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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)

VOLUNTARY ANNOUNCEMENT ENTERING INTO THE FRAMEWORK AGREEMENT IN RELATION TO FORMATION OF JOINT VENTURE

This announcement is made by the Company on a voluntary basis.

The Board is pleased to announce that on 17 November 2017 (after the trading hours), the Company and the JV Partner entered into the Framework Agreement. Pursuant to the Framework Agreement, the Company and the JV Partner intend to set up the Joint Venture Company in the PRC for the purpose of setting up an integrated hazardous waste treatment centre, which is intended to include an integrated hazardous waste treatment plant and a hazardous waste landfill site at Liuzhou in Guangxi.

THE FRAMEWORK AGREEMENT

Date

17 November 2017 (after the trading hours)

Parties to the Framework Agreement

- (i) the Company; and
- (ii) the JV Partner

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, as at the date of this announcement, the JV Partner and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Formation of the JV Company

Pursuant to the terms of the Framework Agreement, the parties to the Framework Agreement shall use their best endeavours to discuss and agree on the detailed terms of cooperation and establishment and operation of the JV Company with a view to sign the Definitive Agreement within one month from the date of the Framework Agreement. The parties shall commence the registration of the JV Company within three business days upon entering into the Definitive Agreement.

Principal terms of the Framework Agreement

The principal terms of the Framework Agreement are summarized as below:

Purpose and scope of business The JV Company shall set up an integrated hazardous waste treatment centre, which includes an integrated hazardous waste treatment plant and a hazardous waste landfill site at Liuzhou in Guangxi (the “**Project**”).

Shareholding of the JV Company and capital contribution by the parties Upon its establishment, the JV Company shall be owned as to 65% and 35% by the Company and the JV Partner respectively.

The total registered capital of the JV Company shall be RMB 70 million, which will be contributed by the Company and the JV Partner in three instalments in proportion to their equity interests in the JV Company.

Deposit Upon signing of the Framework Agreement, the Company (or its nominee) shall pay a sum of RMB 1 million to the JV Partner as a refundable deposit (the “**Deposit**”).

The Deposit (without interest) shall be refunded by the JV Partner to the Company within five business days if:

(i) the Company and the JV Partner fail to reach an agreement on the terms of the Definitive Agreement, resulting in the termination of the cooperation and the Framework Agreement; or

(ii) after the Definitive Agreement has been entered into, the proposed Project is terminated due to reasons relating to the relevant governmental approvals required.

If prior to the registration and establishment of the JV Company:

- (i) the Company withdraws from the cooperation without reason or fails to comply with the terms of the Framework Agreement, the Deposit shall not be refunded to the Company; or
- (ii) the JV Partner withdraws from the cooperation without reason or fails to comply with the terms of the Framework Agreement, the JV Partner shall refund to the Company an amount equal to double the Deposit.

Exclusivity

Upon signing of the Framework Agreement and receipt of the Deposit by the JV Partner, the JV Partner shall not enter into any investment agreements in respect of any business that is similar to the transaction contemplated under the Framework Agreement or the Project. Otherwise, the Company shall have the right to unilaterally terminate the Framework Agreement and the JV Partner shall refund to the Company an amount equal to double the Deposit.

INFORMATION ON THE JV PARTNER

The JV Partner is a company incorporated in the PRC with limited liability and is principally engaged in investment in electroplating industrial park, sales and leasing of plants and development and operation of real estate properties.

REASONS FOR AND BENEFITS OF THE JOINT VENTURE AGREEMENT

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 mentioned in the interim report of the Company for the six months ended 30 June 2017, the Directors would keep on seeking for the right opportunities for business restructuring and industrial upgrade to improve the overall sustainable profitability. Barring any unforeseeable risks from the global and local economies that might affect the Group's environmental operations in the PRC, the Group expects that profit growth will sustain in the current year.

It is expected that (i) the formation of the JV Company will enable the Group to set up a base for the development of its environmental related construction and engineering consultancy services in the PRC; and (ii) to further expand its environmental waste treatment services in Guangxi. As such, the Directors are of the opinion that the formation of the JV Company is in line with the corporate strategy of the Group, which includes the expansion of the environmental operations in the areas beyond the Jiangsu Province, the PRC, and provides an opportunity for the Company to further broaden its business scope into environmental operations. The Directors consider that the terms of the Framework Agreement are of normal commercial terms and are fair and reasonable and the formation of the JV Company is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As none of the applicable percentage ratios for the transactions contemplated under the Framework Agreement exceeds 5%, the transactions contemplated thereunder does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

The Board wishes to emphasise that the entering into of the Definitive Agreement is subject to further negotiations between the Company and the JV Partner, and that the completion of the Definitive Agreement and the transactions contemplated thereunder, including the formation of the proposed JV Company and the possible Project will be subject to fulfilment of certain conditions precedent to be set out in the Definitive Agreement. The formation of the proposed JV Company and the possible Project may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of Directors
“Company”	New Universe Environmental Group Limited, a company incorporated in Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Definitive Agreement”	the definitive agreement envisaged to be entered into between the Company and the JV Partner within one month after signing of the Framework Agreement, setting out the detailed commercial terms for the JV Company

“Deposit”	a refundable deposit in the sum of RMB1 million payable by the Company to the JV Company upon signing of the Framework Agreement
“Director(s)”	director(s) of the Company
“Framework Agreement”	the framework agreement dated 17 November 2017 entered into between the Company and the JV Partner in relation to the formation of the JV Company
“Group”	the Company and its subsidiaries
“Guangxi”	the Guangxi Zhuang Autonomous Region, the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	a company to be established in the PRC pursuant to the Framework Agreement
“JV Partner”	廣西榮凱華源電鍍工業園投資有限公司 (transliterated as Guangxi Rongkai Huayuan Electroplating Industrial Park Investment Company Limited), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 17 November 2017

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, Ms. ZHANG Ying, 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.