



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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

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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

- Total revenue for the nine months ended 30 September 2015 increased by 10.7% to HK\$211,201,000 compared to HK\$190,755,000 for the corresponding period in 2014.
- Net profit for the nine months ended 30 September 2015 increased by 8.9% to HK\$48,859,000 compared to HK\$44,879,000 for the corresponding period in 2014.
- Profit attributable to owners of the Company for the nine months ended 30 September 2015 increased by 2.6% to HK\$36,467,000 compared to HK\$35,550,000 for the corresponding period in 2014.
- Total earnings per share attributable to owners of the Company for the nine months ended 30 September 2015 were HK cents 1.27 compared to HK cents 1.34 for the corresponding period in 2014.
- Equity attributable to owners of the Company was approximately HK\$693,988,000 at 30 September 2015 compared to HK\$628,538,000 at 31 December 2014.
- Cash and cash equivalents of the Group was approximately HK\$155,843,000 at 30 September 2015 compared to HK\$121,780,000 at 31 December 2014.
- The Board resolved not to declare a dividend for the nine months ended 30 September 2015.

THIRD QUARTERLY RESULTS 2015

The board of Directors (the “Board”) of New Universe International Group Limited announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 30 September 2015, and the comparative unaudited figures for the corresponding period in 2014.

CONSOLIDATED INCOME STATEMENT

	Note	Three months ended 30 September		Nine months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	4	63,646	67,376	211,201	190,755
Cost of sales		<u>(40,099)</u>	<u>(38,473)</u>	<u>(115,705)</u>	<u>(104,067)</u>
Gross profit		23,547	28,903	95,496	86,688
Other revenue	5	(7)	48	4,955	4,468
Other net income	6	600	183	3,448	6,747
Distribution and selling expenses		(1,863)	(2,817)	(8,370)	(9,636)
Administrative expenses		(10,686)	(8,634)	(29,627)	(26,702)
Other operating expenses		(3,457)	(3,884)	(9,706)	(11,223)
Operating profit		8,134	13,799	56,196	50,342
Finance income	7	(585)	109	(34)	814
Finance costs	7	(630)	(702)	(2,140)	(2,149)
Finance costs, net	7	(1,215)	(593)	(2,174)	(1,335)
Share of profits of an associate		158	1,480	3,706	2,007
Profit before taxation	8	7,077	14,686	57,728	51,014
Income tax	9	(6,075)	3,048	(8,869)	(6,135)
Profit for the period		<u>1,002</u>	<u>17,734</u>	<u>48,859</u>	<u>44,879</u>
Attributable to:					
Owners of the Company		233	13,662	36,467	35,550
Non-controlling interests		769	4,072	12,392	9,329
		<u>1,002</u>	<u>17,734</u>	<u>48,859</u>	<u>44,879</u>
Earnings per share attributable to the owners of the Company during the period: <i>(expressed in HK cents per share)</i>					
Basic and diluted	10	<u>0.01 cents</u>	0.52 cents	<u>1.27 cents</u>	1.34 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	1,002	17,734	48,859	44,879
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit and loss</i>				
Translation differences				
– on translation of financial statements of overseas subsidiaries	(18,532)	837	(23,320)	(4,068)
– on translation of financial statements of an overseas associate	(506)	17	(645)	(121)
Fair value changes on available-for-sale equity investments	(10,200)	5,900	(5,600)	19,300
Tax effect relating to changes in fair value of available-for-sale equity investments	1,020	(590)	560	(1,930)
Other comprehensive income for the period, net of tax	(28,218)	6,164	(29,005)	13,181
Total comprehensive income for the period	(27,216)	23,898	19,854	58,060
Attributable to:				
Owners of the Company	(25,229)	19,728	10,946	49,259
Non-controlling interests	(1,987)	4,170	8,908	8,801
	(27,216)	23,898	19,854	58,060

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The unaudited consolidated statement of changes in equity sets out the movement of reserves of the Company as follows:

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Translation reserve	Investment revaluation reserve	Capital reserve	Statutory reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2014 (audited)	<u>26,557</u>	<u>305,084</u>	<u>41,305</u>	<u>5,050</u>	<u>4,795</u>	<u>16,718</u>	<u>150,197</u>	<u>549,706</u>	<u>58,551</u>	<u>608,257</u>
Change in equity for 9 months ended 30 September 2014										
Profit for the period	-	-	-	-	-	-	35,550	35,550	9,329	44,879
Other comprehensive income	-	-	(3,661)	17,370	-	-	-	13,709	(528)	13,181
Total comprehensive income	-	-	(3,661)	17,370	-	-	35,550	49,259	8,801	58,060
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	6,576	6,576
Dividend relating to 2013	-	-	-	-	-	-	(12,216)	(12,216)	-	(12,216)
At 30 September 2014 (unaudited)	<u>26,557</u>	<u>305,084</u>	<u>37,644</u>	<u>22,420</u>	<u>4,795</u>	<u>16,718</u>	<u>173,531</u>	<u>586,749</u>	<u>73,928</u>	<u>660,677</u>
At 1 January 2015 (audited)	<u>27,557</u>	<u>333,774</u>	<u>28,749</u>	<u>20,800</u>	<u>4,795</u>	<u>23,120</u>	<u>189,743</u>	<u>628,538</u>	<u>72,715</u>	<u>701,253</u>
Change in equity for 9 months ended 30 September 2015										
Profit for the period	-	-	-	-	-	-	36,467	36,467	12,392	48,859
Other comprehensive income	-	-	(20,481)	(5,040)	-	-	-	(25,521)	(3,484)	(29,005)
Total comprehensive income	-	-	(20,481)	(5,040)	-	-	36,467	10,946	8,908	19,854
Issue of ordinary shares, net of share issuance costs of HK\$309,000	2,000	66,691	-	-	-	-	-	68,691	-	68,691
Dividend relating to 2014	-	-	-	-	-	-	(14,187)	(14,187)	-	(14,187)
At 30 September 2015 (unaudited)	<u>29,557</u>	<u>400,465</u>	<u>8,268</u>	<u>15,760</u>	<u>4,795</u>	<u>23,120</u>	<u>212,023</u>	<u>693,988</u>	<u>81,623</u>	<u>775,611</u>

NOTES TO THE UNAUDITED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

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) This unaudited financial information is 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.
- (c) 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

This unaudited financial information for the nine months ended 30 September 2015 has been prepared in accordance with the applicable disclosure provisions of the GEM Listing Rules.

This unaudited financial information for the nine months ended 30 September 2015 has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of this unaudited financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates. This unaudited financial information contains selected consolidated financial statements and explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The selected consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This unaudited financial information for the nine months ended 30 September 2015 is unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2014 that is included in this unaudited financial information as comparative information does not constitute the Group's financial statements for that financial year but is derived from those annual financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Environmental waste treatment service income	39,644	45,863	138,403	131,998
Industrial sewage treatment and facility provision services income	24,002	21,513	72,798	58,757
	<u>63,646</u>	<u>67,376</u>	<u>211,201</u>	<u>190,755</u>

5. OTHER REVENUE

	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Dividend income from available- for-sale equity investments	–	–	4,527	4,352
Scrap sales, net of exchange adjustment	(7)	48	428	116
	<u>(7)</u>	<u>48</u>	<u>4,955</u>	<u>4,468</u>

6. OTHER NET INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Derecognition of liabilities of de-registered subsidiaries	–	–	–	3,636
Government environmental subsidies, net of exchange adjustment	(37)	–	2,279	2,710
Release of deferred governmental grants	108	115	604	333
Net gain on disposal of an available- for-sale equity investment	–	29	–	29
Sundry	529	39	565	39
	<u>600</u>	<u>183</u>	<u>3,448</u>	<u>6,747</u>

7. FINANCE INCOME AND COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Finance income from:				
Interest income on short-term bank deposits	496	302	986	1,182
Net foreign exchange loss on financing activities	(1,081)	(193)	(1,020)	(368)
Total net finance income	<u>(585)</u>	<u>109</u>	<u>(34)</u>	<u>814</u>
Interest expenses on:				
Bank borrowings wholly repayable within 5 years	328	365	1,042	1,225
Other borrowings wholly repayable within 5 years	302	337	1,098	924
Total finance costs	<u>630</u>	<u>702</u>	<u>2,140</u>	<u>2,149</u>
Net finance costs	<u>1,215</u>	<u>593</u>	<u>2,174</u>	<u>1,335</u>

8. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging:

	Three months		Nine months	
	ended 30 September	ended 30 September	ended 30 September	ended 30 September
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of sales (<i>note</i>)	40,099	38,473	115,705	104,067
Depreciation of property, plant and equipment	7,687	7,068	23,445	20,876
Amortisation of land lease prepayments	249	643	1,463	1,928
Operating lease charges for minimum payments				
– Land and buildings in Hong Kong	174	144	522	312
– Land and buildings in PRC	293	304	941	304
– Landfill in PRC	21	23	65	67
	<u>48,043</u>	<u>46,508</u>	<u>141,101</u>	<u>127,244</u>

Note:

Included in cost of sales were raw materials consumed of HK\$14,336,000 (2014: HK\$17,341,000), staff costs of HK\$16,843,000 (2014: HK\$14,667,000), and depreciation of HK\$20,200,000 (2014: HK\$18,295,000), and amongst which depreciation was included in the respective total amount disclosed above.

