

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



## **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)**

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **FINANCIAL HIGHLIGHTS FOR THE YEAR 2016**

- Group revenue up 13.2% to HK\$318,616,000.
- Profit attributable to owners of the Company up 39.7% to HK\$61,947,000.
- Equity attributable to owners of the Company was HK\$687,285,000 at 31 December 2016.
- Cash and cash equivalents of the Group amounted to HK\$171,589,000 at 31 December 2016.
- Total earnings per share attributable to owners of the Company up 37.3% to HK cents 2.10.
- The Board resolved to declare a final dividend of HK cents 0.60 per share for the year ended 31 December 2016.

#### **FINAL RESULTS 2016**

The board of directors (the “**Board**”) of New Universe Environmental Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2016, together with the comparative figures for 2015.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Revenue</b>	5	<b>318,616</b>	281,363
Cost of sales		<u>(173,683)</u>	<u>(159,740)</u>
<b>Gross profit</b>		<b>144,933</b>	121,623
Other revenue	6	<b>4,621</b>	4,952
Other net income	7	<b>13,254</b>	9,310
Distribution and selling expenses		<b>(5,745)</b>	(7,144)
Administrative expenses		<b>(46,684)</b>	(41,176)
Other operating expenses		<u>(21,335)</u>	<u>(16,689)</u>
<b>Operating profit</b>		<b>89,044</b>	70,876
Finance income		<b>3,036</b>	640
Finance costs		<u>(3,962)</u>	<u>(2,799)</u>
Finance costs – net		<b>(926)</b>	(2,159)
Share of profit of an associate		<u>3,985</u>	<u>4,154</u>
<b>Profit before taxation</b>	8	<b>92,103</b>	72,871
Income tax	9	<u>(5,985)</u>	<u>(13,459)</u>
<b>Profit for the year</b>		<b><u>86,118</u></b>	<b><u>59,412</u></b>
<b>Attributable to:</b>			
Owners of the Company		<b>61,947</b>	44,336
Non-controlling interests		<u>24,171</u>	<u>15,076</u>
		<b><u>86,118</u></b>	<b><u>59,412</u></b>
		<b>HK cents</b>	HK cents
<b>Earnings per share</b>			
Basic and diluted earnings per share	10	<b><u>2.10</u></b>	<b><u>1.53</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Profit for the year</b>	<u><b>86,118</b></u>	<u>59,412</u>
<b>Other comprehensive income:</b>		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	(41,277)	(31,342)
– on translation of financial statements of an overseas associate	(1,109)	(877)
– reclassification of translation reserve upon de-registration of an overseas subsidiary	(29)	–
Fair value changes on long-term equity investments	(13,100)	(8,300)
Tax effect relating to changes in fair value of long-term equity investments	<u>1,310</u>	<u>830</u>
Other comprehensive income for the year, net of income tax	<u>(54,205)</u>	<u>(39,689)</u>
<b>Total comprehensive income for the year</b>	<u><b>31,913</b></u>	<u>19,723</u>
<b>Attributable to:</b>		
Owners of the Company	13,211	9,274
Non-controlling interests	<u>18,702</u>	<u>10,449</u>
<b>Total comprehensive income for the year</b>	<u><b>31,913</b></u>	<u>19,723</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2016*

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>531,379</b>	527,884
Prepaid lease payments and deposit paid for land use rights		<b>118,447</b>	99,984
Goodwill		<b>33,000</b>	33,000
Interest in an associate		<b>18,236</b>	15,360
Long-term equity investments		<b>63,600</b>	76,700
		<u><b>764,662</b></u>	<u>752,928</u>
<b>Current assets</b>			
Inventories		<b>1,476</b>	1,042
Trade and bills receivables	<i>12</i>	<b>58,507</b>	46,857
Prepayments, deposits and other receivables	<i>13</i>	<b>26,782</b>	14,569
Prepaid lease payments		<b>3,084</b>	2,599
Pledged bank deposits		<b>9,606</b>	5,318
Cash and cash equivalents		<b>171,589</b>	175,805
		<u><b>271,044</b></u>	<u>246,190</u>
<b>Current liabilities</b>			
Bank borrowings		<b>75,549</b>	39,798
Trade and bills payables	<i>14</i>	<b>13,686</b>	4,251
Accrued liabilities and other payables	<i>15</i>	<b>107,687</b>	114,972
Deposits received from customers		<b>9,060</b>	3,621
Deferred government grants		<b>452</b>	447
Income tax payable		<b>2,463</b>	9,436
		<u><b>208,897</b></u>	<u>172,525</u>
<b>Net current assets</b>		<u><b>62,147</b></u>	<u>73,665</u>
<b>Total assets</b>		<u><b>1,035,706</b></u>	<u>999,118</u>
<b>Total assets less current liabilities</b>		<u><b>826,809</b></u>	<u>826,593</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2016

	<i>Note</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Bank borrowings		<b>2,793</b>	7,874
Other borrowing		<b>25,000</b>	30,000
Deferred government grants		<b>3,454</b>	3,790
Deferred tax liabilities		<b>26,073</b>	25,157
		<u><b>57,320</b></u>	<u>66,821</u>
<b>Net assets</b>		<u><b>769,489</b></u>	<u>759,772</u>
<b>Capital and reserves</b>			
Share capital		<b>29,557</b>	29,557
Reserves	<i>16</i>	<b>657,728</b>	659,296
Equity attributable to owners of the Company		<b>687,285</b>	688,853
Non-controlling interests		<b>82,204</b>	70,919
<b>Total equity</b>		<u><b>769,489</b></u>	<u>759,772</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

- (a) New Universe Environmental Group Limited (formerly known as New Universe International Group Limited) was incorporated on 12 November 1999 in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's issued shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 18 May 2000. Since 1 August 2016, the listing of the shares of the Company has been transferred from the GEM to the Main Board of the Stock Exchange ("Transfer of Listing").
- (b) The 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 ("Mainland China" or the "PRC") is Renminbi ("RMB"). As the Company's shares are listed in Hong Kong, the directors of the Company ("Directors") consider that it is more appropriate to present the consolidated financial statements in HK\$, where 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 hazardous industrial and medical wastes;
  - (ii) environmental plating sewage treatment services and provision of related facilities and utilities in an eco-plating specialised zone; and
  - (iii) investments in plastic materials dyeing operations.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Main Board Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) to the financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

**(b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries and the Group's interest in associates.

The measurement basic used in the preparation of the financial statements is the historical cost convention except for the long-term equity investments which are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Change in accounting policies**

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting year of the Group:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations Disclosure Initiative
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior years have been prepared or presented.

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

### 3. POSSIBLE IMPACT OF AMENDMENTS AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and new standards which are not yet effective for the year ended 31 December 2016, and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>4</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKAS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>2</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019

### 4. SEGMENT INFORMATION

#### (a) Segment results, assets and liabilities

The measure used for reporting segment profit is “reportable segment result”. To arrive at “reportable segment result”, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs. Taxation charge is not allocated to reportable segments.

