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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2023 decreased by 24.2% to HK$201,181,000 compared to HK$265,585,000 for the corresponding period in 2022.

- Net loss for the six months ended 30 June 2023 was HK$37,247,000 as compared to a profit of HK$12,807,000 in the corresponding period of 2022.

- Loss attributable to the owners of the Company for the six months ended 30 June 2023 was HK$33,165,000 as compared to a profit of HK$14,761,000 in the corresponding period of 2022.

- Equity attributable to owners of the Company was approximately HK$883,888,000 at 30 June 2023 as compared to HK$961,677,000 at 31 December 2022.

- Cash and cash equivalents of the Group was approximately HK$229,025,000 at 30 June 2023 as compared to HK$270,279,000 at 31 December 2022.

- Basic loss per share attributable to owners of the Company for the six months ended 30 June 2023 were HK cents 0.01 as compared to basic earnings per share of HK cents 0.49 for the corresponding period in 2022.

- The Board resolved not to declare a dividend for the six months ended 30 June 2023.

The board of directors (the "**Directors**") of New Universe Environmental Group Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	3(a)	**201,181**	265,585
Cost of sales	8	**(180,914)**	(210,000)
Gross profit		**20,267**	55,585
Other revenue	4	**3,945**	4,249
Other income	5	**2,579**	2,674
Gain on disposal of interest in a subsidiary	6	**–**	27,303
Distribution costs		**(10,906)**	(14,630)
Administrative expenses		**(23,751)**	(30,003)
Other operating expenses	8	**(13,969)**	(8,189)
Operating (loss)/profit		**(21,835)**	36,989
Finance income	7	**3,579**	958
Finance costs	7	**(2,051)**	(3,149)
Finance income/(costs), net	7	**1,528**	(2,191)
Share of results of associates		**(4,424)**	(3,643)
Share of results of a joint venture		**(6,110)**	(6,939)
(Loss)/profit before taxation	8	**(30,841)**	24,216
Income tax	9	**(6,406)**	(11,409)
(Loss)/profit for the period		**(37,247)**	12,807
Attributable to:			
Owners of the Company		**(33,165)**	14,761
Non-controlling interests		**(4,082)**	(1,954)
		(37,247)	12,807
		HK cents	*HK cents*
(Loss)/earnings per share	10		
Basic		**(0.01)**	0.49
Diluted		**(0.01)**	0.49

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(37,247)**	12,807
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	**(29,219)**	(38,099)
– on translation of financial statements of overseas associates	**(6,690)**	(7,077)
– on translation of financial statements of an overseas joint venture	**(1,420)**	(1,985)
– release of translation reserve upon disposal of an overseas subsidiary	**–**	(2,591)
Items that will not be reclassified subsequently to profit or loss:		
Fair value changes on equity investments at fair value through other comprehensive income (non-recycling)	**(500)**	(13,200)
Deferred tax effect relating to changes in fair value of equity investments	**(430)**	(230)
Other comprehensive income for the period, net of income tax	**(38,259)**	(63,182)
Total comprehensive income for the period	**(75,506)**	(50,375)
Attributable to:		
Owners of the Company	**(66,498)**	(43,070)
Non-controlling interests	**(9,008)**	(7,305)
	(75,506)	(50,375)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2023 (Unaudited)** *HK$'000*	31 December 2022 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**602,859**	651,164
Right-of-use assets		**99,287**	103,159
Goodwill		**33,000**	33,000
Interests in associates		**142,336**	153,450
Interest in a joint venture		**38,564**	35,213
Equity investments at fair value through other comprehensive income		**69,800**	70,300
Deferred tax assets		**9,776**	10,229
		995,622	1,056,515
Current assets			
Inventories		**5,537**	7,037
Trade and bills receivables	12	**115,078**	106,499
Prepayments, deposits and other receivables	13	**10,285**	21,081
Contract assets		**22,919**	32,652
Dividends receivable from equity investments		**3,649**	–
Restricted bank deposits		**1,725**	5,225
Cash and cash equivalents		**229,025**	270,279
		388,218	442,773
Assets classified as held for sale		**14,105**	14,758
		402,323	457,531
Current liabilities			
Bank borrowings		**96,540**	97,959
Trade and bills payables	14	**52,156**	69,739
Accrued liabilities and other payables	15	**212,537**	218,612
Lease liabilities		**318**	326
Contract liabilities		**3,936**	3,190
Deferred government grants		**1,857**	1,935
Income tax payable		**2,024**	5,575
		369,368	397,336
Net current assets		**32,955**	60,195
Total assets		**1,397,945**	1,514,046

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Total assets less current liabilities	**1,028,577**	1,116,710
Non-current liabilities		
Lease liabilities	**165**	341
Deferred government grants	**9,121**	10,462
Deferred tax liabilities	**30,581**	30,400
	39,867	41,203
Total liabilities	**409,235**	438,539
Net assets	**988,710**	1,075,507
Capital and reserves		
Share capital	**30,357**	30,357
Reserves	**853,531**	931,320
Equity attributable to owners of the Company	**883,888**	961,677
Non-controlling interests	**104,822**	113,830
Total equity	**988,710**	1,075,507

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The interim financial statements of the Company for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim financial statements of the Company for the six months ended 30 June 2023 was authorised for issue on 18 August 2023.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

HKFRS 17	*Insurance contracts*
Amendments to HKAS 1	*Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
Amendments to HKAS 8	*Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
Amendments to HKAS 12	*Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and position for the current and prior period or on the disclosures set out in these condensed consolidated financial statements.

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

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

(i) Disaggregation of revenue

Revenue represents the revenue from hazardous waste incineration and landfill services, environmental equipment construction and installation services, industrial sewage treatment services and providing related utilities and management services, and providing factory facilities.

Disaggregation of revenue from contracts with customers by service lines is as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Disaggregation by service lines		
– Revenue from hazardous waste incineration and landfill services	**138,808**	186,823
– Revenue from environmental equipment construction and installation services	**543**	4,309
– Revenue from industrial sewage treatment services and providing related utilities and management services	**45,533**	57,278
	184,884	248,410
Revenue from other sources		
– Leasing income from providing factory facilities	**16,297**	17,175
	201,181	265,585
Timing of revenue recognition in respect of contracts with customers		
– At a point in time	**139,351**	191,132
– Over time	**45,533**	57,278
	184,884	248,410

(ii) Performance obligations

The transaction prices allocated to the remaining performance obligations as at 30 June 2023 and the expected timing of recognising revenue are as follows:

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Amounts expected to be recognised as revenue from environmental equipment construction and installation services:		
Within one year	**52,377**	54,802

(b) Segment reporting

The Group manages its business by segments, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Company's executive Directors, being the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments:

(i) provision of environmental treatment and disposal services for industrial and medical wastes;

(ii) provision of environmental equipment construction and installation services;

(iii) provision of environmental plating sewage treatment services and provision of management services, utilities and leasing out certain factory buildings under operating leases in an eco-plating specialised zone; and

(iv) investments in plastic materials dyeing business.

