



New Universe International Group Limited

新宇國際實業(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8068)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This announcement, for which the directors (the “Directors”) of NEW UNIVERSE INTERNATIONAL GROUP LIMITED (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Group revenue up 33% to HK\$253,511,000.
- Profit attributable to owners of the Company up 3.4% to HK\$57,153,000.
- Equity attributable to owners of the Company was HK\$628,538,000 at 31 December 2014.
- Cash and cash equivalents of the Group amounted to HK\$121,780,000 at 31 December 2014.
- Total earnings per share attributable to owners of the Company up 3.4% to HK cents 2.15.
- The Board resolved to declare a final dividend of HK\$0.0048 per share for the year ended 31 December 2014.

FINAL RESULTS 2014

The board of directors (the “Board”) of New Universe International Group Limited hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2014, together with the comparative figures for 2013.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Continuing operations			
Revenue	5	253,511	190,667
Cost of sales		<u>(139,529)</u>	<u>(99,687)</u>
Gross profit		113,982	90,980
Other revenue	6	4,601	4,640
Other net income	7	27,198	489
Distribution and selling expenses		(8,799)	(6,303)
Administrative expenses		(36,726)	(29,880)
Other operating expenses		<u>(17,058)</u>	<u>(7,602)</u>
Operating profit		83,198	52,324
Finance income	8	1,539	1,624
Finance costs	8	<u>(2,817)</u>	<u>(3,511)</u>
Finance costs – net	8	(1,278)	(1,887)
Gain on deemed disposal of an associate		–	6,128
Share of profits of associates		<u>2,555</u>	<u>3,979</u>
Profit before taxation	9	84,475	60,544
Income tax	10	<u>(12,596)</u>	<u>(16,421)</u>
Profit for the year from continuing operations		71,879	44,123
Discontinued operations			
Profit for the year from discontinued operations		<u>–</u>	<u>18,685</u>
Profit for the year		<u>71,879</u>	<u>62,808</u>

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit attributable to:			
Owners of the Company		57,153	55,283
Non-controlling interests		<u>14,726</u>	<u>7,525</u>
		<u>71,879</u>	<u>62,808</u>
Profit attributable to owners of the Company			
arises from:			
Continuing operations		57,153	36,598
Discontinued operations		<u>–</u>	<u>18,685</u>
		<u>57,153</u>	<u>55,283</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share from continuing and discontinued operations attributable to owners of the Company during the year (expressed in HK cents per share)			
Basic and diluted earnings per share	11		
Continuing operations		2.15	1.38
Discontinued operations		<u>–</u>	<u>0.70</u>
Continuing and discontinued operations		<u>2.15</u>	<u>2.08</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	<u>71,879</u>	<u>62,808</u>
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	(5,245)	14,616
– on translation of financial statements of overseas associates	(147)	874
– reclassification of translation reserve upon de-registration of a foreign subsidiary	(8,100)	–
– reclassification of translation reserve upon deemed disposal of an associate	–	(1,118)
Fair value changes on available-for-sale equity investments	17,500	1,400
Tax effect relating to changes in fair value of available-for-sale equity investments	(1,750)	(140)
	<u>2,258</u>	<u>15,632</u>
Other comprehensive income for the year, net of income tax		
	<u>2,258</u>	<u>15,632</u>
Total comprehensive income for the year	<u><u>74,137</u></u>	<u><u>78,440</u></u>
Attributable to:		
Owners of the Company	60,347	69,617
Non-controlling interests	13,790	8,823
	<u>60,347</u>	<u>8,823</u>
Total comprehensive income for the year	<u><u>74,137</u></u>	<u><u>78,440</u></u>
Total comprehensive income attributable to owners of the Company arises from:		
Continuing operations	60,347	50,932
Discontinued operations	–	18,685
	<u>60,347</u>	<u>18,685</u>
	<u><u>60,347</u></u>	<u><u>69,617</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		505,640	435,844
Prepaid lease payments		94,236	102,410
Goodwill		33,000	33,000
Interests in an associate		16,756	14,348
Available-for-sale equity investments		85,000	67,820
		<hr/> 734,632 <hr/>	<hr/> 653,422 <hr/>
Current assets			
Inventories		1,379	1,736
Trade and bills receivables	14	45,638	54,074
Prepayments, deposits and other receivables	15	16,615	12,684
Prepaid lease payments		2,711	2,719
Pledged time deposits		10,313	–
Cash and cash equivalents		121,780	109,827
		<hr/> 198,436 <hr/>	<hr/> 181,040 <hr/>
Current liabilities			
Interest-bearing bank borrowings		40,788	54,007
Trade payables	16	2,152	1,456
Accrued liabilities and other payables		98,050	92,128
Deposits received from customers		901	2,458
Deferred government grants		455	278
Income tax payable		9,796	3,636
		<hr/> 152,142 <hr/>	<hr/> 153,963 <hr/>
Net current assets		<hr/> 46,294 <hr/>	<hr/> 27,077 <hr/>
Total assets less current liabilities		<hr/> 780,926 <hr/>	<hr/> 680,499 <hr/>

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Non-current liabilities			
Interest-bearing bank borrowings		1,260	–
Other borrowings		48,000	40,000
Deferred government grants		4,671	7,305
Deferred tax liabilities		25,742	24,937
		<u>79,673</u>	<u>72,242</u>
Net assets		<u>701,253</u>	<u>608,257</u>
Capital and reserves			
Share capital	17	27,557	26,557
Reserves	18	600,981	523,149
		<u>628,538</u>	<u>549,706</u>
Equity attributable to owners of the Company		628,538	549,706
Non-controlling interests		<u>72,715</u>	<u>58,551</u>
Total equity		<u>701,253</u>	<u>608,257</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. GENERAL INFORMATION

- (a) New Universe International Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) At 31 December 2014, the Directors consider the ultimate controlling party of the Group to be New Universe Enterprises Limited, which is a limited liability company incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.
- (c) The financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company while the functional currency of the subsidiaries in the Mainland of The People’s Republic of China (“PRC”) is Renminbi (“RMB”). As the Company’s shares are listed in Hong Kong, the Directors consider that it is more appropriate to present the financial statements in HK\$, where most of its investors are located in Hong Kong.
- (d) The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as follows:
 - (i) environmental treatment of industrial and medical wastes;
 - (ii) environmental plating sewage treatment services and provision of facilities in an eco-plating specialised zone; and
 - (iii) investments in plastic materials dyeing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

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

(b) Basis of preparation of the financial statements

As at 31 December 2014, the Group had cash and cash equivalents of HK\$121,780,000 (2013: HK\$109,827,000). At the end of the reporting period, the Group had capital commitments of HK\$155,205,000 (2013: HK\$105,287,000).

In preparing these financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain positive cash flow from operations in the immediate and long term.

In order to strengthen the capital base of the Group and to improve the Group's financial position, liquidity and cash flows in the immediate foreseeable future, and otherwise to sustain the Group as a going concern, the Group has adopted the following measure.

On 30 January 2015, Zhenjiang Sinotech Eco-Electroplating Development Limited, a subsidiary in PRC, was granted a secured bank loan facility of RMB35,018,600 (approximately HK\$44,123,000) to finance its development and capital commitment.

In the opinion of the directors of the Company, in light of the measure taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital for its current requirement. Accordingly, the directors of the Company consider that it is appropriate to prepare the financial statements on a going concern basis.

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain available-for-sale equity investments which are stated at their fair value.

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(c) **Changes in accounting policy**

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – Int 21	Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. These amendments do not have an impact on these financial statements.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

HK(IFRIC)-Int 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 July 2014

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

4. SEGMENT INFORMATION

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

Continuing operations

- (i) provision of environmental waste treatment services;
- (ii) provision of environmental industrial sewage treatment and facility services in an eco-plating specialised zone; and
- (iii) investments in plastic materials dyeing business.

