



Annual Report

2015

# NEW UNIVERSE INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)  
Stock Code : 8068





# Corporate Information

## PLACE OF INCORPORATION

Cayman Islands

## BOARD OF DIRECTORS

### Executive Directors

Mr. SONG Yu Qing (*Chairman and CEO*)<sup>1</sup>

Ms. CHEUNG Siu Ling<sup>1</sup>

Mr. LIAO Feng<sup>1#</sup>

Ms. LIU Yu Jie<sup>1##</sup>

Mr. HON Wa Fai<sup>1</sup>

### Non-Executive Director

Mr. SUEN Ki

### Independent Non-Executive Directors

Dr. CHAN Yan Cheong<sup>2,3,4,5</sup>

Mr. YUEN Kim Hung, Michael<sup>2,3,4,6</sup>

Mr. HO Yau Hong, Alfred<sup>2,3,4,7</sup>

<sup>1</sup> Member of Executive Committee

<sup>2</sup> Member of Audit Committee

<sup>3</sup> Member of Nomination Committee

<sup>4</sup> Member of Remuneration Committee

<sup>5</sup> Chairman of Audit Committee

<sup>6</sup> Chairman of Nomination Committee

<sup>7</sup> Chairman of Remuneration Committee

## AUTHORISED REPRESENTATIVES

Ms. CHEUNG Siu Ling

Mr. HON Wa Fai

## COMPLIANCE OFFICER

Ms. CHEUNG Siu Ling

## COMPANY SECRETARY

Mr. HON Wa Fai

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2110-2112, Telford House

16 Wang Hoi Road

Kowloon Bay

Kowloon

Hong Kong

## SHARE REGISTRAR AND TRANSFER OFFICES

### Principal

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### Hong Kong Branch

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

## LEGAL ADVISORS

### As to Cayman Islands Laws

Conyers Dill & Pearman (Cayman) Limited

### As to Hong Kong Laws

Troutman Sanders

### As to PRC Laws

Beijing Sinobridge PRC Lawyers

## FINANCIAL ADVISOR

OCTAL Capital Limited

## INDEPENDENT AUDITOR

Crowe Horwath (HK) CPA Limited

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Bank of Communications Co., Ltd.,

Hong Kong Branch

Standard Chartered Bank

(Hong Kong) Limited

## LISTING INFORMATION

### Shares

The issued shares of the Company are listed and traded on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

### Stock Code

8068

### Board Lot

20,000 shares

### WEBSITE

www.nuigl.com



### Notes:

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

## Ms. LIU Yu Jie was appointed executive director and member of the executive committee of the Company with effect from 9 June 2015.



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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, 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 report 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 report misleading.

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# Chairman's Statement

***I am pleased to present the audited consolidated results of New Universe International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015.***



## Overview of Final Results

That was a year of challenge for the Company, in which we have continuously enhanced our waste management standards and the accuracy of our waste monitoring system in line with the strengthened hazardous waste control in China and especially in Jiangsu Province. The Company has sustained moderate growth of revenue in current year. Though the net profit excluding non-recurring other net income of the Group has increased, the net profit for 2015 has declined as comparing to last year. Focusing on the environmental waste treatment business, the Company still saw value created by increasing hazardous waste treatment capacity in various cities in Jiangsu Province of China.

For the year ended 31 December 2015, total reportable segment revenue of the Group was HK\$286,315,000 (2014: HK\$258,112,000) with a year-on-year increase of 10.9%. Total reportable segment revenue from the provision of industrial and medical waste treatment services was HK\$185,127,000 (2014: HK\$171,178,000) with a year-on-year increase of 8.1%. Total reportable segment revenue from the provision of industrial sewage and sludge treatment and facility services in the eco-plating specialised zone was HK\$96,661,000 in 2015 (2014: HK\$82,582,000) with a year-on-year increase of 17.0%. The overall profit margin (pre-tax) of the Group's reportable segment results in 2015 was approximately 29.6% (2014: 32.2%).

Owing to decrease in other net income of the Group in 2015 as compared to 2014, for the year ended 31 December 2015, the profit attributable to owners of the Company was HK\$44,336,000, a decrease of 22.4% from 2014 (2014: HK\$57,153,000). Total earnings per share attributable to the owners of the Company was HK\$0.0153 for the year ended 31 December 2015 (2014: HK\$0.0215), a decrease of 28.8% from 2014.

Equity attributable to owners of the Company as at 31 December 2015 was HK\$688,853,000 (2014: HK\$628,538,000). Cash and cash equivalents of the Group as at 31 December 2015 was HK\$175,805,000 (2014: HK\$121,780,000).

## CHAIRMAN'S STATEMENT

### Final Dividend

The board of Directors of the Company ("Board") recommends the payment of a final dividend of HK\$0.0050 per share at a payout ratio of approximately 33.3% of the profit attributable to the owners of the Company for the year ended 31 December 2015, which is subject to the approval of the shareholders at the forthcoming annual general meeting. Upon shareholders' approval, the final dividend is expected to be payable on or about 29 July 2016 to shareholders whose names appear on the register of members on 18 May 2016.

### Looking Ahead

Over the past decade the Chinese government has taken steps towards balancing environmental protection and sustainable growth of the country. We see the possibility of China's economic slowdown, but China's urbanisation has become one of the major tools to promote long-term growth alongside with the country's economic future. Being one of the environmental protection service providers in China, it is our key strategy to focus on hazardous waste treatment services for sustainable long-term growth of our business, leveraging on our expanding customer network comprised of various medical clients and major industrial enterprises in different cities of Jiangsu Province, China. While we continue to seek opportunities in environmental waste treatment business for expansion and investment, we expect our environmental business will continue to increase shareholders' returns. We shall unite our Group's efforts to deliver better results in the coming year.

### Our Acknowledgment

I would like to express my appreciation to our shareholders for their confidence to the Company. I would also like to express my gratitude to our business partners, customers, suppliers and financiers for their continuous support to the Group. My thanks finally extend to our management team and all our colleagues for their efforts and dedication to the Group in 2015.



**SONG Yu Qing**  
*Chairman*

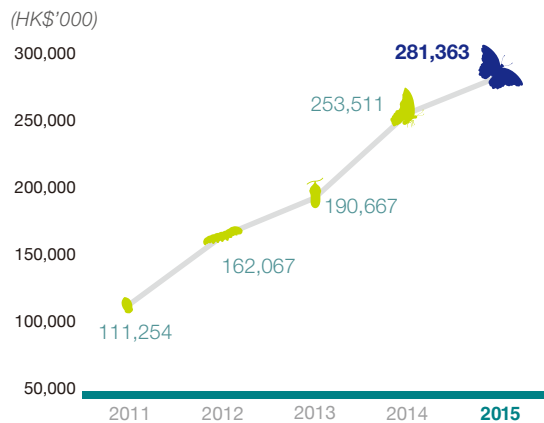
Hong Kong, 18 March 2016

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS

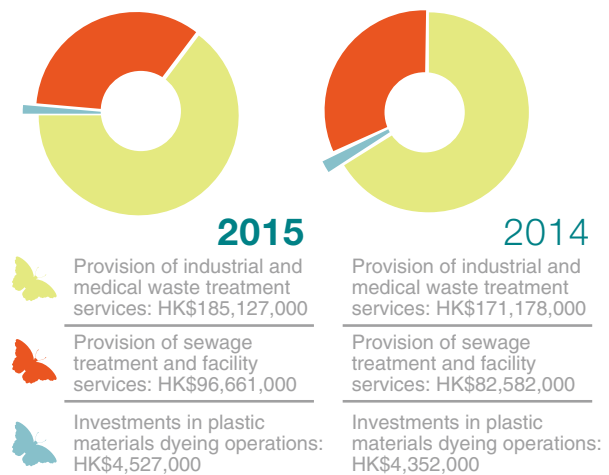
- \* **Group revenue up 11.0% to HK\$281,363,000.**
- \* **Profit attributable to owners of the Company down 22.4% to HK\$44,336,000.**
- \* **Equity attributable to owners of the Company was HK\$688,853,000 at 31 December 2015.**
- \* **Cash and cash equivalents of the Group amounted to HK\$175,805,000 at 31 December 2015.**
- \* **Total earnings per share attributable to owners of the Company down 28.8% to HK cents 1.53.**
- \* **The Board resolved to recommend a final dividend of HK cents 0.50 per share for the year ended 31 December 2015.**

### 5-Year Group Revenue\*



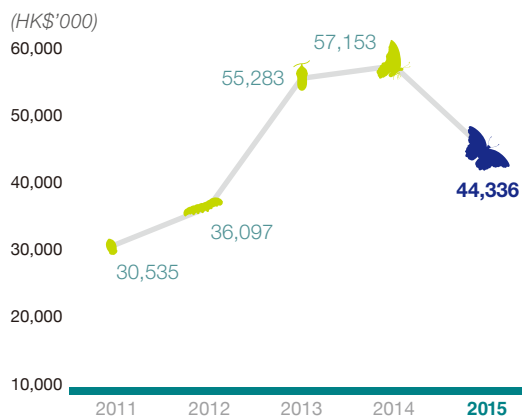
\* Group revenue represents the consolidated revenue from all environmental related operations of the Group but excluding other revenue and other net income.

### Segment Revenue\*\*

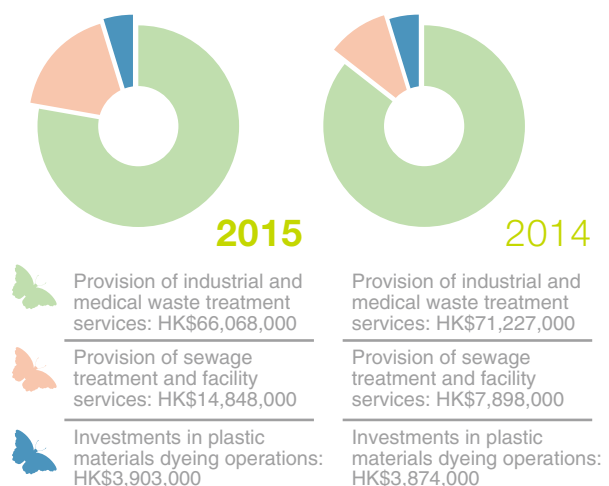


\*\* Segment revenue and segment results represent revenue (including other revenue) and results respectively of the three reportable segments of the Group's business.

### 5-Year Profit Attributable to Owners of Company



### Segment Results\*\*



## MANAGEMENT DISCUSSION AND ANALYSIS



## BUSINESS REVIEW

### Environmental Industrial and Medical Waste Integrated Treatment Services

For the year ended 31 December 2015, the Group had collected for treatment in aggregate of approximately 32,509 metric tonnes (2014: 30,356 metric tonnes) of hazardous industrial waste, 5,522 metric tonnes (2014: 4,842 metric tonnes) of regulated medical waste, and 1,941 metric tonnes (2014: 6,761 metric tonnes) of general industrial waste from various cities in Jiangsu Province of China. For the year ended 31 December 2015, the total revenue (excluding other revenue) of the Group's operations of providing environmental waste integrated treatment services was approximately HK\$184,702,000 (2014: HK\$170,929,000) of which the revenue from treatment of hazardous industrial waste, medical waste and general industrial waste were HK\$155,918,000, HK\$27,074,000 and HK\$1,710,000 (2014: HK\$137,775,000, HK\$27,649,000 and HK\$5,505,000) respectively. The profit margin (pre-tax) of the Group's environmental waste integrated treatment services was approximately 35.7% in current year (2014: 41.7%).

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2015, the Group's facilities for the provision of industrial and medical waste integrated treatment services were summarised as follows:

	Annualised capacity (metric tonne)
Licensed hazardous waste incineration facilities	42,900
Licensed epidemic medical waste incineration facilities	8,000
<b>Total licensed treatment facilities</b>	<b>50,900</b>
Constructed hazardous waste incineration facilities pending operating permission license #	9,600
Constructed hazardous waste landfill facilities pending operating permission license	18,000
Constructed medical waste treatment facilities pending operating permission license	2,640
<b>Total constructed treatment facilities pending operating licenses</b>	<b>30,240</b>
New incineration facilities planned to start construction within one year	33,000
New facilities for medical waste treatment planned to start construction within one year	3,300
<b>Total planned construction of new facilities</b>	<b>36,300</b>

# *The hazardous waste operating permission license for the incineration facilities located in Xiangshui has been granted by the Environmental Protection Department of Jiangsu Province in January 2016.*

In addition to the existing facilities in operation and the new facilities to be started setting up within a year, the Group has also established in June 2015 a new wholly-owned subsidiary, 宿遷宇新固體廢物處置有限公司 (Suqian New Universe Solid Waste Disposal Company Limited \*) situated at the Suqian Eco Chemical Industry Park in Suqian of the Jiangsu Province, and will target to build new hazardous waste treatment facilities with an annual capacity up to 100,000 metric tonnes in the medium-term planning. The Group will acquire land use rights for the project, and expects to start civil engineering construction works in mid-2016.

#### Environmental Industrial Sewage Treatment Services in Eco-plating Specialised Zone

For the year ended 31 December 2015, total revenue of the Group's operations of providing environmental industrial sewage and sludge treatment services and providing facilities to the manufacturers in the eco-plating specialised industrial zone ("Eco-plating Specialised Zone") was approximately HK\$96,661,000 (2014: HK\$82,582,000). The profit margin (pre-tax) of the Group's operations in the Eco-plating Specialised Zone was approximately 15.4% (2014: 9.6%).

In the Eco-plating Specialised Zone with an area of approximately 180,000 square metres, the Group owns 22 factory buildings that are currently leased by over 50 manufacturing clients engaging in plating operations. The Group operates a centralised plating sewage treatment plant, a centralised industrial sludge treatment plant and customised facilities equipped for all clients in the zone.

\* *For identification purposes only*



## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2015, the Group's operations in the Eco-plating Specialised Zone were summarised as follows:

	<b>2015</b>	2014
Total gross floor area of factory buildings and facilities built (square metres)	<b>106,577</b>	83,240
Average utilisation rate during the year	<b>90%</b>	97%
Plating sewage handled by the centralised sewage treatment plant (metric tonnes)	<b>592,180</b>	546,530
Industrial sludge handled by the centralised sludge treatment plant (metric tonnes)	<b>3,650</b>	3,162

#### Strategic Investments in Plastic Materials Dyeing Operations

The Group holds the equity interests in three manufacturing entities that principally engaged in plastic materials dyeing in Mainland China as strategic equity investments. For the year ended 31 December 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 4.7%, 2.4% and 3.8% (2014: 4.8%, 2.2% and 2.9%) respectively.

For the year ended 31 December 2015, total dividend received by the Group (before PRC dividend tax) in relation to the results of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei in 2014 was approximately HK\$4,527,000 (2014: HK\$4,352,000).

#### Clean-up of Discontinued Operations

Further to the completion of the voluntary winding-up of Suzhou New Universe Smartech Tooling and Plastics Limited (which formerly had engaged in precision mold making and plastic injection) in 2014, the de-registration of its immediate holding company, Bestwin (China) Limited, has completed in Hong Kong on 8 January 2016.