In addition to receiving segment information concerning “reportable segment result”, management is provided with segment information including revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below:

*For the year ended 31 December 2016*

	Operating segments					
	Environmental waste treatment services HK\$'000	Environmental sewage treatment and facility services HK\$'000	Plastic dyeing investments HK\$'000	Segment sub-total HK\$'000	Head office and corporate HK\$'000	Total HK\$'000
Revenue from external customers	218,926	99,690	-	318,616	-	318,616
Other revenue	422	-	4,199	4,621	-	4,621
<b>Reportable segment revenue</b>	<b>219,348</b>	<b>99,690</b>	<b>4,199</b>	<b>323,237</b>	<b>-</b>	<b>323,237</b>
<b>Reportable segment results</b>	<b>90,841</b>	<b>17,823</b>	<b>3,563</b>	<b>112,227</b>	<b>-</b>	<b>112,227</b>
Other net income	12,240	1,014	-	13,254	-	13,254
Finance income	2,751	433	(176)	3,008	28	3,036
Finance costs	(959)	(1,391)	-	(2,350)	(1,612)	(3,962)
Depreciation and amortisation	(20,541)	(16,116)	-	(36,657)	(618)	(37,275)
<b>Reportable segment assets</b>	<b>572,711</b>	<b>355,252</b>	<b>63,951</b>	<b>991,914</b>	<b>43,792</b>	<b>1,035,706</b>
Additions to non-current segment assets	90,304	8,070	-	98,374	21	98,395
<b>Reportable segment liabilities</b>	<b>137,966</b>	<b>76,129</b>	<b>60</b>	<b>214,155</b>	<b>52,062</b>	<b>266,217</b>

For the year ended 31 December 2015

	Operating segments					Total HK\$'000
	Environmental waste treatment services HK\$'000	Environmental sewage treatment and facility services HK\$'000	Plastic dyeing investments HK\$'000	Segment sub-total HK\$'000	Head office and corporate HK\$'000	
Revenue from external customers	184,702	96,661	-	281,363	-	281,363
Other revenue	425	-	4,527	4,952	-	4,952
<b>Reportable segment revenue</b>	<b>185,127</b>	<b>96,661</b>	<b>4,527</b>	<b>286,315</b>	<b>-</b>	<b>286,315</b>
<b>Reportable segment results</b>	<b>66,068</b>	<b>14,848</b>	<b>3,903</b>	<b>84,819</b>	<b>-</b>	<b>84,819</b>
Other net income	8,150	1,160	-	9,310	-	9,310
Finance income	282	464	(108)	638	2	640
Finance costs	(715)	(2,084)	-	(2,799)	-	(2,799)
Depreciation and amortisation	(19,025)	(14,801)	-	(33,826)	(474)	(34,300)
Impairment loss on property, plant and equipment	(2,159)	-	-	(2,159)	-	(2,159)
<b>Reportable segment assets</b>	<b>458,592</b>	<b>375,699</b>	<b>76,987</b>	<b>911,278</b>	<b>87,840</b>	<b>999,118</b>
Additions to non-current segment assets	80,978	10,282	-	91,260	2,404	93,664
<b>Reportable segment liabilities</b>	<b>123,301</b>	<b>88,465</b>	<b>1,370</b>	<b>213,136</b>	<b>26,210</b>	<b>239,346</b>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Revenue</b>		
Consolidated revenue	318,616	281,363
Elimination of inter-segment revenue	–	–
Other revenue	<u>4,621</u>	<u>4,952</u>
Reportable segment revenue	<u><u>323,237</u></u>	<u><u>286,315</u></u>
<b>Profit</b>		
Reportable segment profit	112,227	84,819
Unallocated head office and corporate expenses, net	<u>(20,124)</u>	<u>(11,948)</u>
Consolidated profit before taxation	<u><u>92,103</u></u>	<u><u>72,871</u></u>
<b>Assets</b>		
Reportable segment assets	991,914	911,278
Unallocated head office and corporate assets	<u>43,792</u>	<u>87,840</u>
Consolidated total assets	<u><u>1,035,706</u></u>	<u><u>999,118</u></u>
<b>Liabilities</b>		
Reportable segment liabilities	214,155	213,136
Unallocated head office and corporate liabilities	<u>52,062</u>	<u>26,210</u>
Consolidated total liabilities	<u><u>266,217</u></u>	<u><u>239,346</u></u>

(c) **Geographic information**

The Group's operations are located in the PRC. All revenue and non-current assets of the Group are generated from and located in the PRC. Accordingly, no analysis by geographical basis is presented.

(d) **Major customers**

For the years ended 31 December 2016 and 2015, there was no major customer accounted for more than 10% of the total revenue of the Group.

## 5. REVENUE

Revenue represents the revenue from the provision of industrial and medical waste treatment services and the provision of industrial sewage and sludge treatment services and the related facilities and utilities in an eco-plating specialised zone. An analysis of the Group's revenue is presented as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Industrial and medical waste treatment services	218,926	184,702
Industrial sewage and sludge treatment services, related facilities and utilities	<u>99,690</u>	<u>96,661</u>
	<u><u>318,616</u></u>	<u><u>281,363</u></u>

## 6. OTHER REVENUE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividend income from long-term equity investments	4,199	4,527
Scrap sales	<u>422</u>	<u>425</u>
	<u><u>4,621</u></u>	<u><u>4,952</u></u>

## 7. OTHER NET INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Refunds of VAT ( <i>note (i)</i> )	11,797	4,401
Government subsidies ( <i>note (ii)</i> )	315	3,208
Release of deferred government grants	467	825
Sundry	<u>675</u>	<u>876</u>
	<u><u>13,254</u></u>	<u><u>9,310</u></u>

*Notes:*

- (i) Pursuant to the tax rules and regulations in the PRC with effect from 2015, entities that engage in the environmental operations, comply with the requirements in the PRC and pay Value-Added Tax ("VAT") are entitled to a refund to the extent of 70% of the VAT paid.
- (ii) Government subsidiaries received by the Group from the PRC Government did not bear any unfulfilled conditions or contingencies for the relevant subsidiaries.

## 8. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Amortisation of land lease prepayments	<u>2,643</u>	<u>2,413</u>
Depreciation for property, plant and equipment	<u>34,632</u>	<u>31,887</u>
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	696	696
– land and buildings in PRC	1,595	1,244
– landfill in PRC	<u>116</u>	<u>98</u>
	<u>2,407</u>	<u>2,038</u>
Net loss on disposal of property, plant and equipment	<u>1,059</u>	<u>193</u>
Impairment loss on property, plant and equipment	<u>–</u>	<u>2,159</u>
Bad debts written off	<u>–</u>	<u>508</u>
Auditor's remuneration:		
– audit service	980	900
– non-audit services	<u>370</u>	<u>150</u>
	<u>1,350</u>	<u>1,050</u>
Staff costs:		
– Directors' emoluments	3,543	2,019
– salaries, wages and other benefits of employees other than Directors	47,289	39,279
– contributions to retirement benefits schemes	<u>5,334</u>	<u>5,006</u>
Total staff costs	<u>56,166</u>	<u>46,304</u>
Cost of sales ( <i>note</i> )	<u><u>173,683</u></u>	<u><u>159,740</u></u>

*Note:*

Included in cost of sales were raw materials consumed of HK\$34,944,000 (2015: HK\$19,477,000), staff costs of HK\$24,060,000 (2015: HK\$23,471,000) and depreciation of HK\$30,604,000 (2015: HK\$27,533,000), and of which staff costs and depreciation have already been included in the respective total amounts disclosed above.