(c) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities of the Group attributable to each reportable segment for the period under review as follows:

For the six months ended 30 June 2023

	Operating segments						
	Environmental waste treatment and disposal *HK$'000*	Environmental equipment construction and installation *HK$'000*	Environmental sewage treatment, management services, utilities and facilities *HK$'000*	Plastic dyeing investments *HK$'000*	Segment sub-total *HK$'000*	Unallocated head office and corporate *HK$'000*	Total *HK$'000*
Revenue from external customers	138,808	543	61,830	–	201,181	–	201,181
Other revenue	–	–	–	3,945	3,945	–	3,945
Reportable segment revenue	138,808	543	61,830	3,945	205,126	–	205,126
Reportable segment results	(26,499)	(7,264)	8,018	3,629	(22,116)	(8,725)	(30,841)
Other income	1,661	61	857	–	2,579	–	2,579
Finance income	3,335	42	(97)	–	3,280	299	3,579
Finance costs	(1,242)	–	(306)	–	(1,548)	(503)	(2,051)
Depreciation of property, plant and equipment	(26,361)	(60)	(9,617)	–	(36,038)	(176)	(36,214)
Depreciation of right-of-use assets	(682)	–	(950)	–	(1,632)	–	(1,632)
Reportable segment assets at end of reporting period	890,976	65,207	309,665	73,836	1,339,684	58,261	1,397,945
Additions to non-current segment assets	7,041	21	9,078	–	16,140	–	16,140
Reportable segment liabilities at end of reporting period	237,528	57,780	78,497	4,581	378,386	30,849	409,235

For the six months ended 30 June 2022

	Operating segments						
	Environmental waste treatment and disposal	Environmental equipment construction and installation	Environmental sewage treatment, management services, utilities and facilities	Plastic dyeing investments	Segment sub-total	Unallocated head office and corporate	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	186,823	4,309	74,453	–	265,585	–	265,585
Other revenue	–	–	–	4,249	4,249	–	4,249
Reportable segment revenue	186,823	4,309	74,453	4,249	269,834	–	269,834
Reportable segment results	17,260	(977)	12,854	3,938	33,075	(8,859)	24,216
Other income	1,807	4	863	–	2,674	–	2,674
Gain on disposal of interest in a subsidiary	27,303	–	–	–	27,303	–	27,303
Finance income	(1,650)	104	2,484	23	961	(3)	958
Finance costs	(1,705)	(7)	(556)	–	(2,268)	(881)	(3,149)
Depreciation of property, plant and equipment	(28,070)	(64)	(10,315)	–	(38,449)	(179)	(38,628)
Depreciation of right-of-use assets	(728)	(199)	(967)	–	(1,894)	–	(1,894)
Reportable segment assets at 31 December 2022	1,019,802	78,681	315,499	70,797	1,484,779	29,267	1,514,046
Additions to non-current segment assets for 12 months ended 31 December 2022	21,954	61	2,959	-	24,974	7	24,981
Reportable segment liabilities at 31 December 2022	274,007	63,464	69,308	4,151	410,930	27,609	438,539

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Consolidated revenue	**201,181**	265,585
Elimination of inter-segment revenue	**–**	–
Other revenue	**3,945**	4,249
Reportable segment revenue	**205,126**	269,834
(Loss)/profit		
Reportable segment (loss)/profit	**(22,116)**	33,075
Unallocated head office and corporate expenses, net	**(8,725)**	(8,859)
Consolidated (loss)/profit before taxation	**(30,841)**	24,216

	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**1,339,684**	1,484,779
Unallocated head office and corporate assets	**58,261**	29,267
Consolidated total assets	**1,397,945**	1,514,046
Liabilities		
Reportable segment liabilities	**378,386**	410,930
Unallocated head office and corporate liabilities	**30,849**	27,609
Consolidated total liabilities	**409,235**	438,539

(e) Geographical information

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

(f) Major customers

For the six months ended 30 June 2023, there was no major customer accounted for 10% or more of the total revenue of the Group (2022: Nil).

4. OTHER REVENUE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividend income from equity investments at fair value through other comprehensive income	**3,945**	4,249

5. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Value-added tax refund *(note (i))*	**1,031**	1,335
Government grants *(note (ii))*	**96**	157
Release of deferred governmental grants	**1,054**	1,031
Sundry income	**398**	151
	2,579	2,674

Notes:

(i) Value-added tax refund of HK$1,031,000 (2022: HK$1,335,000) was recognised as income for the period ended 30 June 2023 in relation to certain environmental operations of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

(ii) Government grants were to subsidise certain hazardous and solid waste treatment projects of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.

6. DISPOSAL OF INTEREST IN A SUBSIDIARY

On 2 March 2022, the Group disposed of the entire equity interest in a wholly-owned subsidiary, Taixing Xin Xin Resources Recycling Company Limited ("**Taixing Xin Xin**"). Upon the completion of the disposal on 14 April 2022, Taixing Xin Xin ceased to be a subsidiary of the Group.

	Six months ended 30 June 2022 *HK$'000*
Net assets disposed of:	
Assets of an obsolete plant held for sale	**23,830**
Other receivables	**348**
Cash and cash equivalents	**1,229**
Other payables	**(3)**
Deferred tax liabilities	**(711)**
	24,693
Fair value of consideration	**51,760**
Net assets disposed of	**(24,693)**
Costs directly attributable to the disposal	**(2,355)**
Release of translation reserve	**2,591**
Gain on disposal of interest in a subsidiary	**27,303**
Net cash flow arising on the disposal	
Cash consideration received	**51,760**
Costs paid directly attributable to the disposal	**(2,355)**
Cash and cash equivalents disposed of	**(1,229)**
Net cash inflow	**48,176**

7. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Finance income from:		
Interest income on short-term bank deposits	**2,697**	1,869
Net foreign exchange gain/(loss)	**882**	(911)
Total finance income	**3,579**	958
Interest expenses on:		
Bank borrowings	**2,037**	3,118
Lease liabilities	**14**	31
Total finance costs	**2,051**	3,149
Net finance income/(costs)	**1,528**	(2,191)

8. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation was arrived at after charging:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**36,214**	38,628
Depreciation of right-of-use assets	**1,632**	1,894
Operating lease charges for minimum lease payments		
– land and buildings in Hong Kong	**540**	540
– landfill in the PRC	**55**	60
Other operating expenses:		
– loss on disposal of property, plant an equipment, net	**88**	101
– costs on non-compliance incidents	**20**	203
– legal and professional expenses	**1,721**	2,845
– research and development expenses	**3,960**	3,471
– compensation for reallocation of villagers at development site	**2,984**	–
– impairment loss on trade receivables	**13**	–
– impairment loss on other receivables	**–**	238
– other miscellaneous non-recurring expenses	**5,183**	1,331
	13,969	8,189
Total staff costs (inclusive of Directors' emoluments)	**46,545**	52,910
Cost of sales	**180,914**	210,000

9. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	–
PRC Corporate Income Tax	**4,558**	8,217
Under-provision in respect of prior periods	**213**	981
PRC Dividend Withholding Tax	**1,884**	2,460
	6,655	11,658
Deferred tax		
PRC Dividend Withholding Tax	**(1,884)**	(2,460)
Origination and reversal of other temporary differences	**1,635**	2,211
	6,406	11,409

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the periods. No provision for Hong Kong Profits Tax has been made, as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2023 and 2022.

(iii) The Company's subsidiaries in the PRC are subject to a statutory Corporate Income Tax ("**CIT**") at the rate of 25% (2022: 25%), except for the subsidiaries which are qualified as the High and New Technology Enterprise in the PRC that would be entitled to enjoy a preferential CIT at the rate of 15% (2022: 15%).

(iv) Dividend distribution from subsidiaries in the PRC to the holding companies of the Group in Hong Kong is subject to a reduced withholding tax rate of 5% (2022: 5%).

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2023 of HK$33,165,000 (six months ended 30 June 2022: profit of HK$14,761,000) and the weighted average number of 3,035,697,018 (six months ended 30 June 2022: 3,035,697,018) ordinary shares of the Company in issue during the period.

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2023 of HK$33,165,000 (six months ended 30 June 2022: profit of HK$14,761,000) and the weighted average number of 3,035,697,018 (six months ended 30 June 2022: 3,036,334,123) ordinary shares of the Company for the six months ended 30 June 2023 after adjusting for the effect of deemed issue of shares under the Company's share option scheme.

11. DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2023 (2022: Nil).

12. TRADE AND BILLS RECEIVABLES

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Trade receivables	**109,965**	124,866
Lease receivables	**35,797**	21,424
Bills receivables	**8,872**	1,597
	154,634	147,887
Less: allowance for lifetime ECLs	**(39,556)**	(41,388)
	115,078	106,499

Aging analysis

The ageing analysis of trade and bills receivables (including lease receivables) as of the end of the reporting period, based on the invoice date and net of allowance for lifetime expected credit losses ("**ECL(s)**"), is presented as follows:

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
0 to 30 days	**41,568**	47,751
31 to 60 days	**29,370**	13,217
61 to 90 days	**21,697**	14,437
91 to 180 days	**19,211**	21,859
181 to 360 days	**3,122**	5,588
Over 1 year	**110**	3,647
	115,078	106,499

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

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Other receivables	**1,100**	4,946
Prepayments	**9,185**	16,135
	10,285	21,081

14. TRADE AND BILLS PAYABLES

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Trade payables	**50,676**	59,497
Bills payable	**1,480**	10,242
	52,156	69,739

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

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
0 to 30 days	**10,399**	17,040
31 to 60 days	**6,399**	5,428
61 to 90 days	**6,499**	3,431
Over 90 days	**27,379**	33,598
	50,676	59,497

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

15. ACCRUED LIABILITIES AND OTHER PAYABLES

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Salaries and bonuses payable	**4,610**	12,961
Accounts payable for acquisition of property, plant and equipment	**14,968**	24,720
Accrued interest payable	**69**	77
Provision for claims	**5,446**	8,177
Costs accrued for land restoration and soil remediation of obsolete plants	**25,524**	27,372
Dividend payable to shareholders of the Company	**11,536**	–
Dividends payable to non-controlling interests of a subsidiary	**56,297**	60,193
Other payables	**94,087**	85,112
	212,537	218,612

16. EVENT AFTER THE REPORTING PERIOD

On 31 July 2023, the Group entered into a sale and purchase agreement to dispose of its entire interest in an indirect wholly-owned subsidiary, Jiangsu Yu Xin Environmental Engineering Management Company Limited (the "**Target Company**") to a company, which is 97% owned by the executive director and general manager of the Target Company, Mr. HE Ling Yun, and 3% owned by the vice general manager of the Target Company, Ms. SHI Zhao Xia, at a consideration of RMB12,000,000. Therefore, Mr. HE Ling Yun is a connected person of the Company at the subsidiary level according to the Listing Rules. Details are disclosed in the Company's announcement dated 31 July 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Treatment and Disposal Services for Industrial and Medical Wastes

For the six months ended 30 June 2023, the Group had collected from external customers for treatment and disposal in aggregate of approximately 45,792 metric tonnes (2022: 49,614 metric tonnes) of different hazardous and non-hazardous wastes from various cities in Jiangsu Province, the PRC, and the total segment revenue from the provision of environmental treatment and disposal services for industrial and medical wastes was approximately HK$138,808,000 (2022: HK$186,823,000).

	For the six months ended 30 June			
	2023		2022	
	Waste collected and disposed	**Segment revenue**	Waste collected and disposed	Segment revenue
	metric tonnes	***HK$'000***	*metric tonnes*	*HK$'000*
Hazardous industrial waste	**40,623**	**115,910**	40,567	147,778
Regulated medical waste	**4,237**	**21,678**	7,443	37,834
General industrial solid waste and others	**932**	**1,220**	1,604	1,211
Total	**45,792**	**138,808**	49,614	186,823

The Group holds interests in two associates, with 30% equity interest in Zhenjiang Xin Qu Solid Waste Disposal Limited* ("**Zhenjiang Xin Qu**") and 30% equity interest in Nanjing Chemical Industry Park Tianyu Solid Waste Disposal Co., Limited ("**NCIP**"), that are principally engaged in the operations of providing environmental treatment and disposal of hazardous industrial waste services in Jiangsu Province, the PRC. The attributable results of Zhenjiang Xin Qu and NCIP are accounted for using equity method and classified under the operating segment of industrial and medical waste integrated treatment and disposal services. For the six months ended 30 June 2023, the Group shared a net profit of approximately HK$456,000 (2022: net profit of approximately HK$642,000) from Zhenjiang Xin Qu and shared a net loss of approximately HK$4,880,000 (2022: net loss of approximately HK$4,285,000) from NCIP respectively.

The Group also holds 65% equity interest in a sino-foreign joint venture, Liuzhou Xinyu Rongkai Solid Waste Disposal Company Limited* (“**Xinyu Rongkai**”), that is principally engaged in the provision of environmental treatment and disposal services for hazardous industrial waste in Liuzhou, Guangxi Province, the PRC. The attributable results of Xinyu Rongkai is accounted for using equity method and classified under the operating segment of industrial and medical waste integrated treatment and disposal services. For the six months ended 30 June 2023, the Group shared a net loss of approximately HK$6,110,000 (2022: net loss of approximately HK$6,939,000) from Xinyu Rongkai.

For the six months ended 30 June 2023, the Group’s environmental treatment and disposal of industrial and medical waste services segment recorded a pre-tax loss of approximately HK$26,499,000 (2022: pre-tax profit of HK$17,260,000) which was mainly attributable to the decrease in segment revenue and increase in costs on collection and transportation of hazardous waste as well as costs on handling the post-incinerated hazardous residue waste during the six months ended 30 June 2023.

At the end of the reporting period, the Group’s combined capacity of the facilities for the provision of environmental treatment and disposal services for industrial and medical wastes were summarised as follows:

	Annualised capacity	
	30 June 2023	31 December 2022
	metric tonnes	*metric tonnes*
Subsidiaries in the PRC:		
Licensed hazardous waste incineration facilities	**135,400**	135,400
Licensed epidemic medical waste incineration facilities	**11,080**	6,080
Licensed epidemic medical waste detoxification treatment facilities	**3,300**	3,300
	149,780	144,780
Associated companies in the PRC:		
Licensed hazardous waste incineration facilities	**38,000**	38,000
Licensed hazardous waste landfill facilities	**20,000**	20,000
	58,000	58,000
Joint venture in the PRC:		
Licensed hazardous waste incineration facilities	**20,000**	20,000
Combined licensed treatment and disposal facilities *(note)*	**227,780**	222,780

Note:

The combined capacity of the licensed waste treatment and disposal facilities represents the total effective treatment and disposal quantity of hazardous waste allowable to handle under the valid operating permission licences owned by the Group as at the end of the reporting period calculated on an annualised basis.

The combined licensed treatment and disposal facilities did not include the hazardous waste landfill facilities with an annual capacity of 18,000 metric tonnes constructed and owned by a subsidiary situated at Yancheng, Jiangsu Province, the PRC, and the operation of which is still pending governmental approval to resume operation.

Environmental Equipment Construction and Installation Services

The wholly-owned engineering subsidiary, Jiangsu Yu Xin Environmental Engineering Management Company Limited*, is principally engaged in provision of environmental equipment construction and installation services to its clients in the PRC. For the six months ended 30 June 2023, total revenue recognised from the contract works provided to the external customers was approximately HK$543,000 (2022: HK$4,309,000) and the segment recorded a pre-tax loss of approximately HK$7,264,000 (2022: pre-tax loss of HK$977,000).

Environmental Plating Sewage Treatment Services in Eco-plating Specialised Zone

For the six months ended 30 June 2023, total revenue from the segment of provision of environmental plating sewage treatment services and provision of related facilities and utilities in the eco-plating specialised zone situated at Zhenjiang, Jiangsu Province, the PRC (the "**Eco-plating Specialised Zone**") was approximately HK$61,830,000 (2022: HK$74,453,000) and the segment profit margin (pre-tax) was approximately 13.0% (2022: 17.3%).

At the end of the reporting periods, the results of the Eco-plating Specialised Zone remained stable and its operations were summarised as follows:

	For the six months ended 30 June	
	2023	2022
Total gross floor area of factory buildings and facilities available for leasing *(square metres)*	**101,034**	106,808
Average utilisation rate of factory buildings and facilities	**91.8%**	91.2%
Plating sewage handled by the centralised sewage treatment plant *(metric tonnes)*	**141,559**	194,106
Average utilisation rate of sewage treatment capacity	**17.2%**	23.5%

The Eco-plating Specialised Zone is owned, built and operated by the Group's wholly-owned subsidiary, Zhenjiang Sinotech Eco-Electroplating Development Limited ("**Zhenjiang Sinotech**") in Zhenjiang, Jiangsu Province, the PRC. The Group operates a centralised plating sewage treatment plant, a centralised industrial sludge treatment plant and customised facilities equipped for the clients in the zone. The Eco-plating Specialised Zone has a total land area of approximately 180,000 square metres, in which, office building, factory buildings, and centralised filtering plants were built. The office building and centralised sewage filtering and sludge treatment plants were built with a total gross floor area of 19,560 square metres, and the factory buildings and facilities with a total gross area of 101,034 (2022: 106,808) square metres that have now been leased to various manufacturing clients carrying out their plating-related operations inside the Eco-plating Specialised Zone. There are now 22 factory buildings in the Eco-plating Specialised Zone currently leased by 35 (31 December 2022: 38) manufacturing clients as at 30 June 2023.