#### Outlook

As at 31 December 2015, the Group owns 6 (2014: 5) major entities engaged in providing hazardous waste treatment services, and also owns an industrial park, the Eco-plating Specialised Zone in Jiangsu Province, China, servicing approximately 700 medical organisations and approximately 1,500 manufacturing clients engaging in different industrial businesses inclusive of chemicals, plastics, automotive, paper-making and plating in the country. Commencing from 2016, the total licensed capacity of the Group for incineration of hazardous industrial and medical waste is approximately 60,500 metric tonnes per annum (on annualised basis), which shall bring well-monitored hazardous waste treatment services in the Mainland China and shall bring stable returns to the Group. The Group will continue to focus on environmental related business and will continue to enhance the waste management and treatment standards. Barring any unforeseeable risks from the global and local economies that might affect the Group's environmental operations in the Mainland China, the Group is still looking for sustainable growth in the coming year. The Board may consider making an application for the transfer of listing of the Company's shares from GEM to Main Board as and when it is appropriate in the future.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

The summary of annual and quarterly results for the year ended 31 December 2015 together with corresponding figures for 2014 is presented as follows:

## Summary of annual results

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

	Note	Year ended 31 December		Change %
		2015 HK\$'000	2014 HK\$'000	
Revenue from environmental waste treatment services	1(i)	<b>184,702</b>	170,929	+8.1
Revenue from environmental industrial sewage treatment and facility services	1(ii)	<b>96,661</b>	82,582	+17.0
<b>Total Revenue</b>	<b>1</b>	<b>281,363</b>	253,511	+11.0
Average gross profit margin (in percentage)	2	<b>43.2</b>	45.0	-4.0
Other revenue	3	<b>4,952</b>	4,601	+7.6
Other net income	4	<b>9,310</b>	27,198	-65.8
Distribution and selling expenses	5	<b>7,144</b>	8,799	-18.8
Administrative expenses	6	<b>41,176</b>	36,726	+12.1
Other operating expenses	7	<b>16,689</b>	17,058	-2.2
Finance income	8	<b>640</b>	1,539	-58.4
Finance costs	9	<b>2,799</b>	2,817	-0.6
Share of net profits of an associate	10	<b>4,154</b>	2,555	+62.6
Income tax	11	<b>13,459</b>	12,596	+6.9
Net profit for the year	12	<b>59,412</b>	71,879	-17.3
Profit attributable to owners of the Company	12	<b>44,336</b>	57,153	-22.4
Total basic and diluted EPS (in HK cents)	13	<b>1.53</b>	2.15	-28.8
EBITDA	14	<b>109,330</b>	116,175	-5.9

## MANAGEMENT DISCUSSION AND ANALYSIS

## Summary of quarterly results

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

	Note	Q1 2015 HK\$'000	Q2 2015 HK\$'000	Q3 2015 HK\$'000	Q4 2015 HK\$'000	Total 2015 HK\$'000
Revenue						
Environmental waste treatment services	1(i)	48,346	50,413	39,644	46,299	184,702
Environmental industrial sewage treatment and facility services	1(ii)	22,350	26,446	24,002	23,863	96,661
	1	70,696	76,859	63,646	70,162	281,363
Other revenue	3	435	4,527	(7)	(3)	4,952
Other net income	4	2,720	128	600	5,862	9,310
Distribution and selling expenses	5	3,180	3,327	1,863	(1,226)	7,144
Administrative expenses	6	8,571	10,370	10,686	11,549	41,176
Other operating expenses	7	3,381	2,868	3,457	6,983	16,689
Finance income	8	223	328	(585)	674	640
Finance costs	9	799	711	630	659	2,799
Share of net profit of an associate	10	2,358	1,190	158	448	4,154
Income tax, net of over-provisions	11	5,276	(2,482)	6,075	4,590	13,459
Net profit for the period	12	19,347	28,510	1,002	10,553	59,412
Profit attributable to owners of the Company	12	14,311	21,923	233	7,869	44,336
Basic and diluted EPS attributable to owners of the Company (in HK cents)	13	0.52	0.75	0.01	0.25	1.53

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

## MANAGEMENT DISCUSSION AND ANALYSIS

## Notes:

1. Net increase in total revenue for the year ended 31 December 2015 was mainly attributable to:
  - (i) increase in quantities of hazardous industrial waste collected for treatment and disposal, and increase in handling prices for hazardous industrial waste in current year; and
  - (ii) increase in gross floor area of factory buildings completed which accommodated new clients entering the specialised industrial zone in current year.
2. Decrease in gross profit margin of the Group for the year ended 31 December 2015 was mainly attributable to the PRC value added tax ("VAT") of 17% being charged on the revenue from hazardous industrial waste treatment in PRC with effect from 1 July 2015.
3. Net increase in other revenue for the year ended 31 December 2015 was mainly attributable to the increase in outsourced operation income from nitrile rubber recycling.
4. Net decrease in other net income for the year ended 31 December 2015 was mainly attributable to decrease in non-core business income in current year, as comparing to 2014 in which net gains totally amounted to approximately HK\$12,118,000 were recorded on derecognition of liabilities attributable to different subsidiaries being de-registered and a net compensation income of approximately HK\$9,338,000 was recorded on the removal of a hazardous waste treatment plant in PRC.
5. Net decrease in distribution and selling expenses for the year ended 31 December 2015 was mainly attributable to decrease in environmental marketing incentive expenses.
6. Net increase in administrative expenses for the year ended 31 December 2015 was mainly attributable to:
  - (i) increase in administrative expenses incurred for new hazardous waste treatment plants and subsidiaries of the Group established in PRC but yet to have revenue in current year; and
  - (ii) increase in expenses incurred for field inspection and exploring for new investment opportunities in current year.
7. Net decrease in other operating expenses for the year ended 31 December 2015 was mainly attributable to decrease in research and development costs in current year.
8. Net decrease in finance income for the year ended 31 December 2015 was mainly attributable to increase in exchange losses arisen from dividends remitted by subsidiaries and equity investments from PRC back to head office in Hong Kong.
9. Net decrease in finance costs for the year ended 31 December 2015 was mainly attributable to decrease in interests paid for bank borrowings in current year.

## MANAGEMENT DISCUSSION AND ANALYSIS

10. Net increase in profits shared from an associate for the year ended 31 December 2015 was mainly attributable to increase in profit shared from the hazardous waste landfill operation in current year.
11. Net increase in income tax for the year ended 31 December 2015 was mainly attributable to increase in PRC Enterprise Income Tax paid on profit distribution back to Hong Kong head office in current year.
12. For the year ended 31 December 2015, net decrease in profit and decrease in profit attributable to owners of the Company were mainly attributable to:
  - (i) decrease in other net income in current year;
  - (ii) new PRC tax policy effected in current year that all revenue from hazardous industrial waste treatment in Mainland China is subject to 17% VAT in PRC;
  - (iii) increase in hazardous waste treatment plants and subsidiaries established in PRC which were yet to have revenue in the year 2015; and
  - (iv) decrease in RMB exchange rate, being the functional currency of the Group's subsidiaries in PRC, relative to HKD exchange rate, being the presentation currency of the Company in Hong Kong during the year 2015.
13. For the year ended 31 December 2015, decrease in earnings per share in current year was slightly affected by increase in new shares of the Company being issued in April 2015 pursuant to a subscription agreement.
14. 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. Decrease in EBITDA for 2015 as compared to 2014 was mainly attributable to decrease in net profit of the Group in current year.

#### Seasonality of operations

For the years ended 31 December 2015 and 2014, the operation of providing environment hazardous waste treatment services has encountered a relatively higher demand of treatment services in the first and second quarters of a year.

For the financial year ended 31 December 2015, the environmental waste treatment services reported a revenue of HK\$184,702,000 (2014: HK\$170,929,000) and pre-tax profit of HK\$66,068,000 (2014: HK\$71,227,000) with revenue of approximately 53.5% (2014: 50.4%) being accumulated in the first half of the year and approximately 46.5% (2014: 49.6%) being accumulated in the second half of the year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital expenditure

For the year ended 31 December 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\$80,978,000 (2014: HK\$74,050,000), (ii) for the operating segment of industrial sewage and sludge treatment and facility provision services in the Eco-plating Specialised Zone amounted approximately to HK\$10,282,000 (2014: HK\$39,702,000), and (iii) for corporate use at the head office in Hong Kong amounted approximately to HK\$2,404,000 (2014: HK\$144,000).

## Commitments

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

	<b>31 December 2015 HK\$'000</b>	31 December 2014 HK\$'000
Contracted but not provided for:		
– Capital expenditure in respect of property, plant and equipment	<b>14,113</b>	155,205

## Liquidity, financial resources and gearing

For the year ended 31 December 2015, the Group financed its operations with internally generated cash flows, banking facilities, other borrowings and fund raising from new shares subscription. The Group remained stable in its financial position with equity attributable to owners of the Company amounted to HK\$688,853,000 as at 31 December 2015 (31 December 2014: HK\$628,538,000) and total assets amounted to HK\$999,118,000 as at 31 December 2015 (31 December 2014: HK\$933,068,000).

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

	<b>31 December 2015 HK\$'000</b>	31 December 2014 HK\$'000
(i) Cash and bank balances	<b>175,805</b>	121,780
(ii) Available unused secured banking facilities	<b>31,040</b>	2,520
(iii) Available unused unsecured banking facilities	<b>50,000</b>	–
(iv) Available unused unsecured loan facility granted by a shareholder	<b>500,000</b>	–

\* For identification purposes only

## MANAGEMENT DISCUSSION AND ANALYSIS

## Key performance indicators

The Group monitors its operating performance and cash flows through EBITDA. EBITDA of the Group was HK\$109,330,000 for the year ended 31 December 2015 (2014: HK\$116,175,000).

The Group monitors the proportion of profits that are converted to cash flows through cash conversion rate. The cash conversion rate of the Group being the net cash generated from operating activities as a percentage of the consolidated operating profit was 155% for the year ended 31 December 2015 (2014: 110.7%).

The Group monitors its liquidity through current ratio. The current ratio of the Group representing the ratio of the consolidated current assets to the consolidated current liabilities was 1.4 times as at 31 December 2015 (31 December 2014: 1.3 times).

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 was as follows:

	<b>31 December 2015 HK\$'000</b>	31 December 2014 HK\$'000
Interest-bearing bank borrowings	<b>47,672</b>	42,048
Other interest-bearing borrowings	<b>30,000</b>	48,000
Trade and other payables, accruals and customers' deposits received	<b>122,844</b>	101,103
Total liabilities	<b>200,516</b>	191,151
Less: cash and cash equivalents	<b>175,805</b>	121,780
Net debt	<b>24,711</b>	69,371
Total equity (including non-controlling interests)	<b>759,772</b>	701,253
Total capital	<b>784,483</b>	770,624
Gearing ratio	<b>3.1%</b>	9.0%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Material acquisitions and disposals of subsidiaries and affiliated companies

The 97% owned subsidiary of the Group, Bestwin (China) Limited was duly de-registered in Hong Kong on 8 January 2016.

Save as disclosed therein, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the year ended 31 December 2015.

### Significant investments held and their performance

According to the valuation report dated 18 March 2016 issued by an independent professional valuer, DTZ Debenham Tie Leung Limited (“DTZ”) (2014: Cushman & Wakefield Valuation Advisory Services (HK) Limited, “Cushman & Wakefield”), the fair value attributable to the Group’s interests in the available-for-sale equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 31 December 2015 were HK\$38,000,000, HK\$15,400,000 and HK\$23,300,000 (31 December 2014: HK\$54,500,000, HK\$12,200,000 and HK\$18,300,000) respectively. The changes in value of the available-for-sale equity investments for the year end 31 December 2015 were accounted for in investment revaluation reserve of the Company.

### Impairment testing on goodwill

As at 31 December 2015, the assessment on the recoverable amount of the Group’s cash generating unit principally engaged in environmental waste treatment services in PRC was determined by referring to the valuation report dated 18 March 2016 issued by the independent professional valuer, DTZ (2014: Cushman & Wakefield), after their review of the cash flows projection covering a five-year period with an annual growth rate at 2% (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 15.0% (2014: 16.7%) taken into account of the risks for the industries, no impairment loss to the goodwill was considered necessary for the year end 31 December 2015 (2014: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

## Fund raising during the year

The following equity fund raising activity has been carried out by the Company for the year ended 31 December 2015:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds</b>
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	<p>(i) Approximately 50% of the net proceeds to finance the capital expenditure on enhancement of the waste treatment capacity of the Group; and</p> <p>(ii) approximately 50% of the net proceeds for general working capital and/or for financing investment opportunities</p>	<p>(i) Approximately HK\$50.7 million had been utilised for the capital injection to subsidiaries to acquire land use rights, to set up engineering management company and for construction of new incineration facilities in PRC; and</p> <p>(ii) approximately HK\$18 million had been utilised for repayment of other borrowings of the Company.</p>

## Capital structure

On 31 March 2015 (after trading hours), the Company entered into a conditional subscription agreement (the "Subscription Agreement") with the subscriber, Ms. LIU Yu Jie (the "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 (the "New Subscription Share(s)") at a subscription price of HK\$0.345 per New 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). The completion of the Subscription Agreement took place on 9 April 2015 (the "Completion Date"). At completion, 200,000,000 ordinary shares were allotted and issued to the Subscriber under the general mandate granted to the Directors at the annual general meeting of the Company held on 5 May 2014. The net proceed of the subscription (after deduction of the related expenses) was approximately HK\$68,691,000 and the net price per new 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 New 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 New 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 New Subscription Shares described above.

## MANAGEMENT DISCUSSION AND ANALYSIS

Details of movements in the share capital of the Company during the years ended 31 December 2015 and 2014 are as follows:

	Number of shares '000	Share capital HK\$'000
<b>Ordinary shares of HK\$0.01 each</b>		
<b>Authorised</b>		
At 1 January 2014, 2015 and at 31 December 2015	100,000,000	1,000,000
<b>Issued and fully paid</b>		
At 1 January 2014	2,655,697	26,557
Shares issued by way of subscription	100,000	1,000
At 31 December 2014 and at 1 January 2015	2,755,697	27,557
Shares issued by way of subscription	200,000	2,000
At 31 December 2015	2,955,697	29,557

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

#### Charges on assets

The Group pledged bank deposits of HK\$5,318,000 (2014: HK\$10,313,000) and certain property, plant and equipment and the land use rights with carrying amounts of HK\$47,489,000 (2014: Nil) and HK\$14,515,000 (2014: HK\$6,777,000) respectively to secure banking facilities totally amounted approximately to HK\$128,712,000 as at 31 December 2015 (2014: HK\$44,568,000) which to the extent of HK\$47,672,000 were utilised as bank borrowings as at 31 December 2015 (2014: HK\$42,048,000) granted to the Group.

#### Contingent liabilities

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

#### Employee information

As at 31 December 2015, the Group had 395 (2014: 330) full-time employees, of which 21 (2014: 16) were based in Hong Kong, and 374 (2014: 314) in Mainland China. For the year ended 31 December 2015, staff costs, including Directors' remuneration and amount capitalised as inventories, was HK\$46,304,000 (2014: HK\$44,877,000). Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, and continued development and training.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Exposure to fluctuations in exchange rates

The Group mainly operates in the PRC and most of the Group's transactions, assets and liabilities are denominated in RMB. The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK\$. Fluctuation of RMB against HK\$ is expected to be moderate, and the Group considers the foreign currency risk exposure is acceptable. The Group will review and monitor its currency exposure from time to time, and when appropriate hedge its currency risk.

The results of the Group's subsidiaries in PRC are translated from RMB into HK\$ at the exchange rates approximating the rates ruling at the dates of the transactions. Statement of financial position items of the Group's subsidiaries in PRC are translated from RMB into HK\$ at the closing rates ruling at the end of the reporting period. For the year ended 31 December 2015, RMB devaluation against the HK\$ resulted in exchange differences on translation from RMB to HK\$ for the financial statements of the PRC subsidiaries amounted approximately to HK\$31,342,000 (2014: HK\$5,245,000), which were recognised in other comprehensive income and accumulated separately in equity in the translation reserve of the Company and did not have any effect to the profit and loss of the Company in current year. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss as when the interests in the relevant PRC subsidiaries being entirely or partially disposed of by the Group.

### Principal risks and uncertainties

The following are the principal risks and uncertainties related to the Company's business:

1. The Group is dependent on continuous renewal of operating licenses to be granted by the PRC government. The environmental business of the Group involving in handling hazardous waste in PRC requires operating permission licenses for hazardous waste and operating permission licenses for epidemic medical waste issued by the Environmental Protection Bureau of Jiangsu Province. All subsidiary entities of the Group have to maintain or continuously upgrade their operating standards and waste management standards in order to comply with the environmental policies, standards, and legislations as promulgated by the PRC Government that might be renewed or revised from time to time, or otherwise, there is a risk that the operating permission license(s) of the Group may be suspended or withdrawn.
2. The Group faces competition in the market of hazardous waste collection and disposal in the cities it operates. The Group has to strengthen its waste management standard and financial stability in order to compete with increasing numbers of other entities engaged in treatment of hazardous waste which may have greater financial resources to develop larger scaled waste disposal and recycling facilities and know-how than we do.
3. The impact of economic conditions on local industries in PRC would affect the quantities of hazardous waste discharged and treatment service pricing for the specific market offered by specific client base of the Group for environmental waste treatment. The Group's existing business strategy has been confined to certain specific markets that new strategies would be developed by the Group to strengthen penetration of different geographical markets and thereby to reduce its dependency on specific markets.
4. Lack of appropriately skilled and experienced human resource could result in a delay in achieving the Group's strategic goals and development of new projects. The risk of the loss of key personnel is mitigated by regular reviews of recruitment and retention practices, remuneration packages and succession planning within the management team.
5. The Group faces various financial risks that have been disclosed in note 40 to the financial statements on pages 145 to 151 of this report.