## 9. INCOME TAX

### (a) Taxation in the consolidated income statement represents:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	<b>8,814</b>	20,552
Income tax refunded for prior years under preferential policy	–	(2,238)
Over-provision in respect of prior years	<b>(5,055)</b>	(5,100)
	<b>3,759</b>	13,214
<b>Deferred tax</b>	<b>2,226</b>	245
	<b>5,985</b>	13,459

#### Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgins Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgins Islands.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the years. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2016 and 2015.
- (iii) On 19 April 2016, Yancheng NUHF Environmental Technology Limited (“Yancheng NUHF”), a subsidiary of the Group, obtained the consent from the relevant applicable tax authorities, for a preferential tax treatment that Yancheng NUHF is entitled to the exemption from PRC Enterprise Income Tax for three years, starting from 2014, following by a 50% tax exemption for the ensuing three years. The over-provision of income tax accrued at the tax rate of 25% by Yancheng NUHF in the last financial year 2015 of HK\$5,055,000 was reversed and credited to the profit or loss for the year ended 31 December 2016.
- (iv) 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 as the High and New Technology Enterprise in PRC that would be entitled to enjoy a preferential Enterprise Income Tax at the rate of 15% (2015: 15%).

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Profit before taxation</b>	<u>92,103</u>	<u>72,871</u>
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	25,110	18,396
Tax effect of expenses not deductible for tax purpose	1,476	1,290
Tax effect of income not taxable for tax purpose	(457)	(2,844)
Tax effect of tax losses not recognised	2,585	5,913
Over-provision in relation to prior years	(5,055)	(5,100)
Tax effect of temporary differences recognised	2,226	245
Effect of income tax preferential policy in PRC	<u>(19,900)</u>	<u>(4,441)</u>
<b>Tax expense for the year</b>	<u><u>5,985</u></u>	<u><u>13,459</u></u>

**10. EARNINGS PER SHARE**

The calculation of 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\$61,947,000 (2015: HK\$44,336,000) and the weighted average number of 2,955,697,018 (2015: 2,901,998,388) ordinary shares of the Company in issue during the year.

(a) **Profit attributable to owners of the Company**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share	<u>61,947</u>	<u>44,336</u>

(b) **Weighted average number of ordinary shares**

	2016	2015
Ordinary shares in issue at 1 January	2,955,697,018	2,755,697,018
Effect of new shares issued	<u>–</u>	<u>146,301,370</u>
Weighted average number of ordinary shares at 31 December	<u><u>2,955,697,018</u></u>	<u><u>2,901,998,388</u></u>

There were no dilutive potential ordinary shares in existence during both years, therefore, diluted earnings per share is the same as basic earnings per share.

## 11. DIVIDENDS

### (a) Dividends payable to equity shareholders of the Company attributable to the year

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK\$0.006 (2015: HK\$0.005) per share	<u>17,734</u>	<u>14,778</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period and is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$0.0050 (2015: HK\$0.0048) per share	<u>14,778</u>	<u>14,187</u>

## 12. TRADE AND BILLS RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	35,673	25,046
Less: allowance for impairment of trade receivables	<u>—</u>	<u>—</u>
	35,673	25,046
Bills receivable	<u>22,834</u>	<u>21,811</u>
	<u>58,507</u>	<u>46,857</u>

(a) **Ageing 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:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>33,301</b>	24,098
31 days to 60 days	<b>12,847</b>	11,330
61 days to 90 days	<b>5,872</b>	3,614
91 days to 180 days	<b>5,790</b>	5,233
181 days to 360 days	<b>697</b>	2,582
Over 360 days	—	—
	<b>58,507</b>	46,857

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 the environmental industrial waste, sewage and sludge treatment services, and an extended average credit period of 180 days to the customers of regulated medical waste 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 year is as follows:

	<b>2016</b>	2015
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>At 1 January</b>	—	—
Impairment loss recognised	—	508
Uncollectible amounts written off	—	(508)
<b>At 31 December</b>	—	—

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	46,148	35,428
Less than 30 days past due	5,872	3,614
More than 30 days but less than 120 days past due	5,790	5,233
More than 120 days but less than 360 days past due	697	2,582
	<u>58,507</u>	<u>46,857</u>

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

13. **PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Prepayments	9,047	6,940
Deposits paid for acquisition of property, plant and equipment	2,755	–
Refundable deposit paid for proposed acquisition ( <i>note</i> )	5,000	–
Other receivables	9,980	7,629
	<u>26,782</u>	<u>14,569</u>

*Note:*

On 30 November 2016, the Group entered into a non-binding memorandum of understanding with an independent third party with a payment of deposit amounted to HK\$5,000,000 for the intention to acquire the entire interests in Ever Champ (China) Limited, which in turn holds 30% equity interests in 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.), a company incorporated in the PRC and principally engaged in the collection, storage and disposal of industrial hazardous waste in Jiangsu Province, the PRC.

#### 14. TRADE AND BILLS PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	4,080	4,251
Bills payable	9,606	–
	<u>13,686</u>	<u>4,251</u>

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 to 30 days	3,754	3,916
31 days to 60 days	67	149
61 days to 90 days	9	14
Over 91 days	250	172
	<u>4,080</u>	<u>4,251</u>

Trade payables are non-interest bearing and normally settled within 90 days to 180 days.

#### 15. ACCRUED LIABILITIES AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries and bonuses payable	15,426	13,068
Accounts payable for acquisition of property, plant and equipment	35,260	52,878
Other payables and accruals	57,001	49,026
	<u>107,687</u>	<u>114,972</u>

## 16. RESERVES

Details of movements in the reserves of the Group during the year are as set out as follows:

	Share premium HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2015	333,774	28,749	20,800	4,795	23,120	189,743	600,981
Profit for the year	-	-	-	-	-	44,336	44,336
Other comprehensive income							
Exchange differences							
– on translation of financial statements of overseas subsidiaries	-	(26,715)	-	-	-	-	(26,715)
– on translation of financial statements of an overseas associate	-	(877)	-	-	-	-	(877)
Fair value changes on long-term equity investments, net of deferred tax	-	-	(7,470)	-	-	-	(7,470)
Total comprehensive income for the year	-	(27,592)	(7,470)	-	-	44,336	9,274
Issue of subscription shares, net of share issuance costs of HK\$309,000	66,691	-	-	-	-	-	66,691
Acquisition of additional interest in subsidiaries from a shareholder	-	-	-	378	-	-	378
Transfer of reserves	-	-	-	-	9,021	(12,862)	(3,841)
Dividend relating to 2014	-	-	-	-	-	(14,187)	(14,187)
At 31 December 2015 and 1 January 2016	400,465	1,157	13,330	5,173	32,141	207,030	659,296
Profit for the year	-	-	-	-	-	61,947	61,947
Other comprehensive income							
Exchange differences							
– on translation of financial statements of overseas subsidiaries	-	(35,808)	-	-	-	-	(35,808)
– on translation of financial statements of an overseas associate	-	(1,109)	-	-	-	-	(1,109)
– reclassification of translation reserve upon de-registration of an overseas subsidiary	-	(29)	-	-	-	-	(29)
Fair value changes on long-term equity investments, net of deferred tax	-	-	(11,790)	-	-	-	(11,790)
Total comprehensive income for the year	-	(36,946)	(11,790)	-	-	61,947	13,211
Release of capital reserve upon de-registration of a foreign subsidiary	-	-	-	(1)	-	-	(1)
Transfer to statutory reserve	-	-	-	-	3,339	(3,339)	-
Dividend relating to 2015	-	-	-	-	-	(14,778)	(14,778)
<b>At 31 December 2016</b>	<b>400,465</b>	<b>(35,789)</b>	<b>1,540</b>	<b>5,172</b>	<b>35,480</b>	<b>250,860</b>	<b>657,728</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In 2016, the Group sustained growth on both revenue and profitability as compared to previous years. For the year ended 31 December 2016, total reportable segment revenue of the Group was HK\$323,237,000 (2015: HK\$286,315,000) with a year-on-year increase of 12.9% (2015: 10.9%). Total reportable segment revenue from the provision of industrial and medical waste treatment services was HK\$219,348,000 (2015: HK\$185,127,000) with a year-on-year increase of 18.5% (2015: 8.1%). Total reportable segment revenue from the provision of industrial sewage and sludge treatment and facility services in the eco-plating specialised zone was HK\$99,690,000 (2015: HK\$96,661,000) with a year-on-year increase of 3.1% (2015: 17.0%). The overall profit margin (pre-tax) of the Group's reportable segment results in 2016 was approximately 34.7% (2015: 29.6%).

For the year ended 31 December 2016, the profit attributable to owners of the Company was HK\$61,947,000 (2015: HK\$44,336,000), an increase of 39.7% from 2015. Total earnings per share attributable to the owners of the Company was HK\$0.0210 for the year ended 31 December 2016 (2015: HK\$0.0153), an increase of 37.3% from 2015.

Equity attributable to owners of the Company as at 31 December 2016 was HK\$687,285,000 (2015: HK\$688,853,000). Cash and cash equivalents of the Group as at 31 December 2016 was HK\$171,589,000 (2015: HK\$175,805,000).

### **Outlook**

As at 31 December 2016, the Group owned 6 (2015: 6) major sites engaged in providing hazardous waste treatment services, and also owns an industrial park, the Eco-plating Specialised Zone in Jiangsu Province, China, servicing approximately 700 medical organisations and approximately 1,500 manufacturing clients engaging in different industrial businesses inclusive of chemicals, plastics, automotive, paper-making and plating in the country. As at 31 December 2016, the combined licensed capacity of the Group for the collection, storage and treatment of hazardous industrial and medical waste in China was approximately 71,200 metric tons per annum (2015: 50,900 metric tons per annum). It is expected that the existing facilities shall bring stable returns to the Group in the foreseeable future. The Group will continue to focus on environmental related business and will continue 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 expects that profit growth will sustain in the coming year.

## Environmental Industrial and Medical Waste Integrated Treatment Services

For the year ended 31 December 2016, the Group had collected for treatment in aggregate of approximately 34,985 metric tons (2015: 32,509 metric tons) of hazardous industrial waste, 6,426 metric tons (2015: 5,522 metric tons) of regulated medical waste, and 2,367 metric tons (2015: 1,941 metric tons) of general industrial waste from various cities in Jiangsu Province of China. For the year ended 31 December 2016, the total revenue of the Group's operations of providing environmental waste integrated treatment services was approximately HK\$218,926,000 (2015: HK\$184,702,000) of which the revenue from treatment of hazardous industrial waste, medical waste and general industrial waste were HK\$189,407,000, HK\$27,917,000 and HK\$1,602,000 (2015: HK\$155,918,000, HK\$27,074,000 and HK\$1,710,000) respectively. The segment profit margin (pre-tax) of the Group's environmental waste integrated treatment services was approximately 41.4% in current year (2015: 35.7%).

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:

		<b>31 December 2016 Annual capacity metric tons</b>	31 December 2015 Annual capacity metric tons
Licensed hazardous waste incineration facilities	(i)	<b>45,200</b>	42,900
Licensed epidemic medical waste incineration facilities		<b>8,000</b>	8,000
Licensed hazardous waste landfill facilities	(ii)	<b>18,000</b>	–
<b>Total licensed treatment and disposal facilities</b>	(iii)	<b>71,200</b>	50,900

### Notes:

- (i) Certain incineration facilities with annual capacity of approximately 7,300 metric tons have ceased or been demolished for modification or reconstruction in 2016.
- (ii) The hazardous waste operating permission license for the hazardous waste landfill facilities located in Yancheng, Jiangsu Province, China, was granted by the Environmental Protection Bureau of Yancheng City in December 2016.
- (iii) The total capacity of the licensed treatment facilities represents the total effective treatment capacity of hazardous waste allowable to handle under valid operating permission licenses owned by the Group as at the end of the reporting period calculated on annualised basis.

	<b>31 December 2016 Annual capacity metric tons</b>	31 December 2015 Annual capacity metric tons
Constructed hazardous waste incineration facilities pending operating permission license	–	9,600
Constructed hazardous waste landfill facilities pending operating permission license	–	18,000
Constructed medical waste treatment facilities pending operating permission license	<u>5,940</u>	<u>2,640</u>
<b>Total constructed treatment and disposal facilities pending licenses</b>	<u><u>5,940</u></u>	<u><u>30,240</u></u>
New incineration facilities under construction	<b>72,600</b>	–
New incineration facilities planned to start construction within one year	<b>33,000</b>	33,000
New facilities for medical waste treatment planned to start construction within one year	<u>–</u>	<u>3,300</u>
<b>New facilities under construction or to be constructed</b>	<u><u>105,600</u></u>	<u><u>36,300</u></u>

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

For the year ended 31 December 2016, total revenue of the Group's operations of providing environmental industrial sewage and sludge treatment services and providing facilities to the manufacturers in the eco-plating specialised industrial zone was approximately HK\$99,690,000 (2015: HK\$96,661,000) and the segment profit margin (pre-tax) was approximately 17.9% (2015: 15.4%).

In the Eco-plating Specialised Zone with land area of approximately 180,000 square metres, the Group owns 22 factory buildings that are leased by over 50 manufacturing clients engaging in plating operations. The Group operates a centralised plating sewage treatment plant, a centralised industrial sludge treatment plant and customised facilities equipped for all clients in the zone.