9. INCOME TAX

Income tax in the consolidated income statement represents:

	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Income Tax	3,048	870	13,892	10,326
(Over)/under provision in prior periods	3,156	(3,782)	(4,637)	(3,782)
	6,204	(2,912)	9,255	6,544
Deferred tax	(129)	(136)	(386)	(409)
	6,075	(3,048)	8,869	6,135

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the period. No provision for Hong Kong Profits Tax was made, as the Group had no assessable profits arising in Hong Kong for the period.
- (iii) The Company's subsidiaries in PRC are subject to a statutory enterprise income tax rate of 25% (2014: 25%) ("PRC Income Tax"), except for the subsidiary which is qualified for the High and New Technology Enterprise and would be entitled to enjoy a PRC Income Tax preferential rate of 15% (2014: 15%).

10. 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\$36,467,000 for the nine months ended 30 September 2015 (2014: HK\$35,550,000) and the weighted average number of 2,883,902,146 (2014: 2,655,697,018) ordinary shares of the Company in issue during the period.

(a) Profit attributable to owners of the Company:

	Three months ended 30 September		Nine months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share	<u>233</u>	<u>13,662</u>	<u>36,467</u>	<u>35,550</u>

(b) Weighted average number of ordinary shares:

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Ordinary shares in issue at the beginning of the period	2,955,697,018	2,655,697,018	2,755,697,018	2,655,697,018
Ordinary shares issued up the completion of the share subscription agreement on 9 April 2015	<u>-</u>	<u>-</u>	<u>200,000,000</u>	<u>-</u>
Total number of ordinary shares in issue at the end of the period	<u>2,955,697,018</u>	<u>2,655,697,018</u>	<u>2,955,697,018</u>	<u>2,655,697,018</u>
Weighted average number of ordinary shares in issue during the period	<u>2,955,697,018</u>	<u>2,655,697,018</u>	<u>2,883,902,146</u>	<u>2,655,697,018</u>

There were no dilutive ordinary shares in existence during the period under review; therefore, diluted earnings per share is the same as basic earnings per share.

11. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Integrated Waste Treatment Services

For the nine months ended 30 September 2015, the Group had collected for treatment in aggregate of approximately 22,655 metric tons (2014: 20,916 metric tons) of hazardous industrial waste, 4,095 metric tons (2014: 3,515 metric tons) of medical waste and 1,254 metric tons (2014: 5,433 metric tons) of general industrial waste from various cities in Jiangsu Province of China. For the nine months ended 30 September 2015, the total revenue of the Group's operations in providing environmental waste integrated treatment services was approximately HK\$138,403,000 (2014: HK\$131,998,000) of which the revenue from treatment of hazardous industrial waste, medical waste and general industrial waste were HK\$115,592,000, HK\$21,608,000 and HK\$1,203,000 (2014: HK\$112,653,000, HK\$12,642,000 and HK\$6,703,000) respectively. The overall profit margin (pre-tax) of the Group's environmental waste integrated treatment services was approximately 36.3% in current period (2014: 33.8%).

Environmental Industrial Sewage Treatment in Eco-plating Specialised Zone

For the nine months ended 30 September 2015, the average utilisation rate of the industrial buildings and facilities with total gross floor area of 106,630 square metres was approximately 90% (2014: 95% for 83,523 square metres) in the eco-plating specialised industrial zone. The centralised plating sewage treatment system had handled approximately 439,000 metric tons (2014: 403,000 metric tons) of plating sewage discharged from the manufacturers in the eco-plating specialised zone in current period. There were 50 contracted manufacturing clients in the zone as at 30 September 2015 (2014: 44). For the nine months ended 30 September 2015, the total revenue of the Group's operations in the eco-plating specialised industrial zone was approximately HK\$72,798,000 (2014: HK\$58,757,000) and the profit margin (pretax) was approximately 16.6% (2014: 11.9%).

