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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)

ENTERING INTO MEMORANDUM OF UNDERSTANDING

This announcement is made by New Universe Environmental Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 30 November 2016 (after trading hours), New Universe International Holdings Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, entered into a memorandum of understanding (the “**MOU**”) with Sinotech Investments Limited (the “**Vendor**”), pursuant to which the Purchaser intends to acquire and the Vendor intends to sell the entire interests in Ever Champ (China) Limited 恒明(中國)有限公司 (“**ECCL**”) and the shareholders’ loan to ECCL (if any) (the “**Proposed Acquisition**”). As at the date of this announcement, ECCL is holding 30% equity interests in the registered paid-up capital of 南京化學工業園天宇固體廢物處置有限公司 (Nanjing Chemical Industry Park Tianyu Solid Waste Disposal Co., Ltd.) (“**NCIP**”), which is a company established in The People’s Republic of China (the “**PRC**”) and is principally engaged in the collection, storage and disposal of industrial solid wastes and hazardous wastes in Jiangsu Province.

ECCL is a company incorporated in Hong Kong and is held as to 100% by Ever Champ (China) Limited, which is in turn owned as to 100% indirectly by Mr. CHAN Son Neng. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, save for Mr. CHAN Son Neng’s interest in 39,600,000 shares of the Company as at the date of this announcement and his interest in 100% of the issued share capital of Sinotech Investments Limited, to which the Company owed an unsecured loan of HK\$25,000,000 bearing interest at 4% p.a. and repayable on 31 December 2017, the Vendor and its ultimate beneficial owner are third parties independent of and not connected with the Company and any of its connected persons.

Consideration

The actual consideration of the Proposed Acquisition will be set out in the definitive sale and purchase agreement to be entered into by the parties (if entered into).

Conditions

The Proposed Acquisition is conditional upon fulfilment of the following conditions:

- (i) the parties having obtained all necessary approvals, authorizations, consents from and completed all necessary registrations and filings (if applicable) with the governmental authorities or regulatory bodies (including but not limited to the governmental authorities or regulatory bodies in the PRC);
- (ii) the Purchaser having completed and being satisfied with the results of the due diligence review on ECCL and NCIP; and
- (iii) the other conditions set out in the definitive sale and purchase agreement relating to the Proposed Acquisition (if entered into) having been fulfilled.

Earnest money

The Purchaser has agreed to, upon signing of the MOU, pay the Vendor or its nominee(s) a sum of HK\$5,000,000 in cash as part payment of the consideration of the Proposed Acquisition (the “**Earnest Money**”). In the event that the definite sale and purchase agreement relating to the Proposed Acquisition is not entered into by the parties to the MOU before the Termination Date (as defined below), the Vendor shall refund the Earnest Money to the Purchaser in full without interest.

Exclusivity

Pursuant to the terms of the MOU, during the period commencing from the date of the MOU to the Termination Date (as defined below), the Vendor shall not discuss or negotiate with any other third party in connection with the Proposed Acquisition, nor enter into any agreement or other memorandum of understanding.

Termination

The MOU is valid from its date of signing (i.e. the date of this announcement) to 26 January 2017 or any other later date as agreed by the parties (the “**Termination Date**”), after which the parties of the MOU shall cease to have any duties or obligations under the MOU.

Reasons and benefits of the Proposed Acquisition

The Group is principally engaged in (a) environmental waste treatment services; (b) industrial sewage treatment and facilities provision services in an eco-plating specialised zone in the Jiangsu Province, the PRC; and (c) investments in plastic materials dyeing operations.

As set out in the interim report of the Company for the six months ended 30 June 2016, the Group will continue to focus on environmental related business and will continue to enhance the waste management and treatment standards. The Directors are of the opinion that the Proposed Acquisition is in line with the corporate strategy of the Group which includes expansion of the environmental operations in Jiangsu Province and provides an opportunity for the Company to further broaden its business scope into environmental operations. The Directors consider that the terms of the MOU are of normal commercial terms and are fair and reasonable and the Proposed Acquisition is in the interests of the Company and its shareholders as a whole.

As the parties have not entered into the final definitive agreements in relation to the Proposed Acquisition contemplated under the MOU, and the final structure and terms of the Proposed Acquisition are still subject to due diligence and further negotiation among the parties, the Proposed Acquisition may or may not materialize and the final structure and terms may deviate from those set out in the MOU. Accordingly, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares or other securities of the Company.

The Proposed Acquisition, if materialized, will constitute notifiable transactions under Chapter 14 of the Listing Rules. The Company will comply with relevant disclosure requirement under the Listing Rules as and when appropriate.

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

Hong Kong, 30 November 2016

As at the date of this announcement, the Board comprises six executive Directors: Mr. XI Yu (Chairman), Mr. SONG Yu Qing (Chief Executive Officer), Ms. CHEUNG Siu Ling, Mr. LIAO Feng, Ms. LIU Yu Jie and Mr. HON Wa Fai; and three independent non-executive Directors: Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.