<u>759,772</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Translation reserve	Investment revaluation reserve	Capital reserve	Statutory reserve	Retained profits			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2015 (Audited)	27,557	333,774	28,749	20,800	4,795	23,120	189,743	628,538	72,715	701,253
Change in equity for the 6 months ended 30 June 2015										
Profit for the period	-	-	-	-	-	-	36,234	36,234	11,623	47,857
Other comprehensive income	-	-	(4,199)	4,140	-	-	-	(59)	(728)	(787)
Total comprehensive income	-	-	(4,199)	4,140	-	-	36,234	36,175	10,895	47,070
Issue of ordinary shares, net of share issuance costs of HK\$309,000	2,000	66,691	-	-	-	-	-	68,691	-	68,691
At 30 June 2015 (Unaudited)	<u>29,557</u>	<u>400,465</u>	<u>24,550</u>	<u>24,940</u>	<u>4,795</u>	<u>23,120</u>	<u>225,977</u>	<u>733,404</u>	<u>83,610</u>	<u>817,014</u>
Change in equity for the 6 months ended 31 December 2015										
Profit for the period	-	-	-	-	-	-	8,102	8,102	3,453	11,555
Other comprehensive income	-	-	(23,393)	(11,610)	-	-	-	(35,003)	(3,899)	(38,902)
Total comprehensive income	-	-	(23,393)	(11,610)	-	-	8,102	(26,901)	(446)	(27,347)
Acquisition of additional interest in subsidiaries from a shareholder	-	-	-	-	378	-	-	378	(2,578)	(2,200)
Transfer of reserves	-	-	-	-	-	9,021	(12,862)	(3,841)	3,841	-
Dividend relating 2014	-	-	-	-	-	-	(14,187)	(14,187)	-	(14,187)
Dividend paid to non-controlling shareholders relating to 2014	-	-	-	-	-	-	-	-	(13,508)	(13,508)
At 31 December 2015 and 1 January 2016 (Audited)	<u>29,557</u>	<u>400,465</u>	<u>1,157</u>	<u>13,330</u>	<u>5,173</u>	<u>32,141</u>	<u>207,030</u>	<u>688,853</u>	<u>70,919</u>	<u>759,772</u>
Change in equity for the 6 months ended 30 June 2016										
Profit for the period	-	-	-	-	-	-	42,490	42,490	12,867	55,357
Other comprehensive income	-	-	(11,057)	(9,720)	-	-	-	(20,777)	(1,606)	(22,383)
Total comprehensive income	-	-	(11,057)	(9,720)	-	-	42,490	21,713	11,261	32,974
Distribution to non-controlling shareholders upon dissolution of a subsidiary	-	-	-	-	-	-	-	-	(1,185)	(1,185)
At 30 June 2016 (Unaudited)	<u>29,557</u>	<u>400,465</u>	<u>(9,900)</u>	<u>3,610</u>	<u>5,173</u>	<u>32,141</u>	<u>249,520</u>	<u>710,566</u>	<u>80,995</u>	<u>791,561</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities		
Net cash generated from operating activities	<u>27,683</u>	<u>54,697</u>
Investing activities		
– Payments for purchases of property, plant and equipment	(25,988)	(56,629)
– Proceeds from disposal of property, plant and equipment	505	36
– Receipt of government grants	<u>414</u>	<u>196</u>
Net cash used in investing activities	<u>(25,069)</u>	<u>(56,397)</u>
Financing activities		
– Final distribution paid to non-controlling interests of subsidiary upon dissolution	(1,185)	–
– Proceeds from bank borrowings	53,236	8,740
– Repayment of interest-bearing bank borrowings	(32,875)	(14,350)
– Release of pledged bank deposits	5,318	1,869
– Repayment of other interest-bearing borrowings	(5,000)	(18,000)
– Proceeds from issuance of new ordinary shares	–	69,000
– Expenses paid in relation to issuance of new ordinary shares	–	<u>(309)</u>
Net cash generated from financing activities	<u>19,494</u>	<u>46,950</u>
Net increase in cash and cash equivalents	22,108	45,250
Cash and cash equivalents at 1 January	175,805	121,780
Effect of foreign exchange rate changes	<u>(3,082)</u>	<u>(598)</u>
Cash and cash equivalents at 30 June	<u>194,831</u>	<u>166,432</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. GENERAL INFORMATION

- (a) New Universe Environmental Group Limited (formerly known as New Universe International Group Limited) was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company were listed on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 18 May 2000. The listing of the Company’s shares was transferred from GEM to the Main Board of the Stock Exchange on 1 August 2016. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) These unaudited consolidated financial statements are 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.
- (c) 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 sewage treatment and facility rental services in an eco-plating specialised zone; and
 - (iii) investments in plastic materials dyeing operations.

2. BASIS OF PREPARATION

The unaudited consolidated financial statements for the six months ended 30 June 2016 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited consolidated financial statements of the Company for the six months ended 30 June 2016 was approved and authorised for issue by the board of Directors on 5 August 2016.

The unaudited consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the unaudited consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. These unaudited consolidated financial statements contain consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The interim consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2015 that is included in the unaudited consolidated financial statements as comparative information does not constitute the Group’s financial statements for that financial year but is derived from those annual financial statements.

3. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

(a) Segment revenue, results, assets and liabilities

Information regarding the Group's reportable segments for the period under review is as follows:

	Operating segments												Total	
	Industrial waste				Plastic dyeing		Segment		Head office					
	Environmental waste		treatment and		investments		Sub-total		and corporate					
	treatment services		facility rental services											
Six months		Six months		Six months		Six months		Six months		Six months				
ended 30 June		ended 30 June		ended 30 June		ended 30 June		ended 30 June		ended 30 June				
2016		2015		2016		2015		2016		2015		2016		
(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		
HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000		
Revenue from external customers	109,250	98,759	48,190	48,796	-	-	157,440	147,555	-	-	157,440	147,555		
Other revenue	409	435	-	-	4,199	4,527	4,608	4,962	-	-	4,608	4,962		
Reportable segment revenue	109,659	99,194	48,190	48,796	4,199	4,527	162,048	152,517	-	-	162,048	152,517		
Reportable segment results	52,298	45,332	6,823	7,089	3,832	4,103	62,953	56,524	(7,249)	(5,873)	55,704	50,651		
Other net income	6,860	2,350	364	497	-	-	7,224	2,847	-	1	7,224	2,848		
Finance income	162	254	153	235	-	-	315	489	1	62	316	551		
Finance costs	379	366	752	1,144	-	-	1,131	1,510	853	-	1,984	1,510		
Depreciation	9,947	9,045	7,070	6,513	-	-	17,017	15,558	309	200	17,326	15,758		
Amortisation	277	235	1,014	979	-	-	1,291	1,214	-	-	1,291	1,214		
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015		
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Reportable segment assets	497,492	458,592	383,126	375,699	70,019	76,987	950,637	911,278	68,460	87,840	1,019,097	999,118		
Additions to non-current segment assets	19,550	80,978	6,417	10,282	-	-	25,967	91,260	21	2,404	25,988	93,664		
Reportable segment liabilities	95,718	123,301	76,670	88,465	290	1,370	172,678	213,136	54,858	26,210	227,536	239,346		