## 5-YEAR FINANCIAL SUMMARY

## CONSOLIDATED RESULTS

	Year ended 31 December				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
<b>Continuing operations</b>					
<b>Revenue</b>	<b>281,363</b>	253,511	190,667	162,067	111,254
Cost of sales	<b>(159,740)</b>	(139,529)	(99,687)	(84,495)	(53,568)
Gross profit	<b>121,623</b>	113,982	90,980	77,572	57,686
Other revenue	<b>4,952</b>	4,601	4,640	6,382	6,876
Other net income	<b>9,310</b>	27,198	489	1,147	2,338
Distribution and selling expenses	<b>(7,144)</b>	(8,799)	(6,303)	(5,527)	(3,694)
Administrative expenses	<b>(41,176)</b>	(36,726)	(29,880)	(27,163)	(24,699)
Other operating expenses	<b>(16,689)</b>	(17,058)	(7,602)	(7,924)	(6,103)
<b>Operating profit</b>	<b>70,876</b>	83,198	52,324	44,487	32,404
Finance income	<b>640</b>	1,539	1,624	2,171	3,736
Finance costs	<b>(2,799)</b>	(2,817)	(3,511)	(4,813)	(2,816)
Finance costs, net	<b>(2,159)</b>	(1,278)	(1,887)	(2,642)	920
Gain on deemed disposal of associates	–	–	6,128	–	5,817
Share of profit of associates, net	<b>4,154</b>	2,555	3,979	604	1,100
<b>Profit before taxation</b>	<b>72,871</b>	84,475	60,544	42,449	40,241
Income tax	<b>(13,459)</b>	(12,596)	(16,421)	(8,900)	(5,116)
<b>Profit for the year from continuing operations</b>	<b>59,412</b>	71,879	44,123	33,549	35,125
<b>Discontinued operations</b>					
<b>Profit for the year from discontinued operations</b>	–	–	18,685	9,118	94
<b>Profit for the year</b>	<b>59,412</b>	71,879	62,808	42,667	35,219
<b>Profit for the year attributable to:</b>					
Owners of the Company	<b>44,336</b>	57,153	55,283	36,097	30,535
Non-controlling interests	<b>15,076</b>	14,726	7,525	6,570	4,684
	<b>59,412</b>	71,879	62,808	42,667	35,219
<b>Profit for the year attributable to owners of the Company arising from:</b>					
Continuing operations	<b>44,336</b>	57,153	36,598	26,970	30,444
Discontinuing operations	–	–	18,685	9,127	91
	<b>44,336</b>	57,153	55,283	36,097	30,535
<b>Dividend declared for the results of the year</b>	<b>14,778</b>	14,187	12,216	9,826	9,958

## 5-YEAR FINANCIAL SUMMARY

## CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
<b>Non-current assets</b>					
Property, plant and equipment	527,884	505,640	435,844	342,740	343,487
Prepaid lease payments and deposit paid for land use rights	99,984	94,236	102,410	97,159	101,925
Goodwill	33,000	33,000	33,000	33,000	33,000
Interests in associates	15,360	16,756	14,348	46,711	11,012
Available-for-sale equity investments	76,700	85,000	67,820	55,026	57,926
	<b>752,928</b>	734,632	653,422	574,636	547,350
<b>Current assets</b>					
Inventories	1,042	1,379	1,736	1,187	20,425
Trade and bills receivables	46,857	45,638	54,074	41,234	40,008
Prepayments, deposits and other receivables	14,569	16,615	12,684	22,102	3,779
Consideration receivable on disposal of discontinued operations	–	–	–	–	31,208
Prepaid lease payments	2,599	2,711	2,719	2,658	2,718
Pledged bank deposits	5,318	10,313	–	–	–
Cash and cash equivalents	175,805	121,780	109,827	83,305	128,542
	<b>246,190</b>	198,436	181,040	150,486	226,680
Assets of disposal groups classified as held for sale	–	–	–	53,054	–
	<b>246,190</b>	198,436	181,040	203,540	226,680
<b>Total assets</b>	<b>999,118</b>	933,068	834,462	778,176	774,030

## 5-YEAR FINANCIAL SUMMARY

## CONSOLIDATED ASSETS AND LIABILITIES (continued)

	As at 31 December				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
<b>Current liabilities</b>					
Interest-bearing bank borrowings	39,798	40,788	54,007	92,872	82,997
Trade payables	4,251	2,152	1,456	1,087	14,610
Accrued liabilities and other payables	114,972	98,050	92,128	48,401	42,203
Deposits received from customers	3,621	901	2,458	1,449	10,415
Deferred government grants	447	455	278	269	269
Income tax payable	9,436	9,796	3,636	2,999	1,777
Amounts due to a related company	–	–	–	–	2,794
Amounts due to a shareholder	–	–	–	5,000	5,000
	<b>172,525</b>	152,142	153,963	152,077	160,065
Liabilities of disposal groups classified as held for sale	–	–	–	19,641	–
	<b>172,525</b>	152,142	153,963	171,718	160,065
<b>Non-current liabilities</b>					
Interest-bearing bank borrowings	7,874	1,260	–	12,354	45,528
Other interest-bearing borrowings	30,000	48,000	40,000	–	–
Deferred government grants	3,790	4,671	7,305	3,124	3,146
Deferred tax liabilities	25,157	25,742	24,937	25,238	25,263
Amounts due to a shareholder	–	–	–	54,636	97,184
	<b>66,821</b>	79,673	72,242	95,352	171,121
<b>Total liabilities</b>	<b>239,346</b>	231,815	226,205	267,070	331,186
<b>Net assets</b>	<b>759,772</b>	701,253	608,257	511,106	442,844
Share capital	29,557	27,557	26,557	26,557	22,131
Reserves	659,296	600,981	523,149	462,066	399,167
<b>Equity attributable to owners of the Company</b>	<b>688,853</b>	628,538	549,706	488,623	421,298
Non-controlling interests	70,919	72,715	58,551	22,483	21,546
<b>Total equity</b>	<b>759,772</b>	701,253	608,257	511,106	442,844

## Note:

The operations in relation to (i) the manufacture and sale of molds, (ii) manufacture and sale of plastic products, and (iii) trading of plastic materials had been accounted for as discontinued operations and disposal group held for sale in accordance with the Hong Kong Financial Reporting Standard 5 “Non-current Assets Held for Sale and Discontinued Operations” after the respective operations ceased in 2012, and the related comparative figures of the consolidated income statement and other comprehensive income of the Company in the 5-year financial summary had been restated accordingly.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

SONG Yu Qing (“Mr. SONG”, aged 67)

*Chairman, Chief Executive Officer and Executive Director*

Mr. SONG was appointed as vice-chairman of the Board and non-executive Director on 15 June 2010, and was re-designated as executive Director and the chief executive officer of the Company on 12 June 2012. On 18 August 2014, Mr. SONG was appointed the chairman of the board and the chairman of the executive committee of the Company. Mr. SONG was formerly the vice chairman and non-executive director of Sinofert Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange).

CHEUNG Siu Ling (“Ms. CHEUNG”, aged 54)

*Executive Director, Compliance Officer, and Authorised Representative*

Ms. CHEUNG was appointed as executive Director of the Company on 1 April 2005. On 18 August 2014, Ms. CHEUNG was appointed as the authorised representative, the compliance officer and the process agent of the Company. Ms. CHEUNG is the director of various subsidiaries of the Group and is the supervisor of the subsidiary, Suqian New Universe Solid Waste Disposal Company Limited. She holds a Master of Business Administration degree from the University of South Australia. Ms. CHEUNG is also the director and shareholder of New Universe Enterprises Limited (“NUEL”, a shareholder currently beneficially interested in 36.26% of the Company’s shares in issue). She is also currently the director of China (HK) Chemical & Plastics Company Limited (“China (HK) Chemical”) and its holding company, New Universe Holdings Limited (“NUHL”).

LIAO Feng (“Mr. LIAO”, aged 44)

*Executive Director*

Mr. LIAO was appointed as executive Director of the Company on 5 May 2015. Mr. LIAO holds a Master of Applied Finance degree from Macquarie University, Australia. Mr. LIAO formerly served as the deputy general manager of the corporate banking department at China Minsheng Banking Corporation Limited. Mr. LIAO is a director of CM International Capital Limited (“CMIC Cayman”, a shareholder currently interested in 27.07% of the Company’s shares in issue). Mr. LIAO is also currently a senior president assistant of China Minsheng Investment Corporation Limited (中國民生投資股份有限公司) and the chief executive officer of CM International Holding Pte. Ltd.

LIU Yu Jie (“Ms. LIU”, aged 51)

*Executive Director*

Ms. LIU was appointed as executive Director of the Company on 9 June 2015. Ms. LIU holds a Bachelor of Economics degree in Foreign Trade from the Dongbei University of Finance and Economics, China and a Postgraduate Diploma in International Trade from the University of International Business and Economics, China. Ms. LIU formerly served as executive director of SIIC Environment Holdings Limited (a company whose shares are listed on the Singapore Exchange). Ms. LIU is also currently an executive director of China Water Affairs Group Limited (a company whose shares are listed on the Main Board of the Stock Exchange).

HON Wa Fai (“Mr. HON”, aged 55)

*Executive Director, Financial Controller, Company Secretary, and Authorised Representative*

Mr. HON was appointed to the Group as financial controller on 6 September 2004. He was appointed as the qualified accountant, company secretary and authorised representative of the Company on 6 October 2004, and appointed as executive Director of the Company on 28 September 2006. Mr. HON holds a Master of Business Administration degree from the University of Strathclyde, UK, a Master of Professional Accounting degree from the Hong Kong Polytechnic University, and a Master of Applied Finance degree from the University of Western Sydney, Australia. He is a Practising Fellow Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and a Fellow of the Association of Chartered Certified Accountants, a Senior Associate of the Financial Services Institute of Australasia, an Associate of the Hong Kong Institute of Chartered Secretaries, and an Associate of the Institute of Chartered Secretaries and Administrators, UK.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

SUEN Ki (“Mr. SUEN”, aged 62)

*Non-executive Director*

Mr. SUEN was appointed as non-executive Director of the Company on 28 September 2006. Mr. SUEN holds a Bachelor’s degree of Arts from the Department of Foreign Languages and Literature of the National Taiwan University, Taiwan. Mr. SUEN is also the director and shareholder of the Company’s shareholder, NUEL. Mr. SUEN is also currently the managing director of China (HK) Chemical.

CHAN Yan Cheong (“Dr. CHAN”, aged 62)

*Independent non-executive Director*

Dr. CHAN was appointed as independent non-executive Director of the Company on 1 February 2000 and was appointed as the chairman of audit committee of the Board. Dr. CHAN is currently a Chair Professor of Electronic and Engineering, and director of the EPA Centre in the Department of Electronic Engineering of City University of Hong Kong. Dr. CHAN holds a Bachelor of Science degree in Electrical Engineering, a Master of Science degree in Materials Science, and a Doctor of Philosophy degree in Electrical Engineering, from Imperial College of Science and Technology, University of London, UK. He also holds a Master of Business Administration degree from the University of Hong Kong. Dr. CHAN is a Fellow of the Institute of Electrical and Electronic Engineers, INC (USA) and a Fellow of the Institution of Engineering & Technology (UK). His research interests include RoHS & WEEE research, green electronics manufacturing, failure analysis, and reliability engineering.

YUEN Kim Hung, Michael (“Mr. YUEN”, aged 54)

*Independent non-executive Director*

Mr. YUEN was appointed as independent non-executive Director of the Company on 24 April 2002 and was appointed as the chairman of nomination committee of the Board on 19 March 2012. Mr. YUEN is currently practising in Hong Kong with his own accounting firm. Mr. YUEN holds a Professional Diploma in Accountancy from the Hong Kong Polytechnic University. He is a Practising Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a Certified General Accountant of the Canadian Certified General Accountants Association of Hong Kong, and a Fellow of the Chartered Association of Certified Accountants. Mr. YUEN is also currently the independent non-executive director of Prosperity International Holdings (H.K.) Ltd (a company whose shares are listed on the Main Board of the Stock Exchange) and Steed Oriental (Holdings) Company Limited (a company whose shares are listed on the GEM of the Stock Exchange). He was formerly an independent non-executive director of Prosperity Minerals Holdings Limited (a company whose shares had previously been listed in the London Stock Exchange).

HO Yau Hong, Alfred (“Mr. HO”, aged 58)

*Independent non-executive Director*

Mr. HO was appointed as independent non-executive Director of the Company on 30 September 2004 and was appointed as the chairman of the remuneration committee of the Board on 19 March 2012. Mr. HO is currently practising in Hong Kong with his own accounting firm. He is a lecturer of Advance Hong Kong Taxation and Hong Kong Taxation at the Hong Kong Shue Yan University. He is also a facilitator in the Qualification Program of the Hong Kong Institute of Certified Public Accountants in accounting, auditing and taxation. He was formerly a part-time professor in accounting and auditing at Algonquin College, Ottawa, Canada, and was a part-time tutor in taxation at the Open University of Hong Kong. Mr. HO holds a Bachelor of Commerce (Honours) degree from University of Windsor, Windsor, Canada. Mr. HO is a Canadian Chartered Accountant, a Practising Fellow Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and a Certified Tax Advisor and a Fellow of the Taxation Institute of Hong Kong. Mr. HO was formerly a finance director of Sinosoft Technology PLC (a company whose shares had previously been listed in the London Stock Exchange).



# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

## Notes:

- (a) Ms. CHEUNG, Mr. LIAO, Ms. LIU, Mr. HON, Dr. CHAN, Mr. YUEN and Mr. HO shall retire as Directors at the forthcoming annual general meeting in accordance with the Articles of Association of the Company, and being eligible, they offer themselves for re-election thereat.
- (b) Details of Directors' emoluments disclosed pursuant to Rule 18.28 of the GEM Listing Rules are set out in note 10 to the financial statements on page 107 of this annual report.
- (c) 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.

## SENIOR MANAGEMENT

### CHENG Ming Tsung ("Mr. CHENG", aged 59)

#### *Chief Operating Officer of New Universe International Group Limited*

Mr. CHENG was appointed as Chief Operating Officer of the Company in 4 January 2016. Mr. CHENG was formerly the deputy general manager of the technology department of General Water of China Company Limited for the period from December 2006 to February 2011 and was formerly the chief officer and director of the environmental business department of C&G Environmental Protection (Hong Kong) Limited (a Hong Kong company whose parent company is listed in the Singapore Exchange) for the period from March 2011 to December 2015. Mr. CHENG holds a Master of Science degree in Environmental Engineering from New Jersey Institute of Technology, US.

### WONG Lai Wa ("Ms. Iris WONG", aged 45)

#### *Deputy General Manager of New Universe International Group Limited*

#### *Supervisor of Zhenjiang Sinotech Eco-electroplating Development Limited*

#### *Supervisor of Zhenjiang New Universe Solid Waste Disposal Company Limited*

Ms. Iris WONG was appointed as deputy general manager of the Company in June 2007. Ms. Iris WONG was formerly an accountant of NUHL for the period from April 2003 to September 2008. Ms. Iris WONG is the supervisor of the major subsidiaries of the Group in the Mainland China. Ms. Iris WONG holds a Diploma in Business Management from the Chinese University of Hong Kong.

### WONG Mui Kwai, Portia ("Ms. Portia WONG", aged 51)

#### *Corporate strategic planning & audit manager of New Universe International Group Limited*

#### *Supervisor of Xiangshui New Universe Environmental Technology Limited*

#### *Supervisor of Yancheng NUHF Environmental Technology Limited*

Ms. Portia WONG was appointed as corporate strategic planning & audit manager of the Company in July 2012. Ms. Portia WONG was formerly a deputy general manager of the Company for the period from June 2002 to June 2005. Ms. Portia WONG is the supervisor of the major subsidiaries of the Group in the Mainland China. Ms. Portia WONG holds a Bachelor's degree of Arts in Accountancy and a Postgraduate Diploma in Corporate Administration from the Hong Kong Polytechnic University. She is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and a Fellow of the Association of Chartered Certified Accountants. She is also an Associate both of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators, UK.

# PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

LIU Yuan (“Ms. LIU”, aged 45)

*Director & General Manager of Zhenjiang New Universe Solid Waste Disposal Company Limited*

*Director of Zhenjiang New Universe Rubber Limited*

*Director of Jiangsu New Universe Environmental Engineering Management Limited*

Ms. LIU was appointed in January 2009 as director and general manager of the Group’s subsidiary, Zhenjiang New Universe Solid Waste Disposal Company Limited. Ms. LIU graduated from Nanjing College of Economics (now renamed as Nanjing University of Finance and Economics) with a Professional Certificate in Accounting and Statistics, and she holds the title of intermediate accountant in the Mainland China.

ZHOU Bin (“Mr. ZHOU”, aged 56)

*General Manager of Zhenjiang Sinotech Eco-Electroplating Development Limited*

Mr. ZHOU was appointed in October 2014 as general manager of the Group’s subsidiary, Zhenjiang Sinotech Eco-Electroplating Development Limited. Mr. ZHOU graduated from the Party School of CPC Jiangsu Provincial Committee in the undergraduate study of public administration in Mainland China.

YANG Lin (“Mr. YANG”, aged 49)

*General Manager of Xiangshui New Universe Environmental Technology Limited*

Mr. YANG was appointed in July 2012 as general manager of the Group’s subsidiary, Xiangshui New Universe Environmental Technology Limited. Mr. YANG holds a Master’s degree in Environmental Engineering from Nanjing University, China, and he holds the title of immediate engineer specialised in environmental protection in the Mainland China.

LI Qi (“Mr. LI”, aged 52)

*Director & Deputy General Manager of Yancheng NUHF Environmental Technology Limited*

*Director of Xiangshui New Universe Environmental Technology Limited*

Mr. LI was appointed in September 2014 as deputy general manager of the Group’s subsidiary, Yancheng NUHF Environmental Technology Limited, and was appointed as director of Yancheng NUHF Environmental Technology Limited and Xiangshui New Universe Environmental Technology Limited in May 2015. Mr. LI holds a Master’s degree in Business Management from Beijing Institute of Technology, China, and he holds the title of engineer specialised in chemical engineering in the Mainland China.

*Note:*

The emoluments of the above-mentioned members of senior management, other than Directors of the Company, fell within the following bands:

	<b>2015</b>	2014
	<b>Number of</b>	Number of
	<b>individuals</b>	individuals
Emolument bands (in HK dollar)		
Nil to HK\$1,000,000	<b>6</b>	4
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	<b>1</b>	–
HK\$2,000,001 to HK\$2,500,000	–	1
	<b>7</b>	6

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

This is the first year for New Universe International Group Limited and its subsidiaries (collectively referred to as the “Group”) to prepare the Environmental, Social, and Governance (the “ESG”) report to highlight its ESG performance. This ESG report is to oblige to the recommendation of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the performance reporting on ESG issues.

## THE SCOPE, MATERIALITY, AND REPORTING PERIOD OF THIS REPORT

This ESG report covers the Group’s overall performance in two subject areas, namely, Environment and Social for the business operations in Hong Kong and China. After conducting the materiality testing, the Group has decided to including the headquarter office in Hong Kong and three core businesses operating companies in Jiangsu Province of China. The operations of Zhenjiang New Universe Solid Waste Disposal Co. Ltd. in Zhenjiang, and YanCheng NUHF Environmental Technology Ltd. in Yancheng which are principally engaged in the environmental treatment of medical and industrial hazardous wastes, and Zhenjiang Sinotech Eco-Electroplating Development Ltd. which is the owner and property manager of an eco-plating specialised industrial zone in Zhenjiang for the reporting period from 1st January 2015 to 31st December 2015 unless otherwise stated.

The Group has been visionary and focused on integrating ESG considerations into all key operating companies and key performance indices will be developed to improve the energy and resource usage efficiency and minimise risk for the long term. This would be beneficial to the stakeholders of the Group.

## STAKEHOLDERS’ FEEDBACK

We welcome stakeholders’ feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at [comsec@nuigi.com](mailto:comsec@nuigi.com) or [newuniverse@prchina.com.hk](mailto:newuniverse@prchina.com.hk).

