



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015

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This announcement, for which the directors (the “Directors”) of NEW UNIVERSE INTERNATIONAL GROUP LIMITED 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 NEW UNIVERSE INTERNATIONAL GROUP LIMITED. 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

- Total revenue for the three months ended 31 March 2015 increased by 16.7% to HK\$70,696,000 compared to HK\$60,588,000 for the corresponding period in 2014.
- Profit attributable to owners of the Company for the three months ended 31 March 2015 increased by 32.3% to HK\$14,311,000 from HK\$10,818,000 for the corresponding period in 2014.
- Total earnings per share attributable to owners of the Company for the three months ended 31 March 2015 increased to HK cents 0.52 from HK cents 0.41 for the corresponding period in 2014.
- Equity attributable to the owners of the Company was HK\$635,947,000 at 31 March 2015 compared to HK\$628,538,000 at 31 December 2014.
- Cash and cash equivalents of the Group amounted to HK\$83,095,000 at 31 March 2015 compared to HK\$121,780,000 at 31 December 2014.
- The Board resolved not to declare a dividend for the three months ended 31 March 2015.

2015 FIRST QUARTERLY RESULTS

The board of Directors (the “Board”) of New Universe International Group Limited (the “Company”) hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2015, together with the unaudited comparative figures for the corresponding period in 2014.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended	
		31 March	
	<i>Note</i>	2015	2014
		HK\$'000	HK\$'000
Revenue	4	70,696	60,588
Cost of sales		(35,878)	(31,060)
Gross profit		34,818	29,528
Other revenue	5	435	65
Other net income	6	2,720	6,453
Distribution and selling expenses		(3,180)	(3,732)
Administrative expenses		(8,571)	(9,610)
Other operating expenses		(3,381)	(2,204)
Operating profit		22,841	20,500
Finance income		223	393
Finance costs		(799)	(684)
Finance costs – net	7	(576)	(291)
Share of profit/(loss) of an associate		2,358	(1,265)
Profit before taxation	8	24,623	18,944
Income tax	9	(5,276)	(5,506)
Profit for the period		19,347	13,438
Attributable to:			
Owners of the Company		14,311	10,818
Non-controlling interests		5,036	2,620
		19,347	13,438
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to owners of the Company during the period: (expressed in HK cents per share)			
Basic and diluted earnings per share	11	0.52	0.41

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	Three months ended	
	31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	19,347	13,438
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit and loss</i>		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	(4,672)	(4,540)
– on translation of financial statements of an overseas associate	(142)	(119)
Fair value changes on available-for-sale equity investments	(3,100)	(1,400)
Tax effect relating to changes in fair value of available-for-sale equity investments	310	140
Other comprehensive loss for the period, net of income tax	(7,604)	(5,919)
Total comprehensive income for the period	11,743	7,519
Attributable to:		
Owners of the Company	7,409	5,477
Non-controlling interests	4,334	2,042
	11,743	7,519

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Movements of reserves of the Group for the three months ended 31 March 2015 are set out as follows:

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Retained profits HK\$'000			
At 1 January 2014	26,557	305,084	41,305	5,050	4,795	16,718	150,197	549,706	58,551	608,257
Changes in equity for 3 months ended 31 March 2014:										
Profit for the period	-	-	-	-	-	-	10,818	10,818	2,620	13,438
Other comprehensive loss	-	-	(4,081)	(1,260)	-	-	-	(5,341)	(578)	(5,919)
Total comprehensive income for the period	-	-	(4,081)	(1,260)	-	-	10,818	5,477	2,042	7,519
At 31 March 2014	26,557	305,084	37,224	3,790	4,795	16,718	161,015	555,183	60,593	615,776
Changes in equity for 9 months ended 31 December 2014:										
Profit for the period	-	-	-	-	-	-	46,335	46,335	12,106	58,441
Other comprehensive (loss)/income	-	-	(8,475)	17,010	-	-	-	8,535	(358)	8,177
Total comprehensive income for the period	-	-	(8,475)	17,010	-	-	46,335	54,870	11,748	66,618
Issue of Subscription Shares, net of share issuance costs of HK\$310,000	1,000	28,690	-	-	-	-	-	29,690	-	29,690
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	6,566	6,566
Transfer to statutory reserve	-	-	-	-	-	6,402	(5,391)	1,011	(1,011)	-
Dividend paid relating to 2013	-	-	-	-	-	-	(12,216)	(12,216)	-	(12,216)
Dividend paid to non-controlling shareholders relating to 2013	-	-	-	-	-	-	-	-	(5,181)	(5,181)
At 31 December 2014 and 1 January 2015	27,557	333,774	28,749	20,800	4,795	23,120	189,743	628,538	72,715	701,253
Changes in equity for 3 months ended 31 March 2015:										
Profit for the period	-	-	-	-	-	-	14,311	14,311	5,036	19,347
Other comprehensive loss	-	-	(4,112)	(2,790)	-	-	-	(6,902)	(702)	(7,604)
Total comprehensive income for the period	-	-	(4,112)	(2,790)	-	-	14,311	7,409	4,334	11,743
At 31 March 2015	<u>27,557</u>	<u>333,774</u>	<u>24,637</u>	<u>18,010</u>	<u>4,795</u>	<u>23,120</u>	<u>204,054</u>	<u>635,947</u>	<u>77,049</u>	<u>712,996</u>