On 30 May 2023, Zhenjiang Sinotech, as the lessor, has entered into a plant construction and lease contract with an Austrian plating company as the lessee in relation to, among other things, the construction of an electroplating factory building and related facilities tailored for the production requirement of the lessee on a parcel of land with 15 mu (approximately 9,900 square metres) in the Eco-plating Specialised Zone, a lease conferring the lessee a term of five years commencing the completion of the factory building ("**Lease Term**"), and the intention of the lessee to purchase the land, factory building, and related facilities for an aggregate maximum consideration estimated to be approximately RMB47,450,000 (approximately HK$51,246,000) subject to the negotiations between the parties by the end of the Lease Term. Details of the transaction are set out in the announcement of the Company dated 30 May 2023.

Investments in Plastic Materials Dyeing Business

The Group holds the equity interests in three manufacturing entities, which are principally engaged in plastic materials dyeing in the PRC as long-term equity investments. For the six months ended 30 June 2023, the profit margin (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 0.3%, 1.8% and 4.2% (2022: 2.4%, 0.5% and 2.8%) respectively.

For the six months ended 30 June 2023, total dividends declared by Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei in relation to their results in 2022 in aggregate of approximately HK$3,945,000 (2022: HK$4,249,000) have been recognised and are expected to be distributed to the Group in the fourth quarter of the year.

Outlook

Entering 2023, the Group has been challenged by the continuing downsizing market of integrated treatment and disposal of hazardous waste in Jiangsu Province, the PRC. During the six months ended 30 June 2023, the Group recorded an operating loss of approximately HK$21,835,000 as compared to an operating profit of approximately HK$36,989,000 for the corresponding period in 2022, and the Group has to cope with changes in the market to accept industrial hazardous waste at declining unit prices and to absorb increasing costs on collection and transportation of hazardous waste and increasing costs on handling the post-incinerated hazardous residue waste.

For the six months end 30 June 2023, the Group has still encountered down-turning in revenue from operations in the cities where there was decrease both in regulated medical waste and hazardous industrial waste. Nevertheless, the Group commits to uphold the national directions towards environmental protection and keep up the waste processing facilities and standards. The Group will ensure license renewal for its subsidiaries that would be granted on time with minimal downtime for necessary fine-tuning of the incineration facilities and hazardous waste management system required under the stricter compliance standards in recent years.

As at 30 June 2023, the existing incineration capacity owned by the four subsidiaries of the Company for handling hazardous waste in the PRC was 149,780 (31 December 2022: 144,780) metric tonnes per annum. The centralised sewage filtering system in the Eco-plating Specialised Zone and its sewage filtering plant has been kept fine-tuning to good conditions.

The Group remains steadfast in its commitment to upholding sound corporate governance practices and environmental stewardship, while navigating the challenges and uncertainties of the current business environment. Despite the declining market demand, the Group will continue to strategically focus on environmentally-related business activities and explore opportunities for prudent business restructuring and industrial upgrading, with the aim of enhancing the sustainable performance of its environmental operations. In line with these efforts, the Company is conducting a thorough review of its current business operations, with a view to optimising the allocation of resources, diversifying its resource base, broadening its income sources, and divesting from underperforming business operations. These measures are intended to restore the Group's growth and profitability, despite the challenging market conditions. The environmental equipment construction and installation services business has been underperforming, and the Group recognises the need to take decisive action to improve the overall performance of the organisation. To this end, on 31 July 2023, the Group entered into an agreement with 南京宇新環保有限公司 (Nanjing Yu Xin Environmental Company Limited*) to dispose of the Group's business segment for the provision of the environmental equipment construction and installation services, details of which are set out in the announcement of the Company dated 31 July 2023. The Group is committed to implementing effective strategies to address the issue and restore profitability, while maintaining its focus on corporate governance and environmental stewardship.

FINANCIAL REVIEW

A summary of the unaudited consolidated financial information of the Group's for the six months ended 30 June 2023 together with corresponding figures for 2022 is presented as follows:

		For the six months ended 30 June		
	Note	**2023**	2022	Change%
		HK$'000	*HK$'000*	
Revenue from environmental treatment and disposal services for industrial and medical wastes	1(i)	**138,808**	186,823	-25.7
Revenue from environmental equipment construction and installation services		**543**	4,309	-87.4
Revenue from environmental industrial sewage treatment, utilities, management services, and factory facilities	1(ii)	**61,830**	74,453	-17.0
Total revenue	1	**201,181**	265,585	-24.2
Average gross profit margin *(in percentage)*	2	**10.1**	20.9	-51.7
Other revenue	3	**3,945**	4,249	-7.2
Other income	4	**2,579**	2,674	-3.6
Gain on disposal of a subsidiary	5	**–**	27,303	–
Distribution costs	6	**10,906**	14,630	-25.5
Administrative expenses	7	**23,751**	30,003	-20.8
Other operating expenses	8	**13,969**	8,189	+70.6
Finance income	9	**3,579**	958	+273.6
Finance costs	10	**2,051**	3,149	-34.9
Share of results of associates	11	**(4,424)**	(3,643)	+21.4
Share of results of a joint venture	12	**(6,110)**	(6,939)	-11.9
Income tax	13	**6,406**	11,409	-43.9
Net (loss)/profit for the period	14	**(37,247)**	12,807	-390.8
(Loss)/profit attributable to owners of the Company	14	**(33,165)**	14,761	-324.7
Basic LPS/EPS *(in HK cents)*	14	**(0.01)**	0.49	-102.0
Diluted LPS/EPS *(in HK cents)*	14	**(0.01)**	0.49	-102.0
EBITDA	15	**9,056**	67,887	-86.7

Notes:

1. Net decrease in total revenue for the six months ended 30 June 2023 was mainly attributable to:

   (i) a substantial decrease in average unit handling price for the environmental treatment and disposal services for industrial and medical wastes in the PRC; and

   (ii) a decrease in revenue from environmental industrial sewage treatment, utilities, management services, and factory facilities as there was a decline in overall manufacturing activities of the clients in the Eco-plating Specialised Zone during the period.

2. Decrease in gross profit margin of the Group for the six months ended 30 June 2023 was mainly attributable to the increase in outsourcing landfill cost for disposal of the secondary wastes produced by the incineration process of the Group.

3. Net decrease in other revenue for the six months ended 30 June 2023 was mainly attributable to the decrease in total dividends declared by the equity investments in the current period.

4. Net decrease in other income for the six months ended 30 June 2023 was mainly attributable to the decrease in the PRC governmental incentive subsidies received in the current period.

5. Gain on disposal of the entire equity interest in a wholly-owned subsidiary in the PRC was a one-off income recognised in the last corresponding period.

6. Net decrease in distribution costs for the six months ended 30 June 2023 was mainly attributable to the decrease in marketing agency fees in the current period.

7. Net decrease in administrative expenses for the six months ended 30 June 2023 was mainly attributable to the decrease in staff remuneration and welfare in the current period.

8. Net increase in other operating expenses for the six months ended 30 June 2023 was mainly attributable to the compensation paid for reallocation of occupants at a development site nearby the Eco-plating Specialised Zone in the current period.

9. Net increase in finance income for the six months ended 30 June 2023 was mainly attributable to the increase in net exchange gain on financing activities in the current period.

10. Net decrease in finance costs for the six months ended 30 June 2023 was mainly attributable to the decrease in costs of borrowings of the Group in the current period.

11. Net increase in loss shared from the associates for the six months ended 30 June 2023 was mainly attributable to the continuous decline in overall business performance of both associates during the current period.