(b) **Reconciliation of reportable segment revenue, profit or loss, assets and liabilities**

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Consolidated Revenue	157,440	147,555
Elimination of inter-segment revenue	–	–
Other revenue	4,608	4,962
	<hr/>	<hr/>
Reportable segment revenue	162,048	152,517
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Reportable segment profit	62,953	56,524
Unallocated head office and corporate expenses	(7,249)	(5,873)
	<hr/>	<hr/>
Consolidated profit before taxation	55,704	50,651
	<hr/> <hr/>	<hr/> <hr/>
	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	950,637	911,278
Unallocated head office and corporate assets	68,460	87,840
	<hr/>	<hr/>
Consolidated total assets	1,019,097	999,118
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	172,677	213,136
Unallocated head office and corporate liabilities	54,859	26,210
	<hr/>	<hr/>
Consolidated total liabilities	227,536	239,346
	<hr/> <hr/>	<hr/> <hr/>

(c) **Geographical information**

Reportable segment revenue of the Group based on geographical location of customers is analysed as follows:

	Six months ended 30 June			
	2016		2015	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
PRC	162,048		152,517	

5. REVENUE	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Environmental waste treatment services	59,216	50,413	109,250	98,759
Industrial sewage treatment and facility provision services	24,568	26,446	48,190	48,796
	83,784	76,859	157,440	147,555

6. OTHER REVENUE	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividend income from available-for-sale equity investments	4,199	4,527	4,199	4,527
Scrap sales	(6)	–	409	435
	4,193	4,527	4,608	4,962

7. OTHER NET INCOME

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Refund of VAT under tax preferential policy in PRC	4,116	–	6,522	–
Government environmental subsidies	50	–	313	2,316
Release of deferred governmental grants	117	118	237	496
Sundry	36	10	152	36
	<u>4,319</u>	<u>128</u>	<u>7,224</u>	<u>2,848</u>

8. FINANCE INCOME AND COSTS

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Finance income from:				
Interest income on short-term bank deposits	156	327	268	490
Net foreign exchange (loss)/gain on financing activities	(93)	1	48	61
Total finance income	<u>63</u>	<u>328</u>	<u>316</u>	<u>551</u>
Interest expenses on:				
Bank borrowings wholly repayable within 5 years	705	389	1,442	714
Other borrowings wholly repayable within 5 years	249	322	542	796
Total finance costs	<u>954</u>	<u>711</u>	<u>1,984</u>	<u>1,510</u>
Net finance costs	<u>891</u>	<u>383</u>	<u>1,668</u>	<u>959</u>

9. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Cost of sales (<i>note</i>)	41,567	39,728	80,267	75,606
Depreciation of property, plant and equipment	8,619	8,482	17,326	15,758
Amortisation of land lease prepayments	642	607	1,291	1,214
Operating lease charges for minimum lease payments				
– Land and buildings in Hong Kong	174	174	348	348
– Land and buildings in PRC	276	347	563	648
– Landfill in PRC	29	37	59	44
	<u>41,567</u>	<u>39,728</u>	<u>80,267</u>	<u>75,606</u>

Note:

Included in cost of sales were raw materials consumed of HK\$13,667,000 (2015: HK\$9,532,000), direct labour costs of HK\$10,576,000 (2015: HK\$12,271,000) and depreciation of HK\$15,253,000 (2015: HK\$13,546,000), and of which depreciation was included in the respective amount disclosed above.

10. INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Income Tax	3,843	5,439	8,246	10,844
Over-provision in prior periods	(7,642)	(7,793)	(7,642)	(7,793)
	(3,799)	(2,354)	604	3,051
Deferred tax	(128)	(128)	(257)	(257)
	<u>(3,927)</u>	<u>(2,482)</u>	<u>347</u>	<u>2,794</u>

Notes:

- (i) 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.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax was made, as the Group had no assessable profits arising in Hong Kong for the periods.
- (iii) The Company's subsidiaries in PRC are subject to a statutory Enterprise Income Tax at the rate of 25% (2015: 25%), except for the subsidiary which is qualified for the High and New Technology Enterprise that would be entitled to enjoy a preferential Enterprise Income Tax at the rate of 15% (2015: 15%).

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit before taxation	55,704	50,651
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	14,464	12,936
Tax effect of expenses not deductible for tax purpose	723	383
Tax effect of income not taxable for tax purpose	(4,410)	(1,653)
Tax effect of tax losses not recognised	1,175	1,788
Tax effect of temporary differences recognised	(257)	(257)
Over provision in relation to prior years	(7,642)	(7,793)
Effect of income tax preferential policy in PRC	(3,706)	(2,610)
Tax expense for the period	347	2,794

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to owners of the Company of HK\$42,490,000 for the six months ended 30 June 2016 (2015: HK\$36,234,000) and the weighted average number of 2,955,697,018 (2015: 2,847,409,725) ordinary shares of the Company in issue during the period.

(a) Profit attributable to owners of the Company:

	Three months ended 30 June		Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share	<u>27,472</u>	<u>21,923</u>	<u>42,490</u>	<u>36,234</u>

(b) Weighted average number of ordinary shares:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Ordinary shares in issue at the beginning of the period	2,955,697,018	2,755,697,018	2,955,697,018	2,755,697,018
Effect of new shares issued	<u>-</u>	<u>182,417,582</u>	<u>-</u>	<u>91,712,707</u>
Weighted average number of ordinary shares in issue during the period	<u>2,955,697,018</u>	<u>2,938,114,600</u>	<u>2,955,697,018</u>	<u>2,847,409,725</u>

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 an interim dividend for the six months ended 30 June 2016 (2015: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are analysed as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Carrying amount at 1 January	527,884	505,640
Additions	25,988	84,084
Disposals	(2,305)	(1,591)
Depreciation		
– charge for the period/year	(17,326)	(31,887)
– eliminated on disposals	1,101	1,336
Impairment loss recognised in profit and loss	–	(2,159)
Exchange adjustments	(9,981)	(27,539)
	<hr/>	<hr/>
Carrying amount at the end of the reporting period	<u>525,361</u>	<u>527,884</u>

As at 30 June 2016, certain property, plant and equipment of the Group with an aggregate carrying amount of approximately HK\$45,259,000 (31 December 2015: HK\$47,489,000) were pledged to secure banking facilities granted to the Group.