NOTES:

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) The immediate and ultimate holding company of the Company is New Universe Enterprises Limited (“NUEL”), which is a limited liability company incorporated in the British Virgin Islands.
- (c) These unaudited condensed financial information are presented in Hong Kong dollars (“HK\$”) that is also the functional currency of the Company while the functional currency of the subsidiaries in the Mainland of The People’s Republic of China (“PRC”) is Renminbi (“RMB”). As the Company’s shares are listed in Hong Kong, the Directors of the Company consider that it is more appropriate to present the financial statements in HK\$, that 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. BASIS OF PREPARATION

These unaudited condensed financial information for the three months ended 31 March 2015 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. These unaudited condensed financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2014, which have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

As at 31 March 2015, the Group had cash and cash equivalents of HK\$83,095,000 (31 December 2014: HK\$121,780,000). At the end of the reporting period, the Group had capital commitments of HK\$74,683,000 (31 December 2014: HK\$155,205,000). In preparing these unaudited condensed 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 9 April 2015, the Company completed a conditional subscription agreement by issuance of 200,000,000 new shares of the Company and raised a net proceed (after deduction of attributable expenses) of approximately HK\$68,691,000.

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 unaudited condensed financial statements on a going concern basis.

These unaudited condensed financial information of the Company for the three months ended 31 March 2015 had not been audited by the independent auditors of the Company, but had been reviewed by the audit committee of the Company that did not constitute an audit.

3. PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed financial information were prepared on the historical cost basis except for certain available-for-sale equity investments, which are stated at fair values. The accounting policies used in these unaudited condensed financial information are consistent with those used in the audited financial statements of the Company for the year ended 31 December 2014.

4. REVENUE

	Three months ended	
	31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Environmental waste treatment services	48,346	43,392
Industrial sewage treatment services	22,350	17,196
	70,696	60,588

5. OTHER REVENUE

	Three months ended	
	31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Scrap and recycling sales	435	65

6. OTHER NET INCOME

	Three months ended	
	31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Derecognition of liabilities of de-registered subsidiaries	–	3,636
Release of deferred government grants	378	107
Government environmental subsidies	2,316	2,710
Sundry	26	–
	<u>2,720</u>	<u>6,453</u>

7. FINANCE INCOME AND COSTS

	Three months ended	
	31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income from:		
Interest income on short-term bank deposits	163	407
Net foreign exchange gain/(loss) on financing activities	60	(14)
Total finance income	<u>223</u>	<u>393</u>
Interest expenses on:		
Bank borrowings wholly repayable within five years	325	410
Other borrowings wholly repayable within five years	474	274
Total finance costs	<u>799</u>	<u>684</u>
Net finance costs	<u>576</u>	<u>291</u>

8. PROFIT BEFORE TAXATION

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
Depreciation for property, plant and equipment	7,276	6,778
Amortisation of land lease prepayments	607	642
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	174	84
– land and buildings in PRC	301	–
– landfill in PRC	7	7
Cost of sales (<i>note</i>)	<u>35,878</u>	<u>31,060</u>

Note:

Included in cost of sales were raw materials consumed of HK\$4,680,000 (2014: HK\$3,761,000) and depreciation and amortisation of HK\$6,173,000 (2014: HK\$5,936,000), of which depreciation and amortisation were included in the respective total amounts disclosed above.