Investments in Plastic Materials Dyeing Operations

The Group holds the equity interests in the three manufacturing entities that principally engaged in plastic materials dyeing business in the Mainland China as strategic equity investments. For the nine months ended 30 September 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") were 4.5%, 2.4% and 3.6% (2014: 5.0%, 1.3% and 3.0%) respectively.

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

Establishment of a new subsidiary in Suqian city of Jiangsu Province

On 18 June 2015, New Universe Recyclables Limited (新宇資源再生利用有限公司) (an indirectly wholly-owned subsidiary of the Company incorporated in Hong Kong) (“NU Recyclables”) entered into an investment agreement (the “Investment Agreement”) with 江蘇宿遷生態化工科技產業園管理委員會 (Jiangsu Suqian Eco Chemical Industry Park Administration Committee*), pursuant to which NU Recyclables will set up a wholly-owned subsidiary at Suqian in the Jiangsu Province of China (the “New Subsidiary”) that will engage in the provision of hazardous waste treatment services by constructing new incineration facilities and hazardous waste landfill at 宿遷生態化工科技產業園 (Suqian Eco Chemical Industry Park*). According to the Investment Agreement, the registered capital of the New Subsidiary is HK\$80,000,000 and the fixed asset investment will reach HK\$200 million in the future to target for the hazardous waste treatment facilities with an annual capacity of 100,000 metric tons to be built.

On 25 June 2015, the New Subsidiary named 宿遷宇新固體廢物處置有限公司 (Suqian New Universe Solid Waste Disposal Co., Ltd.*) has been incorporated in Suqian and located at the Suqian Eco Chemical Industry Park.

Outlook

The Group will continue to focus on environmental related business and enhance the waste management and treatment standards of the Group, and will seek for feasible investment opportunity to increase the environmental waste treatment capacity of the Group. The newly built incinerator with annual capacity of 16,500 metric tons situated at Zhenjiang, Jiangsu Province has duly been approved for treatment of hazardous waste by the provincial environmental department in early November 2015. Pending for the final approval of the provincial environmental protection department in China, other newly built incinerators with annual capacity of approximately 9,800 metric tons and the newly constructed hazardous waste landfill with annual disposal capacity of approximately 18,000 metric tons of the Group are also expected to be gradually put into operations. Barring any unforeseeable risks from the global and local economies that might affect the Group’s environmental operations in China, the Group will make concerted efforts to meet the target on a modest profit growth in this year.

* *For identification purposes only*

FINANCIAL REVIEW

Summary of the third quarterly results

The unaudited consolidated results of the Group for the nine months ended 30 September 2015 as comparing to the unaudited figures for the corresponding period in 2014 are summarised as follows:

(Expressed in HK\$'000 unless indicated otherwise)	Note	For the three months ended 30 September			For the nine months ended 30 September		
		2015	2014	Change %	2015	2014	Change %
Revenue	(a)	63,646	67,376	-5.5	211,201	190,755	+10.7
Average gross profit margin (%)	(b)	37.0	42.9	-13.8	45.2	45.4	-0.4
Other revenue	(c)	(7)	48	N/A	4,955	4,468	+10.9
Other net income	(d)	600	183	+227.9	3,448	6,747	-48.9
Distribution and selling expenses	(e)	1,863	2,817	-33.9	8,370	9,636	-13.1
Administrative expenses	(f)	10,686	8,634	+23.8	29,627	26,702	+11.0
Other operating expenses	(g)	3,457	3,884	-11.0	9,706	11,223	-13.5
Finance income	(h)	(585)	109	N/A	(34)	814	N/A
Finance costs	(i)	630	702	-10.3	2,140	2,149	-0.4
Share of net profits of associates	(j)	158	1,480	-89.3	3,706	2,007	+84.7
Income tax	(k)	6,075	(3,048)	N/A	8,869	6,135	+44.6
Net profit for the period	(l), (m)	1,002	17,734	-94.3	48,859	44,879	+8.9
Profit attributable to							
owners of the Company	(l), (m)	233	13,662	-98.3	36,467	35,550	+2.6
Basic and diluted EPS (HK cents)	(n)	0.01	0.52	-98.1	1.27	1.34	-5.2

Notes:

- (a) Net increase in total revenue for the nine months ended 30 September 2015 was mainly attributable to:
- (i) increase in quantities of hazardous industrial waste and regulated medical waste collected for incineration treatment and disposal in current period; and
 - (ii) increase in newly contracted prices for regulated medical waste treatment in current period.
- (b) Decrease in gross profit margin of the Group for the nine months ended 30 September 2015 was mainly attributable to the PRC value-added-tax ("VAT") of 17% being charged on all revenue on hazardous industrial waste treatment in PRC with effect from 1 July 2015.
- (c) Net increase in other revenue for the nine months ended 30 September 2015 was mainly attributable to the increase in income from nitrile rubber recycling after net of downward exchange adjustment on RMB income in current period.