As at 31 December 2016, the Group's operations in the eco-plating specialised industrial zone were summarised as follows:

	2016	2015
Total gross floor area of factory buildings and facilities built (square metres)	<b>106,605</b>	106,577
Average utilisation rate of buildings and facilities	<b>89.7%</b>	87.0%
Plating sewage handled by the centralised sewage treatment plant (metric tons)	<b>738,166</b>	592,180
Average utilisation rate of sewage treatment capacity	<b>44.7%</b>	35.9%

### **Strategic Investments in Plastic Materials Dyeing Operations**

The Group holds the equity interests in three manufacturing entities that principally engaged in plastic materials dyeing in Mainland China as strategic equity investments. For the year ended 31 December 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 1.0%, 2.6% and 4.3% (2015: 4.7%, 2.4% and 3.8%) respectively.

For the year ended 31 December 2016, total dividend received by the Group (before PRC dividend tax) in relation to the results of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei in 2015 was approximately HK\$4,199,000 (2015: HK\$4,527,000 in relation to the results in 2014).

### **Change of Company Name and Stock Short Name**

On 12 April 2016, the Board announced the proposal for the change of name of the Company. On 6 May 2016, the special resolution for change of the Company's name was duly passed by the shareholders of the Company at the extraordinary general meeting. The English name of the Company, which has been changed from “New Universe International Group Limited” to “New Universe Environmental Group Limited”, and the dual foreign name in Chinese “新宇環保集團有限公司”, which has been adopted to replace the previous Chinese name “新宇國際實業(集團)有限公司\*”, became 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 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 for the transfer of the listing of the Company's shares from the Growth Enterprise Market to the Main Board of the Stock Exchange pursuant to Chapter 9A of the Main Board Listing Rules.

On 21 July 2016 and 29 July 2016, the approval-in-principle for the Transfer of Listing and the listing approval were respectively granted 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 since 1 August 2016.

The Board believes that the Transfer of Listing will enhance the profile of the Company and increase the trading liquidity of the Company's 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.

## FINANCIAL REVIEW

The summary of annual and interim results for the year ended 31 December 2016 together with corresponding figures for 2015 is presented as follows:

### Summary of annual results

(Expressed in HK\$'000 unless indicated otherwise)

		Year ended 31 December		Change
	Note	2016 HK\$'000	2015 HK\$'000	%
Revenue from industrial and medical waste treatment services	1(i)	<b>218,926</b>	184,702	+18.5
Revenue from industrial sewage and sludge treatment services and related facilities and utilities	1(ii)	<b>99,690</b>	96,661	+3.1
Total Revenue	1	<b>318,616</b>	281,363	+13.2
Average gross profit margin (in percentage)	2	<b>45.5</b>	43.2	+5.3
Other revenue	3	<b>4,621</b>	4,952	-6.7
Other net income	4	<b>13,254</b>	9,310	+42.4
Distribution and selling expenses	5	<b>5,745</b>	7,144	-19.6
Administrative expenses	6	<b>46,684</b>	41,176	+13.4
Other operating expenses	7	<b>21,335</b>	16,689	+27.8
Finance income	8	<b>3,036</b>	640	+374.4
Finance costs	9	<b>3,962</b>	2,799	+41.6
Share of net profits of an associate	10	<b>3,985</b>	4,154	-4.1
Income tax	11	<b>5,985</b>	13,459	-55.5
Net profit for the year	12	<b>86,118</b>	59,412	+45.0
Profit attributable to owners of the Company	12	<b>61,947</b>	44,336	+39.7
Total basic and diluted EPS (in HK cents)	13	<b>2.10</b>	1.53	+37.3
EBITDA	14	<b>130,304</b>	109,330	+19.2

## Summary of interim results

(Expressed in HK\$'000 unless indicated otherwise)

	<i>Note</i>	<b>1H 2016</b> <i>HK\$'000</i>	<b>2H 2016</b> <i>HK\$'000</i>	<b>Total 2016</b> <i>HK\$'000</i>
Revenue from industrial and medical waste treatment services	<i>1(i)</i>	<b>109,250</b>	<b>109,676</b>	<b>218,926</b>
Revenue from industrial sewage and sludge treatment services and related facilities and utilities	<i>1(ii)</i>	<b>48,190</b>	<b>51,500</b>	<b>99,690</b>
Total Revenue	<i>1</i>	<b>157,440</b>	<b>161,176</b>	<b>318,616</b>
Average gross profit margin (in percentage)	<i>2</i>	<b>49.0</b>	<b>42.0</b>	<b>45.5</b>
Other revenue	<i>3</i>	<b>4,608</b>	<b>13</b>	<b>4,621</b>
Other net income	<i>4</i>	<b>7,224</b>	<b>6,030</b>	<b>13,254</b>
Distribution and selling expenses	<i>5</i>	<b>4,546</b>	<b>1,199</b>	<b>5,745</b>
Administrative expenses	<i>6</i>	<b>21,164</b>	<b>25,520</b>	<b>46,684</b>
Other operating expenses	<i>7</i>	<b>7,760</b>	<b>13,575</b>	<b>21,335</b>
Finance income	<i>8</i>	<b>316</b>	<b>2,720</b>	<b>3,036</b>
Finance costs	<i>9</i>	<b>1,984</b>	<b>1,978</b>	<b>3,962</b>
Share of net profit of an associate	<i>10</i>	<b>1,837</b>	<b>2,148</b>	<b>3,985</b>
Income tax, net of over-provisions	<i>11</i>	<b>347</b>	<b>5,638</b>	<b>5,985</b>
Net profit for the period	<i>12</i>	<b>55,357</b>	<b>30,761</b>	<b>86,118</b>
Profit attributable to owners of the Company	<i>12</i>	<b>42,490</b>	<b>19,457</b>	<b>61,947</b>
Basic and diluted EPS attributable to owners of the Company (in HK cents)	<i>13</i>	<b>1.44</b>	<b>0.66</b>	<b>2.10</b>
EBITDA	<i>14</i>	<b>76,305</b>	<b>53,999</b>	<b>130,304</b>
	<i>Note</i>	<b>1H 2015</b> <i>HK\$'000</i>	<b>2H 2015</b> <i>HK\$'000</i>	<b>Total 2015</b> <i>HK\$'000</i>
Revenue from industrial and medical waste treatment services	<i>1(i)</i>	98,759	85,943	184,702
Revenue from industrial sewage and sludge treatment services and related facilities and utilities	<i>1(ii)</i>	48,796	47,865	96,661
Total Revenue	<i>1</i>	147,555	133,808	281,363
Average gross profit margin (in percentage)	<i>2</i>	48.8	37.1	43.2
Other revenue	<i>3</i>	4,962	(10)	4,952
Other net income	<i>4</i>	2,848	6,462	9,310
Distribution and selling expenses	<i>5</i>	6,507	637	7,144
Administrative expenses	<i>6</i>	18,941	22,235	41,176
Other operating expenses	<i>7</i>	6,249	10,440	16,689
Finance income	<i>8</i>	551	89	640
Finance costs	<i>9</i>	1,510	1,289	2,799
Share of net profit of an associate	<i>10</i>	3,548	606	4,154
Income tax, net of over-provisions	<i>11</i>	2,794	10,665	13,459
Net profit for the period	<i>12</i>	47,857	11,555	59,412
Profit attributable to owners of the Company	<i>12</i>	36,234	8,102	44,336
Basic and diluted EPS attributable to owners of the Company (in HK cents)	<i>13</i>	1.27	0.26	1.53
EBITDA	<i>14</i>	69,133	40,197	109,330