(a) 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 attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of corporate assets. Segment liabilities include all current and non-current liabilities with the exception of corporate liabilities attributable to head office in Hong Kong.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

For the year ended 31 December 2014

Continuing operations

	Operating segments			Total HK\$'000
	Environmental waste treatment services HK\$'000	Environmental sewage treatment and facility services HK\$'000	Plastic dyeing investments HK\$'000	
Revenue from external customers	170,929	82,582	–	253,511
Other revenue	249	–	4,352	4,601
Reportable segment revenue	171,178	82,582	4,352	258,112
Reportable segment results	71,227	7,898	3,874	82,999
Other net income	14,558	485	–	15,043
Finance income	657	229	10	896
Finance costs	(956)	(1,861)	–	(2,817)
Depreciation and amortisation for the year	(16,072)	(14,198)	–	(30,270)
Impairment loss on property, plant and equipment	(1,738)	–	–	(1,738)
Reportable segment assets	410,549	402,746	85,179	898,474
Additions to non-current segment assets during the year	74,050	39,702	–	113,752
Reportable segment liabilities	95,892	122,225	2,200	220,317

For the year ended 31 December 2013

Continuing operations

	Operating segments			Total HK\$'000
	Environmental waste treatment services HK\$'000	Environmental sewage treatment and facility services HK\$'000	Plastic dyeing investments HK\$'000	
Revenue from external customers	131,623	59,044	–	190,667
Other revenue	121	34	4,485	4,640
Reportable segment revenue	131,744	59,078	4,485	195,307
Reportable segment results	49,888	8,003	10,918	68,809
Other net income	1	429	–	430
Gain on deemed disposal of associate	–	–	6,128	6,128
Finance income	883	257	105	1,245
Finance costs	(1,805)	(1,706)	–	(3,511)
Depreciation and amortisation for the year	(11,828)	(12,180)	–	(24,008)
Reportable segment assets	337,861	377,323	67,703	782,887
Additions to non-current segment assets during the year	19,447	11,791	–	31,238
Reportable segment liabilities	101,150	98,443	450	200,043

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Revenue		
Consolidated revenue	253,511	190,667
Elimination of inter-segment revenue	–	–
Other revenue	4,601	4,640
	<u>258,112</u>	<u>195,307</u>
Reportable segment revenue	<u>258,112</u>	<u>195,307</u>
Profit		
Reportable segment profit	82,999	68,809
Unallocated head office and corporate income/(expenses)	1,476	(8,265)
	<u>84,475</u>	<u>60,544</u>
Consolidated profit from continuing operations before taxation	<u>84,475</u>	<u>60,544</u>
Assets		
Reportable segment assets	898,474	782,887
Unallocated head office and corporate assets	34,594	51,575
	<u>933,068</u>	<u>834,462</u>
Consolidated total assets	<u>933,068</u>	<u>834,462</u>
Liabilities		
Reportable segment liabilities	220,317	200,043
Unallocated head office and corporate liabilities	11,498	26,162
	<u>231,815</u>	<u>226,205</u>
Consolidated total liabilities	<u>231,815</u>	<u>226,205</u>

(c) **Geographic information**

As the Group's business participates in only one geographical location classified by the location of assets, that is the PRC, no separate geographical segment analysis based on the location of assets is presented. The geographical location of customers is based on the location at which the services are provided:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Mainland China	<u>258,112</u>	<u>195,307</u>

(d) **Major customers**

During the years ended 31 December 2014 and 2013, there was no major customer accounted for more than 10% of the total revenue of the Group.

5. REVENUE

Revenue represents the revenue from provision of services, and provision of industrial sewage and sludge treatment facilities.

An analysis of the Group's revenue is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Environmental waste treatment services	170,929	131,623
Industrial sewage treatment services	82,582	59,044
	<u>253,511</u>	<u>190,667</u>
6. OTHER REVENUE		
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Dividend income from available-for-sale equity investments	4,352	4,485
Scrap sales	249	155
	<u>4,601</u>	<u>4,640</u>
7. OTHER NET INCOME		
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Net compensation received for plant relocation (<i>note (i)</i>)	9,338	–
Net gain on de-registration of a subsidiary in PRC (<i>note (ii)</i>)	8,482	–
Derecognition of liabilities of de-registered subsidiaries (<i>note (iii)</i>)	3,636	–
Net gain on disposal of an available-for-sale equity investment	29	–
Government environmental subsidies	2,482	–
Release of deferred government grants	3,156	273
Sundry	75	216
	<u>27,198</u>	<u>489</u>

Notes:

- (i) The amount represented the compensation received from the PRC urban development authority on relocation of a subsidiary previously situated in Taizhou less the cost of property, plant and equipment and the cost of disposal.
- (ii) Upon the completion of voluntary liquidation after the operations of a subsidiary being disposed of in 2013, the Group recorded a net gain on the complete de-registration of the subsidiary in PRC in November 2014 amounting to HK\$8,482,000, which represented the exemption of PRC tax on the consideration received from the disposal of assets in 2013.
- (iii) Liabilities amounted to HK\$3,636,000 were derecognised when the three investment holding subsidiaries which under voluntary liquidation were de-registered in April 2014 in the British Virgin Islands.

8. FINANCE INCOME AND COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Interest expenses on:		
Bank borrowings wholly repayable within five years	1,571	2,734
Other borrowings wholly repayable within five years	1,259	402
Borrowings and advances from ultimate holding company wholly repayable within five years	–	375
	<u>2,830</u>	<u>3,511</u>
Less: interest expense capitalised into properties under development*	(13)	–
Total finance costs	<u>2,817</u>	<u>3,511</u>
Finance income from:		
Interest income on short-term bank deposits	1,626	1,318
Net foreign exchange (loss)/gain on financing activities	(87)	306
Total finance income	<u>1,539</u>	<u>1,624</u>
Net finance costs	<u><u>1,278</u></u>	<u><u>1,887</u></u>

* The borrowing costs have been capitalised at a rate of 6.9% per annum.

9. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging the following:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Amortisation of land lease prepayments	2,536	2,465
Depreciation for property, plant and equipment	27,886	21,654
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	486	288
– land and buildings in PRC	737	–
– landfill in PRC	127	88
	1,350	376
Net loss on disposal of property, plant and equipment	789	83
Impairment loss on property, plant and equipment	1,738	–
Auditor's remuneration:		
– audit service	850	920
– non-audit services	220	254
	1,070	1,174
Staff costs:		
– Directors' emoluments	2,047	2,007
– salaries, wages and other benefits of employees other than Directors	38,609	30,700
– contributions to retirement benefits schemes	4,221	2,690
Total staff costs	44,877	35,397
Cost of sales (<i>note</i>)	139,529	99,687

Note:

Included in cost of sales were raw materials consumed of HK\$20,330,000 (2013: HK\$13,196,000), staff costs of HK\$20,747,000 (2013: HK\$13,866,000) and depreciation of HK\$24,346,000 (2013: HK\$18,950,000), and of which staff costs and depreciation have already been included in the respective total amounts disclosed above.

10. INCOME TAX

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Current tax		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	16,726	15,169
PRC dividend tax	1,985	2,111
Income tax preferential policy in prior years (<i>Note (iv)</i>)	(5,275)	–
Under/(over)-provision in respect of prior years	105	(418)
	<hr/>	<hr/>
	13,541	16,862
Deferred tax	(945)	(441)
	<hr/>	<hr/>
	12,596	16,421
	<hr/> <hr/>	<hr/> <hr/>

Note

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgins Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgins Islands.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2014 and 2013.
- (iii) On 3 December 2013, Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), the subsidiary of the Group, a wholly-foreign-owned enterprise established in the PRC, is recognised by the Jiangsu Province Bureau of Science and Technology as a high technology enterprise. As at 31 December 2014, in accordance with the applicable enterprise income tax of the PRC, it is subject to the PRC Enterprise Income Tax (“EIT”) at a preferential rate of 15%.
- (iv) As at 31 December 2014, Zhenjiang New Universe entitled to exempt from PRC EIT for the income of solid waste from 2012 to 2014, and followed by 50% relief for the year 2015 to 2017.
- (v) The other PRC subsidiaries of the Group are subject to the PRC EIT rate of the 25% (2013: 25%).