14. PREPAID LEASE PAYMENTS AND DEPOSIT PAID FOR LAND USE RIGHTS

(a) Movements in prepaid lease payments are analysed as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Carrying amount at 1 January	93,003	96,947
Additions	–	–
Transfer from deposit paid for acquisition of land use rights	9,580	–
Amortisation	(1,291)	(2,413)
Exchange adjustments	(701)	(1,531)
	<hr/>	<hr/>
Carrying amount at the end of the reporting period	<u>100,591</u>	<u>93,003</u>
Carrying amount analysed for reporting purposes as:		
Current assets	2,561	2,599
Non-current assets	98,030	90,404
	<hr/>	<hr/>
	<u>100,591</u>	<u>93,003</u>
Carrying amount analysed for expiry of lease terms as:		
Remaining lease periods of over 50 years	–	–
Remaining lease periods between 10 to 50 years	100,591	93,003
	<hr/>	<hr/>
	<u>100,591</u>	<u>93,003</u>

Prepaid lease payments represents interests of the Group in land use rights held in the Jiangsu Province, PRC.

As at 30 June 2016, certain land use rights of the Group with an aggregate carrying amount of approximately HK\$14,050,000 (31 December 2015: HK\$14,515,000) were pledged to secure banking facilities granted to the Group.

(b) Deposit paid for land use rights is analysed as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Carrying amount at 1 January	9,580	–
Additions	–	9,580
Transfer to prepaid lease payment	(9,580)	–
Amortisation	–	–
Exchange adjustments	–	–
	<hr/>	<hr/>
Carrying amount at the end of the reporting period	–	9,580
	<hr/> <hr/>	<hr/> <hr/>
Non-current asset		
Deposit paid for acquisition of land use rights	–	9,580
	<hr/> <hr/>	<hr/> <hr/>
 15. TRADE AND BILLS RECEIVABLES		
	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Trade receivables	41,280	25,046
Less: allowance for impairment of trade receivables	–	–
	<hr/>	<hr/>
	41,280	25,046
Bills receivable	16,518	21,811
	<hr/>	<hr/>
	57,798	46,857
	<hr/> <hr/>	<hr/> <hr/>

(a) **Aging analysis**

The ageing analysis of trade and bills receivables (net of allowance for doubtful debts) as of the end of the reporting period based on the invoice date is presented as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
0 to 30 days	23,122	24,098
31 to 60 days	15,495	11,330
61 to 90 days	6,720	3,614
91 to 180 days	10,969	5,233
181 to 360 days	1,492	2,582
Over 360 days	—	—
	<u>57,798</u>	<u>46,857</u>

The Group's trading terms with its customers are mainly on credit. The Group allows an average credit period of 60 days to its customers of environmental industrial hazardous waste treatment services and industrial sewage and sludge treatment services, and an extended average credit period of 180 days to the customers of regulated medical treatment which are hospitals and medical clinics.

(b) **Impairment losses of trade receivables**

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for doubtful debts during the reporting period is as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
At 1 January	—	—
Impairment loss recognised	—	508
Uncollectible amounts written off	—	(508)
	<u>—</u>	<u>—</u>
At the end of reporting period	<u>—</u>	<u>—</u>

(c) **Analysis of trade receivables not being impaired**

Ageing analysis of trade and bills receivables at the end of the reporting period that is neither individually nor collectively considered to be impaired is presented as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Neither past due nor impaired	38,617	35,428
Less than 30 days past due	6,720	3,614
More than 30 days but less than 90 days past due	10,969	5,233
More than 90 days but less than 360 days past due	1,492	2,582
	<u>57,798</u>	<u>46,857</u>

Receivables that were neither past due nor impaired are related to a wide range of independent customers for whom there was no recent history of default. Receivables that were past due but not impaired are related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Prepayments and deposits paid	12,630	6,940
Other receivables	6,254	7,629
	<u>18,884</u>	<u>14,569</u>

17. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated statement of cash flows comprise:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Cash and bank balances	139,853	168,238
Time deposits	54,978	12,885
	194,831	181,123
Less: Pledged bank deposits for short term bank borrowings	–	5,318
Cash and cash equivalents in the consolidated statement of cash flows	194,831	175,805

Short term time deposits are made for varying periods within three months depending on the immediate cash requirements of the Group. The bank balances and pledged bank deposits are deposited with creditworthy banks with no recent history of default.

18. INTEREST-BEARING BANK BORROWINGS

At the end of the reporting period, interest-bearing bank borrowings of the Group were repayable as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Current liabilities		
Within 1 year or on demand	64,874	39,798
Non-current liabilities		
Between 1 year and 2 years	3,159	7,874
Between 2 years and 5 years	–	–
Over 5 years	–	–
	3,159	7,874
Total interest-bearing bank borrowings	68,033	47,672

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Unsecured bank borrowings	50,834	19,900
Secured bank borrowings	17,199	27,772
	<u>68,033</u>	<u>47,672</u>

At the end of the reporting period, the carrying amounts of the Group's bank borrowings were denominated in the following currencies:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Hong Kong Dollar	50,834	33,475
Renminbi	17,199	14,197
	<u>68,033</u>	<u>47,672</u>

19. TRADE PAYABLES

The ageing analysis of trade payables as of the end of the reporting period based on the invoice date is presented as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
0 to 30 days	2,042	3,916
31 to 60 days	688	149
61 to 90 days	333	14
Over 90 days	174	172
	<u>3,237</u>	<u>4,251</u>

20. ACCRUED LIABILITIES AND OTHER PAYABLES

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Salaries and productivity bonuses payable	8,697	13,068
Payables for acquisition of property, plant and equipment	30,515	52,878
Other payables and accruals	54,531	49,026
	93,743	114,972

21. OTHER INTEREST-BEARING BORROWINGS

Other interest-bearing borrowings represent unsecured loans from an independent third party, bearing interest at 4.0% per annum (2015: 4%) and repayable on 31 December 2017. For the six months ended 30 June 2016, the Company has partially repaid HK\$5,000,000 of the other borrowings.