12. Net decrease in loss shared from the joint venture, Xinyu Rongkai, for the six months ended 30 June 2023 was mainly attributable to its control on operating costs in the current period.

13. Net decrease in income tax for the six months ended 30 June 2023 was mainly attributable to the decline in taxable profits from the operations in the PRC in the current period.

14. For the six months ended 30 June 2023, the losses of the Group and net losses attributable to owners of the Company and the respective loss per share ("**LPS**") were and mainly attributable to:

    (i) a decrease in revenue and profit from the environmental treatment and disposal services for industrial and medical wastes in the PRC as there was a decrease in quantity of hazardous waste collected at declining average unit handling prices;

    (ii) decrease in revenue from the environmental industrial sewage treatment services in the Eco-plating Specialised Zone; and

    (iii) an increase in other operating expenses during the current period which was mainly attributable to the compensation paid for relocation of occupants at a development site nearby the Eco-plating Specialised Zone.

15. The Company uses the earnings for the reporting period before interest, taxation, depreciation and amortisation ("**EBITDA**") to measure the operating results of the Group. Decrease in EBITDA for the six months ended 30 June 2023 was mainly attributable to a loss being recorded in the current period.

Seasonality of operations

For the year ended 31 December 2022, the operations of providing environmental treatment and disposal services for hazardous waste in Jiangsu Province has encountered a relatively higher demand in the first half of the year.

For the 12 months ended 30 June 2023, the integrated treatment and disposal services for handling hazardous waste reported a revenue of approximately HK$325,479,000 (12 months ended 30 June 2022: HK$407,404,000) and pre-tax loss of approximately HK$23,130,000 (12 months ended 30 June 2022: profit of HK$16,102,000).

Capital expenditure

For the six months ended 30 June 2023, the Group incurred capital expenditure to increase property, plant and equipment (i) for the operating segment of environmental treatment and disposal for hazardous waste amounted to approximately HK$7,041,000 (2022: HK$5,572,000), (ii) for the operating segment of environmental equipment construction and installation services amounted to approximately HK$21,000 (2022: HK$12,000), and (iii) for the operating segment of industrial sewage and sludge treatment services and provision of facilities and utilities in the Eco-plating Specialised Zone amounted to approximately HK$9,078,000 (2022: HK$2,403,000).

Commitments

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

	30 June 2023 *HK$'000*	31 December 2022 *HK$'000*
Contracted for but not provided for:		
– Capital expenditure in respect of property, plant and equipment	**18,153**	22,464
– Capital contribution to an equity investment	**15,976**	15,976

Note:

On 28 July 2022, Zhenjiang New Universe (an indirect non-wholly owned subsidiary of the Company), entered into an investment agreement (the "**Investment Agreement**") with the Zhenjiang Economic and Technological Development Zone Management Committee, pursuant to which Zhenjiang New Universe would further invest USD15,000,000 into the local expansion plan of Zhenjiang New Universe which comprises, among others, the building of a new incinerator with a daily capacity of 100 metric tonnes (33,000 metric tonnes per annum) of hazardous waste, the technical transformation of the existing incinerator with a daily capacity of 50 metric tonnes (16,500 metric tonnes per annum) of hazardous waste, and the optimisation of other facilities (the "**Expansion Plan**"). The Expansion Plan will be implemented on the land owned by Zhenjiang New Universe with a total area of 2,045 square metres. Pursuant to the Investment Agreement, NUET(JS) (the immediate holding company interested in 100% paid-up registered capital of Zhenjiang New Universe) should inject additional capital in the amount of USD5,000,000 into Zhenjiang New Universe by the end of December 2022. However, the additional capital of USD5,000,000 to be registered for and injected into Zhenjiang New Universe is still subject to the approval of the relevant departments of the PRC government. Given that the current market demand is still under uncertainties, the board of directors of the Company has decided to defer the implementation of the Expansion Plan until further review by mid-2024.

Liquidity and financial resources

(a) For the six months ended 30 June 2023, the Group financed its operations and made payment of debts and liabilities due timely and would finance its contracted capital commitments with internally generated cash flows and banking facilities.

(b) The Group still remained stable in its financial position with equity attributable to owners of the Company amounted to approximately HK$883,888,000 (31 December 2022: HK$961,677,000) and consolidated total assets amounted to approximately HK$1,397,945,000 (31 December 2022: HK$1,514,046,000) as at 30 June 2023 respectively.

(c) The Company did not have any equity fund raising activity within the past twelve months immediately prior to the date of this announcement (2022: Nil).

(d) At the end of the reporting period, the Group had:

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
(i) Cash and bank balances	**229,025**	270,279
(ii) Available unused unsecured banking facilities	**46,960**	39,041

Key performance indicators

(a) The Group monitors the earnings performance of its operations through EBITDA. EBITDA of the Group was HK$9,056,000 for the six months ended 30 June 2023 (2022: HK$67,887,000).

Reconciliation of consolidated net (loss)/profit for the period to EBITDA is set out as follows:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(37,247)**	12,807
Add:		
Depreciation on property, plant and equipment	**36,214**	38,628
Depreciation on right-of-use assets	**1,632**	1,894
Gross interest expenses	**2,051**	3,149
Income tax	**6,406**	11,409
EBITDA	**9,056**	67,887

(b) The Company monitors its financial and earnings performance of the associates and joint venture through EBITDA by cancelling the effects of the entity's capital, financing and tax entity structure. Set out below is the EBITDA each of the associates and joint venture of the Company:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
EBITDA of associates:		
Zhenjiang Xin Qu	**5,721**	6,629
NCIP	**(4,935)**	(1,981)
EBITDA of joint venture:		
Xinyu Rongkai	**(1,406)**	(4,298)

(c) 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 1.09 times as at 30 June 2023 (31 December 2022: 1.15 times).

(d) The Group monitors its capital by reference to the gearing ratio. This ratio is calculated as the total interest-bearing borrowings (including lease liabilities) divided by total equity. The gearing ratio at the end of the reporting period was as follows:

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
Bank borrowings		
– in Hong Kong Dollar	**17,700**	25,300
– in Renminbi	**78,840**	72,659
Lease liabilities	**483**	667
Total interest-bearing borrowings	**97,023**	98,626
Total equity	**988,710**	1,075,567
Gearing ratio	**9.8%**	9.2%

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

Capital structure

There was no significant change to the capital structure of the Company as at 30 June 2023 as compared to that as at 31 December 2022.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

On 2 March 2022, the Group as the vendor entered into an agreement with a purchaser to dispose of the entire equity interests in Taixing Xin Xin Resources Recycling Company Limited*, a wholly-owned subsidiary of the Company at a consideration of RMB42,100,000 (approximately HK$51,760,000) (the "**Equity Disposal Agreement**"). Completion of the Equity Disposal Agreement took place on 14 April 2022 and the Group recognised a gain on such disposal of approximately HK$27,303,000.

Save as disclosed herein, there were no significant investments nor material acquisition and disposal of subsidiaries, associates and joint ventures of the Company for the six months ended 30 June 2023.

Significant investments held and their performance

According to the valuation report prepared by an independent professional valuer, Colliers International (Hong Kong) Limited ("**Colliers International**") (31 December 2022: Colliers International), the total fair value attributable to the Group's interests in the equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 30 June 2023 was HK$69,800,000 (31 December 2022: HK$70,300,000).

		Fair value attributable to the Group	
	Group's interest	**30 June 2023** *HK$'000*	31 December 2022 *HK$'000*
Suzhou New Huamei	18.62%	**10,500**	17,500
Danyang New Huamei	24.50%	**9,800**	7,600
Qingdao Huamei	28.67%	**49,500**	45,200
		69,800	70,300

As at 30 June 2023, the fair value of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei represented 0.8%, 0.7% and 3.5% (31 December 2022: 1.2%, 0.5% and 3.0%) of the Group's total assets respectively.