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Profit before income tax	84,475	60,544
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	19,688	15,157
Tax effect of expenses not deductible for tax purpose	239	3,225
Tax effect of income not taxable for tax purpose	(3,479)	(2,888)
Tax effect of tax losses not recognised	2,263	1,786
Under/(over) provision in relation to prior years	105	(418)
Tax effect of temporary differences recognised	(945)	(441)
Effect of income tax preferential policy in PRC	(5,275)	–
Income tax expense for the year	12,596	16,421

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to owners of the Company of HK\$57,153,000 (2013: HK\$55,283,000) and the weighted average number of 2,657,888,799 (2013: 2,655,697,018) ordinary shares of the Company in issue during the year.

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year from continuing operations	57,153	36,598
Profit for the year from discontinued operations	–	18,685
	57,153	55,283

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

	2014	2013
Ordinary shares in issue at 1 January	2,655,697,018	2,655,697,018
Effect of 100,000,000 shares issued under a share subscription agreement	2,191,781	–
Weighted average number of ordinary shares in issue at 31 December	2,657,888,799	2,655,697,018

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

12. DIVIDENDS

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK\$0.0048 (2013: HK\$0.0046) per share	<u>13,227</u>	<u>12,216</u>

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

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$0.0046 (2013: HK\$0.0037) per share	<u>12,216</u>	<u>9,826</u>

On 21 October 2014, the Company has signed an undertaking with Standard Chartered Bank (Hong Kong) Limited that except with the prior consent of the bank, the Company will not declare or pay any dividend to its shareholders for so long as there is amounts outstanding under the banking facilities granted by Standard Chartered Bank (Hong Kong) Limited. As at 31 December 2014, the loans outstanding under the banking facilities granted by the bank were HK\$18,400,000.

On 6 March 2015, Standard Chartered Bank (Hong Kong) Limited has given its written consent to the Company to declare a final dividend for the year ended 31 December 2014.

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of HK\$22,039,000 for the year ended 31 December 2014 (2013: HK\$29,329,000) which has been dealt with in the financial statements of the Company.

14. TRADE AND BILLS RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	36,216	52,255
Less: allowance for impairment of trade receivables	—	—
	<u>36,216</u>	<u>52,255</u>
Bills receivable	9,422	1,819
	<u>45,638</u>	<u>54,074</u>

(a) **Ageing analysis**

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	25,445	24,796
31 days to 60 days	8,393	7,995
61 days to 90 days	4,677	4,807
91 days to 180 days	4,793	9,731
181 days to 360 days	2,330	6,745
Over 360 days	–	–
	<u>45,638</u>	<u>54,074</u>

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

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

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1 January	–	–
Impairment loss recognised	–	–
Uncollectible amounts written off	–	–
	<u>–</u>	<u>–</u>
At 31 December	<u>–</u>	<u>–</u>

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

Ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Neither past due nor impaired	33,838	32,791
Less than 30 days past due	4,677	4,807
More than 30 days but less than 90 days past due	4,793	9,731
More than 90 days but less than 360 days past due	2,330	6,745
	<hr/> 45,638 <hr/>	<hr/> 54,074 <hr/>

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

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Prepayments and other receivables	11,041	12,684
Compensation receivable on plant relocation	5,574	–
	<hr/> 16,615 <hr/>	<hr/> 12,684 <hr/>

16. TRADE PAYABLES

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	2,011	1,188
31 days to 60 days	22	129
61 days to 90 days	47	82
Over 91 days	72	57
	<hr/> 2,152 <hr/>	<hr/> 1,456 <hr/>

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

17. SHARE CAPITAL

	<i>Note</i>	Number of shares		Share capital	
		2014 '000	2013 '000	2014 HK\$'000	2013 HK\$'000
Ordinary shares of HK\$0.01 each					
Authorised					
At 1 January and 31 December		100,000,000	100,000,000	1,000,000	1,000,000
Issued and fully paid					
At 1 January		2,655,697	2,655,697	26,557	26,557
Issue of Subscription Shares	(a)	100,000	–	1,000	–
At 31 December	(b)	2,755,697	2,655,697	27,557	26,557

Notes:

(a) New Shares Subscription

On 18 December 2014, the Company entered into a conditional subscription agreement with a subscriber in relation to the subscription of 100,000,000 new shares of the Company (“Subscription Shares”) at a subscription price of HK\$0.3 per subscription share to be allotted and issued to the subscriber, a businessman, Mr. HUANG Zhiwen upon completion of the subscription agreement (“Subscription Agreement”). Upon the granting of the approval for the listing of, and the permission to deal in, the Subscription Shares by the Stock Exchange, the condition of the Subscription Agreement has been fulfilled, and the completion of the Subscription Agreement took place on 24 December 2014. The Subscription Shares are subject to a lock-up period of 12 months commencing from the date of completion. The net proceeds of the New Shares Subscription (after deducting the expenses) were approximately HK\$29,690,000.

(b) As at 31 December 2014, the holders of ordinary shares are entitled to receive dividend to be declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

18. RESERVES

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

	Attributable to owners of the Company						Total HK\$'000
	Share premium HK\$'000 (note (i))	Translation reserve HK\$'000 (note (ii))	Investment revaluation reserve HK\$'000 (note (iii))	Capital reserve HK\$'000 (note (iv))	Statutory reserve HK\$'000 (note (v))	Retained profits HK\$'000 (note (vi))	
At 1 January 2013	305,084	28,231	3,790	4,185	12,156	108,620	462,066
Profit for the year	-	-	-	-	-	55,283	55,283
Other comprehensive income							
Exchange differences							
– on translation of financial statements of overseas subsidiaries	-	13,318	-	-	-	-	13,318
– on translation of financial statements of overseas associates	-	874	-	-	-	-	874
– reclassification of translation reserve upon deemed disposal of an associate	-	(1,118)	-	-	-	-	(1,118)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	1,260	-	-	-	1,260
Total comprehensive income for the year	-	13,074	1,260	-	-	55,283	69,617
Disposal of interest in a subsidiary	-	-	-	610	-	-	610
Transfer to statutory reserve	-	-	-	-	4,562	(3,880)	682
Dividend relating to 2012	-	-	-	-	-	(9,826)	(9,826)
At 31 December 2013 and at 1 January 2014	305,084	41,305	5,050	4,795	16,718	150,197	523,149
Profit for the year	-	-	-	-	-	57,153	57,153
Other comprehensive income							
Exchange differences							
– on translation of financial statements of overseas subsidiaries	-	(4,309)	-	-	-	-	(4,309)
– on translation of financial statements of overseas associates	-	(147)	-	-	-	-	(147)
– reclassification of translation reserve upon de-registration of a foreign subsidiary	-	(8,100)	-	-	-	-	(8,100)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	15,750	-	-	-	15,750
Total comprehensive income for the year	-	(12,556)	15,750	-	-	57,153	60,347
Issue of Subscription Shares, net of share issuance costs of HK\$310,000	28,690	-	-	-	-	-	28,690
Transfer to statutory reserve	-	-	-	-	6,402	(5,391)	1,011
Dividend relating to 2013	-	-	-	-	-	(12,216)	(12,216)
At 31 December 2014	333,774	28,749	20,800	4,795	23,120	189,743	600,981

Notes:

Nature and purpose of reserves and their movements are as follows:

(i) Share premium

The application of the share premium account is governed by Section 34 of the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The balance of share premium is distributable and for such use as permissible under the laws of Cayman Islands and the articles of association of the Company.