- (d) Net decrease in other net income for the nine months ended 30 September 2015 was mainly attributable to the net gain on derecognition of liabilities attributable to the subsidiaries being de-registered in the first quarter of 2014 that was an one-off gain recorded in last corresponding period.
- (e) Net decrease in distribution and selling expenses for the nine months ended 30 September 2015 was mainly attributable to decrease in environmental marketing incentive expenses.
- (f) Net increase in administrative expenses for the nine months ended 30 September 2015 was mainly attributable to increase in staff costs for new projects and operations established in current period.
- (g) Net decrease in other operating expenses for the nine months ended 30 September 2015 was mainly attributable to decrease in research and development costs of the Group in current period.
- (h) Net decrease in finance income for the nine months ended 30 September 2015 was mainly attributable to increase in exchange losses on financial activities in current period arising from downward adjustment on RMB exchange rate relative to HK\$.
- (i) Net decrease in finance costs for the nine months ended 30 September 2015 was mainly attributable to decrease in borrowings of the Company.
- (j) Net increase in profits shared from an associate for the nine months ended 30 September 2015 was mainly attributable to increase in profit on hazardous waste landfill operation in current period.
- (k) Net increase in income tax for the nine months ended 30 September 2015 was mainly attributable to increase in taxable profits and tax under-provision on dividends distributed from PRC operations in current period.
- (l) For the nine months ended 30 September 2015, net increase in profit and increase in profit attributable to owners of the Company 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) increase in profit shared from the associate which operating a hazardous waste landfill.
- (m) For the three months ended 30 September 2015, net decrease in profit and decrease in profit attributable to owners of the Company were mainly attributable to:
 - (i) downward adjustment on RMB exchange rate relative to HKD being effected in third quarter of 2015;
 - (ii) VAT of 17% being charged on revenue from the environmental operations in PRC with effect from 1 July 2015 that resulted in relatively decrease in gross profit margin; and

- (iii) the expected schedule to obtain the hazardous waste operating licenses for new incineration facilities has been extended under tightened policies of governmental environmental authorities that resulted in revenue from hazardous waste treatment services using existing incineration capacity remained stable as comparing to the last corresponding period.
- (n) For the three months ended 30 September 2015, decrease in EPS was mainly attributable to the increase in new shares issued in April 2015 that has slightly diluting effect to earnings per share in current period.

Seasonality of operations

The environmental waste treatment services have tended to be insensitive to seasonal fluctuation in 2014.

For the financial year ended 31 December 2014, the environmental waste treatment services reported a revenue of HK\$170,929,000 (2013: HK\$131,623,000) and pre-tax profit of HK\$71,227,000 (2013: HK\$49,888,000) with revenue of approximately 50.4% (2013: 42.8%) being accumulated in the first half of the year and approximately 49.6% (2013: 57.2%) being accumulated in the second half of the year.

For the 12 months ended 30 September 2015, the environmental waste treatment services reported a revenue of HK\$177,334,000 (12 months ended 30 September 2014: HK\$171,158,000) and pre-tax profit of HK\$76,933,000 (12 months ended 30 September 2014: HK\$58,026,000).

Capital expenditure

For the nine months ended 30 September 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\$53,904,000 (2014: HK\$41,391,000), (ii) for the operating segment of industrial sewage and sludge treatment and facility provision services in the eco-plating industrial zone amounted approximately to HK\$10,282,000 (2014: HK\$17,010,000), and (iii) for corporate use at the head office in Hong Kong amounted approximately to HK\$2,324,000 (2014: HK\$143,000).