## THE GROUP’S MISSION AND VISION

### 1 Mission

The Group has been in the environmental industry since 2007, as the leading industrial hazardous waste treatment centres situated at Zhenjiang, Yancheng and Taizhou respectively in Jiangsu Province, the Group’s mission is to provide innovative, environmental friendly and supreme quality waste treatment services to its customers in the region. With the aim to solidify its strong core in Jiangsu and expand to other regions of the Greater China, the Group strives to maintain an organization that understands its core competence, its belief in environmental protection, and its vision towards future growth in order to grow continuously with harmony. The employees are dedicated and happy with a strong sense of engagement, to ensure business is conducted in an efficient and effective manner with integrity.

## 2 Vision on Environment, Social, and Governance

With China's increasing economic development and industrial products production, hazardous industrial waste was increased drastically and will continue to grow, together with the growing concern on environmental issues, and the implementation of the 12th Five-year Hazardous Waste Pollution Prevention and Control Plan in 2011, hazardous waste from key generators above prefecture level shall be handled and disposed of in a proper manner. Laws and regulations are enforced by the Chinese government to regulate the disposal of hazardous waste which embraces a great potential to the hazard waste treatment industries in China. It is therefore the Group's vision to be innovative and considerate in developing more sophisticated and environmentally friendly waste treatment facilities to protect the environment and at the same time, exceeding the expectation of stakeholders (customers, employees, shareholders, community members) and ensuring the sustainability of the Group in profitable business operations providing healthy and long-term returns to its shareholders.

Our commitments are:

1. To strengthen the financial position of the Group with existing business;
2. To prioritise resources for environmental operations;
3. To seek business expansion with prudence;
4. To explore financing alternatives and co-operation partners;
5. To build up responsible and professional human capital;
6. To target at sustainable return;
7. To conduct business in environmentally-friendly ways to conserve resources.

## STAKEHOLDER ENGAGEMENT

The Group has been engaged in various meetings, projects, and events to communicate to various stakeholders to obtain information, comments, and feedback from them to understand their expectation in the development of the Group's business portfolio and sustainability.

### 1 Investors/Shareholders

To communicate financial performance and sustainable corporate business development prospects to investors and shareholders through:

- Annual general meeting, board meetings and notices
- Annual reports, financial statements and announcements
- Corporate website
- Investors briefings

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2 Customers

To communicate service quality and commitment, compliance and safety commitment information and to seek services and products comments through:

- Corporate website
- Service contracts

## 3 Employees

To provide self-improvement and advancement opportunities and, safety work practices information, in order to maintain a healthy and positive work force, and to get feedbacks through:

- Company sponsored in-house employee gatherings
- Corporate training
- Employee communication via memo and notice, email, and social network applications
- Employees performance review

## 4 Suppliers

To maintain product quality and safety, mutually sustainable procurement strategy, customer and employee confidence through:

- Contracts
- Supplier guidelines

## 5 Community

To ensure corporate social responsibilities, ethical business practices, and operational transparency through:

- Annual report
- Corporate website
- Press releases and company video

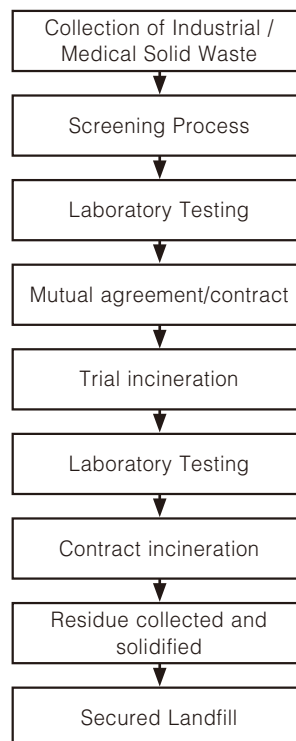
## ENVIRONMENTAL PROTECTION

To provide meaningful information for this ESG report, the Group is disclosing its carbon footprint as a socially responsible enterprise in Hong Kong and China. The carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of equivalent amount of Carbon Dioxide (CO<sub>2</sub>) emission.

The Group is operating several hazardous waste treatment facilities in Jiangsu Province which provide waste treatment and management services for handling general and hazardous industrial waste for various chemical related products production industries and regulated medical waste for major hospitals and clinics respectively in the region. The operations for proper hazardous waste treatment including collection, incineration, secure landfill and related activities. Although the service provided helps solving the overall hazardous waste problems in China, but the operations are intensively energy driven and during the incineration process, a certain amount of emission such as solid residues and fly ash, together with the waste activated carbon and filter cakes, are potentially generated. Hence advance technology and monitoring protocol have to be adopted in order to minimise the environmental impact and comply with relevant environmental regulations and standards.

Besides waste treatment services, the Group also operates and manages an eco-plating specialised industrial zone which consists of sewage and sludge treatment facilities, factory buildings, office buildings, and infrastructure of water, steam and electricity supplies specially designed for the eco-plating industry. The relevant emissions and use of natural resources will also be addressed in the subsequent paragraphs.

### Process of Hazardous Waste Treatment



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. Emissions

Organizational boundaries: The Group accounts for 100% of emissions from its operations.

*Type of Emissions*

A. The below air pollutants/parameters were measured and reported with reference to the Pollution control standard for hazardous wastes incineration (GB18484-2001) 危險廢物焚燒污染控制標準 to the Ministry of Environmental Protection of the People's Republic of China:

- 1 Blackness of smoke plumes
- 2 Particulate matter
- 3 Carbon Monoxide
- 4 Sulphur Dioxide
- 5 Hydrogen Fluoride
- 6 Hydrogen Chloride
- 7 Nitrogen Oxides
- 8 Mercury & its compound
- 9 Cadmium & its compound
- 10 Arsenic/Nickel & their compound
- 11 Lead & its compound
- 12 Chromium/Tin/Antimony/Copper/Manganese & their Compound
- 13 Dioxin and Dioxin like compound

B. The below waste water discharged from the incineration plants and the secured landfill of the Group were measured and reported with reference to the Integrated Wastewater Discharge Standard (GB 8978-1996) 污水綜合排放標準 to the Ministry of Environmental Protection of the People's Republic of China:

- 1 pH
- 2 Suspended Solids
- 3 Chemical Oxygen Demand
- 4 Ammonia Nitrogen
- 5 Total Phosphorus
- 6 Petroleum Oil
- 7 Fecal Coliform

C. The below underground water in the Group's secured landfill were monitored according to the Quality Standard for Ground Water (GB/T 14848-93) 地下水質量標準 to the Ministry of Environmental Protection of the People's Republic of China:

- 1 pH
- 2 Permanganate Index
- 3 Ammonia Nitrogen
- 4 Total Arsenic
- 5 Total Mercury
- 6 Total Lead
- 7 Total Nickel

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*Greenhouse Gas Emissions*

There were 46,484.35 tonnes of Carbon Dioxide equivalent (tCO<sub>2</sub>-eq) greenhouse gases (mainly carbon dioxide, methane, and nitrous oxide) from the total operation area of 279,487 square metres (m<sup>2</sup>) produced by the Group in the reporting period. The annual emission intensity was 0.166 tCO<sub>2</sub>-eq/m<sup>2</sup>.

The figure is contributed by:

<b>Scope of greenhouse gas emissions</b>	<b>Emission sources</b>	<b>Emission (in tCO<sub>2</sub>-eq)</b>	<b>Total emissions and percentage</b>
<b>Scope 1</b>			
Direct Emission	Burning of Auxiliary Fuels during Incineration	446.05	
	Burning of Hazardous Waste (refer to 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Unit 5)	17,264.08	
	Consumption of Unleaded Petroleum and diesel by the Group's owned fleet	553.19	18,263.32 (39.29%)
<b>Scope 2</b>			
Indirect Emission	Consumption of Purchased Electricity (34,019,122 kWh)	27,549.42	27,549.42 (59.27%)
<b>Scope 3</b>			
Other Indirect Emission	Sewage processing (811,735 m <sup>3</sup> )	140.65	
	Disposal of Paper Waste (0.92 tonnes)	4.42	
	Water Usage (1,241,837 m <sup>3</sup> )	526.54	671.61 (1.44%)
<b>Total</b>		46,484.35	46,484.35 (100%)



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Hazardous Waste Produced*

Hazardous waste treatment is by proper incineration and secure landfill. The hazardous waste going to incineration is usually a mixture of waste types which may differ in composition and be present in solid, semi-liquid or liquid form already classified under the National Catalogue of Hazardous Wastes (NCHWs). Hence the categories of hazardous waste collected by the Group are reported in the subsequent table. The residues from incineration includes solid residues and fly ash, together with the waste activated carbon and filter cake, are all classified as residues incinerating disposal (HW18) and is reported as total hazardous waste produced.

As hazardous waste is of varying consistency, the rotary kiln is used by the Group as it is a universally applicable incineration process. Rotary kiln incinerators consist of a rotating kiln, coupled with a high temperature afterburner. Incineration reduces waste volume by converting solids and liquids to ash while destroying toxic organic compounds, but the process can result in emissions of hazardous air pollutants into the air. Thus, emission monitoring including year-round real-time monitoring and regulated sampling by independent testing service provider were done by the Group to ensure atmospheric safety. Furthermore, a variety of Air Pollution Control Device (APCDs), for instance, different types of chemicals are used to filter, adsorb or react with undesirable pollutants to remove them from the flue gases.

Auxiliary fuel (diesel), the main energy used in the incineration process, is burnt in the kiln chamber at the beginning to ensure the temperature is reached the desired level for the optimal result at waste incineration. The typical heating value of the hazardous waste is sufficient to sustain combustion without auxiliary fuel after the initial kiln activation; thus, reducing energy consumption. The combustion gases emanating from the kiln will pass through a high temperature afterburner chamber for the complete incineration of possible organic pollutants entrained in the flue gases. The residues and fly ash from the combustion process are collected and solidified by encapsulating in concrete at the subsequent stage, which are then transported to the secured landfill where the water discharge is monitored.

In the reporting period, a total of 6,545.5 tonnes residues were sent to the secured landfill by the Group.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



The type of hazardous waste that were collected in accordance with the National Catalogue of Hazardous Wastes (NCHWs):

## **HW Waste Categories**

- 01 Medical wastes
- 02 Pharmaceutical wastes
- 03 Waste pharmaceuticals, drugs and medicines
- 04 Pesticide wastes
- 05 Wastes containing wood preserving chemicals
- 06 Organic solvent waste
- 07 Wastes from heat treatment containing cyanide
- 08 Waste mineral oils
- 09 Oil/water, hydrocarbon/water mixture or emulsified liquid
- 11 Residues of rectifying and distillation
- 12 Waste dyes and paints
- 13 Organic resins wastes
- 16 Photographic chemical wastes
- 17 Wastes from surface treatment
- 19 Metal carbonyl compound wastes
- 32 Inorganic fluoride wastes
- 33 Inorganic cyanide wastes
- 34 Waste acids
- 35 Waste alkali
- 36 Asbestos wastes
- 37 Organic phosphorus wastes
- 38 Organic cyanide wastes
- 39 Phenols wastes
- 40 Ethers wastes
- 41 Waste halogenated organic solvent
- 42 Waste organic solvents
- 45 Organohalogen compound wastes
- 49 Other wastes

The amount and type of hazardous waste produced after the incineration process:

## **HW Waste Categories**

- 18 Residues of incinerating disposal

### *Non-hazardous Waste Produced*

Non-hazardous wastes produced from the Group mainly consist of used paper (e.g. office papers).

The Group's record indicated that 0.92 tonnes of papers were used for office operations in the reporting period. The Group is conscientious in using papers, a number of paper-saving initiatives were implemented and employees are well aware of them and would continue to reinforce the paper reduction and recycling measures.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Use of Natural Resources

Organizational boundaries: The Group accounts for 100% of emissions from its operations.

### *Energy and Water Consumption*

The total floor area occupied by the Group for its operations in Hong Kong and China was 279,487 m<sup>2</sup>.

The electricity consumption by the Group was 34,019,122 Kilowatt-hour (kWh) in the reporting period, with an energy intensity of 121.72 kWh/m<sup>2</sup>. The total carbon intensity due to energy usage was 0.0986 tCO<sub>2</sub>-eq/m<sup>2</sup>.

Freshwater supply is adequate in Hong Kong and China. The water consumption of the Group was 1,241,837 cubic metres (m<sup>3</sup>) in the reporting period. The Group is conscientious in the conservation of water resource as sewage treatment is one of the environmental conservation goals in the Group's business portfolio.

## 3. Environmental Conservation

### *Energy and Water Conservation*

Electricity consumption is identified as having a significant impact on the environment and natural resources. In the waste treatment facilities, employees are conscientious in ensuring the energy-saving initiatives are carried out; everyone has enforced good practices in the maintenance of incineration, electric, and lighting equipment to safeguard the working condition to ensure safety and maximise productivity and efficiency. Besides, the water conservation and sewage treatment initiative are continuously enforced and supported by the Group's employees.

### *Air Pollution Control*

The incineration process is equipped with advance Air Pollution Control Device (APCDs) to remove undesirable pollutants from the flue gases that evolved during the combustion of the hazardous waste. These unwanted pollutants include suspended ash particles (particulate matter or PM), acid gases, metal, and organic pollutants. The APCDs control or collect the pollutants and reduce the possibility of any discharge from the incinerator stack to the atmosphere. Subsequent control operations include exhaust gas cooling, followed by particulate matter and acid gas control.

Exhaust gas cooling is achieved using a waste heat boiler or heat exchanger, mixing with cool ambient air, or injection of a water spray into the exhaust gas. Removal of particulate matter and acid gases are performed by different devices including wet scrubbers, electrostatic precipitators, and fabric filters. A wet scrubber is a wet system used for both particulate and acid gas control to mitigate the emissions of volatile metals and organic pollutants, while dry systems such as electrostatic precipitator and fabric filter are used for particulate control. Together with the combination usage of a dry scrubbing system for acid gas control; possible air pollution is significantly reduced. Activated carbon injection is also used to absorb dioxins from the flue gas; it is achieved by using carbon beds or injecting carbon for absorption in the downstream APCDs.

The overall air emission data is captured by a year-round real-time monitoring system that is connected to the County level of the Ministry of Environmental Protection of the People's Republic of China. In the reporting period, all emission sampling obtained by independent testing service provider were tested and were found to be compliant to the required government standard.

## HUMAN CAPITAL

As at 31st December, 2015, the total number of employees of the Group was 395 (2014: 330) in Hong Kong and China. The Group has clearly communicated important laws and the work ethics surrounding employment, the organization's mission and vision, policies, procedures, compensation and benefits and occupational health and safety guidelines to employees. Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors. The Group encourages internal promotion, job opportunities are offered to existing employees and selection is based on performance, experience and skills. Employees are also encouraged to discuss their goals in job advancement and career development.

To attract, retain, and motivate employees, the Group has devised a competitive compensation and benefits package. Apart from the basic package, for instance, severance payment, mandatory provident fund, various insurance packages, annual leave, sick leave, additional compensation and benefits such as variable pay, various allowances, union benefits, monthly assessment bonus, and annual performance bonus are given.

On the other hand, the Group is committed to providing various training programs to improve the quality, competence and skills of employees.

### 1. Employment

The Group provides equal opportunities for employees in respect of recruitment, training and development, job advancement, and compensation and benefits. Employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law.

### 2. Employee Health and Safety

The Group understands that employees' well-being and safety are of its ultimate priority, and has developed and strictly enforced a number of health and safety management systems, job responsibility system; safety operation procedures to ensure job responsibility, and operating procedures are standardised. Through adopting continuous and various occupational health and safety improvement and modification measure, the overall employee health and safety system is institutionalised and consistent to the current regulatory requirement and operating practices.

To ensure the occupational health and safety of employees, an annual health check administered in a qualified hospital is provided to all permanent employees. The implementation of workplace occupational health surveillance on dust particles can provide scientific basis for the prevention and treatment of occupational related diseases. The Group has also employed the 5S workplace organization management system so that systematic and methodical approach is used to organise the workplace in the safest and most efficient manner to ensure a clean, tidy, harmless, healthy and safe working environment. The discipline to check and repair equipment is adopted timely and regularly to ensure the efficiency and effectiveness of the performance of the equipment in the waste and sewage treatment facilities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To improve the health and safety awareness of employees, the Group regularly organised health related trainings and safety meetings to the employees, furthermore; safety and health related slogans, signs, posters, and banners are displayed throughout the working area, while pre-work safety briefings are given to remind and educate employees the importance of healthy wellbeing of work-life.

### 3. Employee Development and Training

The Group understands that human resources are important in service provision and also one of its most vital assets. Thus, a series of training programs has been developed to ensure employees are trained professionally.

Category of Corporate Training and Development Programs:

- Employee orientation
- Technical skills
- Customer service
- Teamwork development
- People management
- Time management

### 4. Labour Standards

There is no child nor forced labour in the Group's operations as it is in compliance with the Employment Ordinance – Chapter 57 of the Laws of the Hong Kong and the Regulation on Labour Security Supervision on labour and social security of the State Council of the People's Republic of China in terms of employment management. The recruitment process is strictly abided by the guidelines of the Group's Human Resource Department.