*Notes:*

1. Net increase in total revenue for the year ended 31 December 2016 was mainly attributable to:
  - (i) the increase in total quantities of both industrial and medical hazardous waste collected for innocuity treatment and disposal in current year, and new operating permission license for newly constructed landfill facilities for handling industrial hazardous waste was obtained in 2016; and
  - (ii) the upward adjustments on unit prices for collecting different hazardous waste to cover the increasing treatment costs and to cater for the increasing discharge of hazardous waste from manufacturing clients within the Eco-plating Specialised Zone in current year.
2. Increase in gross profit margin of the Group for the year ended 31 December 2016 was mainly attributable to cost control being tightened to cover the China VAT of 17% deducted on all revenue billed for hazardous industrial waste treatment in the whole year 2016 and the second half of the previous year 2015.
3. Net decrease in other revenue for the year ended 31 December 2016 was mainly attributable to:
  - (i) the decrease in income from recycling after the cessation of the operation of nitrile rubber recycling with effect from January 2016; and
  - (ii) the decrease in dividends received from the long-term equity investments in current year.
4. Net increase in other net income for the year ended 31 December 2016 was mainly attributable to the increase in refund of VAT on revenue from hazardous waste treatment under tax preferential policy of China entitled by the Group.
5. Net decrease in distribution and selling expenses for the year ended 31 December 2016 was mainly attributable to the decrease in environmental marketing incentive expenses in current year.
6. Net increase in administrative expenses for the year ended 31 December 2016 was mainly attributable to the increase in administrative staff costs of the Group commencing the second half of the current year.
7. Net increase in other operating expenses for the year ended 31 December 2016 was mainly attributable to:
  - (i) increase in research and development costs of the Group incurred in the second half of the current year; and
  - (ii) professional and related expenses for the transfer of listing of the Company's shares from GEM to Main Board on the Stock Exchange of Hong Kong Limited incurred in the third quarter of the current year.
8. Net increase in finance income for the year ended 31 December 2016 was mainly attributable to the increase in exchange gain on free cash denominated in Hong Kong Dollars held in China in current year.

9. Net increase in finance costs for the year ended 31 December 2016 was mainly attributable to increase in interests on bank borrowings in current year.
10. Net decrease in profit shared from an associate for the year ended 31 December 2016 was mainly attributable to the decrease in profits on hazardous waste landfill of the associate in current year.
11. Net decrease in income tax for the year ended 31 December 2016 was mainly attributable to the reversal of China Income Tax over-provided in previous year which was exempted under the preferential tax policy in China.
12. For the year ended 31 December 2016, net increase in profit and increase in profit attributable to owners of the Company were mainly attributable to:
  - (i) the increase in revenue from the operating segment of environmental waste treatment services;
  - (ii) the increase in refund of VAT under tax preferential policy in China; and
  - (iii) the reversal of China Income Tax over-provided in previous year for profits arisen from newly built and approved environmental treatment facilities for hazardous waste as recognised under tax preferential policy in the Mainland China.
13. Increase in earnings per shares (“EPS”) was directly attributable to the increase in net profit for the year.
14. The Company uses Earnings before interest, tax, depreciation and amortisation (“EBITDA”) to measure the operation results 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 year ended 31 December 2016 was mainly attributable to the increase in net profit of the Group in current year.

### **Seasonality of operations**

For the year ended 31 December 2016 and 2015, 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 financial year ended 31 December 2016, the environmental waste treatment services reported a revenue of HK\$218,926,000 (2015: HK\$184,702,000) and pre-tax profit of HK\$90,841,000 (2015: HK\$66,068,000) with revenue of approximately 49.9% (2015: 53.5%) being accumulated in the first half of the year and approximately 50.1% (2015: 46.5%) being accumulated in the second half of the year. In 2016, certain newly built environmental hazardous waste treatment facilities of the Group were granted operating permission licences in the fourth quarter of 2016 that drove up the revenue of the Group in the second half of the year accordingly.

## Capital expenditure

For the year ended 31 December 2016, the Group incurred capital expenditure to increase property, plant and equipment (i) for the operating segment of environmental waste treatment services amounted approximately to HK\$90,304,000 (2015: HK\$80,978,000), (ii) for the operating segment of industrial sewage and sludge treatment and facility provision services in the eco-plating industrial zone amounted approximately to HK\$8,070,000 (2015: HK\$10,282,000), and (iii) for corporate use at the head office in Hong Kong amounted approximately to HK\$21,000 (2015: HK\$2,404,000).

## Commitments

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

	<b>31 December 2016 HK\$'000</b>	31 December 2015 HK\$'000
Contracted but not provided for:		
– Capital expenditure in respect of property, plant and equipment	<b>79,707</b>	14,113

## Liquidity, financial resources and gearing

For the year ended 31 December 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\$687,285,000 as at 31 December 2016 (31 December 2015: HK\$688,853,000) and total assets amounted to HK\$1,035,706,000 as at 31 December 2016 (31 December 2015: HK\$999,118,000).

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

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

	<b>31 December 2016 HK\$'000</b>	31 December 2015 HK\$'000
(i) Cash and bank balances	<b>171,589</b>	175,805
(ii) Available unused secured banking facilities	<b>48,701</b>	31,040
(iii) Available unused unsecured banking facilities	<i>(a)</i> <b>23,700</b>	50,000
(iv) Available unused unsecured loan facility granted by a shareholder	<i>(b)</i> <b>–</b>	500,000

Notes:

- (a) Other than the available unused unsecured banking facilities as at 31 December 2016, after the end of the reporting period, the Group's was newly granted unsecured banking facilities of approximately HK\$67,020,000 on 11 January 2017.
- (b) The unused stand-by loan facilities granted by the shareholder of the Company was lapsed on 14 July 2016.

## Key Performance indicators

The Group monitors its operating performance and cash flows through EBITDA. EBITDA of the Group was HK\$130,304,000 for the year ended 31 December 2016 (2015: HK\$109,330,000).

The Group monitors the proportion of its profits that being converted to cash flows through cash conversion rate. The cash conversion rate of the Group being the net cash generated from operating activities as a percentage of the consolidated operating profit was 111% for the year ended 31 December 2016 (2015: 159%).

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 1.3 times as at 31 December 2016 (31 December 2015: 1.4 times).