Commitments

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

	30 September 2015 HK\$'000	31 December 2014 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment for subsidiaries in PRC		
鹽城新宇輝豐環保科技有限公司 (Yancheng NUHF Environmental Technology Limited*)	29,859	68,359
Xiangshui New Universe Environmental Technology Limited	5,925	7,986
Zhenjiang New Universe Solid Waste Disposal Company Limited	6,077	11,299
Taizhou New Universe Solid Waste Disposal Company Limited	994	946
Zhenjiang Sinotech Eco-Electroplating Development Limited	17,381	65,205
宿遷宇新固體廢物處置有限公司 (Suqian New Universe Solid Waste Disposal Company Limited*)	5,193	–
江蘇宇新環保工程管理有限公司 (Jiangsu New Universe Environmental Engineering Management Company Limited*)	572	–
– Acquisition of property, plant and equipment for head office in Hong Kong	24	1,410
	66,025	155,205

Liquidity, financial resources and level of borrowings

During the nine months ended 30 September 2015, the Group financed its operations with internally generated cash flows, banking facilities and other borrowings and fund raised from new shares subscriptions. The Group remained stable in its financial position with the equity attributable to owners of the Company of approximately HK\$693,988,000 (31 December 2014: HK\$628,538,000) and consolidated total assets of the Company of approximately HK\$985,187,000 (31 December 2014: HK\$933,068,000) respectively as at 30 September 2015.

* For identification purposes only

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

	30 September 2015 HK\$'000	31 December 2014 HK\$'000
Cash and bank balances	155,843	121,780
Available unused secured bank loan facilities	39,348	2,520
Available unused unsecured bank loan facilities	15,000	–
Available unused unsecured loan facility granted by a shareholder of the Company	<u>500,000</u>	<u>–</u>

The current ratio of the Group representing the consolidated current assets to the consolidated current liabilities was 1.7 times as at 30 September 2015 (31 December 2014: 1.3 times).

The cash conversion rate of the Group being the net cash generated from operating activities as a percentage of the consolidated operating profit was 107.7% for the nine months ended 30 September 2015 (2014: 103.3%).

The Company uses “Earnings before interest, tax, depreciation and amortisation” (EBITDA) to measure the operating result of the Group, which represents the consolidated profit before taxation plus adding back interest expense, depreciation and amortisation charges over a reporting period. The EBITDA of the Group for the nine months ended 30 September 2015 was approximately HK\$84,810,000 (nine months ended 30 September 2014: HK\$75,153,000).

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

	30 September 2015 HK\$'000	31 December 2014 HK\$'000
Interest-bearing bank borrowings	37,343	42,048
Other interest-bearing borrowings	30,000	48,000
Trade and other payables, accruals and customers' deposits received	103,871	101,103
Total liabilities	171,214	191,151
Less: cash and cash equivalents	155,843	121,780
Net debt	15,371	69,371
Total equity	775,611	701,253
Total capital	790,982	770,624
Gearing ratio	1.9%	9.0%

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

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 ordinary shares at HK\$0.300 each by way of subscription	Approximately HK\$29,690,000	<ul style="list-style-type: none"> (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. 	<ul style="list-style-type: none"> (i) Approximately HK\$15.53 million had been utilised for the capital injection to a subsidiary in PRC to increase its incineration capacity by approximately 16,500 metric tons per annum; (ii) approximately HK\$9.35 million had been utilised for repayment of bank borrowings of the Group; and (iii) 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 ordinary shares at HK\$0.345 each by way of subscription	Approximately HK\$68,691,000	<ul style="list-style-type: none"> (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. 	<ul style="list-style-type: none"> (i) Approximately HK\$8 million had been utilised for the capital injection to a subsidiary preparing for the construction of new incineration facilities in PRC; (ii) approximately HK\$18 million had been utilised for repayment of other borrowings of the Group; and (iii) the remaining balance would be utilised as intended.

Capital structure

On 31 March 2015 (after trading hours), the Company entered into a conditional subscription agreement (“Subscription Agreement”) with the subscriber, Ms. LIU Yujie (“Subscriber”) in relation to the subscription of 200,000,000 new ordinary shares with an aggregate nominal value of HK\$2,000,000 of the Company (“Subscription Shares”) at a subscription price of HK\$0.345 per subscription share (representing 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 at the date of entering into the Subscription Agreement). The completion of the Subscription Agreement took place on 9 April 2015 (“Completion Date”). The net proceed of the new shares subscription (after deduction of the related expenses) was approximately HK\$68,691,000 and the net price per Subscription Share was approximately HK\$0.3435.

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.

Save as disclosed therein, there was no significant change to the capital structure of the Company as at 30 September 2015 compared to that as at 31 December 2014.

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 nine months ended 30 September 2015.