Work security and insurance package:

#### Hong Kong

- Severance Payment/Long Service Payment
- Medical Insurance
- Mandatory Provident Fund
- Employment Compensation Insurance
- Maternity/Paternity Leave with Pay

#### China

- Health and Safety Endowment Insurance
- Medical Insurance
- Unemployment Insurance
- Work-related Injury Insurance
- Childbirth insurance
- Housing accumulation funds

## OPERATING PRACTICES

### 1. Land Titles and Usage Authorization

The three operating companies; Zhenjiang New Universe Solid Waste Disposal Co. Ltd., YanCheng NUHF Environmental Technology Ltd., and Zhenjiang Sinotech Eco-Electroplating Development Ltd. in Jiangsu province, China are operated under the State-Owned Land Use Certificate principally engaged in the environmental treatment of industrial and medical hazardous wastes and sewage issued by the Bureau of Land Management of Zhenjiang and Yancheng.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Hazardous Waste Operating License

The Group were authorised to operate all of the hazardous waste and sewage treatment facilities in the treatment of industrial and medical hazardous waste, and sewage by the Ministry of Environmental Protection of the People's Republic of China.

## 3. Operating Capacity

The total operating capacity of the industrial and medical waste treatment, sewage treatment, and secure landfill as stipulated in the Hazardous Waste Operating Licence by the Ministry of Environmental Protection of the People's Republic of China were 65,300 tonnes in the reporting period.

## FUTURE DIRECTION TOWARDS SUSTAINABLE DEVELOPMENT

In the future, the Group will:

- continue to seek energy-saving and environmentally-friendly ways to construct incineration equipment, source equipment and appliances and chemical materials for its new and existing waste and sewage treatment facilities;
- proactively formulate policy to promote awareness and practices on energy saving, natural resource conservation, and waste reduction;
- consider ways to improve the quality and standard of the working environment to improve the wellbeing of employees;
- seek opportunities to contribute to the society by getting involved in community programs; and
- strive to develop businesses in sustainable and reasonable ways to adapt to stakeholders' needs.

## CONCLUSION

The Group has conducted the ESG reporting in accordance with the HKEx Environmental, Social, Governmental Reporting Guide (Appendix 20 of the GEM Listing Rules), all the information available for the reporting period are included in this report. The Group is committed to continue the ESG reporting on a regular basis and to improve on policies and procedures to the management, measurement and monitoring system of ESG related strategies that will facilitate a more sustainable business growth.

By order of the Board



**SONG Yu Qing**  
*Chief Executive Officer*

Hong Kong, 18 March 2016

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The board of directors (the “Directors”) (collectively as the “Board”) of the New Universe International Group Limited (the “Company”, together with its subsidiaries collectively referred to as the “Group”) and its senior management are committed to ensuring good standard of corporate governance practices and procedures in the interests of the Company’s shareholders (“Shareholders”). The Company believes the maintenance of high standard of business ethics and corporate governance practices provides a framework for effective management and a corporate culture, which drives the Group to grow successfully and enhance the shareholders’ value.

The Board has applied the principles of good corporate governance set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (“GEM Listing Rules”).

During the financial year ended 31 December 2015, the Company has complied with the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules (“CG Code”), but save for the code provision A.2.1, the Directors confirmed that they were not aware of any other deviation from the CG Code during the year then ended.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As a result of the appointment of Mr. SONG Yu Qing (“Mr. SONG”) as chairman of the board (“Chairman”) of the Company with effect from 18 August 2014, 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.

## DIRECTORS’ SECURITIES TRANSACTIONS

During the year ended 31 December 2015, the Company has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (“Required Standard of Dealings”).

Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with and they were not aware of any non-compliance with the Required Standard of Dealing during the year ended 31 December 2015.

## BOARD OF DIRECTORS

### Board composition

The Board is collectively responsible for oversight and management of the Group’s business, and promoting the success of the Company by directing the Group’s affairs. The Directors make decision objectively in the best interests of the Company as a whole and have an objective of enhancing Shareholders’ value. The Board comprises five executive Directors, one non-executive Director, and three independent non-executive Directors.

## CORPORATE GOVERNANCE REPORT

As at 31 December 2015, the Board comprised:

#### Executive Directors

Mr. SONG Yu Qing (*Chairman of the Board and Chief Executive Officer*)

Ms. CHEUNG Siu Ling (*Compliance Officer*)

Mr. LIAO Feng

Ms. LIU Yu Jie

Mr. HON Wa Fai (*Financial Controller and Company Secretary*)

#### Non-executive Director

Mr. SUEN Ki

#### Independent non-executive Directors

Dr. CHAN Yan Cheong

Mr. YUEN Kim Hung, Michael

Mr. HO Yau Hong, Alfred

#### Directors' attendance to board meetings and shareholders meetings

The following table shows the attendance record of each Board member for the board meetings and Shareholders' meetings of the Company held during the year ended 31 December 2015:

Board member	Number of meetings attended/held			
	Regular Board meeting	Ad-hoc Board meeting	Directors' meeting pursuant to CG Code A.2.7	Annual general meeting
<b>Executive director</b>				
Mr. SONG Yu Qing	4/4	11/11	1/1	1/1
Ms. CHEUNG Siu Ling	4/4	11/11	–	1/1
Mr. LIAO Feng	1/3	9/9	–	1/1
Ms. LIU Yu Jie	2/2	7/7	–	–
Mr. HON Wa Fai	4/4	11/11	–	1/1
<b>Non-executive director</b>				
Mr. SUEN Ki	4/4	11/11	1/1	1/1
<b>Independent non-executive director</b>				
Dr. CHAN Yan Cheong	4/4	9/11	1/1	1/1
Mr. YUEN Kim Hung, Michael	4/4	11/11	1/1	1/1
Mr. HO Yau Hong, Alfred	4/4	11/11	1/1	1/1



## CORPORATE GOVERNANCE REPORT

### Board meetings and procedures

The Board conducts regularly scheduled meetings at least four times a year at quarterly interval. Regular Board meetings of the Company shall involve active participation and presence of all Directors in person or through interactive telephone conferencing with director(s) travelling overseas. Ad-hoc Board meetings are convened when a board-level decision on a particular matter is required which include obtaining Board consent through circulating written resolutions. Board meetings are structured to allow open discussion. All Directors have participated in discussing on the strategy, operational and financial performance and internal control of the Group.

The chairman of the Board has delegated the responsibility of preparing the agenda for each Board meeting to the company secretary of the Company ("Company Secretary"). Each Director may request to include any matter in the agenda for regular Board meetings. Notice of at least 14 days has been given for all regular Board meetings of the Company. For all other Board meetings, reasonable notices have been given.

The Company Secretary shall be the secretary of all Board meetings who is responsible for keep minutes of all Board meetings and meetings of Board committees. Minutes of all Board meetings and meetings of Board committees have recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of the Board minutes have been sent to all Directors for their comments and records respectively, within a reasonable time after the board meeting is held.

Any Director may request the Board in writing to seek independent professional advice in appropriate circumstances at the expense of the Company. The Board shall resolve to provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company.

If a substantial shareholder or a Director has a conflict of interests in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical Board meeting rather than by written resolutions. The independent non-executive directors of the Company, who and whose associates have no material interest in the matter shall be present at the board meeting to deal with the matter if it is considered appropriate. Other than the exception allowed under the GEM Listing Rules, any Director who or whose associates have any material interest in any proposed Board resolutions shall not be counted as a quorum in the relevant Board meeting or shall be abstained from voting for the Board resolutions. All Board committees adopted the same principles and procedures used in the Board meetings.

### Relationship between the Board members

Each of Ms. CHEUNG Siu Ling and Mr. SUEN Ki is a director and shareholder of the Company's substantial shareholder, New Universe Enterprises Limited ("NUEL"), which currently holds approximately 36.26% of the issued share capital of the Company. Mr. CHU Yuk Ngai, the spouse of Ms. CHEUNG Siu Ling, is also a director and shareholder of NUEL.

Mr. XI Yu has been appointed as consultant to the Group since 22 August 2014. Mr. XI is also a shareholder of NUEL who owns approximately 83.66% of the issued share capital of NUEL. Mr. XI was adjudged bankrupt by the High Court of Hong Kong on 18 August 2014 and the bankruptcy order against Mr. XI was annulled by order of the High Court of Hong Kong on 3 March 2016.

# CORPORATE GOVERNANCE REPORT

Ms. CHEUNG Siu Ling and her spouse, Mr. CHU Yuk Ngai, are directors of Sun Ngai International Investment Limited (“Sun Ngai”), which is the landlord of the office premises leased by the Group for its operation purposes in Hong Kong for the year ended 31 December 2015.

Ms. CHEUNG Siu Ling, Mr. CHU Yuk Ngai and Mr. SUEN Ki are directors of China (HK) Chemical and Plastics Company Limited (“China (HK) Chemical”) which is principally engaged in trading of plastic resins in Hong Kong and China.

Ms. CHEUNG Siu Ling and her spouse, Mr. CHU Yuk Ngai, are directors of New Universe Holdings Limited (“NUHL”). NUHL is the holding company that interested in 97% of the issued share capital of China (HK) Chemical and 100% of the issued share capital of Sun Ngai.

On 8 April 2015, the Company was informed that NUEL as the seller has entered into and completed a sale and purchase agreement with CM International Capital Limited (“CMIC Cayman”) as the purchaser for the sale and purchase of a total of 800,000,000 shares of the Company then beneficially held by the NUEL. Mr. LIAO Feng is a director of CMIC Cayman.

To the best knowledge of the Company, save as disclosed herein, there is no other financial, business and family relationship among members of the Board and/or between the chairman and the chief executive officer of the Company. All of the Board members are free to exercise their independent judgment.

## Directors’ insurance

The Company has continuously arranged the directors and officers liability insurance cover with appropriate indemnity limits in respect of the legal action against the Directors and senior management of the Company.

## Continuing professional development of Directors

The Company has been encouraging the Directors and senior executives to enroll professional development courses and seminars relating to the GEM Listing Rules, companies ordinance/act and corporate governance practices organised by professional bodies in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills.

All Directors have participated in continued professional development to develop and refresh their knowledge and skills. To ensure that the contribution of the Directors to the Board remains informed and relevant, the Company is responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a director of a listed company.

## CORPORATE GOVERNANCE REPORT

According to the records maintained by the Company, each of the Directors has received continuous professional development for the year ended 31 December 2015 as follows:

Board member	Corporate governance/ Updates on laws, rules and regulations		Accounting/financial/ management or other professional knowledge	
	Reading materials	Attend seminar or briefing	Reading materials	Attend seminar or briefing
<b>Executive director</b>				
Mr. SONG Yu Qing	✓	✓	-	-
Ms. CHEUNG Siu Ling	✓	✓	-	-
Mr. LIAO Feng	✓	✓	-	-
Ms. LIU Yu Jie	✓	✓	-	-
Mr. HON Wa Fai	✓	✓	✓	✓
<b>Non-executive director</b>				
Mr. SUEN Ki	✓	✓	-	-
<b>Independent non-executive director</b>				
Dr. CHAN Yan Cheong	✓	✓	-	-
Mr. YUEN Kim Hung, Michael	✓	✓	✓	✓
Mr. HO Yau Hong, Alfred	✓	✓	✓	✓

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 18 August 2014, Mr. SONG Yu Qing was appointed the Chairman of the board and the chairman of the executive committee of the Company. Mr. SONG has been the chief executive officer of the Company ("CEO") since 12 June 2012. As such, Mr. SONG has currently assumed the role of both the Chairman and the CEO, and 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 CEO; (ii) Mr. SONG as the Chairman and CEO is fully accountable to the shareholders of the Company and contributes to the Board and the Group on all top level and strategic decisions and is responsible for ensuring that all Directors act in the best interests of the Shareholders; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting the role of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively. However, the Board will continue to review and consider splitting the role of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate.

# CORPORATE GOVERNANCE REPORT

Mr. SONG, as the Chairman provides leadership for the Board of the Company. The Chairman ensures all Directors are properly briefed on issues arising at the Board meetings. The Chairman is responsible for ensuring all Directors receive, in timely manner, adequate information, which is accurate, clear, compete and reliable. The Chairman ensures that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting. He takes into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The Chairman delegates this responsibility to the Company Secretary, who is also an executive Director of the Company.

The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established. He encourages all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. The Chairman encourages any Director with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus.

For the year ended 31 December 2015, the Chairman has held a meeting once with the non-executive Directors (including independent non-executive Directors) without presence of all executive Directors to discuss on corporate governance functions of the Company.

The Chairman ensures that appropriate steps are taken to provide effective communication with Shareholders that their views are communicated to the Board as a whole. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.

Mr. SONG as the CEO is also responsible for strategic planning and implementation, sourcing and meeting with potential business partners, looking for business opportunities for the Group, client development, recruiting of senior management, staff development, collaboration across the affiliated company network, looking for opportunities to enhance best practices, and timely reporting to the Board regarding the Group's overall progress.

## NON-EXECUTIVE DIRECTORS

The GEM Listing Rules require every listed issuer to have at least three independent non-executive directors, and at least one of whom must have the appropriate professional qualifications, or accounting or related financial management expertise. For the year ended 31 December 2015, two of the independent non-executive Directors of the Company have the appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers them independent under Rule 5.09 of the GEM Listing Rules.

## CORPORATE GOVERNANCE REPORT

Based on the annual written confirmation given by each of Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred in accordance with Rule 5.09 of the GEM Listing Rules and the undertaking in writing given by each of them as to their continuing independence, the Board believes that each of Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred is independent. The Board also considers that Dr. CHAN Yan Cheong being an academic expert in electronic engineering, and Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred each being an accounting professional will bring in strong expertise by contributing impartial view and making independent judgment on all issues to be discussed at the Board meetings.

Each of the independent non-executive Directors, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has signed letter of appointment with the Company for tenure of two years commenced on 1 February 2015. Dr. CHAN Yan Cheong has signed a letter of appointment for tenure of two years commenced on 1 April 2015.

Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred have been independent non-executive Directors of the Company since 1 February 2000, 24 April 2002, and 30 September 2004 respectively. Each of Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred has served as the Company's independent non-executive Director for more than 9 years, further appointment for each of them shall be subject to a separate resolution to be approved by the Shareholders at the forthcoming annual general meeting of the Company.

The independent non-executive Directors of the Company have been expressly identified as such in all corporate communications that disclose the names of the Directors of the Company.

Mr. SUEN Ki is the non-executive Director of the Company who has signed letter of appointment with the Company for tenure of two years commenced on 1 February 2015.

The letters of appointment signed by each of the non-executive Director (including independent non-executive Directors) with the Company is subject to the termination by either party giving not less than three months prior written notice and subject to retirement by rotation and re-election in accordance with the Company's constitutional documents.

## RESPONSIBILITIES OF DIRECTORS

Every Director knows his/her responsibilities as a director of a listed company and its conduct, business activities and development. Non-executive Directors (including independent non-executive Directors) have the same duties of care and skill and fiduciary duties as executive Directors of the Company.

The Directors, collectively and individually, are aware of their responsibilities to Shareholders, for the manner in which the affairs of the Company are managed and operated. In the appropriate circumstances and as and when necessary, Directors will seek independent professional advice at the Company's expense, ensuring the board procedures, all applicable rules and regulations, are followed.

## CORPORATE GOVERNANCE REPORT

The Board has overall responsibility for the stewardship of the Group and gives clear directions as to the power delegated to the management of the Company and its subsidiaries for the management and administration functions of the Group, in particular, with respect to the circumstances where management of the Company and its subsidiaries should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board will review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Matters requiring the Board's approval include, amongst the others, (i) review of overall policies and objectives for corporate capital contributions, (ii) corporate budgets, (iii) corporate plans of the Company and any significant changes thereto, (iv) investment plans involving significant commitments of financial, technological and human resources, or involving significant risks for the Company, (v) major sales, transfers, or other dispositions of properties or assets of the Group, (vi) significant changes in the Board's policies, (vii) major organisational changes, (viii) financial statements of the Group, including annual report, semi-annual and quarterly financial and operating results, and (ix) other matters relating to the Group's business which in the judgement of the Chairman who is also the CEO are of such significance to merit the Board's consideration, and adoption of such policies or such actions taken as the Board considers to be in the best interests of the Company.

Every newly appointed director of the Company shall receive a comprehensive, formal and tailored induction on his/her appointment. Subsequently he/she will receive relevant briefing and professional development necessary, to ensure that he/she has a proper understanding of the Company's operations and business and is fully aware of his/her responsibilities under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the business and governance policies of the Company.