22. SHARE CAPITAL

	Numbers of shares		Share capital	
	30 June 2016 '000	31 December 2015 '000	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised				
At 1 January and at 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	2,955,697	2,755,697	29,557	27,557
Issue of ordinary shares (<i>note</i>)	–	200,000	–	2,000
At the end of the reporting period	2,955,697	2,955,697	29,557	29,557

Note:

On 31 March 2015, the Company has entered into a conditional subscription agreement with a subscriber, in relation to the subscription of 200,000,000 new ordinary shares of the Company at a subscription price of HK\$0.345 per subscription share to be allotted and issued to the subscriber, Ms. LIU Yu Jie (a businesswoman who subsequently became an executive director of the Company with effect from 9 June 2015) upon completion of the subscription agreement. Upon the granting of the approval for the listing of, and the permission to deal in, the said subscription shares by the Stock Exchange, the condition of the subscription agreement had been fulfilled, and the completion of the subscription agreement took place on 9 April 2015. Under general mandate granted to the directors of the Company, 200,000,000 new ordinary shares of aggregate nominal value of HK\$2,000,000 were allotted and issued at a net proceed of approximately HK\$68,691,000 (after deduction of the related expenses of approximately HK\$309,000) or at a net price per subscription share of approximately HK\$0.3435. Pursuant to the said subscription agreement, the subscriber has undertaken to the Company that she will not, directly or indirectly: (i) in respect of 25% of the said subscription shares, during the period commencing from the completion date and ending on the date which is 12 months from the completion date; and (ii) in respect of the remaining 75% of the said subscription shares, during the period commencing from the completion date and ending on the date which is 36 months from the completion date, offer, pledge, charge, sell, dispose (in whatever ways, including through the securities agent) of any of such subscription shares as aforementioned.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

	Categorisation as at 30 June 2016			
	Fair value at 30 June 2016 <i>HK\$'000</i>	Unadjusted quoted prices in active markets for identical assets (Level 1) <i>HK\$'000</i>	Other observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>
Recurring fair value measurement				
Available-for-sale equity investments	<u>65,900</u>	<u>-</u>	<u>-</u>	<u>65,900</u>

	Categorisation as at 31 December 2015			
	Unadjusted			
	quoted prices			
	in active			
	markets for	Other	Significant	
Fair value	identical	observable	unobservable	
at 31 December	assets	inputs	inputs	
2015	(Level 1)	(Level 2)	(Level 3)	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Recurring fair value measurement				
Available-for-sale equity investments	76,700	–	–	76,700

During the six months ended 30 June 2016, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2015: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Marketability discount 30 June 2016	31 December 2015
Unlisted available-for-sale equity investments	Market comparable companies	Discount for lack of marketability	17%	16%

24. COMMITMENTS

(a) Capital commitments

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

	30 June 2016 (Unaudited) <i>HK\$'000</i>	31 December 2015 (Audited) <i>HK\$'000</i>
Capital expenditure in respect of property, plant and equipment		
– contracted for but not provided for	<u>38,651</u>	<u>14,113</u>

(b) **Operating lease commitments**

At the end of the reporting period, the Group as lessee had the following minimum lease payments:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Office premises	170	518
Plant premises	–	573
Landfill	12	12
	<u>182</u>	<u>1,103</u>

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Within 1 year	158	1,031
After 1 year but within 5 years	24	72
After 5 years	–	–
	<u>182</u>	<u>1,103</u>

25. RELATED PARTY TRANSACTIONS

(a) List of related parties

During the period under review, the Directors are of the view that the following entities and individuals are related parties to the Group:

Name of related party	Relationship
New Universe Enterprises Limited (“NUEL”)	A shareholder interested in 36.26% of the issued share capital of the Company, and the Company’s Directors, Mr. XI Yu and Ms. CHEUNG Siu Ling are also the directors of NUEL.
CM International Capital Limited (“CMIC Cayman”)	A shareholder interested in 27.07% of the issued share capital of the Company, and the Company’s Director, Mr. LIAO Feng is also the directors of CMIC Cayman.
Sun Ngai International Investment Limited (“Sun Ngai”)	100% owned subsidiary of New Universe Holdings Limited (“NUHL”), and the Company’s Director, Ms. CHEUNG Siu Ling is also the director of Sun Ngai and NUHL.
Mr. XI Yu	A shareholder of NUEL who is interested in 83.66% of the issue share capital of NUEL.
Zhenjiang New District Solid Waste Disposal Limited* (鎮江新區固廢處置股份有限公司) (“Zhenjiang New District”)	An associate of the Group, of which the Company holds 24.6% effective equity interest.

* *For identification purpose only*

(b) **Transactions with related parties:**

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Recurring transactions:		
Rental paid to Sun Ngai	300	348
Consultancy fee paid to Mr. XI Yu	36	72
Landfill charges on hazardous waste disposal paid to Zhenjiang New District	1,149	449
	<u>1,149</u>	<u>449</u>

(c) **Arrangement on standby loan facility**

On 14 July 2015, the Company accepted and agreed to a commitment letter issued by CMIC Cayman for a standby loan facility in the amount of HK\$500,000,000 to support new establishment and merger and acquisition of appropriate environmental project(s) of the Company. Within an availability of period of one year, loan(s) to be drawn down under the standby facility shall bear interest at 7% per annum, and for each drawdown the Company shall enter into a loan agreement in the form acceptable to both parties, including the provision of credit enhancement that CMIC Cayman may request for at its discretion. The standby loan facility has lapsed on 14 July 2016 without any draw down or loan being made during the available period.

(d) **Key management personnel remuneration:**

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other benefits	4,102	2,987
Discretionary bonuses	–	–
Retirement scheme contributions	57	43
	<u>4,159</u>	<u>3,030</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Treatment of Industrial and Medical Waste Integrated Services

For the six months ended 30 June 2016, the Group collected for treatment in aggregate of approximately 16,312 metric tons (2015: 15,488 metric tons) of hazardous industrial waste, 3,047 metric tons (2015: 2,640 metric tons) of regulated medical waste, and 952 metric tons (2015: 842 metric tons) of general industrial waste from various cities of Jiangsu Province, China. For the six months ended 30 June 2016, the total revenue of the Group's operations of providing environmental treatment of industrial and medical waste services was approximately HK\$109,250,000 (2015: HK\$98,759,000) of which the revenue from treatment of hazardous industrial waste, medical waste and general industrial waste were HK\$92,904,000, HK\$15,614,000 and HK\$732,000 (2015: HK\$81,568,000, HK\$16,343,000 and HK\$848,000) respectively.

For the six months ended 30 June 2016, the profit margin (pre-tax) of the Group's environmental treatment of industrial and medical waste services was approximately 47.7% (2015: 45.7%).