Subsequent to the end of the reporting period, on 7 October 2015 the Company has completed the acquisition of the remaining 2% equity interest in New Sinotech Investments Limited (“NSIL”) from the third party minority shareholder at a consideration of HK\$2,200,000. NSIL has then become the 100% indirectly owned subsidiary of the Company which in turn holds 100% equity interest of Fair Time International Limited, 100% equity interest of Zhenjiang Sinotech Eco-Electroplating Development Limited, and 100% equity interest of 江蘇宇新環保工程管理有限公司 (Jiangsu New Universe Environmental Engineering Management Company Limited*).

* *For identification purposes only*

Significant investments held and their performance

According to the valuation report dated 5 November 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 30 September 2015 were HK\$37,900,000, HK\$21,900,000 and HK\$19,600,000 (31 December 2014: HK\$52,000,000, HK\$16,000,000 and HK\$17,000,000) respectively. As at 30 September 2015, the fair values of these unlisted equity investments which were determined by reference to the valuation carried out by Cushman & Wakefield (2014: by Cushman & Wakefield) having used a market approach model based on the observable market data of the multiple of enterprise value to earnings before interest and tax of comparable listed companies in the same industry, after having taken into account of the discount on marketability at 16% (31 December 2014: 16%) of these unlisted investments. For the nine months ended 30 September 2015, total dividend declared by Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei that has been accounted for by the Group was approximately HK\$4,527,000 (before PRC dividend tax) (2014: HK\$4,352,000).

Impairment testing on goodwill

As at 30 September 2015, the recoverable amount of the Group’s cash generating unit principally engaged in environmental waste treatment services in the Mainland China was determined by referring to the valuation report dated 5 November 2015 issued by the independent professional valuer, Cushman & Wakefield, on a value-in-use calculation using cash flows projections based on the financial forecast approved by the management covering a five-year period, at a pre-tax discount rate of 16.03% (31 December 2014: 16.67%) 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. The cash flows beyond the five-year period are extrapolated using an annual growth rate of 2% (31 December 2014: 2%) which does not exceed the long-term growth rate for the waste treatment industries. Other key assumptions for the value-in-use calculation related to the estimated cash inflows/outflows include forecasted sales and gross margin. Such estimation is based on the past performance of the cash generating unit and the management’s expectations for the market development. Accordingly, no impairment loss to the goodwill was considered necessary for the nine months end 30 September 2015 (2014: Nil).

Charges on Group assets

The Group pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$48,846,000 and HK\$14,806,000 as at 30 September 2015 (31 December 2014: Nil and HK\$6,777,000) respectively and no time deposits were pledged as at 30 September 2015 (31 December 2014: time deposits pledged of HK\$10,313,000) to secure banking facilities totally amounted approximately to HK\$76,691,000 as at 30 September 2015 (31 December 2014: HK\$44,568,000) which to the extent of HK\$37,343,000 were utilised as bank borrowings as at 30 September 2015 (31 December 2014: HK\$42,048,000) granted to the Group.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 30 September 2015 (31 December 2014: Nil).

Exposure to exchange rate fluctuations

As most of the Group's monetary assets and liabilities were dominated in RMB, HK\$ and US dollars, the exchange risks of the Group were considered to be minimal. For the nine months ended 30 September 2015, no related hedging has been arranged by the Group.

Employee information

As at 30 September 2015, the Group had 392 (2014: 320) full-time employees, of which 18 (2014: 16) were based in Hong Kong, and 374 (2014: 304) in the Mainland China. For the nine months ended 30 September 2015, staff costs, including the Directors' remuneration and amount capitalised as inventories was HK\$32,605,000 (2014: HK\$33,160,000). Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, continuing development and trainings.

CHANGE IN DIRECTORS' INFORMATION

With effect from 5 May 2015, Mr. LIAO Feng (廖鋒) was appointed executive director and member of the executive committee of the Company. Details of the appointment of Mr. LIAO was set out in the announcement of the Company dated 5 May 2015.

With effect from 9 June 2015, Ms. LIU Yujie (劉玉杰) was appointed executive director and member of the executive committee of the Company. Details of the appointment of Ms. LIU was set out in the announcement of the Company dated 9 June 2015.

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

As at 30 September 2015, the interests and short positions of the Directors and chief executive 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, "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 required, 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:

The Company

Long positions in ordinary shares of the Company

Name of Director	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Personal/beneficial interest	Interest of children or spouse	Interests of controlled corporation		
Ms. LIU Yujie	202,000,000	–	–	202,000,000	6.83

Associated corporation

Long positions in ordinary shares of New Universe Enterprises Limited ("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 are also directors of NUEL.