Impairment testing on goodwill

Goodwill was recognised in a business combination completed in 2007 that currently composed of Zhenjiang New Universe and Yancheng New Universe Solid Waste Disposal Company Limited being identified as a cash-generating unit. As at 30 June 2023, the assessment on the recoverable amount of this cash-generating unit (having excluded Taizhou New Universe Solid Waste Disposal Company Limited after its being disposed of by the Group completed on 29 October 2020), which is principally engaged in environmental waste treatment and disposal services mainly in Jiangsu Province, the PRC, was determined with reference to the valuation report prepared by the independent professional valuer, Colliers International (31 December 2022: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection with a growth rate at 2% (31 December 2022: 2%) of that cash-generating unit operating at the licensed incineration and treatment capacity of handling 26,400 metric tonnes of hazardous industrial waste per annum and 3,380 metric tonnes of regulated medical waste per annum, and the pre-tax discount rate of 16.60% (31 December 2022: 16.61%) which reflects the risks for the industries. No impairment loss to the goodwill was considered necessary for the six months ended 30 June 2023 (31 December 2022: Nil).

Impairment testing on interest in an associate, NCIP

As at 30 June 2023, the assessment on the recoverable amount of the Group's interest in NCIP, which is principally engaged in environmental waste treatment and disposal services in Nanjing, the capital city of Jiangsu Province, the PRC, was determined with reference to the valuation report prepared by the independent professional valuer, Colliers International (31 December 2022: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection of NCIP with a growth rate at 2% (31 December 2022: 2%) of NCIP as cash-generating unit operating at the licensed incineration and treatment capacity of handling 38,000 metric tonnes of hazardous industrial waste per annum, and the pre-tax discount rate of 15.16% (31 December 2022: 15.74%) which reflects the risks for the business of NCIP. No impairment loss to the Group's interest in NCIP was considered necessary for the six months ended 30 June 2023 (31 December 2022: Nil).

Charges on assets

As at 30 June 2023, the following assets of the Group were pledged as collaterals for banking facilities granted by the current bankers and for other suppliers and clients of the Group.

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
Carrying amount of collaterals:		
Property, plant and equipment	**80,245**	89,129
Land use rights	**24,644**	26,091
Restricted bank deposits	**514**	5,119
	105,403	120,339

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
Secured liabilities and guarantee issued:		
Secured bank borrowings	**57,240**	67,800
Bills payable	**1,480**	10,242
Bank guarantees issued in favour of independent third parties for undertaking contract works	**70**	–
	58,790	78,042

Contingent liabilities

Reference is made to the announcements of the Company dated 20 May 2022, 30 May 2022 and 7 February 2023 in relation to the legal proceedings in process against NUET(JS), an 82% indirectly owned subsidiary of the Company incorporated in Hong Kong. Two writs of summons issued by the Jiangsu Zhenjiang Intermediate People's Court (the "**Court**") in Mainland China were received by NUET(JS) in respect of the proceedings filed by two existing shareholders (each a "**Plaintiff**", namely Mr. YIN Yong Xiang* and Mr. SUN Jia Qing**) each holding 8% of the issued share capital of NUET(JS) on 20 May 2022 and 27 May 2022 respectively. Pursuant to each of the two writs of summons, each Plaintiff alleged that NUET(JS) should immediately pay each Plaintiff accrued and unpaid dividends of HK$26,579,113.60 (approximately to RMB22,477,608.92) and interest thereon in the amount of RMB4,057,752.68 (the "**Actions**"). In connection with the Actions and upon the application of each of the Plaintiffs, the Court had, in respect of each of the Plaintiffs' applications, granted an asset preservation order to preserve (the “**Asset Preservation**”) 38.54% of the equity rights of Zhenjiang New Universe, a wholly-owned subsidiary of NUET(JS) established in the PRC, with effect from 18 March 2022 and, unless extended, will last until the earlier of 17 March 2025 or until the Asset Preservation is lifted by the Court. Thereafter the first hearing of the two Actions took place and completed on 15 July 2022 at the Court, NUET(JS) has received two civil judgments of the Court dated 4 January 2023 and 5 January 2023 in respect of the two Actions respectively, in which, amongst others: (i) the claims of each of the Plaintiffs against NUET(JS) under the Actions were dismissed; and (ii) it was ordered that the two Plaintiffs bear the costs (including case acceptance fees and asset preservation fees) of their Actions respectively. Both Plaintiffs did not admit to the judgments of the Court and have each submitted a civil appeal (with both civil appeals dated 29 January 2023) to the Court, and in the civil appeals, the Plaintiffs have requested for (i) the revocation of the judgments of the Court; and (ii) NUET(JS) to bear the respective costs of the Actions. The civil appeals have been transferred from the Court to the Jiangsu Province High People’s Court in Mainland China, and the dates and times for further trial and hearing will be determined at a later date. As the Actions are still ongoing, the Asset Preservations will continue to remain in effect.

The Group has already recognised the amounts being claimed under the Actions as dividends payable to non-controlling interests of a subsidiary without fixed payment terms that were classified under other payables in the Group’s financial statements but no provision has been recognised for any interest on those non-interest bearing dividend rights. As the Actions are still in process, the information usually required by HKAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it might prejudice the outcome of the proceedings. The Directors are of the opinion that the Actions and the Asset Preservations are not expected to have adverse impact to the normal operations of NUET(JS), Zhenjiang New Universe and any members of the Group.

Save as disclosed herein, there were no other significant contingent liabilities of the Group as at 30 June 2023 (31 December 2022: Nil).

Notes:

* Mr. YIN Yong Xiang is an existing director of the Group’s subsidiary, Zhenjiang New Universe, and he is also the existing chairman of the boards of Danyang New Huamei and Qingdao Huamei, and the existing vice-chairman of the board of Suzhou New Huamei.

** Mr. SUN Jia Qing is an existing director of the Group’s subsidiary, Zhenjiang New Universe.

Event after the reporting period

On 31 July 2023, Jiangsu Xin Yu Environmental Technologies Limited* (as the Vendor, an indirect wholly-owned subsidiary of the Company), Nanjing Yu Xin Environmental Company Limited* (as the Purchaser), and Jiangsu Yu Xin Environmental Engineering Management Company Limited* (as the Target Company) entered into an agreement. Pursuant to the Agreement, the Vendor agreed to sell, and the Purchaser agreed to acquire, the 100% of the equity interest in the Target Company at a consideration of RMB12,000,000 (approximately HK$12,960,000) (as the "**Disposal**"). The Target Company is an indirect wholly-owned subsidiary of the Company, and the Purchaser is owned by Mr. HE Ling Yun, the owner of 97% of the equity interest in the Purchaser and an executive director and a general manager of the Target Company, and Ms. SHI Zhao Xia, the owner of 3% of the equity interest in the Purchaser and a vice general manager of the Target Company respectively. Upon completion of the Disposal, the Group will no longer hold any interest in the Target Company, the Target Company will no longer be a subsidiary of the Group, and the Target Company's financial results will no longer be consolidated into the consolidated financial statements of the Group. Please refer to the announcement of the Company dated 31 July 2023 for details.

Employee information

As at 30 June 2023, the Group had 617 (2022: 644) full-time employees, of which 17 (2022: 17) were based in Hong Kong, and 600 (2022: 627) in the PRC. For the six months ended 30 June 2023, staff costs, including the remuneration of the Directors and amount capitalised as inventories was HK$46,545,000 (2022: HK$52,910,000). The Group's remuneration policy emphasises motivation and performance of its employees, with a principle to strengthen the Group's competitiveness in the market and comply with the relevant statutory requirements of the PRC and Hong Kong. Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as share option scheme, bonus, medical insurance, contributions to mandatory provident fund (in respect of Hong Kong employees only), the contributions to the statutory social insurance benefits in the PRC, including the endowment insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund (in respect of PRC employees only), and continuing development and training.