At the end of the reporting period, the Group's facilities for the provision of industrial and medical waste integrated treatment services were summarised as follows:

	<i>Note</i>	Annualised capacity	
		30 June 2016 <i>metric tons</i>	31 December 2015 <i>metric tons</i>
Licensed hazardous waste incineration facilities		45,000	42,900
Licensed epidemic medical waste treatment facilities		8,000	8,000
Total capacity of licensed treatment facilities	(i)	<u>53,000</u>	<u>50,900</u>
Constructed hazardous waste incineration facilities pending operating permission license		–	9,600
Constructed hazardous waste landfill facilities pending operating permission license		18,000	18,000
Constructed medical waste treatment facilities pending operating permission license		2,640	2,640
Total capacity of treatment facilities constructed and pending licenses		<u>20,640</u>	<u>30,240</u>
New incineration facilities under construction		33,000	–
New facilities for medical waste treatment under construction		3,300	–
Total capacity of new treatment facilities under construction		<u>36,300</u>	<u>–</u>
New incineration facilities planned to start construction within one year	(ii)	39,600	33,000
New facilities for medical waste treatment planned to start construction within one year		–	3,300
Total planned capacity of new treatment facilities to be constructed		<u>39,600</u>	<u>36,300</u>

Notes:

- (i) The total capacity of the licensed treatment facilities represents the total effective treatment capacity granted under valid operating permission licenses owned by the Group as at the end of the reporting period calculated on annualised basis.
- (ii) In June 2015, the Group has established a new subsidiary, 宿遷宇新固體廢物處置有限公司 (Suqian New Universe Solid Waste Disposal Company Limited*) situated at the Suqian Eco Chemical Industry Park in Suqian of the Jiangsu Province, China. The subsidiary has acquired land use rights for a site area of approximately 66,433 square metres for a lease of 50 years, and the first phase of development is to construct new incineration facilities with a total treatment capacity of approximately 39,600 metric tons of hazardous waste per annum. The construction works of the treatment facilities are expected to be started in the fourth quarter of this year.

Industrial Sewage and Sludge Treatment in Eco-plating Specialised Zone

For the six months ended 30 June 2016, the total revenue of the Group's operations of providing environmental treatment of industrial sewage and sludge and providing facility rental services in the eco-plating specialised zone (the "Eco-plating Specialised Zone") was approximately HK\$48,190,000 (2015: HK\$48,796,000) and the profit margin (pre-tax) was approximately 14.2% (2015: 14.5%).

As at 30 June 2016, the Group's operations of providing environmental treatment of industrial sewage and sludge and providing facility rental services in the Eco-plating Specialised Zone were summarised as follows:

	For the six months ended 30 June	
	2016	2015
Total gross floor area of factory buildings and facilities built at the end of the reporting period (square metres)	106,577	106,577
Average utilisation rate during the reporting period	91%	89%
Plating sewage handled by the centralised sewage treatment plant during the reporting period (metric tons)	296,000	267,000

* For identification purpose only.

Investments in Plastic Materials Dyeing Operations

The Group holds the equity interests in the three manufacturing entities that principally engaged in plastic material dyeing business in the Mainland China as strategic equity investments. For the six months ended 30 June 2016, the profit margins (pre-tax) 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”) were 1.5%, 1.7% and 5.0% (2015: 4.8%, 2.9% and 3.6%) respectively.

The board meetings of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei have been held at the end of May 2016 and early June 2016 to review the respective annual results of 2015, and the final dividends declared by the boards that attributable to the Group (before China Dividend Tax) were totally amounted approximately to HK\$4,199,000 (2015: HK\$4,527,000).

Change of Company Name and Stock Short Name

After the proposal was announced by the Board on 12 April 2016 and the special resolution for the change of name of the Company was duly passed by the shareholders of the Company at the extraordinary general meeting held on 6 May 2016, the change of English name of the Company from “New Universe International Group Limited” to “New Universe Environmental Group Limited” and the adoption of the dual foreign name in Chinese “新宇環保集團有限公司” to replace the previous Chinese name “新宇國際實業（集團）有限公司*” have become effective. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 6 May 2016, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 24 May 2016.

The stock short name for trading in the shares of the Company on the Stock Exchange has been changed from “NU INT’L” to “NU ENVIRO” in English and from “新宇國際” to “新宇環保” in Chinese with effect from 9:00 a.m. on 1 June 2016.

The Board considers that the change of company name would better reflect the strategic business plan and future business development of the Group and believes that the change of company name is in the best interests of the Company and its shareholders as a whole.

* *For identification purpose only.*

Transfer of Listing from GEM to Main Board

On 13 April 2016, the Company submitted the formal application to The Stock Exchange of Hong Kong Limited (“Stock Exchange”) for the transfer of the listing of the Company’s shares from the Growth Enterprise Market (“GEM”) to the Main Board (“Transfer of Listing”) pursuant to Chapter 9A of the Main Board Listing Rules. The Board believes that the Transfer of Listing will enhance the profile of the Company and increase the trading liquidity of the Shares. The Board considers that the Transfer of Listing will be beneficial to the future growth and business development of the Group as well as its financing flexibility.

On 21 July 2016 and 29 July 2016, the approval-in-principle for the Transfer of Listing and listing approval were granted respectively by the Stock Exchange for the Company’s shares be listed on the Main Board. Listing and dealing in shares of the Company on the Main Board has commenced on 1 August 2016.

Outlook

As at 30 June 2016, the Group owns 6 (2015: 5) major entities that engaged in providing hazardous waste treatment and related supporting services, and owns the Eco-plating Specialised Zone that engaged in providing environmental sewage treatment and facility provision services in the industrial park situate at Jiangsu Province, China. The Group will continue to focus on environmental related business, and to enhance the waste management and treatment standards. The Group will also strengthen the risk management and internal control on all project development. Barring any unforeseeable risks from the global and local economies that might affect the Group’s environmental operations in the Mainland China, the Group is looking forward to a sustainable growth in this year.

FINANCIAL REVIEW

The changes in unaudited consolidated financial information of the Group's for the six months ended 30 June 2016 as comparing to the unaudited figures for the corresponding period in 2015 are summarised as follows:

(Expressed in HK\$'000 unless indicated otherwise)	Note	For the three months			For the six months		
		ended 30 June 2016	2015	Change %	ended 30 June 2016	2015	Change %
Revenue from environmental treatment of industrial and medical waste		59,216	50,413	+17.5	109,250	98,759	+10.6
Revenue from environmental treatment of sewage and facility rental services in Eco-plating Specialised Zone		24,568	26,446	-7.1	48,190	48,796	-1.2
Total Revenue	(a)	83,784	76,859	+9.0	157,440	147,555	+6.7
Average gross profit margin (%)	(b)	50.4	48.3	+4.3	49.0	48.8	+0.4
Other revenue	(c)	4,193	4,527	-7.4	4,608	4,962	-7.1
Other net income	(d)	4,319	128	+3,274.2	7,224	2,848	+153.7
Distribution and selling expenses	(e)	2,507	3,327	-24.6	4,546	6,507	-30.1
Administrative expenses	(f)	11,011	10,370	+6.2	21,164	18,941	+11.7
Other operating expenses	(g)	5,706	2,868	+99.0	7,760	6,249	+24.2
Finance income	(h)	63	328	-80.8	316	551	-42.6
Finance costs	(i)	954	711	+34.2	1,984	1,510	+31.4
Share of net profit of an associate	(j)	1,242	1,190	+4.4	1,837	3,548	-48.2
Income tax	(k)	(3,927)	(2,482)	N/A	347	2,794	-87.6
Net profit for the period	(l)	35,783	28,510	+25.5	55,357	47,857	+15.7
Profit attributable to owners of the Company	(l)	27,472	21,923	+25.3	42,490	36,234	+17.3
Basic and diluted EPS (HK cents)	(m)	0.93	0.75	+24.0	1.44	1.27	+13.4
EBITDA	(n)	42,324	36,051	+17.4	76,305	69,133	+10.4