Save as disclosed above, as at 30 September 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 therein, at no time during the period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the chief executive, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

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

As at 30 September 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 ordinary 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	Interests of controlled corporation		
NUEL ⁽ⁱ⁾	1,071,823,656	–	–	1,071,823,656	36.26
CM International Capital Limited (“CMIC Cayman”) ⁽ⁱⁱ⁾	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”) ⁽ⁱⁱ⁾	–	–	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 ⁽ⁱⁱ⁾	–	–	800,000,000	800,000,000	27.07
Ms. LIU Yujie ⁽ⁱⁱⁱ⁾	202,000,000	–	–	202,000,000	6.83

Notes:

- (i) NUEL is the beneficial owner of the 1,071,823,656 issued ordinary shares of the Company. NUEL is beneficially owned as to 83.66% by Mr. XI Yu.
- (ii) CMIC Cayman is the beneficial owner of the 800,000,000 issued ordinary shares of the Company. CMIC Cayman is 100% directly owned by CMIC Hong Kong. CMIC Hong Kong is 100% directly owned by the ultimate holding company, China Minsheng Investment Corporation Limited (中國民生投資股份有限公司).
- (iii) Ms. LIU Yujie is an executive director of the Company.

Save as disclosed above, as at 30 September 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.

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 30 September 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 Company at the annual general meeting on 5 May 2015 (the "Scheme Mandate Limit") unless the Company obtains an approval by its shareholders at its general meeting to refresh the Scheme Mandate Limit. Further, the maximum number of shares of the Company which might be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and options which may be granted and yet to be exercised under any other share option schemes of the Company shall not exceed 30% of the total number of the Company's shares in issue from time to time. Based on the issued share capital of 2,955,697,018 shares of the Company as at 5 May 2015, the Scheme Mandate Limit was 295,569,701 shares of the Company.

As at 30 September 2015, no option was granted or was outstanding under the New Share Option Scheme.

SERVICE CONTRACTS

There is no service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

CONNECTED TRANSACTIONS

There was no connected transactions of the Group (defined under the GEM Listing Rules) which were discloseable in the reporting period or any time during the nine months ended 30 September 2015.

DIRECTORS' INTERESTS IN CONTRACT OR AGREEMENT

During the nine months ended 30 September 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)”) is the 82% indirectly owned subsidiary of the Company, and of which Ms. CHEUNG Siu Ling is a director, have provided guarantees in the following arrangements.
 - (a) Standard Chartered Bank (Hong Kong) Limited had granted banking facilities of up to HK\$23,400,000 to the Company, which were guaranteed by NUET(JS). On 8 June 2015, Standard Chartered Bank (Hong Kong) Limited renewed the banking facilities at an amount up to HK\$11,700,000 to the Company, and released the corporate guarantee provided by NUET(JS). As at 30 September 2015, the outstanding loans under the banking facilities granted was HK\$11,700,000.
 - (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 30 September 2015, the outstanding loans under the banking facilities granted was HK\$2,500,000.
 - (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 30 September 2015, the outstanding loans under the banking facilities granted was HK\$5,600,000.
 - (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. As at 30 September 2015, the outstanding loans under the banking facilities granted was HK\$7,500,000.
2. Ms. CHEUNG Siu Ling is a director of the landlord, Sun Ngai International Investment Limited (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 tenant:
 - (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 renewed tenancy agreement dated 20 July 2015 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 2015 to 31 July 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 BUSINESS OR INTEREST

For the nine months ended 30 September 2015, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the GEM Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

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, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither of the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine months ended 30 September 2015.

CORPORATE GOVERNANCE PRACTICES

During the nine months ended 30 September 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. Since 18 August 2014, Mr. SONG Yuqing ("Mr. SONG") has assumed the role of both the chairman of the board ("Chairman") and the chief executive officer ("Chief Executive Officer") of the Company. 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 nine months ended 30 September 2015, the Company has 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 have complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the nine months ended 30 September 2015.

REVIEW BY AUDIT COMMITTEE

The Company's Audit Committee comprises three independent non-executive Directors, Dr. CHAN Yan Cheong (as the Audit Committee Chairman), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

The Audit Committee has reviewed with management on the accounting principles and practices adopted by the Group and discussed on the internal controls and financial reporting matters.

The unaudited consolidated results and financial information of the Company for the nine months ended 30 September 2015 have not been audited by the independent auditor of the Company, but they have been reviewed by the Audit Committee of the Company which does not constitute an audit.

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

Hong Kong, 5 November 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>
Ms. LIU Yujie	<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>