(ii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations. The reserve is dealt with in accordance with the accounting policies of translation of foreign currencies. The balance of this general reserve is distributable and available for such use as permissible under the laws of Cayman Islands and the articles of association of the Company.

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale equity investments held at the end of the reporting period.

(iv) Capital reserve

On 17 February 2011, the Group's effective interest in New Sinotech Investments Limited ("NSIL") was increased from 38% to 98%, and NSIL Group became 98% indirectly owned subsidiaries of the Company, and the excess of fair value of net assets acquired over cost of acquisition of 98% equity interests in NSIL Group of HK\$4,185,000 (after deduction of acquisition related costs) was recognised as deemed contribution from NUEL and Mr. CHAN Son Neng in their capacity as shareholders of the Company and fully credited as capital reserve in the equity of the Group.

(v) Statutory reserve

In accordance with the relevant regulations in the PRC, the Company's subsidiaries established in the PRC are required to transfer a certain percentage of its profits after tax to reserve funds. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiary's articles of association, the reserve funds may be used either to offset losses, or for capitalisation by way of paid-up capital.

(vi) Distributability of reserves

At 31 December 2014, the Company had reserves available for distribution to its owners in the amount of HK\$401,991,000 (2013: HK\$363,478,000).

19. EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period the directors of the Company proposed a final dividend. Further details are disclosed in note 12.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2014, the total reportable segment revenue of Group's continuing operations was HK\$258,112,000 (2013: HK\$195,307,000). Total reportable segment revenue of Group's continuing operations that comprise the environmental treatment of industrial and medical wastes, the environmental sewage treatment and facility rental services in an eco-plating specialised zone, and the strategic investments continued to sustain growth in 2014, and the overall segment profit margin (pre-tax) of 2014 was approximately 32.2% (2013: 35.2%).

For the year ended 31 December 2014, the profit attributable to owners of the Company was HK\$57,153,000, a rise of 3.4% from 2013 (2013: HK\$55,283,000). Equity attributable to owners of the Company as at 31 December 2014 was HK\$628,538,000 (2013: HK\$549,706,000). Total earnings per share attributable to the owners of the Company was HK\$0.0215 for the year ended 31 December 2014 (2013: HK\$0.0208).

BUSINESS REVIEW

Environmental Industrial and Medical Wastes Integrated Treatment Services

In 2014, the Group collected for treatment of 30,356 metric tons (2013: 22,675 metric tons) of hazardous industrial waste, 6,761 metric tons (2013: 8,579 metric tons) of general industrial waste, and 4,842 metric tons (2013: 4,383 metric tons) of regulated medical waste in various cities of Jiangsu Province, China.

The tank truck cleansing service centre in Zhenjiang serviced 1,067 vehicles in 2014 (2013: 1,364 vehicles).

In December 2014, the new incinerating facilities located in Xiangshui at northern Yancheng have been approved for trial operation to handle 9,800 metric tons of hazardous industrial waste per annum.

In 2014, the new incinerating facilities located in Dafeng at southern Yancheng approved for an annual incineration capacity of 9,000 metric tons of hazardous industrial waste have been fully operated. In December 2014, the treatment plant at Dafeng have also been approved for trial operation to handle 6,000 metric tons of regulated medical waste per annum. At the end of 2014, the treatment plant at Dafeng have completed its construction of a landfill for hazardous waste disposal with a site area of 30,000 square metres and a disposal capacity of approximately 280,000 cubic kilometers which is now subject to the approval of the environmental authorities for full operation.

Entering 2015, the construction of a new incinerator located in Zhenjiang to handle 16,500 tons of hazardous waste per annum has been completed and is subject to the approval of environmental authorities for full operation.

In 2014, for the purposes of local urban development, the incineration facilities of the Group located at Taizhou of Jiangsu Province were compensated by the local government to remove from its old operating location, and the Group recorded a net compensation of approximately HK\$9,338,000 for the year ended 31 December 2014. The waste treatment facilities of the Group have been removed from Taizhou to Taixin and the new facilities built at the new location would be in full operations in early 2015.

For the year ended 31 December 2014, by business segment, the segment profit margin (pre-tax) of the Group's waste integrated treatment services was approximately 41.6% (2013: 37.9%).

Environmental Industrial Sewage Treatment Services in Eco-plating Specialised Zone

In the Eco-plating Specialised Zone, the Group owns 19 factory buildings with a total gross floor area of approximately 83,240 square metres well-built and currently occupied by over 50 manufacturing companies. The utilisation rate of the industrial zone was 97% in 2014 (2013: 80%) that it motivated the Group to build new factory buildings in zone to accommodate demands of new customers. The construction of 3 new factory buildings with a total gross floor area of approximately 22,134 square metres would be completed in 2015.

The Group provides one-stop centralised and customised industrial plating sewage and sludge treatment in the zone situated in Zhenjiang, China. The Group owns an integrated office building and different self-constructed facilities including a centralised industrial sewage treatment plant and an industrial chemical sludge treatment plant. The centralised sewage treatment system in the zone with an approved capacity to handle 1,500,000 metric tons of industrial sewage per annum which handled approximately 546,530 metric tons of plating sewage discharged from the manufacturers for the year ended 31 December 2014 (2013: 426,800 metric tons). The industrial chemical sludge treatment and recovery system in the zone with an approved innocuity capacity to handle 4,075 metric tons of industrial sludge per annum which collected approximately 3,162 metric tons of industrial sludge and chemical residues for recycling and further treatment during the year ended 31 December 2014 (2013: 615 metric tons).

For the year ended 31 December 2014, the segment profit margin (pre-tax) of the Group's integrated operations in the Eco-plating Specialised Zone was approximately 9.6% (2013: 13.5%).

Strategic Investments in Plastic Materials Dyeing Operations

The Group holds the equity interests in three manufacturing entities that principally engaged in plastic materials dyeing in Mainland China as strategic equity investments. For the year ended 31 December 2014, the profit margins (pre-tax) of Suzhou New Huamei Plastics Co., Limited (“Suzhou New Huamei”), Danyang New Huamei Plastics Co., Limited (“Danyang New Huamei”) and Qingdao Zhongxin Huamei Plastics Co., Limited (“Qingdao Huamei”) were 4.8%, 2.2% and 2.9% respectively (2013: 4.4%, 1.5% and 2.5% respectively). Total dividend (after tax) received from the equity investments was approximately HK\$4,352,000 in 2014 (2013: HK\$4,485,000).

Clean-up of Discontinued Operations

Reference is made to the real estate (property) acquisition compensation agreement dated 3 July 2012 entered into by Suzhou New Universe Smartech Tooling and Plastics Limited (“Suzhou New Universe”, an indirectly owned subsidiary of the Company) to sell its land, buildings, and ancillary properties and structures at an aggregate consideration of RMB52,000,000 (approximately HK\$64,132,000) (“Suzhou Disposal Agreement”). After the completion of the Suzhou Disposal Agreement had took place on 4 January 2013, Suzhou New Universe was de-registered in PRC on 5 November 2014. The Group recorded a net income of approximately HK\$8,482,000 on de-registration of Suzhou New Universe in PRC for the year ended 31 December 2014.

Reference is made to the complete settlement in 2013 for the legal actions taken by the Group in 2012 to pursue final settlement of the outstanding consideration balance and compensation after the completion in 2009 of the sale and purchase agreements to dispose of the Zhenjiang Dock Project. The project holding companies of the Group, New Universe International Ports Limited, New Universe International Warehouse & Logistics Limited and New Universe International Ports & Logistics Limited were duly de-registered in the British Virgin Islands on 1 April 2014, 1 April 2014 and 30 April 2014 respectively. For the year ended 31 December 2014, the Group recorded a net income of approximately HK\$3,636,000 on reversal of legal and professional expenses over-accrued for the legal actions completed and the project holding companies being dissolved.