Notes:

- (a) Net increase in total revenue for the six months ended 30 June 2016 was mainly attributable to increase in revenue from the operation of environmental treatment of industrial and medical waste services, and increase in quantities of hazardous wastes collected for innocuity treatment and disposal in current period.
- (b) Increase in gross profit margin of the Group for the six months ended 30 June 2016 was mainly attributable to cost control being tightened to cover the China Value-Added Tax (“VAT”) of 17% on the revenue from hazardous industrial waste treatment in current period.
- (c) Net decrease in other revenue for the six months ended 30 June 2016 was mainly attributable to the decrease in income from nitrile rubber recycling and the Group has decided to cease the operation of nitrile rubber recycling with effect from January 2016.
- (d) Net increase in other net income for the six months ended 30 June 2016 was mainly attributable to refund of VAT under tax preferential policy entitled by three subsidiaries of the Group.
- (e) Net decrease in distribution and selling expenses for the six months ended 30 June 2016 was mainly attributable to decrease in environmental marketing incentive expenses.
- (f) Net increase in administrative expenses for the six months ended 30 June 2016 was mainly attributable to increase in administrative staff costs of the Group.
- (g) Net increase in other operating expenses for the six months ended 30 June 2016 was mainly attributable to increase in research and development costs of the Group.
- (h) Net decrease in finance income for the six months ended 30 June 2016 was mainly attributable to decrease in interest income from free cash in China during the period.
- (i) Net increase in finance costs for the six months ended 30 June 2016 was mainly attributable to increase in bank borrowings in current period.
- (j) Net decrease in profit shared from an associate for the six months ended 30 June 2016 was mainly attributable to decrease in profits on hazardous waste landfill in the first quarter of current year.
- (k) Net decrease in income tax for the six months ended 30 June 2016 was mainly attributable to reversal of income tax provided in previous year under the preferential tax policy in China.

- (l) For the six months ended 30 June 2016, net increase in profit and increase in profit attributable to owners of the Company and increase in EPS were mainly attributable to:
- (i) increase in revenue from the operating segment of environmental waste treatment services;
 - (ii) refund of VAT under tax preferential policy in China; and
 - (iii) reversal of PRC Income Tax provided in previous year under tax preferential policy in China.
- (m) The Company uses Earnings before interest, tax, depreciation and amortisation (“EBITDA”) to measure the operation result of the Group, which represents the consolidated profit before taxation plus adding back net finance costs, depreciation and amortisation charges over the reporting period. Increase in EBITDA for the six months ended 30 June 2016 was mainly attributable to increase in net profit of the Group in current period.

Seasonality of operations

For the years ended 31 December 2015 and 2014, the operation of providing environment hazardous waste treatment services has encountered a relatively higher demand of treatment services in the first and second quarters of a year.

For the 12 months ended 30 June 2016, the environmental waste treatment services reported a revenue of HK\$195,193,000 (12 months ended 30 June 2015: HK\$183,553,000) and pre-tax profit of HK\$73,034,000 (12 months ended 30 June 2015: HK\$87,199,000).

Capital expenditure

For the six months ended 30 June 2016, the Group incurred capital expenditure to increase property, plant and equipment (i) for the operation of environmental treatment of hazardous waste services amounted approximately to HK\$19,550,000 (2015: HK\$44,807,000), (ii) for the operation of environmental sewage and sludge treatment and facility provision services in the Eco-plating Specialised Zone was HK\$6,417,000 (2015: HK\$10,282,000), and (iii) for corporate use at the head office in Hong Kong amounted to HK\$21,000 (2015: HK\$1,540,000).

Commitments

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment for subsidiaries in PRC	<u>38,651</u>	<u>14,113</u>

Liquidity and financial resources

During the six months ended 30 June 2016, the Group financed its operations with internally generated cash flows, banking facilities and other borrowings. The Group remained stable in its financial position with equity attributable to owners of the Company amounted to HK\$710,566,000 (31 December 2015: HK\$688,853,000) and consolidated total assets amounted to HK\$1,019,097,000 (31 December 2015: HK\$999,118,000) respectively as at 30 June 2016.

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Cash and bank balances	194,831	175,805
Available unused secured banking facilities	35,754	31,040
Available unused unsecured banking facilities	41,910	50,000
Available unused unsecured stand-by loan facility granted by a shareholder*	<u>500,000</u>	<u>500,000</u>

* The unused stand-by loan facility granted by the shareholder has been lapsed on 14 July 2016.

Key performance indicators

The Group monitors its operating performance through EBITDA. EBITDA of the Group was HK\$76,305,000 for the six months ended 30 June 2016 (2015: HK\$69,133,000) and was HK\$116,502,000 for 12 months ended 30 June 2016 (2015: HK\$133,145,000).

The Group monitors its liquidity through current ratio. The current ratio of the Group representing the ratio of the consolidated current assets to the consolidated current liabilities was 1.6 times as at 30 June 2016 (31 December 2015: 1.4 times).

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Interest-bearing bank borrowings	68,033	47,672
Other interest-bearing borrowings	25,000	30,000
Trade and other payables, accruals and customers' deposits received	100,883	122,844
Total liabilities	193,916	200,516
Less: cash and cash equivalents	194,831	175,805
Net debt/(net cash)	(915)	24,711
Total equity (inclusive of non-controlling interests)	791,561	759,772
Total capital	790,646	784,483
Gearing ratio	N/A	3.1%

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

The Company did not carry out any equity fund raising activity within the past twelve months immediately prior to the date of this announcement:

Capital structure

There was no significant change to the capital structure of the Company as at 30 June 2016 compared to that as at 31 December 2015.

Material acquisitions and disposals of subsidiaries and affiliated companies

The 97% owned subsidiary of the Group, Bestwin (China) Limited was dissolved and duly de-registered in Hong Kong on 8 January 2016. The de-registration of the subsidiary did not have any significant financial impact to the Group.

Save as disclosed therein, there were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the six months ended 30 June 2016.

Subsequent to the end of the reporting period, the 51.66% indirectly owned subsidiary, Zhenjiang New Universe Rubber Limited* (鎮江新宇橡塑有限公司) was de-registered in China on 7 July 2016. The subsidiary previously engaged in the operation of nitrile rubber recycling. The de-registration of the subsidiary did not have any significant financial impact to the Group.