All executive Directors, non-executive Director and independent non-executive Directors of the Company bring in a variety of experience and expertise to the Company with their respective functions set out as follows:

## Executive Directors

Name	Position	Current Function/Experience
SONG Yu Qing	Chairman, CEO and executive director	<ul style="list-style-type: none"> <li>- Leading the Board</li> <li>- Developing vision and strategies of the Group</li> <li>- Developing long term mission of the Group</li> <li>- Strategic planning</li> <li>- Investors relations</li> <li>- Developing corporate goals, targets and objectives of the Group</li> </ul>
CHEUNG Siu Ling	Executive director and compliance officer	<ul style="list-style-type: none"> <li>- Ensuring good corporate governance practices</li> <li>- Assisting the Board in implementing procedures to ensure compliance with applicable laws, rules and regulations</li> <li>- Administration of head office</li> <li>- Human resources management of the Group</li> <li>- Overseeing daily operations</li> </ul>
LIAO Feng	Executive director	<ul style="list-style-type: none"> <li>- Advising on corporate finance of the Company</li> <li>- Advising on investment opportunities of environmental operations</li> </ul>

## CORPORATE GOVERNANCE REPORT

Name	Position	Current Function/Experience
LIU Yu Jie	Executive director	<ul style="list-style-type: none"> <li>– Advising on corporate finance of the Company</li> <li>– Advising on merger and acquisition exercises</li> <li>– Developing strategies on environmental operations of the Group</li> </ul>
HON Wa Fai	Executive director, financial controller, and Company Secretary	<ul style="list-style-type: none"> <li>– Overseeing financial control, accounting, treasury, and compliance</li> <li>– Formulating merger and acquisition exercises</li> <li>– Investors relations</li> </ul>

## Non-executive Director

Name	Position	Current Function/Experience
SUEN Ki	Non-executive Director	<ul style="list-style-type: none"> <li>– Advising on strategies and policies of the Group</li> <li>– Bringing in independent judgement on issues of strategy, performance and resources</li> </ul>

## Independent non-executive Directors

Name	Independence	Current Function/Experience
CHAN Yan Cheong	✓	<ul style="list-style-type: none"> <li>– Relationship with academic and industrial expertise</li> <li>– Monitoring risk management function and internal control system of the Group</li> <li>– Bringing in independent judgement on issues of corporate strategies, policy, performance, accountancy, key appointments and standards of conduct</li> <li>– Scrutinising the Company's performance in achieving corporate goals and objectives</li> <li>– Serving on audit, remuneration and nomination committees</li> </ul>
YUEN Kim Hung, Michael	✓	<ul style="list-style-type: none"> <li>– Advising on auditing, taxation, compliance and financial matters</li> <li>– Monitoring risk management function and internal control system of the Group</li> <li>– Bringing in independent judgement on issues of policy, performance, accountancy, key appointments and standards of conduct</li> <li>– Serving on audit, remuneration and nomination committees</li> <li>– Scrutinising the Company's performance in achieving corporate goals and objectives</li> <li>– Possess with professional accounting qualification and financial experience</li> </ul>
HO Yau Hong, Alfred	✓	<ul style="list-style-type: none"> <li>– Advising on auditing, taxation, compliance and financial matters</li> <li>– Monitoring risk management function and internal control system of the Group</li> <li>– Bringing in independent judgement on issues of policy, performance, accountancy, key appointments and standards of conduct</li> <li>– Serving on audit, remuneration and nomination committees</li> <li>– Scrutinising the Company's performance in achieving corporate goals and objectives</li> <li>– Possess with professional accounting qualification and financial experience</li> </ul>

## CORPORATE GOVERNANCE REPORT

## SUPPLY OF AND ACCESS TO INFORMATION

For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers will be sent, in full, to all Directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting, and for other ad hoc or urgency meetings at other agreed period.

The senior management of the Group has an obligation to supply the Board its committees of the Company with appropriate and adequate information through financial reports, business and operational reports and budget statements in a timely manner to keep the Board members informed of the latest development of the Group. The Board members have the right to access to the Group's information, board papers and related materials from either the Chairman or the Company Secretary of the Company. Where any Director requires more information than is volunteered by senior management, he/she makes further enquiries where necessary and shall separate and independent access to the senior management of the Company.

## BOARD COMMITTEES

The Company established four Board committees. The table below provides membership information of these committees on which each Board member serves:

	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>	<b>Executive Committee</b>
SONG Yu Qing				C
CHEUNG Siu Ling				M
LIAO Feng				M
LIU Yu Jie				M
HON Wa Fai				M
SUEN Ki				
CHAN Yan Cheong	C	M	M	
YUEN Kim Hung, Michael	M	M	C	
HO Yau Hong, Alfred	M	C	M	

Notes:

C: Chairman of the relevant Board committee

M: Member of the relevant Board committee

## AUDIT COMMITTEE

The Company's Audit Committee was initially established on 30 May 2000 with written terms of reference adopted. On 19 March 2012, the terms of reference of the Audit Committee were reviewed and amended to cope with the CG Code. On 5 November 2015, the terms of reference of the Audit Committee has been updated to cope with the revised CG Code on risk management and internal control system of the Company.



## CORPORATE GOVERNANCE REPORT

**Composition of Audit Committee**

Dr. CHAN Yan Cheong (*committee chairman*)  
 Mr. YUEN Kim Hung, Michael  
 Mr. HO Yau Hong, Alfred

**Meetings of Audit Committee**

The following was an attendance record of the Audit Committee meetings during the year:

<b>Committee member</b>	<b>Number of meetings attended/held</b>
Dr. CHAN Yan Cheong ( <i>chairman of committee</i> )	4/4
Mr. YUEN Kim Hung, Michael	4/4
Mr. HO Yau Hong, Alfred	4/4

The Audit Committee had 4 meetings during the year ended 31 December 2015, amongst others, for the following purposes:

- (i) reviewed the annual report for the year ended 31 December 2014;
- (ii) discussed and reviewed the interim results for 6 months ended 30 June 2015 as reviewed by the independent accountants, Crowe Horwath (HK) CPA Limited;
- (iii) reviewed the quarterly reports for 3 months and 9 months respectively ended 31 March and 30 September 2015;
- (iv) reviewed quarterly the valuation reports prepared by the independent professional valuers engaged by the Company in relation to the fair value of the available-for-sale equity investments and impairment testing on goodwill arisen on the environmental entities of the Group, and reviewed the internal control system of the Group's key subsidiaries in Mainland China as reported by the independent professional advisors; and
- (v) discussed and reviewed the terms of reference of the Audit Committee, and proposed to adopt a revised terms of reference in order to cope with the new revision on CG Code.

**REMUNERATION COMMITTEE**

The Company's Remuneration Committee was initially established on 1 May 2005 with written terms of reference adopted. On 19 March 2012, the terms of reference of the Company's Remuneration Committee were reviewed and amended to cope with the CG Code.

**Composition of Remuneration Committee**

Mr. HO Yau Hong, Alfred (*committee chairman*)  
 Dr. CHAN Yan Cheong  
 Mr. YUEN Kim Hung, Michael

## CORPORATE GOVERNANCE REPORT

## Meetings of Remuneration Committee

The following was an attendance record of the Remuneration Committee meetings during the year:

Committee member	Number of meetings attended/held
Mr. HO Yau Hong, Alfred ( <i>chairman of committee</i> )	3/3
Dr. CHAN Yan Cheong	3/3
Mr. YUEN Kim Hung, Michael	3/3

The Remuneration Committee had 3 meetings during the year ended 31 December 2015, amongst others, for the following purposes:

- (i) reviewed the remuneration of executive Directors and senior management for the year ended 31 December 2014;
- (ii) advised on the compensation of new executive Directors to be appointed to the Board; and
- (iii) assessed performance of executive Directors.

## NOMINATION COMMITTEE

The Company's Nomination Committee was initially established on 1 May 2005 with written terms of reference adopted. On 19 March 2012, the terms of reference of the Company's Nomination Committee were reviewed and amended to cope with the CG Code.

## Composition of Nomination Committee

Mr. YUEN Kim Hung, Michael (*committee chairman*)  
 Dr. CHAN Yan Cheong  
 Mr. HO Yau Hong, Alfred

## Meetings of Nomination Committee

The following was an attendance record of the Nomination Committee meetings during the year:

Committee member	Number of meetings attended/held
Mr. YUEN Kim Hung, Michael ( <i>chairman of committee</i> )	3/3
Dr. CHAN Yan Cheong	3/3
Mr. HO Yau Hong, Alfred	3/3

The Nomination Committee had 3 meetings during the year ended 31 December 2015, amongst others, for the following purposes:

- (i) reviewed the composition of the Board;
- (ii) advised on the nomination of new executive Directors to be appointed to the Board; and
- (iii) assessed the independence of independent non-executive Directors proposed for re-election at the annual general meeting.

## CORPORATE GOVERNANCE REPORT

## EXECUTIVE COMMITTEE

The Company's Executive Committee was established on 29 April 2011 with written terms of reference pursuant to which the Board delegates the powers and authorities to the committee to manage the business of the Group, and to make investment and business decisions for the Group within its authority and to take all actions to give effect to such decisions. The Executive Committee comprises all executive Directors of the Company.

## Composition of Executive Committee

Mr. SONG Yu Qing (*committee chairman*)  
 Ms. CHEUNG Siu Ling  
 Mr. LIAO Feng  
 Ms. LIU Yu Jie  
 Mr. HON Wa Fai

## Role and function of Executive Committee

- (a) to refer the transactions to the Board for decision making if any member of the Executive Committee has doubt on any compliance issue under the applicable rules in respect of the transactions under consideration and in any event, seek professional advice on any compliance issue;
- (b) to report on any commitment (within its authority) approved by the Executive Committee and entered into on behalf of the Group to the Board in the next scheduled meeting of the Board; and
- (c) to ensure that all the relevant management personnel of the Group and the Company Secretary of the Company will be provided with all deeds, documents or contracts entered into on behalf of the Group pursuant to the approval of the Executive Committee (within its authority) for record keeping.

## Meetings of Executive Committee

The following was an attendance record of the Executive Committee meetings during the year:

Committee member	Number of meetings attended/held
Mr. SONG Yu Qing ( <i>chairman of committee</i> )	4/4
Ms. CHEUNG Siu Ling	9/9
Mr. LIAO Feng	1/1
Ms. LIU Yu Jie	1/1
Mr. HON Wa Fai	9/9

For the year ended 31 December 2015, the Executive Committee had 9 meetings held mainly for the consideration and approval of authorised transactions within the terms of reference of the committee, of which the decisions have been reviewed, confirmed and adopted by the Board.

## CORPORATE GOVERNANCE REPORT

## AUDITOR'S REMUNERATION

For the years ended 31 December 2015 and 2014, the remuneration paid/payable to the independent auditors of the Company in respect of their audit and non-audit services was as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Audit services	<b>900</b>	850
Non-audit services	<b>150</b>	220

## ACCOUNTABILITY AND AUDIT

The Audit Committee has reviewed with the Board on the Company's financial statements for the year ended 31 December 2015. The Directors acknowledge their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment for the Company's performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Crowe Horwath (HK) CPA Limited acknowledge their reporting responsibilities in the independent auditor's report to the consolidated financial statements of the Company for the year ended 31 December 2015.

It is the responsibility of the external auditor to form an independent opinion, based on their audit, on those financial statements of the Company and to report their opinion solely to the Company, as a body, and for no other purpose. The independent auditor does not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report to the shareholders of the Company.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the overall responsibility to ensure that proper and effective systems of risk management and internal control of the Group are maintained. The senior management of the Company is charged with the responsibility to design and implement an internal control system to manage risks. The senior management of the whole Group, including but not limited to, the Directors and executive officers of the Company, the directors of the subsidiaries and the general managers and deputy general managers of the Group, maintains and monitors the internal control systems on an ongoing basis. The Board is responsible for reviewing on the effectiveness of the risk management function and internal control system of the Group.

The Audit Committee supports the Board in monitoring our risk exposures, the design and operating effectiveness of the underlying risk management and internal control systems. The senior management assesses and presents regular reports to the Audit Committee on its own assessments of key risks, the strengths and weaknesses of the overall internal control system, with action plans to address the weaknesses. The Company engages with external professional advisors to regularly report on their reviews of the risk management function and internal control systems of the Group's key business processes and activities, including action plans to address any identified control weaknesses. External auditors also report on any control issues identified in the course of their work. Taking these into consideration, the Audit Committee reviews the effectiveness of the Group's system of internal controls and reports to the Board on such reviews. Work and findings of the Committee are considered by the Board in forming its own view on the effectiveness of the system.

## CORPORATE GOVERNANCE REPORT

The Group's internal control system includes a defined management structure with specified limits of authority, is designed to achieve business objectives and goals, safeguard assets against unauthorised use or disposition, control over operating and capital expenditures, ensure the maintenance of proper books and records for providing reliable financial information used for internal or publication purposes, and ensure compliance with relevant legislation and regulations.

The internal control systems are designed to meet the Group's particular needs and risks to be exposed, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in operations systems achievement of the Group's objectives and goals.

The Company has not established its internal audit function, but the Company has a project controlling team comprising, amongst other assistants, the deputy general manager and the corporate strategic planning & audit manager of the Company took up the responsibilities of monitoring the day-to-day management and internal control system of the key operating units of Group in Mainland China, integrating with the systems of monthly and annual planning and budgeting process, counter-approval and implementation control process, identifying any risks or possible failure of the operating units, and reporting and making suggestions on how each operating unit to achieve the objectives and goals set. The project controlling team meets regularly with the Executive Directors and report on matters to be updated to the Board timely.

The Company engages with independent professional party to review on the Group's compliance with the CG Code, and review on the risk management function and internal control systems of the Group on a continuous basis. For the years ended 31 December 2014 and 2015, the Company engaged with SHINEWING Risk Services Limited, adopting the internal control model set down by the Committee of Sponsoring Organisations of the U.S. Treadway Commission ("COSO") for internal controls, to carry out independent review on the internal control system of the Group's key operations. The review also includes reporting to the Board on the compliance with the CG Codes and any weakness of the internal control system of the Group (including financial operations, compliance and risk management) and monitoring the schedule plan toward improvement. Based on the independent review report, the Board has impartial reference on the assessment of whether the key operations of the Company are under effective internal control system.

On 5 November 2015, the Company has updated the terms of reference of the Audit Committee in order to enhance the authority of the Audit Committee to review on the risk management system in addition to the internal control systems of the Company. The Audit Committee requires the continuous improvement of the risk management function and internal control system of the Group which has to be in line with the growth and expansion of the Group.

For the year ended 31 December 2015, the Board considered the internal control system effective and adequate. No significant areas of concern that might affect the financial, operational, compliance controls, and risk management functions of the Group were identified. The scope of this review covers the adequacy of resources, qualification/experience of staff of the Group's accounting and financial reporting function, and their training and budget.

# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

Mr. HON Wa Fai is the Company Secretary of the Company who is also an executive Director and the financial controller of the Group. He has been the Company Secretary of the Company since 6 October 2004. Pursuant to Rule 5.15 of the GEM Listing Rules, Mr. HON has taken no less than 15 hours of relevant professional training on corporate governance, financial management and accountancy for the year ended 31 December 2015.

## SHAREHOLDERS' RIGHTS

### Communication with Shareholders

The Company has adopted its Shareholders Communication Policy to promote and facilitate effective communication with Shareholders of the Company. The Board encourages the participation of the Shareholders to the general meetings of the Company, and the Chairman of the Board shall attend the annual general meeting of the Company.

The Chairman invites the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend, or failing their presence, their duly appointed delegate to attend and be available to answer questions at annual general meeting. The chairman of the independent board committee (if any) is available to answer questions at the general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

The management of the Company ensures the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

For each substantially separate issue at the general meetings, a separate resolution is to be proposed by the chairman of that meeting. The Company shall avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company shall explain the reasons and material implications in the notice of the general meetings. The chairman of the general meetings shall ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from Shareholders on voting by poll.

The Company shall arrange for the notice to the Shareholders to be sent in the case of for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case for all other general meetings. Any notice to be given by the Company shall be in writing. The Company shall send notices to all Shareholders whether or not their registered address is in Hong Kong. The Company shall ensure that notice of the general meetings is published on the websites of the Company and the Stock Exchange.

Shareholders who are unable to attend a general meeting may complete and return to the Branch Share Registrar in Hong Kong the proxy form enclosed with the notice of meeting to give proxy to their representatives, another shareholder or chairman of the meetings.

The poll voting procedures are included in the Company's circular convening a general meeting. The results of the voting by poll are declared at the meeting and published on the websites of the Stock Exchange and the Company respectively thereafter the meeting.

## CORPORATE GOVERNANCE REPORT

### Procedures for Shareholders to convene a general meeting

According to the Memorandum and Articles of Association of the Company, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition.

Upon receipt of the requisition, the Company shall request the Share Registrar to verify and confirm on the particular of the requisitioner(s), and arrange the Board to consider the proposal and convene a general meeting by serving sufficient notice to all the registered Shareholders. If any particular of the requisitioner(s) is verified as not in order, the requisitioner(s) will be advised accordingly, and a general meeting may not be convened as requested.

If within 21 days of such deposit of the requisition the Board fails to proceed to convene such meeting the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

An annual general meeting shall be called by notice of not less than 21 clear days and not less than 20 clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by notice of not less than 21 clear days and not less than 10 clear business days. All other extraordinary general meetings may be called by notice of not less than 14 clear days and not less than 10 clear business days but if permitted by the rules of the Stock Exchange, a general meeting may be called by shorter notice, subject to the Companies Law of the Cayman Islands, if it is so agreed.

### Procedures for proposing a person for election as a Director

On 19 March 2012, the Company adopted the Procedures for Shareholders to Propose a Person for Election as a Director. Save for the procedures adopted, no person, other than a retiring director of the Company shall, unless recommended by the Board of the Company for election, be eligible for election to the office of Director at any general meeting according to the Memorandum and Articles of Association of the Company, and relevant laws and regulations applicable to the Company. Pursuant to the procedure adopted, only Shareholder(s) of the Company duly qualified to attend and vote at the general meeting shall propose a person for election as a Director.

## CORPORATE GOVERNANCE REPORT

If a Shareholder who is duly qualified to attend and vote at the general meeting wishes to propose a person other than a Director for election as a Director, the following documents shall be lodged at the principal place of business of the Company in Hong Kong at Rooms 2110-2112, Telford House, 16 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong for the Board to recommend that person for election to the office of Director at any general meeting:

- (i) a notice signed by the Shareholder of the intention to propose that person for election as a Director and the notice shall set out the contact details of the proposing shareholder, including correspondence address, contact phone number; and
- (ii) a notice signed by that person to be proposed of his willingness to be elected as a Director; and the duly completed checklist attach to these procedures.

The minimum length of the period during which the above-mentioned notices are given shall be at least 10 business days and that the period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and not later than 14 business days prior to the date of such general meeting.

If the Company receives the notice as required after publication of the notice of meeting, the Company shall publish an announcement or issue a supplementary circular upon receipt of such a notice. Full particulars of the proposed director as required under Rule 17.50(2) of the GEM Listing Rules must be included in the announcement or supplementary circular. However, if the Company receives insufficient information for the purposes of publishing an announcement or issuing a supplementary circular, the Company shall contact the proposing shareholder and/or the proposed director for further information.