Withdrawal of proposed transfer of listing

On 31 March 2014, the Company submitted a formal application to the Stock Exchange for the transfer of listing of the shares of the Company from GEM to the Main Board under the transfer of listing arrangement pursuant to Chapter 9A of the Rules Governing the Listing of the Securities on the Stock Exchange (the “Application”). In view of the bankruptcy adjudication (the “Bankruptcy Adjudication”) of the ex-chairman of the Company, Mr. XI Yu on 18 August 2014 caused by his personal matrimonial litigation, and the winding-up petition (the “Winding-up Petition”) filed against New Universe Enterprises Limited (“NUEL”) on 20 August 2014 by its creditors, Mr. CHU Yuk Ngai and his spouse, Ms. CHEUNG Siu Ling (who is also an executive director of the Company), the Board decided not to proceed with the Application and to withdraw

the Application on 22 August 2014. The Board believes that the withdrawal of the Application has no material adverse impact on the financial or business operations of the Group.

Despite of the withdrawal of the Application, and barring any unforeseeable risks and results arisen from the Bankruptcy Adjudication and/or the Winding-up Petition (being ordered be withdrawn on 18 March 2015 upon application), the Board continues to believe that it is in the best interests of the Company and the shareholders as a whole to transfer the listing of the Company's shares from GEM to Main Board given it will be beneficial to the future growth and business development of the Group as well as its financing flexibility. The Board may consider making a new application for the proposed transfer of listing as and when it is appropriate.

Fund raising exercise

On 18 December 2014 (after trading hours), the Company entered into a conditional Subscription Agreement with a subscriber in relation to the subscription of 100,000,000 new shares of the Company at a subscription price of HK\$0.3 per subscription share to be allotted and issued to the subscriber upon completion of the Subscription Agreement. The completion of the Subscription Agreement took place on 24 December 2014.

Outlook

As at 31 December 2014, the Group owned 5 (2013: 4) major hazardous waste treatment plants in Jiangsu Province, PRC, operating waste incinerators with constructed annual aggregate capacity of approximately 42,000 metric tons and, one piece of landfill with remaining disposal capacity of approximately 50,000 metric tons to handle general solid waste. The Group also owned an industrial park with a zone area of 181,757 square metres, the Eco-plating Specialised Zone in Zhenjiang, leasing out factory buildings and customised facilities, operating a centralised sewage treatment plant and a chemical sludge treatment plant to handle industrial sewage filtration and sludge waste re-utilisation.

Commencing 2015, a newly built incinerator with annual capacity of approximately 16,500 metric tons and a hazardous waste landfill with annual disposal capacity of approximately 18,000 metric tons of the Group would be put into operation which are expected to be able to meet the increasing demands of the customers in Jiangsu Province who undertakes for cleaner manufacturing process and a cleaner environment of the region in the forthcoming few years.

The Group will continue to focus on environmental related business and will enhance the waste management and treatment standards of the Group. The Group expects to finance the continuous enhancement of the waste treatment capacity of the Group with internally generated cash flows and banking facilities. Barring any unforeseeable risks from the global and local economies that might affect the Group's environmental operations in the Mainland China, the Group targets for a modest profit growth in the coming year.

FINANCIAL REVIEW

Summary of annual results

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

		Year ended		Change
		31 December		
	Note	2014	2013	%
Continuing operations				
Revenue	1	253,511	190,667	+33.0
Average gross profit margin (in percentage)	2	45.0	47.7	-5.7
Other revenue	3	4,601	4,640	-0.8
Other net income	4	27,198	489	+5,462.0
Distribution and selling expenses	5	8,799	6,303	+39.6
Administrative expenses	6	36,726	29,880	+22.9
Other operating expenses	7	17,058	7,602	+124.4
Finance income	8	1,539	1,624	-5.2
Finance costs	9	2,817	3,511	-19.8
Gain on deemed disposal of associates	10	-	6,128	N/A
Share of net profits of associates	11	2,555	3,979	-35.8
Income tax	12	12,596	16,421	-23.3
Net profit from continuing operations	13	71,879	44,123	+62.9
Profit from continuing operations				
attributable to owners of the Company	14	57,153	36,598	+56.2
Profit from discontinued operations				
attributable to owners of the Company	15	-	18,685	N/A
Total basic and diluted EPS (<i>HK cents</i>)	16	2.15	2.08	+3.4

Summary of quarterly results

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

		Q1 2014	Q2 2014	Q3 2014	Q4 2014	Total 2014
Continuing operations	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
Environmental waste treatment services	1(i)	43,392	42,743	45,863	38,931	170,929
Environmental industrial sewage treatment and facility services	1(ii)	17,196	20,048	21,513	23,825	82,582
	1	<u>60,588</u>	<u>62,791</u>	<u>67,376</u>	<u>62,756</u>	<u>253,511</u>
Other revenue	3	65	4,355	48	133	4,601
Other net income	4	6,453	111	183	20,451	27,198
Distribution and selling expenses	5	3,732	3,087	2,817	(837)	8,799
Administrative expenses	6	9,610	8,458	8,634	10,024	36,726
Other operating expenses	7	2,204	5,135	3,884	5,835	17,058
Finance income	8	393	312	109	725	1,539
Finance costs	9	684	763	702	668	2,817
Share of profit/(loss) of associates	11	(1,265)	1,792	1,480	548	2,555
Income tax	12	5,506	3,677	(3,048)	6,461	12,596
Net profit from continuing operations	13	13,438	13,707	17,734	27,000	71,879
Profit from continuing operations attributable to owners of the Company	14	10,818	11,070	13,662	21,603	57,153
Basic and diluted EPS from continuing operations attributable to owners of the Company (<i>HK cents</i>)	16	<u>0.41</u>	<u>0.41</u>	<u>0.52</u>	<u>0.81</u>	<u>2.15</u>

		Q1 2013	Q2 2013	Q3 2013	Q4 2013	Total 2013
Continuing operations	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
Environmental waste treatment services	1(i)	24,755	31,565	36,143	39,160	131,623
Environmental industrial sewage treatment and facility services	1(ii)	13,168	14,770	13,613	17,493	59,044
	1	<u>37,923</u>	<u>46,335</u>	<u>49,756</u>	<u>56,653</u>	<u>190,667</u>
Other revenue	3	55	4,532	7	46	4,640
Other net income	4	143	192	69	85	489
Distribution and selling expenses	5	1,870	2,038	2,407	(12)	6,303
Administrative expenses	6	6,121	7,295	7,063	9,401	29,880
Other operating expenses	7	1,484	2,299	2,283	1,536	7,602
Finance income	8	312	235	263	814	1,624
Finance costs	9	1,026	894	834	757	3,511
Gain on deemed disposal of associates	10	–	6,128	–	–	6,128
Share of profit/(loss) of associates	11	(206)	3,764	(893)	1,314	3,979
Income tax	12	2,730	4,296	3,682	5,713	16,421
Net profit from continuing operations	13	5,865	22,392	6,117	9,749	44,123
Profit from continuing operations attributable to owners of the Company	14	4,508	20,288	4,284	7,518	36,598
Basic and diluted EPS from continuing operations attributable to owners of the Company (HK cents)	16	<u>0.17</u>	<u>0.77</u>	<u>0.16</u>	<u>0.28</u>	<u>1.38</u>

Notes to summaries of annual and quarterly results for the year ended 31 December 2014 together with corresponding figures for 2013:

- Net increase in total revenue for the year ended 31 December 2014 was mainly attributable to:
 - increase in average processing unit price and quantities of hazardous industrial wastes collected for innocuity treatment and disposal; and
 - increase in utilisation rate of the industrial buildings and facilities in the eco-plating specialised zone.
- Decrease in average gross profit margin of the Group for the year ended 31 December 2014 was mainly attributable to the relatively higher depreciation of property, plants and equipment being absorbed in the cost of sales for the new waste treatment plant in Dafeng of Yancheng.
- Net decrease in other revenue for the year ended 31 December 2014 was mainly attributable to decrease in dividend from the equity investment in Qingdao Huamei in 2014 as comparing to the last year.