The Group monitors its capital through gearing ratio. This ratio is calculated as net debt divided by total capital. The net debt is calculated as total 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:

	<b>31 December 2016 HK\$'000</b>	31 December 2015 HK\$'000
Bank borrowings	<b>78,342</b>	47,672
Other borrowing	<b>25,000</b>	30,000
Trade, bills and other payables, accruals and customers' deposits received	<b>130,433</b>	122,844
Total liabilities	<b>233,775</b>	200,516
Less: cash and cash equivalents	<b>171,589</b>	175,805
Net debt	<b>62,186</b>	24,711
Total equity (including non-controlling interests)	<b>769,489</b>	759,772
Total capital	<b>831,675</b>	784,483
Gearing ratio	<b>7.5%</b>	3.1%

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

## Capital structure

Details of in the share capital of the Company during the year ended 31 December 2016 are as follows:

	<b>Number of shares '000</b>	<b>Share capital HK\$'000</b>
<b>Ordinary shares of HK\$0.01each</b>		
<b>Authorised</b>		
At 1 January 2016 and at 31 December 2016	<u>100,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid</b>		
At 1 January 2016 and at 31 December 2016	<u>2,955,697</u>	<u>29,557</u>

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

## Material acquisitions and disposals of subsidiaries and affiliated companies

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

On 7 July 2016, the 51.66% indirectly owned subsidiary, Zhenjiang New Universe Rubber Limited\* (鎮江新宇橡塑有限公司) was duly de-registered in China. 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.

Save as disclosed therein, there were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the year ended 31 December 2016.

## Significant investments held and their performance

According to the valuation report issued by an independent professional valuer, DTZ Debenham Tie Leung Limited (“DTZ”) (2015: DTZ), the fair value attributable to the Group’s interests in the long-term equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 31 December 2016 were HK\$12,300,000, HK\$16,700,000 and HK\$34,600,000 (31 December 2015: HK\$38,000,000, HK\$15,400,000 and HK\$23,300,000) respectively. The changes in value of the long-term equity investments for the year end 31 December 2016 were accounted for in investment revaluation reserve of the Company.

\* For identification purpose only

### **Impairment testing on goodwill**

As at 31 December 2016, the assessment on the recoverable amount of the Group's cash generating unit principally engaged in environmental waste treatment services in China was determined by referring to the valuation report issued by the independent professional valuer, DTZ (2015: DTZ), after their review of the cash flows projection covering a five-year period with an annual growth rate at 2% (2015: 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 the pre-tax discount rate of 19.1% (2015: 15.0%) taken into account of the risks for the industries, no impairment loss to the goodwill was considered necessary for the year end 31 December 2016 (2015: Nil).

### **Charges on assets**

The Group pledged bank deposits of HK\$9,606,000 (2015: HK\$5,318,000) and certain property, plant and equipment and the land use rights with carrying amounts of HK\$51,232,000 (2015: HK\$47,489,000) and HK\$15,435,000 (2015: HK\$14,515,000) respectively to secure banking facilities totally amounted approximately to HK\$150,743,000 as at 31 December 2016 (2015: HK\$128,712,000) which to the extent of HK\$78,342,000 were utilised as bank borrowings as at 31 December 2016 (2015: HK\$47,672,000) granted to the Group.

### **Contingent liabilities**

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

### **Employee information**

As at 31 December 2016, the Group had 443 (2015: 395) full-time employees, of which 21 (2015: 21) were based in Hong Kong, and 422 (2015: 374) in Mainland China. For the year ended 31 December 2016, staff costs, including Directors' remuneration and amount capitalised as inventories was HK\$56,166,000 (2015: HK\$46,304,000). Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, and continued development and training.

### **Exposure to fluctuations in exchange rates**

The Group mainly operates in the 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 to the Group, 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 the Mainland China are translated from RMB into HK\$ at the exchange rates approximating the rates ruling at the dates of the transactions. Statement of financial position items of the Group's subsidiaries in the Mainland China are translated from RMB into HK\$ at the closing rate ruling at the end of the reporting period. For the year ended 31 December 2016, RMB devaluation against the HK\$ resulted in downside exchange differences on translation from RMB to HK\$ for the financial statements of the subsidiaries in the Mainland China amounted approximately to HK\$41,277,000 (2015: HK\$31,342,000), 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 year. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss as when the interests in the relevant subsidiaries in the Mainland China being entirely or partially disposed of by the Group.

### **Principal risks and uncertainties**

The following are the principal risks and uncertainties related to the Company's business:

1. The Group is dependent on continuous renewal of operating permission licenses to be granted by the China government. The environmental business of the Group involving in collection, storage, incineration, landfill and treatment of hazardous waste in the Mainland China requires operating permission licenses for hazardous waste and operating permission licenses for epidemic medical waste issued by the Environmental Protection Bureau of Jiangsu Province and local environmental authorities. All subsidiary entities of the Group engaging in environmental operations have to maintain or continuously upgrade their operating standards and waste management standards in order to comply with the environmental policies, standards, and legislations as promulgated by the China Government that might be renewed or revised from time to time, or otherwise, there is a risk that the operating permission license(s) of the Group may be suspended or withdrawn.
2. The Group faces competition in the market of hazardous waste collection for treatment in the cities it operates. The Group has to strengthen its waste management standard and financial stability in order to compete with the increasing numbers of other entities engaged in treatment of hazardous waste which may have greater financial resources to develop larger scaled waste disposal and recycling facilities and better know-how than we do.
3. The impact of economic conditions on local industries in China would affect the quantities of hazardous waste discharged and the treatment service pricing for the specific market offered by specific client base of the Group for environmental waste treatment. The Group's existing business strategy has been confined to certain specific markets that new strategies would be developed by the Group to strengthen penetration of different geographical markets and thereby to reduce its dependency on specific markets.

4. Lack of appropriately skilled and experienced human resources could result in a delay in achieving the Group's strategic goals and development of new projects. The risk of the loss of key personnel is mitigated by regular reviews of recruitment and retention practices, remuneration packages and succession planning within the management team.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION**

As at 31 December 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 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 entered into the register pursuant to section 352 of the SFO, to be entered in the register referred therein; or which were required, pursuant to Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers of the Main Board 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 ( <i>note</i> )	–	–	1,071,823,656	1,071,823,656	36.26
Ms. LIU Yu Jie	202,000,000	–	–	202,000,000	6.83

### **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 ( <i>note</i> )	16,732	–	–	16,732	83.66
Ms. CHEUNG Siu Ling ( <i>note</i> )	1,214	1,214	–	2,428	12.14

*Note:*

NUEL is beneficially interested in 1,071,823,656 shares of the Company, representing approximately 36.26% of the issued share capital of the Company as at 31 December 2016. Mr. XI Yu and Ms. CHEUNG Siu Ling are also directors of NUEL.

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executives 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 Appendix 10 Model Code for Securities Transactions by Directors of Listed Issuers of the Main Board Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed herein, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its holding company or its other associated corporations a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses or children under the age of 18) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertaking or other associated corporations.