9. INCOME TAX

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

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	5,405	5,642
	<u>5,405</u>	<u>5,642</u>
Deferred tax	(129)	(136)
	<u>5,276</u>	<u>5,506</u>

- (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% (2014: 16.5%) of the estimated assessable profits for the years. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the three months ended 31 March 2015 and 2014.
- (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 March 2015, 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) The other PRC subsidiaries of the Group are subject to the PRC EIT rate of the 25% (2014: 25%).
- (b) Reconciliation between income tax and accounting profit at the applicable rates:

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	<i>HK\$'000</i>
Profit before taxation	24,623	18,944
Notional tax on profit before taxation, calculated		
at the rates applicable in the tax jurisdiction concerned	6,458	4,694
Tax effect of expenses not deductible for tax purpose	184	67
Tax effect of income not taxable for tax purpose	(525)	(159)
Tax effect of tax losses not recognised	799	1,040
Tax effect of temporary differences recognised	(129)	(136)
Effect of income tax preferential policy in PRC	(1,511)	–
Income tax for the period	5,276	5,506

10. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company included a loss of HK\$1,081,000 for the three months ended 31 March 2015 (2014: HK\$795,000) which was dealt with in the financial statements of the Company.

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\$14,311,000 for the three months ended 31 March 2015 (2014: HK\$10,818,000) and the weighted average number of 2,755,697,018 (2014: 2,655,697,018) ordinary shares of the Company in issue during the period.

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

12. DIVIDEND

The Company's Directors resolved not to declare a dividend for the three months ended 31 March 2015 (2014: Nil).

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 March 2015, the outstanding loans granted under the banking facilities were HK\$11,700,000 (31 December 2014: 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. At the Directors' meeting held on 19 March 2015, the Directors proposed a final dividend of HK\$0.0048 per share of the Company for the year ended 31 December 2014 amounting to approximately HK\$14,187,000 that was approved by the shareholders of the Company at the annual general meeting held on 5 May 2015. The payment date for the 2014 final dividend of the Company is expected to be on 31 July 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Industrial and Medical Waste Integrated Treatment Services

For the three months ended 31 March 2015, the Group collected for treatment 6,071 metric tons (2014: 8,783 metric tons) of hazardous industrial waste, 381 metric tons (2014: 2,515 metric tons) of general industrial waste, and 1,280 metric tons (2014: 851 metric tons) of regulated medical waste in various cities of Jiangsu Province.

For the three months ended 31 March 2015, the profit margin (pre-tax) of the Group's environmental waste integrated treatment services was approximately 50.4% (2014: 35.9%).

Industrial Sewage and Sludge Treatment in Eco-plating Specialised Zone

For the three months ended 31 March 2015, the average utilisation rate of the industrial buildings was approximately 87% (2014: 90%) and the centralised plating sewage treatment system in the eco-plating specialised industrial zone had handled approximately 114,892 metric tons (2014: 110,700 metric tons) of plating sewage discharged from the manufacturers in the zone. The construction of 3 new factory buildings with a total gross floor area of approximately 23,000 square metres has been completed in the first quarter of 2015.

For the three months ended 31 March 2015, the profit margin (pre-tax) of the Group's operations in the eco-plating specialised industrial zone was approximately 12.4% (2014: 12.2%).

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 three months ended 31 March 2015, the profit margins (pre-tax) of Suzhou New Huamei Plastics Company Limited ("Suzhou New Huamei"), Danyang New Huamei Plastics Company Limited ("Danyang New Huamei") and Qingdao Zhongxin Huamei Plastics Company Limited ("Qingdao Huamei") that engaged in plastic material dyeing business in Mainland China were 5.0%, 4.9% and 2.9% (2014: 6.2%, 2.6% and 2.2%) respectively.

The board meetings of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei have been held in mid-April 2015 to review on their respective annual results of 2014, and the final dividends declared by their boards that attributable to the Group would be totally amounted approximately to HK\$4,527,000 (before PRC dividend tax) (2014: HK\$4,352,000).

Fund raising exercise

On 31 March 2015 (after trading hours), the Company entered into a conditional subscription agreement (“Subscription Agreement”) with a subscriber in relation to the subscription of 200,000,000 new shares of the Company at a subscription price of HK\$0.345 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 9 April 2015. The net proceed raised of approximately HK\$68,691,000 would be used with approximately 50% for financing the capital expenditure on enhancement of the waste treatment capacity of the Group, and with approximately 50% for the general working capital requirements and/or for financing investment opportunities of the Company.