4. Net increase in other net income for the year ended 31 December 2014 was mainly attributable to:
 - (i) subsidies on environmental recycling renovation received from PRC government by a subsidiary in Zhenjiang as recorded in the first quarter of 2014;
 - (ii) net compensation received from the PRC urban development authority on relocation of a subsidiary previously situated in Taizhou as recorded in the fourth quarter of 2014;
 - (iii) reversal of over accrued legal and professional expenses in the first quarter of 2014 for voluntary liquidation of three investment holding subsidiaries which had been de-registered in April 2014; and
 - (iv) net gain on de-registration of Suzhou New Universe after its voluntary liquidation completed in November 2014.
5. Net increase in distribution and selling expenses for the year ended 31 December 2014 was mainly attributable to the increase in market developing expenses for the new waste treatment plant in Dafeng of Yancheng.
6. Net increase in administrative expenses for the year ended 31 December 2014 was mainly attributable to increases in head count and staff costs of the Group as comparing to the last year.
7. Net increase in other operating expenses for the year ended 31 December 2014 was mainly attributable to:
 - (i) increase in research and development costs incurred by Zhenjiang New Universe Solid Waste Disposal Company Limited;
 - (ii) legal and professional expenses incurred in relation to the application for the transfer of listing of the shares of the Company from GEM to the Main Board in 2014; and
 - (iii) impairment loss on property, plant and equipment of HK\$1,738,000 was recognised for certain old incineration facilities owned by Yancheng New Universe Solid Waste Disposal Company Limited in current year.
8. Net decrease in finance income for the year ended 31 December 2014 was mainly attributable to decrease in interest on net free cash flow of the Group in PRC in current year.
9. Net decrease in finance costs for the year ended 31 December 2014 was mainly attributable to decrease in bank borrowings of the Group in current year as comparing to the last year.
10. Gain on deemed disposal of an associate was an one-off gain recorded in 2013 upon de-recognition of an associate in the last year.
11. Net decrease in profits shared from an associate for the year ended 31 December 2014 was mainly attributable to increase in costs to optimise waste treatment at the hazardous waste landfill of the associate in 2014 as comparing to the last year.

12. Net decrease in income tax for the year ended 31 December 2014 was mainly attributable to the refund of income tax over-paid in previous year and thereafter Zhenjiang New Universe Solid Waste Disposal Company Limited was certified as a High Technology Enterprise in Jiangsu Province its entitlement to income tax rate of 15% commencing 2013 under the tax preferential policy in PRC.
13. For the year ended 31 December 2014, net increase in profit from continuing operations was mainly attributable to increase in revenue from environmental business arisen from the increase in the integrated waste treatment capacity of the Group in 2014 as comparing to the last year.
14. For the year ended 31 December 2014, net increase in profit from continuing operations attributable to the owners of the Company was mainly attributable to the waste treatment facilities of the Group in Dafeng of Yancheng have been in full operation in 2014 as comparing to the last year.
15. The net gain on disposal of the land and all properties of Suzhou New Universe after the Group ceased all related operations of manufacture of moulds and plastic products was an one-off gain recorded for the discontinued operations in 2013, which was entirely attributable to the owners of the Company, in 2013 upon the completion of the disposal in the last year.
16. The net increase in basic and diluted EPS attributable to owners of the Company was mainly attributable to increase in profits attributable to owners of the Company.

Seasonality of operations

The environment waste treatment services have tended to be insensitive to seasonal fluctuation in 2014, though in previous years the services would have peak demand in the third and fourth quarters of a year. In the financial year ended 31 December 2014, approximately 50% (2013: 43%) of revenue accumulated in the first half of the year, with approximately 50% (2013: 57%) accumulating in the second half of the year.

Capital expenditure

For the year ended 31 December 2014, the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental waste treatment services amounted to HK\$74,050,000 (2013: HK\$19,447,000), and (ii) for the environmental sewage treatment and facility services in the eco-plating specialised zone amounted to HK\$39,702,000 (2013: HK\$11,791,000).

Commitments

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

	31 December 2014 HK\$'000	31 December 2013 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment for subsidiaries in PRC:		
Yancheng NUHF Environmental Technology Limited	68,359	20,924
Xiangshui New Universe Environmental Technology Limited	7,986	11,795
Zhenjiang New Universe Solid Waste Disposal Company Limited	11,299	2,438
Taizhou New Universe Solid Waste Disposal Company Limited	946	1,057
Zhenjiang Sinotech Eco-Electroplating Development Limited (<i>note</i>)	65,205	48,183
– Acquisition of property, plant and equipment for head office in Hong Kong	1,410	–
Authorised but not contracted for:		
– Acquisition of property, plant and equipment	–	17,447
– Investment in available-for-sale equity investments	–	3,443
	155,205	105,287

Note:

On 30 January 2015, Zhenjiang Sinotech Eco-Electroplating Development Limited was granted a secured bank loan facility of RMB35,018,600 (approximately HK\$44,123,000) to finance its development and capital commitment.

Liquidity, financial resources and gearing

During the year ended 31 December 2014, the Group financed its operations with internally generated cash flows, banking facilities, other borrowings and fund raising from new shares subscription. The Group remained stable in its financial position with equity attributable to owners of the Company amounted to HK\$628,538,000 as at 31 December 2014 (31 December 2013: HK\$549,706,000) and total assets amounted to HK\$933,068,000 as at 31 December 2014 (31 December 2013: HK\$834,462,000).

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

	31 December 2014 HK\$'000	31 December 2013 HK\$'000
(i) Cash and bank balances	121,780	109,827
(ii) Available unused secured banking facilities	<u>2,520</u>	<u>65,355</u>

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

	31 December 2014 HK\$'000	31 December 2013 HK\$'000
Interest-bearing bank borrowings	42,048	54,007
Other interest-bearing borrowings	48,000	40,000
Trade and other payables, accruals and customers' deposits received	101,103	96,042
Total liabilities	191,151	190,049
Less: cash and cash equivalents	121,780	109,827
Net debt	<u>69,371</u>	<u>80,222</u>
Total equity	<u>701,253</u>	<u>608,257</u>
Total capital	<u>770,624</u>	<u>688,479</u>
Gearing ratio	<u>9.0%</u>	<u>11.7%</u>

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

Material acquisitions and disposals of subsidiaries and affiliated companies

The wholly owned subsidiaries of the Group, New Universe International Ports Limited (新宇國際港口有限公司), New Universe International Warehouse & Logistics Limited (新宇國際倉儲物流有限公司) and New Universe International Ports & Logistics Limited (新宇國際港口物流有限公司) were duly dissolved in the British Virgin Islands on 1 April 2014, 1 April 2014 and 30 April 2014 respectively.

The 97% owned subsidiary of the Group, Suzhou New Universe Smartech Tooling and Plastics Limited (蘇州新宇模具塑膠有限公司) was duly de-registered in PRC on 5 November 2014.

Save as disclosed therein, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the year ended 31 December 2014.

Significant investments held and their performance

According to the valuation report dated 19 March 2015 issued by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited (“Cushman & Wakefield”), the fair value attributable to the Group’s interests in the available-for-sale equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 31 December 2014 were HK\$52,000,000, HK\$16,000,000 and HK\$17,000,000 (31 December 2013: HK\$43,800,000, HK\$11,100,000 and HK\$12,600,000) respectively.