In the event that the Company is not able to publish an announcement or issue a supplementary circular on a day, which is at least 10 business days prior to the general meeting of the Company, the said nomination of shareholder will be presented at the next following general meeting.

#### Procedures for directing Shareholders' enquiries to the Board

Shareholders shall direct their questions about their shareholdings to the Company's Branch Share Registrar in Hong Kong. Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders or investors could enquire by putting their proposals with the Company through the following means:

Telephone number	:	(852) 2435 6811
Facsimile number	:	(852) 2435 3220
E-mail	:	comsec@nuigl.com
Correspondence address	:	Rooms 2110-2112, 21/F., Telford House, 16 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong
For the attention of	:	The Chairman



## CORPORATE GOVERNANCE REPORT

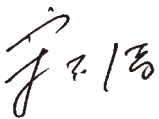
## INVESTOR RELATIONS

The Company is committed to maintaining high degree of transparency to ensure the investors and the shareholders are receiving accurate, clear, comprehensive and timely information of the Group via the publication of annual reports, interim reports, quarterly reports, public announcements and releases, and update and key information of the Group are available on the Company's website at [www.nuigl.com](http://www.nuigl.com).

The Company engaged with PRChina Limited as its public relation consultant to enhance media and investor relations of the Group. The Board continues to maintain regular dialogue with institutional investors and analysts to keep them informed the Group's strategy, operations, management and plans. Media or potential investors could make necessary enquiry with the public relation consultant through the following means:

Telephone number	:	(852) 2522 1838
Facsimile number	:	(852) 2521 9955
E-mail	:	<a href="mailto:newuniverse@prchina.com.hk">newuniverse@prchina.com.hk</a>
Public relation consultant	:	PRChina Limited

On behalf of the Board



**SONG Yu Qing**  
*Chairman*

Hong Kong, 18 March 2016

## REPORT OF THE DIRECTORS

The directors (“Directors”) of New Universe International Group Limited (“Company”) submit their report together with the audited financial statements for the year ended 31 December 2015.

### PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in Cayman Islands as an exempted company with limited liability and has its principal place of business at Rooms 2110-2112, Telford House, 16 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services to the group members.

The activities of the principal subsidiaries are summarised as follows:

- (a) provision of environmental industrial and medical waste treatment services;
- (b) provision of environmental plating sewage treatment services in an eco-plating specialised zone; and
- (c) investments in plastic materials dyeing business.

### BUSINESS REVIEW AND PERFORMANCE

A business and financial review of the Company and its subsidiaries (“Group”) for the year ended 31 December 2015 and the material factors underling its results and financial position together with the risks and outlook of the Company’s business as required by Schedule 5 to the Hong Kong Companies Ordinance are set out in the Chairman’s Statement and the Management Discussion and Analysis on pages 2 to 17 of this annual report.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE

An Environmental, Social and Governance Report of the Company for the year ended 31 December 2015 is set out on pages 25 to 36 of this annual report which highlighted the performance of the Group on the issues of environmental, social and governance.

### CORPORATE GOVERNANCE

A report on the principal corporate practices of the Company for the year ended 31 December 2015 and significant subsequent events, if any, up to the date of publication of this annual report is set out in the Corporate Governance Report on pages 37 to 55 of this annual report.

### SEGMENT INFORMATION

An analysis of the group’s performance for the year by operating segment of the Group is set out in note 4 to the financial statements.

### FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2015 and the state of the Group’s affairs as at that date are set out in the financial statements on pages 69 to 154 of this annual report.

# REPORT OF THE DIRECTORS

## DIVIDEND

The dividend of HK\$0.0048 per share totally amounted to approximately HK\$14,187,000 paid on 31 July 2015 was made in respect of the year ended 31 December 2014.

On 18 March 2016, the Directors recommended the payment of a final dividend of HK\$0.0050 per share in respect of the year ended 31 December 2015 amounting to approximately HK\$14.8 million which is subject to approval of the shareholders at the forthcoming annual general meeting:

Annual general meeting date	: Friday, 6 May 2016
Book close date for final dividend	: Friday, 13 May 2016 to Wednesday, 18 May 2016
Record date for final dividend	: Wednesday, 18 May 2016
Final dividend payment date	: Friday, 29 July 2016

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years ended 31 December 2015, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on pages 18 to 20 of this annual report.

## SHARE CAPITAL

Details of the movements in share capital of the Company and shares issued in the year ended 31 December 2015 are set out in note 31 to the financial statements.

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

Neither the Company, nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2015.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## DISTRIBUTABLE RESERVES

At 31 December 2015, the distributable reserves of the Company amounted to HK\$488,790,000 (2014: HK\$401,991,000) which was calculated according to Article 134 of the Articles of Association of the Company that dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

## BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group and the Company as at 31 December 2015 are set out in notes 25 and 30 to the financial statements.

# REPORT OF THE DIRECTORS

## INTEREST CAPITALISED

The Group did not capitalise any interest during the year (2014: HK\$13,000 capitalised for properties under development).

## MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the financial year is as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2015	2014	2015	2014
The largest customer	5.5%	8.1%		
Five largest customers in aggregate	19.1%	25.9%		
The largest supplier			8.7%	15.6%
Five largest suppliers in aggregate			34.5%	48.8%

At no time during the years ended 31 December 2015 and 2014 did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest suppliers or customers.

At no time during the years ended 31 December 2015 and 2014 have the Directors, their respective associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers of the Group.

## DIRECTORS OF THE COMPANY

The Directors of the Company during the year and up to the date of this report were:

### Executive Directors:

Mr. SONG Yu Qing  
 Ms. CHEUNG Siu Ling  
 Mr. LIAO Feng (appointed on 5 May 2015)  
 Ms. LIU Yu Jie (appointed on 9 June 2015)  
 Mr. HON Wa Fai

### Non-Executive Director:

Mr. SUEN Ki

### Independent Non-Executive Directors:

Dr. CHAN Yan Cheong  
 Mr. YUEN Kim Hung, Michael  
 Mr. HO Yau Hong, Alfred

## REPORT OF THE DIRECTORS

In accordance with article 83 of the Company's Articles of Association, Mr. LIAO Feng and Ms. LIU Yu Jie retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

In accordance with article 84 of the Company's articles of association, Ms. CHEUNG Siu Ling, Mr. HON Wa Fai, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The non-executive Director, Mr. SUEN Ki was appointed for a two-year term commencing from 1 February 2015. The independent non-executive Director, Dr. CHAN Yan Cheong was appointed for a two-year term commencing from 1 April 2015, and each of the independent non-executive Directors, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred was appointed for a two-year term commencing from 1 February 2015.

## DIRECTORS OF THE SUBSIDIARIES

The directors of the Company's subsidiary undertakings during the year and up to the date of this report were:

Name of subsidiary	Director(s) of the subsidiary					
Fair Time International Limited	B	C				
HK Smartech Trading (Shenzhen) Limited * (港滙科貿易(深圳)有限公司)	B					
Jiangsu New Universe Environmental Engineering Management Limited * (江蘇宇新環保工程管理有限公司)	F					
New Sinotech Investments Limited	B					
New Universe (China) Investment Limited	B	C				
New Universe (China) Limited	B	C				
New Universe Environmental Engineering Management Limited	B	E				
New Universe Environmental Protection Investment Limited	B					
New Universe Environmental Technologies (Jiang Su) Limited	B	C				
New Universe International Ecology Limited	B					
New Universe International Holdings Limited	B					
New Universe Recyclable Investments Limited	B					
New Universe Recyclables Limited	B	C				
Smartech International Group Limited	B	C				
Smartech Manufacturing Limited	B	C				
Smartech Plastic Moulding Limited	B	C				
Smartech Services Limited	B	C				
Suqian New Universe Solid Waste Disposal Company Limited * (宿遷宇新固體廢物處置有限公司)	A					
Taizhou New Universe Solid Waste Disposal Company Limited	D	G	H	I		
Xiangshui New Universe Environmental Technology Limited	B <sup>(1)</sup>	D	I	J	K	L <sup>(2)</sup>
Yancheng New Universe Solid Waste Disposal Company Limited	D	G	H	I		
Yancheng NUHF Environmental Technology Limited * (鹽城新宇輝豐環保科技有限公司)	B <sup>(1)</sup>	D	I	J	K	L <sup>(2)</sup>
Zhenjiang New Universe Rubber Limited * (鎮江新宇橡塑有限公司)	F					
Zhenjiang New Universe Solid Waste Disposal Company Limited	D	F	G	H	I	
Zhenjiang Sinotech Eco-Electroplating Development Limited	D					

\* For identification purposes only

## REPORT OF THE DIRECTORS

### Name of the directors the Company's subsidiary undertakings:

- A: Mr. SONG Yu Qing
- B: Ms. CHEUNG Siu Ling
- C: Mr. CHU Yuk Ngai
- D: Mr. XI Yu
- E: Mr. HON Wa Fai
- F: Ms. LIU Yuan
- G: Mr. SUN Jia Qing
- H: Mr. YIN Yong Xiang
- I: Mr. LIU Lai Gen
- J: Mr. ZHONG Han Gen
- K: Mr. JI Zi Hua
- L: Mr. LI Qi

#### Notes:

- (1) Ms. CHEUNG Siu Ling resigned as director of Xiangshui New Universe Environmental Technology Limited with effect from 6 May 2015 and resigned as director of Yancheng NUHF Environmental Technology Limited \* with effect from 12 May 2015.
- (2) Mr. LI Qi was appointed as director of Xiangshui New Universe Environmental Technology Limited with effect from 6 May 2015 and director of Yancheng NUHF Environmental Technology Limited \* with effect from 12 May 2015.

### DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has service contract with the Company that is not determinable within one year without payment of compensation, other than statutory compensation.

### CONFIRMATION OF INDEPENDENCE

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

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

\* For identification purposes only

## REPORT OF THE DIRECTORS

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 21 to 24 of this annual report.

### EMOLUMENTS OF THE DIRECTORS AND CHIEF EXECUTIVES AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the chief executives and of the five highest paid individuals in the Group are set out respectively in notes 10 and 11 to the financial statements.

### EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee based on their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

### RETIREMENT SCHEME

The Group operates a Mandatory Provident Fund scheme for all employees in Hong Kong. Particulars of the retirement scheme are set out in note 36 to the financial statements.

### SHARE OPTION SCHEME

The old share option scheme of the Company adopted on 10 December 2003 has expired on 9 December 2013. As at 31 December 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 at the annual general meeting on 5 May 2015 ("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 31 December 2015, no option was granted or was outstanding under the New Share Option Scheme.

## REPORT OF THE DIRECTORS

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

As at 31 December 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:

## 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	Interests of children or spouse	Interests of controlled corporation		
Ms. LIU Yu Jie	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	Interests 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

\* NUEL is beneficially interested in 1,071,823,656 shares of the Company, representing approximately 36.26% of the issued share capital of the Company as at 31 December 2015. Ms. CHEUNG Siu Ling and Mr. SUEN Ki are also directors of NUEL.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.



## REPORT OF THE DIRECTORS

Save as disclosed herein, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its holding company or its other associated corporations a party to any arrangement to enable the Directors and chief executives of the Company (including 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 specified undertaking or other associated corporations.

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

As at 31 December 2015, so far as is known to any director or the chief executive of the Company, the interests or short positions of any person, other than a director or the chief executive of the Company, in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Beneficial owner	Family interest	Interest of controlled corporation		
NUEL <sup>(i)</sup>	1,071,823,656	–	–	1,071,823,656	36.26
CM International Capital Limited (“CMIC Cayman”) <sup>(ii)</sup>	800,000,000	–	–	800,000,000	27.07
CM International Capital Limited (中民國際資本有限公司) (“CMIC Hong Kong”) <sup>(iii)</sup>	–	–	800,000,000	800,000,000	27.07
China Minsheng Investment Corp. Limited. (中國民生投資股份有限公司) <sup>(iii)</sup>	–	–	800,000,000	800,000,000	27.07
Ms. LIU Yu Jie	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 China Minsheng Investment Corporation Limited (中國民生投資股份有限公司).

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

## REPORT OF THE DIRECTORS

### MANAGEMENT CONTRACTS

No contracts concerning for the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### CONNECTED TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 December 2015 as set out in note 37 to the financial statements.

Mr. XI Yu has been appointed as a consultant to the Group commencing 22 August 2014 with terms renewed on quarterly basis. The Company has paid consultant fees to Mr. XI Yu totally amounted to HK\$144,000 for the year ended 31 December 2015. Mr. XI Yu is beneficially interested in approximately 83.66% of the issued share capital of NUJEL, which in turn is currently interested in 36.26% of the issued share capital of the Company. As such, Mr. XI Yu is a connected person of the Company for the purposes of Chapter 20 of the GEM Listing Rules. Although the engagement of Mr. XI Yu constitutes a continuing connected transaction of the Company, his remuneration package is below the de minimis threshold provided in Rule 20.74(1) of the GEM Listing Rules, which is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements.

Save as disclosed therein, there was no significant connected transactions of the Group (defined under the GEM Listing Rules) which were discloseable in the reporting period or any time during the year ended 31 December 2015.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

As at 31 December 2015 or any time during the year, transactions, arrangements, or contracts subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

1. Each of the Directors, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, has provided personal guarantees in favour of The Hongkong and Shanghai Banking Corporation Limited up to a limit of HK\$12,000,000 for the banking facilities granted to New Universe Environmental Technologies (Jiang Su) Limited ("NUJET(JS)", an indirectly 82% owned subsidiary of the Company). As at 31 December 2015, the outstanding loan of NUJET(JS) guaranteed by Ms. CHEUNG Siu Ling and Mr. SUEN Ki was HK\$4,900,000. After the end of the reporting period, the bank loan has been fully repaid and settled on 14 March 2016.
2. Director, Ms. CHEUNG Siu Ling is also the director of the landlord, Sun Ngai International Investment Limited to the tenancy agreement entered into by Smartech Services Limited ("Smartech Services", an indirectly 100% owned subsidiary of the Company) as tenant, pursuant to which, Smartech Services has leased two office units as headquarter of the Company in Hong Kong 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.
3. Director, Mr. LIAO Feng is also a director of CMIC Cayman. CMIC Cayman is a shareholder currently interested in 27.07% of the issued share capital of the Company. On 14 July 2015, the Company accepted and agreed to a commitment letter issued by CMIC Cayman in relation to a standby loan facility amounted to HK\$500,000,000 bearing interest at 7% per annum for the purposes of the new establishment(s) or mergers and acquisitions of environmental related projects of the Company.

## REPORT OF THE DIRECTORS

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 transaction, arrangement or contract of significance to which the Company, any of its holding company, subsidiaries, or fellow subsidiaries was a party and in which a director 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

Ms. LIU Yu Jie was appointed executive Director of the Company with effect from 9 June 2015, who has investments in four companies engaging in the operation of hazardous waste projects in four cities in China, of which she has a controlling stake in one of the four said companies. As the license to operate hazardous wastes in each of the four said cities is exclusive, and the Group does not have any such operations in those cities, the Board considers that the said investments of Ms. LIU Yu Jie do not compete with the interests of the Group.

Save as disclosed therein, 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.

### INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) for the benefit of the Directors of the Company is currently in force and has been in force throughout this year in accordance with Article 164 of the Company's Articles of Association.

### 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 annual report, the Company has maintained the prescribed public floats under the GEM Listing Rules.

### SUBSEQUENT EVENTS

Significant subsequent events occurred after the reporting period are set out in note 43 to the financial statements.

### REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2015.


## REPORT OF THE DIRECTORS

### INDEPENDENT AUDITORS

On 19 June 2013, Crowe Horwath (HK) CPA Limited (“Crowe Horwath (HK)”) was appointed as auditor of the Company and its subsidiaries to fill the casual vacancy following the resignation of CCIF CPA Limited.