Outlook

The Group will continue to focus on environmental related business and will enhance the waste treatment capacity, the waste management and treatment standards of the Group. In 2015, the newly built incinerator with annual capacity of approximately 26,300 metric tons and the newly constructed hazardous waste landfill with annual disposal capacity of approximately 18,000 metric tons of the Group would be put into operation. Barring any unforeseeable risks from the global and local economies that might affect the Group’s environmental operations in the Mainland China, the Group will make concerted efforts to meet the target for a modest profit growth in this year.

FINANCIAL REVIEW

Summary of quarterly results

The changes in unaudited consolidated financial information of the Group for the three months ended 31 March 2015 compared to the unaudited figures for the corresponding period in 2014 are summarised as follows:

<i>(Expressed in HK\$’000 unless indicated otherwise)</i>	<i>Note</i>	Three months ended 31 March		Change (%)
		2015	2014	
Revenue	(a)	70,696	60,588	+16.7
Gross profit margin (in percentage)	(b)	49.3	48.7	+1.2
Other revenue	(c)	435	65	+569.2
Other net income	(d)	2,720	6,453	-57.8
Distribution and selling expenses	(e)	3,180	3,732	-14.8
Administrative expenses	(f)	8,571	9,610	-10.8
Other operating expenses	(g)	3,381	2,204	+53.4
Finance income	(h)	223	393	-43.3
Finance costs	(i)	799	684	+16.8
Share of net profit/(loss) of associates	(j)	2,358	(1,265)	N/A
Income tax	(k)	5,276	5,506	-4.2
Profit for the period	(l)	19,347	13,438	+44.0
Profit attributable to owners of the Company	(l)	14,311	10,818	+32.3
Basic and diluted EPS (HK cents)	(l)	0.52	0.41	+26.8

Notes:

- (a) Net increase in total revenue for the three months ended 31 March 2015 was mainly attributable to:
 - (i) increase in quantities of regulated medical waste collected for innocuity treatment and disposal in current period;
 - (ii) increase in handling prices for hazardous industrial waste in current period; and
 - (iii) increase in value-added innocuity service income not merely charged on the waste quantity handled.
- (b) Increase in gross profit margin of the Group for the three months ended 31 March 2015 was mainly attributable to increase in income from value-added innocuity services with attributable lower cost of sales in current period.
- (c) Net increase in other revenue for the three months ended 31 March 2015 was mainly attributable to the increase in income from nitrile rubber recycling.
- (d) Net decrease in other net income for the three months ended 31 March 2015 was mainly attributable to the net gain on derecognition of liabilities of de-registered subsidiaries in the first quarter of 2014 was an one-off gain recorded in last corresponding period.
- (e) Net decrease in distribution and selling expenses for the three months ended 31 March 2015 was mainly attributable to decrease in environmental marketing incentive expenses.
- (f) Net decrease in administrative expenses for the three months ended 31 March 2015 was mainly attributable to staff costs being allocated to other operating expenses for those staff members seconded to the research and development functions of the Group.
- (g) Net increase in other operating expenses for the three months ended 31 March 2015 was mainly attributable to increase in research and development costs of the Group.
- (h) Net decrease in finance income for the three months ended 31 March 2015 was mainly attributable to decrease in net free cash flow of the Group during the period.
- (i) Net increase in finance costs for the three months ended 31 March 2015 was mainly attributable to increase in interest rate for the unsecured other borrowings of the Company.
- (j) Net increase in profits shared from an associate for the three months ended 31 March 2015 was mainly attributable to increase in profit on hazardous waste landfill operation in current period.
- (k) Net decrease in income tax for the three months ended 31 March 2015 was mainly attributable to the income tax rate of 15% granted to a major subsidiary in Zhenjiang, Jiangsu Province under the PRC tax preferential policy.

- (l) For the three months ended 31 March 2015, net increase in profit, increase in profit attributable to owners of the Company and increase in EPS were mainly attributable to:
- (i) increase in revenue from both operating segments of environmental waste treatment services and environmental sewage treatment and facility services in the eco-plating industrial zone, and
 - (ii) the associate showed a turn from loss to profit in current period as comparing to the last corresponding period.

Seasonality of operations

The environment waste treatment services have tended to be insensitive to seasonal fluctuation in 2014, though in previous years the services on handling different waste quantities would have peak demand in the third and fourth quarters of a year with revenue accumulated in the first half of the year less than that accumulating in the second half of a year. In the first quarter of 2015, the total quantity of all kinds of wastes handled was decreased relatively, though the revenue from servicing new clients on value-added innocuity services has been increased.