Foreign currency risk

The Group mainly operates in the PRC 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 PRC 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 PRC are translated from RMB into HK$ at the closing rate ruling at the end of the reporting period. For the six months ended 30 June 2023, RMB depreciated on average relative to the HK$ that resulted in an overall downside exchange difference on the translation from RMB to HK$ for the financial statements of the subsidiaries in China amounted approximately to HK$29,219,000 (2022: downside exchange difference of HK$38,099,000) that were recognised as other comprehensive income and accumulated separately in equity under the translation reserve of the Company. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss when the interests in the relevant subsidiaries in the PRC being entirely or partially disposed of by the Group.

Interest rate risk

As at 30 June 2023, the bank borrowings of the Group were managed using a mix of fixed and floating interest rates in order to minimise interest rate risk, of which bank borrowings denominated in HK$ were stipulated at floating interest rates within the range of 4.88% to 7.99% (31 December 2022: 1.65% to 7.99%) per annum and bank borrowings denominated in RMB were stipulated at various fixed interest rates within the range of 3.75% to 4.25% (31 December 2022: 3.75% to 4.60%) per annum. The Group has no significant interest-bearing assets apart from bank balances and time deposits carrying at prevailing market interest rates within the range from 0.01% to 4.85% (31 December 2022: 0.01% to 4.50%) per annum.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, other receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivables is limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. As at 30 June 2023, the Group does not provide any guarantees which would expose the Group to credit risk.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2023, 1.3% (31 December 2022: 0.3%) and 6.3% (31 December 2022: 3.2%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade and bills receivables (including lease receivables) at an amount equal to lifetime expected credit losses. Generally, trade and bills receivables (including lease receivables) are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security over these balances.

Barring any unforeseeable further risks from the global and local economies affecting the market trends in the PRC, the Group considers that the allowance for lifetime expected credit losses amounted to approximately HK$39,556,000 (31 December 2022: HK$41,388,000) on the gross carrying amount of trade, lease and bills receivable amounted to approximately HK$154,634,000 (31 December 2022: HK$147,887,000) at a ratio of approximately 25.6% as at 30 June 2023 (31 December 2022: 28.0%) would be prudently adequate to contain the potential risks of losses.

Principal risks and uncertainties related to the Company's business operations

During the current reporting period, the Group has experienced a significant decline in both revenue and overall profitability, and the downside risks are expected to remain through the end of this year 2023. This decline is primarily attributable to the market shift in the handling and treatment of industrial hazardous waste in Jiangsu Province, China. The Group has undertaken a thorough review of the risks and situation to mitigate the impact of the risks arising from this market change. The decline in revenue and profitability of the Group can be attributed to a combination of factors, including the downturn in industrial activities, increased competition in the hazardous waste management industry, and industries shifting towards cleaner and less waste-intensive processes. Additionally, the emergence of more cost-effective waste disposal technologies has reduced demand for hazardous waste incineration services. Furthermore, changes in environmental laws and administrative regulations have had an impact on the hazardous waste management industry, while lenient enforcement has also reduced demand for incineration services. Despite these challenges, the Group remains committed to taking proactive steps to address the impact of these market changes and to ensure its long-term sustainability.

The Group has encountered significant increases in credit risk which are mainly attributable to the increase in underperforming accounts receivable from distressed clients in the times of increased economic uncertainties. The Company faces the challenge of inputting subjective forward-looking information into the assessment of whether credit risk on the accounts receivable has increased significantly. The Company would perform both individual and collective assessments on the recoverability of underperforming accounts due from clients grouped by locations in different industrial parks in Jiangsu Province, the PRC. As all clients of the Group have to comply with strict environmental regulations to timely handle the hazardous waste produced in their manufacturing process, they have to engage with qualified service provider(s) to collect, manage, decompose and finally landfill their hazardous waste produced in order to avoid non-compliance penalties or even being ordered to shut down. Those clients facing risks of financial stress from increased economic uncertainty would request for concessions against the current terms of their contracts with the Group, delayed settlement of invoiced amounts, and they even involved the local authority in charge of the industrial parks where they are located to intervene in the mediation.

The Group would incorporate impacts of increased economic uncertainty on the risk of default into the probability of default for individual exposures on a timely basis, incorporate qualitative factors as there were changes in client's payment behaviour, assess if there were significant increases in credit risks on a collective basis, and recognise allowance on lifetime expected credit loss upon the deviation of contractual payment terms by client(s). The Group would limit its exposure to credit risk by rigorously selecting the counterparties (i.e. the clients, the customers, the hazardous waste producers, and the market intermediaries) and explore prudently for opportunities of market diversification.

Save as disclosed therein, as at 30 June 2023 and up to the date of this announcement, there was no significant change to the principal risks and uncertainties related to the Company's business operations since the date of the last annual report of the Company for the year ended 31 December 2022.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (2022: Nil).

The final dividend related to the financial year ended 31 December 2022 proposed on 24 March 2023 at HK$0.0038 per ordinary share of the Company totally amounted approximately to HK$11,536,000 has been recognised as a liability as at 30 June 2023 after the said final dividend was duly approved by the shareholders of the Company at the annual general meeting on 18 May 2023 and has been paid on 31 July 2023.

CHANGE IN DIRECTORS' INFORMATION

Information on Directors

For the six months ended 30 June 2023 and up to the date of this announcement, there were changes in Directors' information as follows:

(i) With effect from the conclusion of the annual general meeting of the Company held on 18 May 2023, Dr. CHAN Yan Cheong retired as an independent non-executive Director. With effect upon the retirement of Dr. CHAN Yan Cheong as an independent non-executive Director, he ceased to be the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee.

(ii) With effect from 1 January 2023, Mr. YANG Harry was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. With effect upon the retirement of Dr. CHAN Yan Cheong as an independent non-executive Director on 18 May 2023, Mr. YANG Harry was appointed by the Board as the Chairman of the Audit Committee.

(iii) With effect from 12 April 2023, Ms. LIU Yu Jie was re-designated from an executive director to a non-executive director of China Water Affairs Group Limited (stock code: 855, a company whose shares are listed on the Stock Exchange).

Save as disclosed therein, there was no other significant change in details of the Directors' information since the date of the last annual report of the Company for the year ended 31 December 2022.

Save as disclosed therein, there was no other information to be disclosed pursuant to the requirements of the Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") ("**Listing Rules**").

Information on management

Mr. HE Ling Yun currently serving as the executive director and general manager of Jiangsu Yu Xin Environmental Engineering Management Company Limited*, and Ms. SHI Zhao Xia currently serving as vice general manager of that company, shall be departing from the Group following the completion of the Group's Disposal of the entire equity interests of Jiangsu Yu Xin Environmental Engineering Management Company Limited* as the Target Company pursuant to the Agreement entered into by the Group on 31 July 2023. Consequently, each of Mr. HE Ling Yun and Ms. SHI Zhao Xia will no longer hold a position as a member of the senior management in the Company and the Group.

Up to the date of this announcement, save as disclosed therein, there was no other significant change in details of the management team members of the Company since the date of the last annual report of the Company for the year ended 31 December 2022.

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

Neither the Company, nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

CORPORATE GOVERNANCE PRACTICES

The Directors of the Company and the management of the Group are committed to upholding good corporate governance practices and procedures. The Company believes that maintenance of high standard of business ethics and good corporate governance is essential for effective management, healthy business growth and fostering a contemporary corporate culture, which drives the Group to growing sustainably and safeguarding the interests of shareholders of the Company ("**Shareholders**").

CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code set out in Part 2 of Appendix 14 ("**CG Code**") to the Listing Rules throughout the six months ended 30 June 2023, and the Directors confirmed that they were not aware of any deviation from the CG Code during the period then ended, except for the code provision C.2.1.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. For the six months ended 30 June 2023, Mr. XI Yu has assumed the roles of both chairman of the Board ("**Chairman**") and the chief executive officer of the Company ("**CEO**") that constitutes a deviation from code provision C.2.1 of the CG Code. After evaluation of the current situation of the Group and taking into account of the experience and performance of Mr. XI Yu, the Board is of the opinion that it is appropriate and in the best interest of the Company at the present stage to vest the roles of the Chairman and the CEO of the Company on the same person as it helps to facilitate the execution of the Group's business strategies and maximises the effectiveness of its operation. The Board also considers that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and CEO; (ii) Mr. XI Yu as the Chairman and CEO is fully accountable to the Shareholders and contributes to the Board and the Group on all top level and strategic decisions and is responsible for ensuring that all Directors act in the best interests of the Shareholders; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively. However, the Board will continue to review and consider splitting the role of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Director's securities transactions in the securities of the Company. Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with or they were not aware of any non-compliance with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2023.