On 23 September 2014, the Group disposed of the 4% equity investment and the loan interests in Ever Champ (China) Limited at a total consideration of HK\$990,000, which had been an available-for-sale equity investment of the Group being stated at cost. The Group recorded a net gain on sale of the available-for-sale equity investment of approximately HK\$29,000.

Impairment testing on goodwill

As at 31 December 2014, the assessment on the recoverable amount of the Group’s cash generating unit principally engaged in environmental waste treatment services in PRC was determined with reference to the valuation report dated 19 March 2015 issued by the independent firm of professional valuers, Cushman & Wakefield, using value-in-use calculations with reference to the cash flows projections covering a five-year period with an extrapolated annual growth rate thereafter at 2% (31 December 2013: 2%) of the environmental entities of the Group comprising Zhenjiang New Universe Solid Waste Disposal Company Limited, Yancheng New Universe Solid Waste Disposal Company Limited, and Taizhou New Universe Solid Waste Disposal Company Limited, using the pre-tax discount rate of 16.67% (31 December 2013: 20.55%), no impairment loss to the goodwill was considered necessary for the year end 31 December 2014 (2013: Nil).

Capital structure

On 18 December 2014 (after trading hours), the Company entered into a conditional Subscription Agreement with a subscriber in relation to the subscription of 100,000,000 new shares of the Company at a subscription price of HK\$0.3 per subscription share to be allocated and issued to the subscriber upon completion of the Subscription Agreement. The completion of the Subscription Agreement took place on 24 December 2014, 100,000,000 ordinary shares at par value of HK\$0.01 each of the Company were issued and fully paid up, which rank pari passu in all respects among themselves and with all other shares of the Company in issue on the date of allotment and issue. The aggregate net proceeds of the new shares issued pursuant to the Subscription Agreement (after deducting the expenses) were approximately HK\$29,690,000.

Save as disclosed therein, there was no significant change to the capital structure of the Group as at 31 December 2014 compared to that as at 31 December 2013.

Use of proceed from fund raising exercise

The Company has raised fund through entering into the Subscription Agreement that was completed on 24 December 2014. The net proceeds raised (after deduction of expenses) approximately amounted to HK\$29.69 million were applied as follows:

Date of announcement	Date of allotment	Fund raising activity	Net proceeds raised (approximately)	Intended use of net proceeds raised	Actual use of net proceeds raised
18 December 2014	24 December 2014	New Shares Subscription	HK\$29.69 million	(i) Approximately 50% of the net proceeds from the New Shares Subscription to enhance the waste treatment capacity of the Group; and (ii) the remaining balance for general working capital and/or for financing investment opportunities of the Group.	(i) Approximately HK\$15.53 million had been utilised for the capital injection to a subsidiary to increase its incineration capacity by approximately 16,500 metric tons per annum; and (ii) the remaining balance would be utilised as additional working capital of the Company.

Charges on assets

The Group pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$ Nil (2013: HK\$93,028,000) and HK\$6,777,000 (2013: HK\$19,803,000) respectively and time deposits of HK\$10,313,000 (2013: Nil) to secure bank facilities totally amounted approximately to HK\$44,568,000 as at 31 December 2014 (2013: HK\$119,362,000) which to the extent of HK\$42,048,000 were utilised as banking borrowings as at 31 December 2014 (2013: HK\$54,007,000) granted to the Group.

Exposure to fluctuations in exchange rates

As most of the Group's monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars, and US dollars, the exchange risks of the Group were considered to be minimal. For the year ended 31 December 2014, no related hedging has been arranged by the Group.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 31 December 2014 (2013: Nil).

Employee information

As at 31 December 2014, the Group had 330 (2013: 236) full-time employees, of which 16 (2013: 16) were based in Hong Kong, and 314 (2013: 220) in Mainland China. For the year ended 31 December 2014, staff costs, including Directors' remuneration and amount capitalised as inventories was HK\$44,877,000 (2013: HK\$35,397,000) for the Group's continuing operations and there was no staff costs incurred (2013: Nil) for the Group's discontinued operations. Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, and continued development and training.

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

As at 31 December 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were entered into the register pursuant to section 352 of the SFO, to be entered in the register referred therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Associated corporation

Long positions in issued shares of NUEL

Name of director	Number of ordinary shares of US\$1.00 each			Number of shares held	% of total shares in issue
	Personal/beneficial	Interest of children or spouse	Interest of controlled corporation		
Ms. CHEUNG Siu Ling*	1,214	1,214	–	2,428	12.14
Mr. SUEN Ki*	840	–	–	840	4.20

* NUEL is beneficially interested in 1,871,823,656 shares of the Company, representing approximately 67.92% of the issued share capital of the Company as at 31 December 2014. Ms. CHEUNG Siu Ling and Mr. SUEN Ki are also directors of NUEL.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2014, so far as is known to any director or the chief executive of the Company, the interests or short positions of any person, other than a director or the chief executive of the Company, in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in issued shares of the Company

Name of shareholder	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Beneficial owner	Family interest	Interest of controlled corporation		
NUEL *	1,871,823,656	–	–	1,871,823,656	67.92

Note:

* Ms. CHEUNG Siu Ling and Mr. SUEN Ki are Directors of the Company and directors of NUEL.

Save as disclosed above, as at 31 December 2014, the Directors of the Company were not aware of any other person who had an interest or short position in the shares and underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company does not have any share option scheme.

The old share option scheme adopted by the Company's shareholders at the general meeting held on 10 December 2003 had been lapsed since 9 December 2013, and no option had been granted or outstanding under the Company's old share option scheme.

RELATED PARTY TRANSACTIONS

(a) List of related parties

During the years ended 31 December 2014 and 2013, the Directors are of the view that the following companies are related parties to the Group:

Name of the related party	Relationship
NUEL	Ultimate holding company of the Company; of which the Company's directors, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors
Mr. XI Yu	83.66% of the issued share capital of NUEL is held under the name of Mr. XI Yu
New Universe Holdings Limited	the Company's director, Ms. CHEUNG Siu Ling is common director
Sun Ngai International Investment Limited ("Sun Ngai")	100% owned subsidiary of NUHL; the Company's director, Ms. CHEUNG Siu Ling is common director
Zhenjiang New District Solid Waste Disposal Limited ("Zhenjiang New District")	an associate of the Group, in which the Group holds 24.6% equity interest

(b) **Transactions with related parties**

		Group		Company	
		2014	2013	2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Recurring transactions					
Rental expenses					
– Sun Ngai	(i)	486	288	–	–
Consultancy fees					
– Mr. XI Yu	(ii)	48	–	–	–
Charges on hazardous waste landfill disposal					
– Zhenjiang New District	(iii)	4,157	2,036	–	–
Non-recurring transaction					
Loan interest paid					
– NUEL	(iv)	–	375	–	375

Notes:

- (i) Rental expenses were charged by Sun Ngai for leasing office premises and warehouse of the Group in Hong Kong. The lease runs for a period of two years and the monthly rent was in commensurate with the market rate.
- (ii) On 22 August 2014, the Company appointed Mr. XI Yu as a consultant to the Group for a term with effect from 22 August 2014 to 31 December 2014 for a total fee of HK\$48,000.
- (iii) The charges paid to Zhenjiang New District were made according to the contracted prices and conditions for hazardous waste landfill disposal in compliance with the relevant administrative requirement promulgated by the national pricing bureaus in PRC.
- (iv) Interest expenses were charged by NUEL at a fixed rate of 2% per annum for amounts previously due by the Company.

The Directors of the Company are of the opinion that the above related parties transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business of the Group.