Capital expenditure

For the three months ended 31 March 2015, the Group incurred capital expenditure to increase property, plant and equipment (i) for the operating segment of environmental waste treatment services amounted approximately to HK\$31,646,000 (2014: HK\$9,259,000), (ii) for the operating segment of environmental sewage and sludge treatment and facility services in the eco-plating specialised zone amounted approximately to HK\$10,282,000 (2014: HK\$1,756,000) and (iii) for corporate use at the head office in Hong Kong amounted approximately to HK\$1,540,000 (2014: HK\$6,000).

Capital commitments

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

	31 March 2015 HK\$'000	31 December 2014 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment for subsidiaries in PRC:		
Yancheng NUHF Environmental Technology Limited	32,990	68,359
Xiangshui New Universe Environmental Technology Limited	9,430	7,986
Zhenjiang New Universe Solid Waste Disposal Company Limited	7,369	11,299
Taizhou New Universe Solid Waste Disposal Company Limited	985	946
Zhenjiang Sinotech Eco-Electroplating Development Limited	23,856	65,205
– Acquisition of property, plant and equipment for head office in Hong Kong	53	1,410
	<u>74,683</u>	<u>155,205</u>

Liquidity, financial resources and gearing

During the three months ended 31 March 2015, the Group financed its operations with internally generated cash flows, banking facilities, other borrowings and fund raised from new shares subscription. The Group remained stable in its financial position with unaudited equity attributable to owners of the Company amounting approximately to HK\$635,947,000 as at 31 March 2015 (31 December 2014: HK\$628,538,000) and unaudited total assets amounting approximately to HK\$920,467,000 as at 31 March 2015 (31 December 2014: HK\$933,068,000).

The current ratio of the Group representing the unaudited consolidated current assets to the unaudited consolidated current liabilities was 1.2 times as at 31 March 2015 (31 December 2014: 1.3 times).

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

	31 March 2015 HK\$'000	31 December 2014 HK\$'000
Cash and bank balances	83,095	121,780
Available unused secured banking facilities	<u>37,523</u>	<u>2,520</u>

The Group monitors its capital through gearing ratio. This ratio is calculated as net debt divided by total capital. The net debt is calculated as 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 gearing ratio at the end of the reporting period was as follows:

	31 March 2015 HK\$'000	31 December 2014 HK\$'000
Interest-bearing bank borrowings	41,825	42,048
Other interest-bearing borrowings (<i>note</i>)	48,000	48,000
Trade and other payables, accruals and customers' deposits received	76,595	101,103
Total liabilities	166,420	191,151
Less: cash and cash equivalents	83,095	121,780
Net debt	83,325	69,371
Total equity	712,996	701,253
Total capital	796,321	770,624
Gearing ratio	<u>10.5%</u>	<u>9.0%</u>

Note:

The Company partially pre-settled HK\$18,000,000 of the unsecured other interest-bearing borrowings on 13 April 2015. On 29 April 2015, the Company entered into a supplemental deed with the lender to extend the final repayment date of the balance of the unsecured other borrowings of HK\$30,000,000 bearing interest at 4% p.a. to 31 December 2017.

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

There were no significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the three months ended 31 March 2015.

Significant investments held and their performance

According to the valuation report dated 11 May 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 March 2015 were HK\$41,200,000, HK\$22,500,000 and HK\$18,200,000 (31 December 2014: HK\$52,000,000, HK\$16,000,000 and HK\$17,000,000) respectively. The fair value of the available-for-sale unlisted equity investments was being determined using the ratio enterprise value to earnings before interest and tax of comparable listed companies adjusted for lack of marketability discount at 16% (31 December 2014: 16%).

Impairment testing on goodwill

As at 31 March 2015, the assessment on the recoverable amount of the Group’s cash generating unit principally engaged in environmental waste treatment services in the PRC was determined by referring to the valuation report dated 11 May 2015 issued by the independent professional valuer, Cushman & Wakefield, after their review of the cash flows projection at a long-term growth rate at 2% (31 December 2014: 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 17.18% (31 December 2014: 16.67%) taken into account of the risks for the industries, no impairment loss to the goodwill was considered necessary for the three months end 31 March 2015 (2014: Nil).

Capital structure

There was no significant change to the capital structure of the Company as at 31 March 2015 compared to that as at 31 December 2014.