Significant investments held and their performance

According to the valuation report dated 5 August 2016 issued by an independent professional valuer, DTZ Cushman & Wakefield Limited (“DTZ”) (2015: 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 June 2016 were HK\$27,500,000, HK\$11,100,000 and HK\$27,300,000 (31 December 2015: HK\$38,000,000, HK\$15,400,000 and HK\$23,300,000) respectively. As at 30 June 2016, the fair value of the unlisted equity investments were determined by reference to the valuation carried out by DTZ (2015: by Cushman & Wakefield), using a market approach model based on the observable market data of the multiple of enterprise value to earnings before interest and tax of comparable listed companies and adjusted for the lack of marketability at a discount of 17% (31 December 2015: 16%).

For the six months ended 30 June 2016, total dividend declared by Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei that has been accounted for by the Group was approximately HK\$4,199,000 (before PRC dividend tax) (2015: HK\$4,527,000) which is expected to be distributed in cash to the Group in the fourth quarter of this year.

* *For identification purpose only*

Impairment testing on goodwill

As at 30 June 2016, the assessment on the recoverable amount of the Group's cash generating unit principally engaged in environmental waste treatment services in the Mainland China was determined by referring to the valuation report dated 5 August 2016 issued by the independent professional valuer, DTZ (2015: Cushman & Wakefield), on a value-in-use calculation using cash flows projections based on the financial forecast at a pre-tax discount rate of 16.4% (31 December 2015: 16.2%) 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. The cash flows beyond the five-year period are extrapolated using an annual growth rate of 2% (31 December 2015: 2%) which does not exceed the long-term growth rate for the waste treatment industries. Other key assumptions for the value-in-use calculation related to the estimated cash inflows/outflows include forecasted sales and gross margin and the cessation of operations of Yancheng New Universe Solid Waste Disposal Company Limited. Such estimation is based on the past performance of the cash generating unit and the management's expectations for the market development. Accordingly, no impairment loss to the goodwill was considered necessary for the six months end 30 June 2016 (2015: Nil).

Charges on Group assets

The Group pledged certain property, plant and equipment and the land use rights with carrying amount of HK\$45,259,000 and HK\$14,050,000 as at 30 June 2016 (31 December 2015: HK\$47,489,000 and HK\$14,515,000) respectively to secure banking facilities totally amounted approximately to HK\$52,953,000 as at 30 June 2016 (31 December 2015: HK\$58,812,000) which to the extent of HK\$17,199,000 were utilised as secured bank borrowings as at 30 June 2016 (31 December 2015: HK\$27,772,000).

The Group has been granted unsecured banking facilities totally amounted approximately to HK\$92,744,000 as at 30 June 2016 (31 December 2015: HK\$69,900,000) which to the extent of HK\$50,834,000 were utilised as unsecured bank borrowings as at 30 June 2016 (31 December 2015: HK\$19,900,000). Of the total banking facilities as at 30 June 2015, HK\$11,700,000 has previously been secured by bank deposits approximately amounted to HK\$5,000,000, which has been released by the bank in June 2016, and thereafter the banking facility became unsecured and under which HK\$5,000,000 were utilised as unsecured bank borrowings as at 30 June 2016.

Exposure to exchange rate fluctuations

The Group mainly operates in the Mainland China and most of the Group's transactions, assets and liabilities are denominated in RMB. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK\$. Fluctuation of RMB against HK\$ is expected to be moderate, and the Group considers the foreign currency risk exposure is acceptable. The Group will review and monitor its currency exposure from time to time, and when appropriate hedge its currency risk.

The results of the Group's subsidiaries in China are translated from RMB into HK\$ at the average exchange rate which approximate the rates ruling at the dates of the transactions. Statement of financial position items of the Group's subsidiaries in China are translated from RMB into HK\$ at the closing rate ruling at the end of the reporting period. For the six months ended 30 June 2016, RMB devaluation against the HK\$ resulted in exchange differences on translation from RMB to HK\$ for the financial statements of the subsidiaries in China amounted approximately to HK\$12,349,000 (2015: HK\$4,788,000), which were recognised in other comprehensive income and accumulated separately in equity in the translation reserve of the Company and did not have any effect to the profit and loss of the Company in current period. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss as when the interests in the relevant subsidiaries in China being disposed of by the Group.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 30 June 2016 (31 December 2015: Nil).

Employee information

As at 30 June 2016, the Group had 428 (2015: 365) full-time employees, of which 21 (2015: 18) were based in Hong Kong, and 407 (2015: 347) in the Mainland China. For the six months ended 30 June 2016, staff costs, including the Directors' remuneration and amount capitalised as inventories was HK\$28,474,000 (2015: HK\$23,240,000). Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, continuing development and trainings.

OTHER INFORMATION

Disclosure of Information on Directors

Reference is made to the announcement of the Company dated 11 April 2016 that with effect from 11 April 2016:

- (1) Mr. XI Yu was appointed as executive Director and Chairman of the Board;
- (2) Mr. SUEN Ki resigned as non-executive Director; and
- (3) Mr. SONG Yu Qing resigned as Chairman of the Board, and Mr. SONG remains as an executive Director and the Chief Executive Officer of the Company.

With effect from 18 April 2016, Mr. XI Yu was appointed director of the following subsidiaries of Group:

Fair Time International Limited
New Universe (China) Limited
New Universe Environmental Technologies (Jiang Su) Limited
New Universe Recyclables Limited
Smartech Manufacturing Limited
Smartech Plastic Moulding Limited
Smartech Services Limited

With effect from 8 July 2016, Mr. YUEN Kim Hung, Michael has become a non-practising member with the Hong Kong Institute of Certified Public Accountants, and he continues to provide accounting, secretarial and taxation services in Hong Kong.

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 2015.

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

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debenture

As at 30 June 2016, the interests and short positions of the Directors and chief executives 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, "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 therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

The Company

Long positions in ordinary shares of the Company

Name of Director	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Personal/beneficial interest	Interests of children or spouse	Interests of controlled corporation		
Mr. XI Yu*	-	-	1,071,823,656	1,071,823,656	36.26
Ms. LIU Yu Jie	202,000,000	-	-	202,000,000	6.83

Note:

- * Mr. XI Yu is the shareholder of 16,732 shares of US\$1.00 each in New Universe Enterprises Limited ("NUEL"), representing 83.66% of the issued share capital of NUEL, which in turn interested in 1,071,823,656 shares of the Company, representing approximately 36.26% of the issued share capital of the Company.