(c) Guarantees

- (i) As at 31 December 2014, the Group's bank borrowings of HK\$7,700,000 (2013: HK\$10,500,000) were secured by personal guarantee provided by Ms. CHEUNG Siu Ling, the executive Director of the Company.
- (ii) As at 31 December 2014, the Group's bank borrowings of HK\$7,700,000 (2013: HK\$10,500,000) were secured by personal guarantee provided by Mr. SUEN Ki, the non-executive Director of the Company.
- (iii) As at 31 December 2014, the Group's bank borrowing of HK\$40,788,000 (2013: HK\$47,011,000) were secured by personal guarantee provided by Mr. XI Yu, the ex-executive Director of the Company who resigned on 18 August 2014.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company is as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Salaries and other benefits	7,432	6,483
Retirement scheme contributions	80	72
Discretionary bonuses	4,900	1,316
	<hr/> 12,412 <hr/>	<hr/> 7,871 <hr/>

CONNECTED TRANSACTIONS

Save for of the related party transactions entered into by the Group during the year ended 31 December 2014 as disclosed above there was no significant connected transactions of the Group (defined under the GEM Listing Rules) which were discloseable in the reporting period or any time during the year ended 31 December 2014.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

As at 31 December 2014, contracts or arrangements subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

1. New Universe Environmental Technologies (Jiang Su) Limited (“NUET(JS)”) and New Universe Recyclables Limited (“NURL”) are 82% and 100% indirectly owned subsidiaries of the Company respectively, of which Ms. CHEUNG Siu Ling is a director, have provided corporate guarantees in the following arrangements:
 - (a) Standard Chartered Bank (Hong Kong) Limited has granted banking facilities of up to HK\$23,400,000 to the Company, which are guaranteed by NUET(JS). As at 31 December 2014, the outstanding loan was HK\$18,400,000.
 - (b) The Hongkong and Shanghai Banking Corporation Limited has granted banking facilities of up to HK\$10,000,000 to NUET(JS), which are guaranteed by the Company up to a limit of HK\$10,000,000. As at 31 December 2014, the outstanding loan was HK\$4,375,000.
 - (c) The Hongkong and Shanghai Banking Corporation Limited has granted banking facilities of up to HK\$12,000,000 to NUET(JS), which are personally guaranteed by Ms. CHEUNG Siu Ling and Mr. SUEN Ki each up to a limit of HK\$12,000,000. As at 31 December 2014, the outstanding loan was HK\$7,700,000.
 - (d) Hang Seng Bank Limited has granted banking facilities of up to HK\$15,000,000 to NUET(JS), which are guaranteed by the Company up to a limit of HK\$15,000,000 and secured by pledge of time deposits amounted to HK\$10,313,000 held by NURL as at 31 December 2014. As at 31 December 2014, the outstanding loan was HK\$10,313,000.

The aforementioned loans were under personal guarantee or undertaking given by Mr. XI Yu, the ex-executive Director of the Company, who was adjudged bankrupt by the High Court of Hong Kong Special Administrative Region on 18 August 2014.

2. Ms. CHEUNG Siu Ling is a director of the landlord, Sun Ngai to the following tenancy agreements entered into by the Group as tenants:
- (a) A tenancy agreement dated 15 July 2013 entered into by Smartech Services Limited (“Smartech Services”, an indirectly wholly owned subsidiary of the Company) as tenant for an office unit at Room 2109, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$20,000 for the term from 1 August 2013 and expired on 31 July 2014.
 - (b) A tenancy agreement dated 18 July 2014 entered into by Smartech Services as tenant for two office units at Rooms 2109 and 2110, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$50,000 for the term from 1 August 2014 to 31 July 2015.
 - (c) A tenancy agreement dated 20 December 2013 entered into by Smartech Services as tenant for a factory unit used as warehouse at Suite 12, 5th Floor, Yuen Fat Industrial Building, 25 Wang Chiu Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$8,000 for the term from 1 January 2014 to 31 December 2016.

The above transactions were conducted on terms no less favourable than terms available from independent third parties which were in the ordinary course of business of the Group.

Save as disclosed therein, no contract of significance to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or any time during that period.

SUFFICIENCY OF PUBLIC FLOAT

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

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

Neither the Company, nor any of its subsidiaries purchased, sold, or redeemed any of the Company’s listed securities during the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 December 2014, the Company has complied with the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules (“CG Code”), but save for the code provision A.2.1, the Directors confirmed that they were not aware of any other deviation from the CG Code during the year then ended.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 18 August 2014, Mr. XI Yu resigned as executive director and the chairman of board of the Company, and Mr. SONG Yu Qing (“Mr. SONG”) was appointed the chairman of the board (“Chairman”) and the chairman of the executive committee of the Company. Mr. SONG is also the chief executive officer (“Chief Executive Officer”) of the Company, though he resigned as vice-chairman of the board. Mr. SONG has assumed the role of both the Chairman and the Chief Executive Officer. As such, such dual role constitutes a deviation from code provision A.2.1 of the CG Code.

The Board considers that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer; (ii) Mr. SONG as the Chairman and Chief Executive Officer is fully accountable to the shareholders of the Company and contributes to the Board and the Group on all top level and strategic decisions and is responsible for ensuring that all Directors act in the best interests of the Shareholders; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting the role of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively. 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.

DIRECTORS’ SECURITIES TRANSACTIONS

During the year ended 31 December 2014, the Company has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (“Required Standard of Dealings”).

Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with and they were not aware of any non-compliance with the Required Standard of Dealing during the year ended 31 December 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Each of Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred has served as the Company's independent non-executive Director for more than 9 years. Pursuant to the Code Provision A.4.3 set out in the Appendix 15 of the GEM Listing Rules, the further appointment of each of them should be subject to a separate resolution to be approved by the shareholders at the forthcoming annual general meeting. The Board believes each of Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred is still independent and proposes each of them to be re-elected at the forthcoming annual general meeting.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2014.

INDEPENDENT REVIEW

This preliminary announcement of the Company's consolidated results for the year ended 31 December 2014 has been agreed with and reviewed by the Company's independent auditor, Crowe Horwath (HK) CPA Limited, as required by Rule 18.49 of the GEM Listing Rules.

PROPOSED FINAL DIVIDEND

The board of Directors of the Company recommends the payment of a final dividend of HK\$0.0048 per share at a payout ratio of approximately 23.1% of the profit attributable to the owners of the Company for the year ended 31 December 2014, which is subject to the approval of the shareholders at the forthcoming annual general meeting. Upon shareholders' approval, the final dividend is expected to be payable on or about 31 July 2015 to shareholders whose names appear on the register of members on 15 May 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the forthcoming Annual General Meeting to be held on Tuesday, 5 May 2015. However, in order to qualify for attending and voting at the forthcoming Annual General Meeting, all transfers documents accompanied by the relevant share certificates must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 May 2015.

The register of members of the Company will be closed for the purpose of ascertaining the entitlement of shareholders of the Company to the proposed final dividend at the Annual General Meeting from Tuesday, 12 May 2015 to Friday, 15 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to the approval of shareholders of the Company at the Annual General Meeting), all transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 11 May 2015.

By Order of the Board
New Universe International Group Limited
SONG Yu Qing
Chairman

Hong Kong, 19 March 2015

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

Mr. SONG Yu Qing	<i>(Executive Director, Chief Executive Officer and Chairman)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. HON Wa Fai	<i>(Executive Director)</i>
Mr. SUEN Ki	<i>(Non-executive Director)</i>
Dr. CHAN Yan Cheong	<i>(Independent Non-executive Director)</i>
Mr. YUEN Kim Hung, Michael	<i>(Independent Non-executive Director)</i>
Mr. HO Yau Hong, Alfred	<i>(Independent Non-executive Director)</i>

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting and on the Company's website at www.nuigl.com.