On 31 March 2015 (after trading hours), the Company entered into a conditional subscription agreement with the subscriber, a business woman independent of and not connected with the Company, Ms. LIU Yujie (“Subscriber”) in relation to the subscription of 200,000,000 new shares of the Company (“Subscription Shares”) at a subscription price of HK\$0.345 per Subscription Share (a discount of approximately 11.54% to the closing price of HK\$0.390 per share of the Company as quoted on the Stock Exchange on the date of entering into the subscription agreement) to be allotted and issued to the subscriber 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 9 April 2015 (“Completion Date”). The net proceeds of the new shares subscription (after deducting the attributable expenses) were approximately HK\$68,691,000.

Pursuant to the Subscription Agreement, the Subscriber has undertaken to the Company that she will not, directly or indirectly: (i) in respect of 25% of the Subscription Shares, during the period commencing from the Completion Date and ending on the date which is 12 months from the Completion Date; and (ii) in respect of the remaining 75% of the Subscription Shares, during the period commencing from the Completion Date and ending on the date which is 36 months from the Completion Date, offer, pledge, charge, sell, dispose (in whatever ways, including through the securities agent) of any of such Subscription Shares described above.

Fund raising during the past twelve months

The following equity fund raising activities have been carried out by the Company in the 12 months immediately prior to the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
18 December 2014 and 24 December 2014	Issue of 100,000,000 new shares at HK\$0.300 each by way of subscription	Approximately HK\$28,690,000	(i) Approximately 50% of the net proceeds to enhance the waste treatment capacity of the Group; and (ii) the remaining balance for general working capital and/or for financing investment opportunities	(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 had been utilised as general working capital of the Company
31 March 2015 and 9 April 2015	Issue of 200,000,000 new shares at HK\$0.345 each by way of subscription	Approximately HK\$68,691,000	(i) Approximately 50% of the net proceeds to finance the capital expenditure on enhancement of the waste treatment capacity of the Group; and (ii) approximately 50% of the net proceeds for general working capital and/or for financing investment opportunities	(i) Approximately HK\$18 million had been utilised for early repayment of other borrowings to reduce interest expenses of the Group; and (ii) the remaining balance would be utilised as intended

Charges on assets

The Group pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$18,848,000 and HK\$15,524,000 as at 31 March 2015 (31 December 2014: Nil and HK\$6,777,000) respectively and time deposits of HK\$9,380,000 (31 December 2014: HK\$10,313,000) to secure bank facilities totally amounted approximately to HK\$79,348,000 as at 31 March 2015 (31 December 2014: HK\$44,568,000) which to the extent of HK\$41,825,000 were utilised as bank borrowings as at 31 March 2015 (31 December 2014: HK\$42,048,000) 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 three months ended 31 March 2015, no related hedging had been arranged by the Group.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 31 March 2015 (31 December 2014: Nil).

Employee information

As at 31 March 2015, the Group had 363 (2014: 316) full-time employees, of which 16 (2014: 17) were based in Hong Kong, and 347 (2014: 299) in the Mainland China. For the three months ended 31 March 2015, staff costs, including the Directors' remuneration and amount capitalised as inventories was HK\$11,075,000 (2014: HK\$10,255,000). Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, share options and continued development and trainings.

CHANGE IN DIRECTORS' INFORMATION

With effect from 5 May 2015, Mr. LIAO Feng was appointed executive director and member of the executive committee of the Company.

Save as disclosed therein, there was no other change in details of the Directors' information since the date of last annual report of the Company for the year ended 31 December 2014.

Save as disclosed therein, there are no other information is to be disclosed pursuant to the requirements of the Rule 17.50(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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

As at 31 March 2015, 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 in NUEL

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

Note:

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

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and 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 reporting period 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 (and 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 March 2015, so far as is known to any Director or chief executive of the Company, the interests or short positions of any person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company 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 of the Company			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:

* NUEL is beneficially owned as to 83.66 percent by Mr. XI Yu.