#### **INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 31 December 2016, so far as is known to any director or the chief executive of the Company, the interests or short positions of any person, other than a director or the chief executive of the Company, in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Number of ordinary shares of HK\$0.01 each				% of total shares in issue
	Beneficial owner	Family interest	Interest of controlled corporation	Number of shares held	
NUEL <sup>(i)</sup>	1,071,823,656	–	–	1,071,823,656	36.26
CM International Capital Limited (“CMIC Cayman”) <sup>(ii)</sup>	800,000,000	–	–	800,000,000	27.07
CM International Capital Limited 中民國際資本有限公司 (“CMIC Hong Kong”) <sup>(ii)</sup>	–	–	800,000,000	800,000,000	27.07
China Minsheng Investment Corp. Limited 中國民生投資股份有限公司 <sup>(ii)</sup>	–	–	800,000,000	800,000,000	27.07
Ms. LIU Yu Jie <sup>(iii)</sup>	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. NUEL is beneficially owned as to 83.66% by Mr. XI Yu.
- (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 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 as a shareholder is the same interest disclosed by her as Director of the Company.

Save as disclosed above, as at 31 December 2016, the Directors of the Company were not aware of any other person who had an interest or short position in the shares and 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 adopted on 10 December 2003 has expired on 9 December 2013. As at 31 December 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 at the annual general meeting on 5 May 2015 ("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 2,955,697,018 shares of the Company as at 5 May 2015, the Scheme Mandate Limit was 295,569,701 shares of the Company.

As at 31 December 2016, no option was granted or was outstanding under the New Share Option Scheme.

## **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 year ended 31 December 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 before his tenure as consultant lapsed on 31 March 2016. Although the engagement of Mr. XI Yu constituted a continuing connected transaction of the Company, his remuneration package was below the de minimis threshold provided in Rule 20.74(1) of the GEM Listing Rules, which would be 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 and the Main Board Listing Rules) which were discloseable in the reporting period or any time during the year ended 31 December 2016.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS**

As at 31 December 2016 or any time during the year, transactions, arrangements, or contracts subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

Directors of the Company, Mr. XI Yu and Ms. CHEUNG Siu Ling are also the directors of the landlord, Sun Ngai International Investment Limited ("Sun Ngai") to the tenancy agreement entered into by Smartech Services Limited ("Smartech Services", an indirectly 100% owned subsidiary of the Company) as tenant, pursuant to which, Smartech Services has leased two office units as headquarter of the Company in Hong Kong 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 2015 to 31 July 2016. A renewed rental agreement was entered into between Sun Ngai and Smartech Services for the term from 1 August 2016 to 31 July 2017 at a monthly rental of HK\$50,000. For the year ended 31 December 2016, total rental paid by Smartech Services to Sun Ngai were HK\$600,000.

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 transaction, arrangement or contract of significance to which the Company, any of its holding company, subsidiaries, or fellow 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.

### **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 floats under the Main Board Listing Rules.

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

Neither the Company, nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2016.

### **CORPORATE GOVERNANCE**

In the current year, the Board has adopted the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the "GEM CG Code") from 1 January 2016 to 31 July 2016 (as the Company has transferred the listing of its share on the Main Board since 1 August 2016, the GEM Listing Rules was still applicable to relevant disclosure requirement for the period from 1 January 2016 to 31 July 2016), and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Main Board Listing Rules (the "CG Code") from 1 August 2016 onwards.

During the period from 1 January 2016 to 31 July 2016, 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, and save for the code provision A.2.1, the Directors confirmed that they were not aware of any other deviation from the GEM CG Code during the period then ended.

For the period from 1 August 2016 to 31 December 2016, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Main Board Listing Rules.

Code provision A.2.1 of the GEM 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 assumed the role of both the Chairman and the Chief Executive Officer during current period from 1 January 2016 to 11 April 2016. As such, such dual role constituted a deviation from code provision A.2.1 of the GEM CG Code during the said period.

During the period of the deviation from Code Provision A.2.1 of the GEM 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 believed 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 have been separate in compliance with the Code provision A.2.1 of both GEM CG Code and the CG Code.

### **COMPETING INTERESTS**

Ms. LIU Yu Jie was appointed executive Director of the Company with effect from 9 June 2015, who has investments in four companies engaging in the operation of hazardous waste projects in four cities in China, of which she has a controlling stake in one of the four said companies. As the license to operate hazardous wastes in each of the four said cities is exclusive, and the Group does not have any such operations in those cities, the Board considers that the said investments of Ms. LIU Yu Jie do not compete with the interests of the Group.

Save as disclosed therein, the Board is not aware of any Director of the Company who is interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business during the reporting period.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Required Standard of Dealings") from 1 January 2016 to 31 July 2016 (as the Company has transferred the listing of its shares on the Main Board since 1 August 2016, the GEM Listing Rules was still applicable to relevant disclosure requirements during the period from 1 January 2016 to 31 July 2016) and The Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Main Board Listing Rules from 1 August 2016 onwards as the code of conduct regarding Directors' securities transactions in securities of the Company. The Company has confirmed, having made specific enquiry to the Directors, all the Directors have complied with the Required Standard of Dealings and the Model Mode for Securities Transactions by Directors of Listed Issuer during the relevant periods.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Main Board Listing Rules and considers all of the independent non-executive Directors are independent.

Each of Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred has served as the Company's independent non-executive Director for more than 9 years. Pursuant to the Code Provision A.4.3 set out in the Appendix 14 of the Main Board Listing Rules, the further appointment of each of them should be subject to a separate resolution to be approved by the shareholders at the forthcoming annual general meeting. The Board considers each of Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred is independent and proposes each of them to be re-elected at the forthcoming annual general meeting.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors of the Company, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2016.

## **INDEPENDENT REVIEW**

This preliminary announcement of the Company's consolidated results for the year ended 31 December 2016 has been agreed with and reviewed by the Company's independent auditor, Crowe Horwath (HK) CPA Limited.

## **PUBLICATION OF DETAILED FINANCIAL AND RELATED INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE**

This announcement is published on the website of the Company ([www.nuigl.com](http://www.nuigl.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's annual report 2016, containing all the information required by Appendix 16 of the Main Board Listing Rules, will be dispatched to shareholders and made available on the above websites in due course.

## **BOARD OF DIRECTORS**

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

Mr. XI Yu	<i>(Chairman and Executive Director)</i>
Mr. SONG Yu Qing	<i>(Chief Executive Officer and Executive Director)</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)</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>

## **PROPOSED FINAL DIVIDEND**

The Board of Directors of the Company recommends the payment of a final dividend of HK\$0.006 per share at a payout ratio of approximately 28.6% of the profit attributable to the owners of the Company for the year ended 31 December 2016, which is subject to the approval of the shareholders at the forthcoming annual general meeting. Upon shareholders' approval, the final dividend is expected to be payable on or about 28 July 2017 to shareholders whose names appear on the register of members on 28 June 2017.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the forthcoming annual general meeting to be held on Friday, 19 May 2017 ("Annual General Meeting"). However, in order to qualify for attending and voting at the forthcoming Annual General Meeting, all transfers documents accompanied by the relevant share certificates must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 May 2017.

The register of members of the Company will be closed for the purpose of ascertaining the entitlement of shareholders of the Company to the proposed final dividend at the Annual General Meeting from Friday, 23 June 2017 to Wednesday, 28 June 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to the approval of shareholders of the Company at the Annual General Meeting), all transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22 June 2017.

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

Hong Kong, 28 March 2017