Associated corporation

Long positions in ordinary shares of NUEL

Name of Director	Number of ordinary shares of US\$1.00 each of NUEL			Number of shares held	% of total shares in issue
	Personal/beneficial interest	Interests of children or spouse	Interests of controlled corporation		
Mr. XI Yu**	16,732	–	–	16,732	83.66
Ms. CHEUNG Siu Ling**	1,214	1,214	–	2,428	12.14

Note:

** Mr. XI Yu and Ms. CHEUNG Siu Ling are also directors of NUEL.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executives of the Company 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 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 executives, 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 June 2016, 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			Number of shares held	% of total shares in issue
	Beneficial owner	Family interest	Interests of controlled corporation		
NUEL ⁽ⁱ⁾	1,071,823,656	–	–	1,071,823,656	36.26
CM International Capital Limited (“CMIC Cayman”) ⁽ⁱⁱ⁾	800,000,000	–	–	800,000,000	27.07
CM International Capital Limited 中國國際資本有限公司 (“CMIC Hong Kong”) ⁽ⁱⁱ⁾	–	–	800,000,000	800,000,000	27.07
China Minsheng Investment Corp. Ltd. 中國民生投資股份有限公司 ⁽ⁱⁱ⁾	–	–	800,000,000	800,000,000	27.07
LIU Yu Jie ⁽ⁱⁱⁱ⁾	202,000,000	–	–	202,000,000	6.83

Notes:

- (i) NUEL is the beneficial owner of the 1,071,823,656 issued ordinary shares of the Company. The interest disclosed by NUEL is the same interest disclosed by Mr. XI Yu as Director of the Company.
- (ii) CMIC Cayman is the beneficial owner of the 800,000,000 issued ordinary shares of the Company. CMIC Cayman is 100% directly owned by CMIC Hong Kong. CMIC Hong Kong is 100% directly owned by the ultimate holding company, China Minsheng Investment Corporation Limited (中國民生投資股份有限公司).
- (iii) The interest disclosed by Ms. LIU Yu Jie is the same interest disclosed by her as Director of the Company.

Save as disclosed above, as at 30 June 2016, the Directors of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The old share option scheme of the Company was adopted on 10 December 2003 and has expired on 9 December 2013. As at 30 June 2016, no option was granted or was outstanding under the old share option scheme.

The Company has a new share option scheme which was adopted by the Company's shareholders at the general meeting held on 5 May 2015 ("New Share Option Scheme"). The purpose of the New Share Option Scheme is to reward the participants who have contributed to the Group and/or to provide incentives to the participants to work towards the success of the Company. The total number of shares of the Company which might be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme by the shareholders of the annual general meeting on 5 May 2015 (the "Scheme Mandate Limit") unless the Company obtains an approval by its shareholders at its general meeting to refresh the Scheme Mandate Limit. Further, the maximum number of shares of the Company which might be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and options which may be granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of the Company's shares in issue from time to time. Based on the issued share capital of 2,755,697,018 shares of the Company as at 24 March 2015, being the latest practicable date prior to the shareholders' meeting approving the New Share Option Scheme, the Scheme Mandate Limit was 275,569,701 shares of the Company.

As at 30 June 2016, no option was granted or was outstanding under the New Share Option Scheme.

Service Contracts

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

Connected Transactions

Mr. XI Yu was appointed as a consultant to the Group for the period from 22 August 2014 to 31 March 2016. The Company has paid consultant fees to Mr. XI Yu totally amounted to HK\$36,000 for the six months ended 30 June 2016 and totally HK\$228,000 during his tenure until 31 March 2016. Mr. XI Yu is beneficially interested in approximately 83.66% of the issued share capital of NUEL, which in turn is currently interested in 36.26% of the issued share capital of the Company. As such, Mr. XI Yu is a connected person of the Company for the purposes of Chapter 20 of the GEM Listing Rules. Although the engagement of Mr. XI Yu constitutes a continuing connected transaction of the Company, his remuneration package is below the de minimis threshold provided in Rule 20.74(1) of the GEM Listing Rules, which is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements.

Save as disclosed therein, there was no significant connected transactions of the Group (defined under the GEM Listing Rules) which were discloseable in the reporting period or any time during the six months ended 30 June 2016.

Directors' Interests in Contracts of Significance

As at 30 June 2016, 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:

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 tenancy agreement entered into by the Group as tenant. Pursuant to the tenancy agreement dated 20 July 2015 entered into between Sun Ngai as tenant and Smartech Services Limited ("Smartech Services", an indirectly 100% owned subsidiary of the Company) as tenant for two office units at Rooms 2109 and 2110, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong, Smartech Services has to pay a monthly rental of HK\$50,000 for the term from 1 August 2015 to 31 July 2016. For the six months ended 30 June 2016, total rentals paid by Smartech Services to Sun Ngai were HK\$300,000.

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 subsidiaries, its fellow subsidiaries or its holding company 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 Interests

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

Sufficiency of Public Float

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

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company, nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

Corporate Governance Practices

The shares of the Company were listed on the GEM on 18 May 2002. Subsequent to the end of the reporting period, the 2,955,697,018 shares in issue of the Company and 275,569,701 new shares, being the maximum number of new shares which may fall to be issued upon the exercise of all options which may be granted under the New Share Option Scheme, have been listed on the Main Board by way of transfer of listing from GEM to the Main Board commenced from 1 August 2016.

During the six months ended 30 June 2016, the Company 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 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. On 18 August 2014, Mr. SONG Yu Qing ("Mr. SONG") was appointed the chairman of the board ("Chairman") of the Company. Mr. SONG is also the chief executive officer ("Chief Executive Officer") of the Company. 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 of the Company; 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.

On 11 April 2016, Mr. SONG resigned as Chairman and Mr. XI Yu was appointed the Chairman of the Company. Since then, the roles of chairman and chief executive officer of the Company was considered to be separate in compliance with the Code provision A.2.1 of the CG Code.

Directors' Securities Transactions

During the six months ended 30 June 2016, the Company had 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 had complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the six months ended 30 June 2016.

Audit Committee

The Audit Committee of the Company comprises three independent non-executive Directors, Dr. CHAN Yan Cheong (as the Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred. The Audit Committee has reviewed with the management the unaudited consolidated financial results and financial information of the Company for the six months ended 30 June 2016.

Review of Interim Financial Statement

The consolidated financial statements for the six months ended 30 June 2016 (“Interim Financial Report”) were unaudited, but have been reviewed in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financials Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by the Company’s independent auditor, Crowe Horwath (HK) CPA Limited, and nothing has come to their attention that causes them to believe that the Interim Financial Report is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

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

Hong Kong, 5 August 2016

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

Mr. XI Yu	<i>(Executive Director and Chairman)</i>
Mr. SONG Yu Qing	<i>(Executive Director and Chief Executive Officer)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. LIAO Feng	<i>(Executive Director)</i>
Ms. LIU Yu Jie	<i>(Executive Director)</i>
Mr. HON Wa Fai	<i>(Executive Director and Company Secretary)</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>