Save as disclosed above, as at 31 March 2015, the Directors of the Company were not aware of any other person who had an interest or short position in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Subsequent to the reporting period, the interests disclosed above have been changed, and as at the date of this announcement, so far as is known to any Director or chief executive of the Company, the interests or short positions of any person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company 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 of the Company			Number of shares held	% of total shares in issue
	Beneficial owner	Family interest	Interest of controlled corporation		
NUEL	1,071,823,656	–	–	1,071,823,656	36.26
CM International Capital Limited ("CMIC Cayman") **	800,000,000	–	–	800,000,000	27.07
CM International Capital Limited (中國國際資本 有限公司) ("CMIC Hong Kong") **	–	–	800,000,000	800,000,000	27.07
China Minsheng Investment Corp. Ltd. (中國民生投資股份 有限公司) **	–	–	800,000,000	800,000,000	27.07
Ms. LIU Yujie	200,000,000	–	–	200,000,000	6.77

Note:

** CMIC Cayman is the beneficial owner of the 800,000,000 issued ordinary shares of the Company. CMIC Cayman is 100% directly owned by CMIC Hong Kong. CMIC Hong Kong is in turn 100% directly owned by China Minsheng Investment Corp. Ltd. (中國民生投資股份有限公司).

SHARE OPTION SCHEME

The old share option scheme of the Company was adopted on 10 December 2003 and has expired on 9 December 2013. As at 31 March 2015, no option was granted or was outstanding under the old share option scheme.

The Company has a new share option scheme which was adopted by the Company's shareholders at the general meeting held on 5 May 2015 ("New Share Option Scheme"). The purpose of the New Share Option Scheme is to reward the participants who have contributed to the Group and/or to provide incentives to the participants to work towards the success of the Company.

The total number of shares of the Company which might be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme by the Shareholders of the Annual General Meeting on 5 May 2015 (the “Scheme Mandate Limit”) unless the Company obtains an approval by the Shareholders at its general meeting to refresh the Scheme Mandate Limit. Further, the maximum number of shares of the Company which might be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and options which may be granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of the Company’s shares in issue from time to time. Based on the issued share capital of 2,955,697,018 shares of the Company as at 5 May 2015, the Scheme Mandate Limit was 295,569,701 shares of the Company. On 8 May 2015, the Stock Exchange has confirmed the conditional listing approval for the maximum of 295,569,701 shares which the Company may issue on exercise of the options under the New Share Option Scheme subject to fulfillment of all other conditions of the scheme.

CONNECTED TRANSACTIONS

Save as disclosed herein under the “Directors’ Interests in Contracts of Significance”, 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 three months ended 31 March 2015.

DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

As at 31 March 2015, 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 the 82% indirectly owned subsidiary and the 100% indirectly owned subsidiary 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 March 2015, the outstanding loan was HK\$11,700,000 (31 December 2014: 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 March 2015, the outstanding loan was HK\$3,750,000 (31 December 2014: 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 March 2015, the outstanding loan was HK\$7,000,000 (31 December 2014: 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 approximately HK\$9,380,000 held by NURL as at 31 March 2015. As at 31 March 2015, the outstanding loan was HK\$9,375,000 (31 December 2014: HK\$10,313,000).
2. Ms. CHEUNG Siu Ling is a director of the landlord, Sun Ngai International Investment Limited (“Sun Ngai”, a wholly owned subsidiary of New Universe Holdings Limited that Ms. CHEUNG Siu Ling is also a director) to the following tenancy agreements entered into by the Group as tenants:
- (a) A tenancy agreement dated 18 July 2014 entered into by Smartech Services Limited (“Smartech Services”, an indirectly 100% owned subsidiary of the Company) 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.
 - (b) 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.

COMPETING INTERESTS

The Board is not aware of any Director of the Company who is interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business during the report 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 float 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 three months ended 31 March 2015.

CORPORATE GOVERNANCE PRACTICES

During the three months ended 31 March 2015, the Company 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 period 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. SONG Yuqing ("Mr. SONG") was appointed the chairman of the board ("Chairman") of the Company. Mr. SONG is also the chief executive officer ("Chief Executive Officer") of the Company. Mr. SONG 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 of the Company; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board 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 three months ended 31 March 2015, the Company had applied the principals 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 had complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the three months ended 31 March 2015.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprising three independent non-executive Directors, Dr. CHAN Yan Cheong (as the Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred. The Audit Committee has reviewed with the management the unaudited consolidated financial results and financial information of the Company for the three months ended 31 March 2015.

By order of the Board
New Universe International Group Limited
SONG Yuqing
Chairman

Hong Kong, 11 May 2015

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

Mr. SONG Yuqing	<i>(Executive Director, Chairman and Chief Executive Officer)</i>
Ms. CHEUNG Siu Ling	<i>(Executive Director)</i>
Mr. LIAO Feng	<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>

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