CONNECTED TRANSACTIONS

There was no connected transactions (defined under the Listing Rules) which were discloseable in the current reporting period or any time during the six months ended 30 June 2023.

PROVISION OF FINANCIAL ASSISTANCE AND GUARANTEES TO AN AFFILIATED COMPANY

On 25 September 2020, the Company and the joint venturer, as the joint guarantors, entered into a guarantee agreement with a bank in the PRC to jointly guarantee the repayment obligations of Xinyu Rongkai (65% indirectly owned joint venture of the Company) in relation to the bank loan facilities in a total amount of RMB120,000,000 (approximately HK$129,600,000) and the guarantee will be effective until 31 December 2027, for the purpose of financing the construction of the integrated hazardous waste treatment project undertaken by Xinyu Rongkai at Liuzhou, Guangxi Province, the PRC.

On 7 December 2022, the Company as guarantor, entered into a guarantee agreement with another bank in the PRC to guarantee the repayment obligations amounted to RMB5,850,000 (approximately HK$6,318,000) based on 65% equity interest in Xinyu Rongkai for a short-term banking facilities in a total amount of RMB9,000,000 (approximately HK$9,720,000) and the guarantee will be effective until 6 December 2026, for general working capital purpose of Xinyu Rongkai.

The banking facilities of Xinyu Rongkai guaranteed by the Company amounting to 65% of RMB129,000,000 (approximately HK$139,320,000) (31 December 2022: RMB129,000,000 (approximately HK$145,770,000)) of which RMB125,100,000 (approximately HK$135,108,000) (31 December 2022: RMB125,100,000 (approximately HK$141,363,000)) was utilised, and loans of approximately RMB78,660,000 (approximately HK$84,953,000) were outstanding as at 30 June 2023 (31 December 2022: RMB93,173,000 (approximately HK$105,285,000)) of which approximately RMB69,660,000 is repayable on 21 June 2025 and bearing interest at 4.55% (31 December 2022: 4.55%) per annum and RMB9,000,000 is repayable on 6 December 2023 and bearing interest at 3.65% (31 December 2022: 3.65%) per annum.

On 19 June 2023, New Universe International Group Limited (a wholly-owned subsidiary of the Company which directly holds 65% equity interest in Xinyu Rongkai) as Lender A, the joint venture (which directly holds 35% equity interest in Xinyu Rongkai) as Lender B, and Xinyu Rongkai as the borrower have jointly entered into a loan agreement ("**JV Loan Agreement**") for a total loan amount of RMB15,500,000 (approximately HK$16,740,000) which is unsecured, bearing interest at 4.05% p.a. and repayable on 20 June 2025. Pursuant to the JV Loan Agreement, in proportion to the respective shareholdings, Lender A agreed to lend RMB10,075,000 (approximately HK$10,881,000) and Lender B agreed to lend RMB5,425,000 (approximately HK$5,859,000) to Xinyu Rongkai respectively. The loan has been drawn down by Xinyu Rongkai on 20 June 2023 and used for the repayment of bank loan instalment and interest due on 21 June 2023.

The following table summarised the financial information relating to the Group's joint venture at the end of the reporting period:

	30 June 2023 *HK$'000*	31 December 2022 *HK$'000*
Gross amounts of the joint venture's		
Non-current assets	**167,263**	181,330
Current assets	**1,206**	3,848
Current liabilities	**(61,227)**	(64,473)
Non-current liabilities	**(43,886)**	(62,317)
Equity	**63,356**	58,388
The Group's attributable interest in the joint venture		
Gross amount of net assets of the joint venture	**63,356**	58,388
The Group's share of net assets of the joint venture	**41,182**	37,952
Unrealised profit on inter-company transaction eliminated on consolidation	**(2,618)**	(2,739)
Carrying amount of net assets of the joint venture	**38,564**	35,213

LOAN AGREEMENTS WITH SPECIFIC PERFORMANCE COVENANT

As at 30 June 2023 and up to the date of this announcement, there is no outstanding loan nor any loan agreement of the Company under Rule 13.18 of the Listing Rules that includes a condition imposing specific performance obligations on any controlling shareholder of the Company (31 December 2022: Nil).

DIRECTORS' SERVICE CONTRACTS

None of the Directors has service contract with Company that is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

As at 30 June 2023 and any time during the six months then ended up to the date of this announcement, 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:

(a) Mr. XI Yu and Ms. CHEUNG Siu Ling, the executive Directors of the Company, are also the directors of the landlord, Sun Ngai International Investment Limited ("**Sun Ngai**") to the tenancy agreement dated 20 July 2021 and the renewed agreement dated 25 July 2022 entered into by Smartech Services Limited ("**Smartech Services**", an indirectly 100% owned subsidiary of the Company) as tenant to lease three office units at Rooms 2109 to 2111, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong ("**Office Premises**") for the period from 1 August 2022 to 31 July 2023 at a monthly rental of HK$80,000.

(b) A renewed tenancy agreement dated 21 July 2023 was entered into between Sun Ngai as landlord and Smartech Services as tenant for leasing the Office Premises for the period from 1 August 2023 to 31 July 2024 at a monthly rental of HK$80,000.

(c) For the six months ended 30 June 2023, total rentals paid by Smartech Services to Sun Ngai were HK$480,000 (2022: HK$480,000).

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. The afore-mentioned tenancy agreement entered into between the wholly owned subsidiary of the Group, Smartech Services and Sun Ngai were de minimus transactions exempted under rule 14A.76(1)(a) of the Listing Rules.

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 had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or any time during the period.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

Ms. LIU Yu Jie was appointed as an 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 the PRC, of which she has a controlling stake in one of the four said companies. As the permission operating licence 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, during the six months ended 30 June 2023 and up to the date of this announcement, the Directors were not aware of any business or interest of the Directors or any substantial shareholder of the Company and their respective associates that had competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company during the six months ended 30 June 2023 and up to the date of this announcement, there is sufficient public float of not less than 25% of the Company's issued shared as required under the Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group pays high regards to legal and regulatory requirements in formulating its policies and practices. The Company has engaged financial advisers to advice it on the compliance with the Listing Rules and legal advisers to advice it on the compliance with the PRC Laws and laws of Hong Kong. Legal and other professional advisers would be engaged to ensure the Group operates in accordance with applicable laws and regulations for major corporate events of the Company.

During the six months ended 30 June 2023, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors, Mr. YANG Harry, who chairs the Audit Committee, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the unaudited consolidated financial results and financial information of the Company for the six months ended 30 June 2023.

INDEPENDENT REVIEW OF INTERIM FINANCIAL RESULTS

The condensed consolidated financial statements for the six months ended 30 June 2023 of the Company ("**Interim Financial Report**") were unaudited, but have been reviewed in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, by the Company's independent auditor, Crowe (HK) CPA Limited, who has confirmed that nothing has come to their attention that causes them to believe that the Interim Financial Report is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This interim results announcement is published on the websites of the Company (www.nuigl.com) and the Stock Exchange (www.hkexnews.hk). The Interim Financial Report containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the afore-mentioned websites in due course.

By order of the Board
New Universe Environmental Group Limited
XI Yu
Chairman and Chief Executive Officer

Hong Kong, 18 August 2023

As at the date of this announcement, the Board comprises five executive Directors: Mr. XI Yu (Chairman and Chief Executive Officer), Ms. CHEUNG Siu Ling, Ms. JIANG Qian, Ms. LIU Yu Jie and Mr. HON Wa Fai; one non-executive Director: Ms. XI Man Shan Erica; and three independent non-executive Directors: Mr. YUEN Kim Hung, Michael, Mr. HO Yau Hong, Alfred and Mr. YANG Harry.

* *For identification purpose only*