The financial statements of the Company and the Group for the years ended 31 December 2013, 2014 and 2015 were audited by Crowe Horwath (HK). Crowe Horwath (HK) retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Crowe Horwath (HK) as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



**SONG Yu Qing**  
*Chairman*

Hong Kong, 18 March 2016

## INDEPENDENT AUDITOR'S REPORT



國富浩華(香港)會計師事務所有限公司  
**Crowe Horwath (HK) CPA Limited**  
Member Crowe Horwath International

9/F Leighton Centre,  
77 Leighton Road,  
Causeway Bay, Hong Kong

To the members of  
**New Universe International Group Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of New Universe International Group Limited (“the Company”) and its subsidiaries (together “the Group”) set out on pages 69 to 154, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material statement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Crowe Horwath (HK) CPA Limited**

*Certified Public Accountants*

### **LEUNG Chun Wa**

Practising Certificate Number: P04963

Hong Kong, 18 March 2016

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	5	<b>281,363</b>	253,511
Cost of sales		<b>(159,740)</b>	(139,529)
<b>Gross profit</b>		<b>121,623</b>	113,982
Other revenue	6	<b>4,952</b>	4,601
Other net income	7	<b>9,310</b>	27,198
Distribution and selling expenses		<b>(7,144)</b>	(8,799)
Administrative expenses		<b>(41,176)</b>	(36,726)
Other operating expenses		<b>(16,689)</b>	(17,058)
<b>Operating profit</b>		<b>70,876</b>	83,198
Finance income	8	<b>640</b>	1,539
Finance costs	8	<b>(2,799)</b>	(2,817)
Finance costs – net	8	<b>(2,159)</b>	(1,278)
Share of profit of an associate	19	<b>4,154</b>	2,555
<b>Profit before taxation</b>	9	<b>72,871</b>	84,475
Income tax	12	<b>(13,459)</b>	(12,596)
<b>Profit for the year</b>		<b>59,412</b>	71,879
<b>Attributable to:</b>			
Owners of the Company		<b>44,336</b>	57,153
Non-controlling interests		<b>15,076</b>	14,726
		<b>59,412</b>	71,879
		<b>HK cents</b>	HK cents
<b>Earnings per share</b>			
Basic and diluted earnings per share	14	<b>1.53</b>	2.15

The notes on pages 76 to 154 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Profit for the year</b>		<b>59,412</b>	71,879
<b>Other comprehensive income:</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences			
– on translation of financial statements of overseas subsidiaries		<b>(31,342)</b>	(5,245)
– on translation of financial statements of overseas associate		<b>(877)</b>	(147)
– reclassification of translation reserve upon de-registration of a foreign subsidiary		–	(8,100)
Fair value changes on available-for-sale equity investments	20	<b>(8,300)</b>	17,500
Tax effect relating to changes in fair value of available-for-sale investments		<b>830</b>	(1,750)
Other comprehensive income for the year, net of income tax		<b>(39,689)</b>	2,258
<b>Total comprehensive income for the year</b>		<b>19,723</b>	74,137
<b>Attributable to:</b>			
Owners of the Company		<b>9,274</b>	60,347
Non-controlling interests		<b>10,449</b>	13,790
<b>Total comprehensive income for the year</b>		<b>19,723</b>	74,137

The notes on pages 76 to 154 are an integral part of these financial statements.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	15	<b>527,884</b>	505,640
Prepaid lease payments and deposit paid for land use rights	16(a), (b)	<b>99,984</b>	94,236
Goodwill	17	<b>33,000</b>	33,000
Interest in an associate	19	<b>15,360</b>	16,756
Available-for-sale equity investments	20	<b>76,700</b>	85,000
		<b>752,928</b>	734,632
<b>Current assets</b>			
Inventories	21	<b>1,042</b>	1,379
Trade and bills receivables	22	<b>46,857</b>	45,638
Prepayments, deposits and other receivables	23	<b>14,569</b>	16,615
Prepaid lease payments	16(a)	<b>2,599</b>	2,711
Pledged bank deposits	24	<b>5,318</b>	10,313
Cash and cash equivalents	24	<b>175,805</b>	121,780
		<b>246,190</b>	198,436
<b>Current liabilities</b>			
Interest-bearing bank borrowings	25	<b>39,798</b>	40,788
Trade payables	26	<b>4,251</b>	2,152
Accrued liabilities and other payables	27	<b>114,972</b>	98,050
Deposits received from customers		<b>3,621</b>	901
Deferred government grants	28	<b>447</b>	455
Income tax payable	29(a)	<b>9,436</b>	9,796
		<b>172,525</b>	152,142
<b>Net current assets</b>		<b>73,665</b>	46,294
<b>Total assets less current liabilities</b>		<b>826,593</b>	780,926

The notes on pages 76 to 154 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings	25	7,874	1,260
Other borrowings	30	30,000	48,000
Deferred government grants	28	3,790	4,671
Deferred tax liabilities	29(b)	25,157	25,742
		<b>66,821</b>	79,673
<b>Net assets</b>			
		<b>759,772</b>	701,253
<b>Capital and reserves</b>			
Share capital	31	29,557	27,557
Reserves	32	659,296	600,981
Equity attributable to owners of the Company		<b>688,853</b>	628,538
Non-controlling interests		<b>70,919</b>	72,715
<b>Total equity</b>		<b>759,772</b>	701,253

The notes on pages 76 to 154 are an integral part of these financial statements.



**SONG Yu Qing**  
Chairman



**CHEUNG Siu Ling**  
Executive Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	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			
	(note 31)	(note 32(c)(i))	(note 32(c)(ii))	(note 32(c)(iii))	(note 32(c)(iv))	(note 32(c)(v))	(note 32(c)(vi))			
At 1 January 2014	26,557	305,084	41,305	5,050	4,795	16,718	150,197	549,706	58,551	608,257
Profit for the year	-	-	-	-	-	-	57,153	57,153	14,726	71,879
Other comprehensive income										
Exchange differences										
- on translation of financial statements of overseas subsidiaries	-	-	(4,309)	-	-	-	-	(4,309)	(936)	(5,245)
- on translation of financial statements of an overseas associate	-	-	(147)	-	-	-	-	(147)	-	(147)
- reclassification of translation reserve upon de-registration of a foreign subsidiary	-	-	(8,100)	-	-	-	-	(8,100)	-	(8,100)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	-	15,750	-	-	-	15,750	-	15,750
Total comprehensive income for the year	-	-	(12,556)	15,750	-	-	57,153	60,347	13,790	74,137
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 of reserves	-	-	-	-	-	6,402	(5,391)	1,011	(1,011)	-
Dividend 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
Profit for the year	-	-	-	-	-	-	44,336	44,336	15,076	59,412
Other comprehensive income										
Exchange differences										
- on translation of financial statements of overseas subsidiaries	-	-	(26,715)	-	-	-	-	(26,715)	(4,627)	(31,342)
- on translation of financial statements of an overseas associate	-	-	(877)	-	-	-	-	(877)	-	(877)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	-	(7,470)	-	-	-	(7,470)	-	(7,470)
Total comprehensive income for the year	-	-	(27,592)	(7,470)	-	-	44,336	9,274	10,449	19,723
Issue of subscription shares, net of share issuance costs of HK\$309,000	2,000	66,691	-	-	-	-	-	68,691	-	68,691
Acquisition of additional interest in subsidiaries from a shareholder	-	-	-	-	378	-	-	378	(2,578)	(2,200)
Transfer of reserves	-	-	-	-	-	9,021	(12,862)	(3,841)	3,841	-
Dividend relating to 2014	-	-	-	-	-	-	(14,187)	(14,187)	-	(14,187)
Dividend paid to non-controlling shareholders relating to 2014	-	-	-	-	-	-	-	-	(13,508)	(13,508)
<b>At 31 December 2015</b>	<b>29,557</b>	<b>400,465</b>	<b>1,157</b>	<b>13,330</b>	<b>5,173</b>	<b>32,141</b>	<b>207,030</b>	<b>688,853</b>	<b>70,919</b>	<b>759,772</b>

The notes on pages 76 to 154 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	72,871	84,475
Adjustments for:		
Finance income	(1,142)	(1,626)
Finance costs	2,799	2,817
Dividends from available-for-sale equity investments	(4,527)	(4,352)
Share of profit of an associate	(4,154)	(2,555)
Depreciation of property, plant and equipment	31,887	27,886
Amortisation of land use rights	2,413	2,536
Net gain on disposal of available-for-sale equity investment	–	(29)
Net gain on de-registration of a subsidiary in PRC	–	(8,482)
Derecognition of liabilities of de-registered subsidiaries	–	(3,636)
Net compensation received for plant relocation	–	(9,338)
Net loss on disposal of property, plant and equipment	193	789
Bad debts written off	508	–
Impairment loss on property, plant equipment	2,159	1,738
Release of deferred government grants	(825)	(3,156)
<b>Operating cash flows before movements in working capital</b>	<b>102,182</b>	<b>87,067</b>
Decrease in inventories	337	357
(Increase)/decrease in trade and bills receivables	(1,727)	8,436
Decrease/(increase) in prepayments, deposits and other receivables	2,046	(3,931)
Increase in trade payables	2,099	696
Increase in accrued liabilities and other payables	16,922	9,572
Increase/(decrease) in deposits received from customers	2,720	(1,557)
<b>Cash generated from operations</b>	<b>124,579</b>	<b>100,640</b>
Net income tax paid	(9,486)	(5,333)
Dividend tax paid	(3,562)	(1,985)
Interest received	1,142	1,626
Interest paid	(2,799)	(2,830)
<b>Net cash generated from operating activities</b>	<b>109,874</b>	<b>92,118</b>

The notes on pages 76 to 154 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Dividends received from an associate	6,881	–
Dividends received from available-for-sale equity investments	4,527	4,352
Capital contribution to available-for-sale equity investments	–	(641)
Capital contribution to an associate	(2,208)	–
Net compensation received for plant relocation	–	23,729
Payment for acquisition of remaining interest in a subsidiary	(2,200)	–
Proceeds from disposal of available-for-sale equity investments	–	990
Proceeds from disposal of property, plant and equipment	62	304
Payments for purchases of property, plant and equipment	(84,084)	(113,896)
Deposit paid for land use rights	(9,580)	–
Receipt of government grants	192	760
<b>Net cash used in investing activities</b>	<b>(86,410)</b>	<b>(84,402)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to shareholders of the Company	(14,187)	(12,216)
Dividends paid to non-controlling interests of subsidiaries	(13,508)	(5,181)
Proceeds from bank borrowings	34,498	14,660
Repayments of bank borrowings	(28,874)	(26,619)
Increase in pledge of bank deposits	(5,318)	(10,313)
Release of pledge on bank deposits	10,313	–
Proceeds of other borrowings	–	9,000
Repayment of other borrowings	(18,000)	(1,000)
Proceeds from issuance of ordinary shares	69,000	30,000
Expenses paid in relation to issuance of new shares	(309)	(310)
Capital contributions from non-controlling interests of subsidiaries	–	6,566
<b>Net cash generated from financing activities</b>	<b>33,615</b>	<b>4,587</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>57,079</b>	<b>12,303</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>121,780</b>	<b>109,827</b>
Effect of foreign exchange rate changes	(3,054)	(350)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>175,805</b>	<b>121,780</b>

The notes on pages 76 to 154 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 1. GENERAL INFORMATION

- (a) New Universe International Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The financial statements 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 (“Directors”) consider that it is more appropriate to present the financial statements in HK\$, where 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. SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

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

A summary of the significant accounting policies adopted by the group is set out below.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate.

The financial statements have been prepared under the historical cost convention except for certain available-for-sale equity investments which are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3 to the financial statements.

## (c) Change in accounting policy

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

- Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions
- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (c) Change in accounting policy (continued)

*Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions*

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the defined benefit plans operated by the Company are wholly funded by contributions from the Group and do not involve contributions from employees or third parties.

*Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle*

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

## (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net identifiable assets.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (d) Subsidiaries and non-controlling interests (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

## (e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(g) and 2(l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated income statement and consolidated statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (e) Associates (continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not re-measured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 2(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

## (f) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination and the potential tax effects of temporary differences and carryforwards of an acquiree that existed at the acquisition date or arise as a result of the acquisition are recognised and measured in accordance with HKAS 12 *Income Tax*;

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (f) Business combination (continued)

- assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (f) Business combination (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (that is, the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## (g) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units, or groups of cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

On the disposal of the relevant cash-generating unit during the year, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (h) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows.

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

- Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is re-measured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(u)(iii) and 2(u)(iv), respectively.
- Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period, the fair value is re-measured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve. As an exception to this, investments in equity securities that do not have a quoted market price in an active market for an identical instrument and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(l)). Dividend income from equity securities is recognised in profit or loss in accordance with the policy set out in note 2(u)(iii).

When the investments are derecognised or impaired (see note 2(l)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (i) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses (see note 2(l)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residue value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	20 years
Plant and machinery	3 – 10 years
Computers and equipment	3 – 5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (j) Construction in progress

Construction in progress represents buildings and structures under construction, which is stated at cost less impairment losses (see note 2(l)). Cost comprises the direct costs of construction and capitalised borrowing costs (see note 2(v)) during the periods of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

## (k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases that transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases that do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (k) Leased assets (continued)

(ii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates that write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iv) *Leasehold land for own use*

When a lease includes both land and buildings elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (I) Impairment of assets

(i) *Impairment of investments in debt and equity securities and other receivables*

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale equity securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (l) Impairment of assets (continued)

(i) *Impairment of investments in debt and equity securities and other receivables (continued)*

- For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets that are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities which are stated at fair value, when a decline in the fair value has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (I) Impairment of assets (continued)

(i) *Impairment of investments in debt and equity securities and other receivables (continued)*

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- prepaid lease payments;
- investments in subsidiaries in the Company's statement of financial position; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (i) Impairment of assets (continued)

(ii) *Impairment of other assets (continued)*

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value-in-use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) *Interim financial reporting and impairment*

Under the GEM Listing Rules, the Group is required to prepare a quarterly financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of each quarter of the financial year. At the end of the quarterly period, the Group applies the same impairment testing, recognition and reversal criteria as it would be at the end of the financial year (see notes 2(l)(i) and 2(l)(ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increased in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit and loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (m) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount for inventories recognised as an expense in the period in which the reversal occurs.

## (n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter measured at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(l)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

## (o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

## (p) Trade and other payables

Trade and other payables are initially recognised at fair value, and trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

## (q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (r) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Funds (the "MPF") as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and other retirement benefit schemes, are recognised as an expense in profit or loss and when incurred.

Annual contributions to pension schemes operated by the government in the PRC are recognised as an expense in profit or loss as and when incurred.

(ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date after taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognised restructuring costs involving the payment of termination benefits.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (s) Income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

## (t) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing and amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. When the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Revenue from provision of services*

Revenue from provision of services of waste and sewage treatment is recognised in which the services are rendered.

(ii) *Revenue from provision of industrial sewage and sludge treatment facilities*

Revenue from provision of industrial sewage and sludge treatment facilities is recognised when facilities are provided and on a straight-line basis over the period of the relevant agreements.

(iii) *Dividend income*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iv) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(v) *Government grant / subsidy income*

Government grant / subsidy income is recognised in the consolidation statement of financial position initially when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. Government grant / subsidy income that compensates the Group for expenses incurred is recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grant / subsidy income that compensates the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(v) *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred; borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e., partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## (x) Related parties

(i) *A person, or a close member of that person's family, is related to the Group if that person:*

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group or the Group's parent.

(ii) *An entity is related to the Group if any of the following conditions applies:*

- (1) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (6) The entity is controlled or jointly controlled by a person identified in note 2(x)(i).
- (7) A person identified in note 2(x)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services and the nature of the regulatory environment. Operating segments that are not individually material may be aggregated if they share a majority of these criteria.

## 3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### (a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

#### (i) *Fair value of available-for-sale equity investments*

The Company has engaged an independent professional valuer to assess the fair market value of those available-for-sale equity investments as disclosed in note 20 to the financial statements. The Directors of the Company made a review on the judgement of the independent professional valuer in selecting an appropriate valuation technique for the financial instruments not quoted in an active market. Valuation techniques applied by the independent professional valuer are commonly used by other market practitioners. The estimation of fair value of the available-for-sale equity investments which are unlisted equity instruments includes the adoption of a market approach with some assumptions supported by observable market data or parameters deemed compatible to the operations of those investments.

#### (ii) *Classification of Qingdao Huamei and Danyang New Huamei as available-for-sale equity investments*

Note 20 described that Qingdao Zhongxin Huamei Plastics Co., Limited ("Qingdao Huamei") and Danyang New Huamei Plastics Co., Limited ("Danyang New Huamei") are available-for-sale equity investments of the Group although the Group owns 28.67% and 24.5% equity interest in Qingdao Huamei and Danyang New Huamei, respectively. The Group has no significant influence over Qingdao Huamei and Danyang New Huamei by virtue of the contractual rights to appoint only one out of the six directors and one of the seven directors to the board of directors of Qingdao Huamei and Danyang New Huamei, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 3. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

## (a) Critical accounting judgements in applying the Group's accounting policies (continued)

*(iii) Functional currency of the Company*

The Company is carrying out its operating activities and making management decisions in Hong Kong dollars, amongst others, on raising finance in Hong Kong dollars, and has a significant degree of autonomy from its subsidiaries in Mainland China in the way its business is managed. In the opinion of the Directors of the Company, its functional currency is Hong Kong dollars.

## (b) Sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*(i) Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating unit to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 and 2014 was HK\$33,000,000. Further details are set out in note 17 to the financial statements.

*(ii) Useful lives of property, plant and equipment*

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

*(iii) Impairment of trade and other receivables*

The Group estimates the impairment allowance for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

As at 31 December 2015, the carrying amounts of trade and bill receivables and other receivables are HK\$46,857,000 and HK\$14,569,000 respectively, which approximated to the present value of their respective estimated future cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 3. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### (b) Sources of estimation and uncertainty (continued)

#### (iv) *Income taxes and deferred taxation*

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred taxation provisions in the financial period in which such determination is made. Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences will affect the recognition of deferred tax and tax in the periods in which such estimate is changed.

## 4. SEGMENT INFORMATION

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

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

### (a) *Segment results, assets and liabilities*

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 4. SEGMENT INFORMATION (continued)

## (a) Segment results, assets and liabilities (continued)

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

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

Information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below:

**For the year ended 31 December 2015**

	Operating segments					
	Environmental waste treatment services HK\$'000	Environmental sewage treatment and facility services HK\$'000	Plastic dyeing investments HK\$'000	Segment sub-total HK\$'000	Head office and corporate HK\$'000	Total HK\$'000
Revenue from external customers	184,702	96,661	–	281,363	–	281,363
Other revenue	425	–	4,527	4,952	–	4,952
<b>Reportable segment revenue</b>	<b>185,127</b>	<b>96,661</b>	<b>4,527</b>	<b>286,315</b>	<b>–</b>	<b>286,315</b>
<b>Reportable segment results</b>	<b>66,068</b>	<b>14,848</b>	<b>3,903</b>	<b>84,819</b>	<b>–</b>	<b>84,819</b>
Other net income	8,150	1,160	–	9,310	–	9,310
Finance income	282	464	(108)	638	2	640
Finance costs	(715)	(2,084)	–	(2,799)	–	(2,799)
Depreciation and amortisation	(19,025)	(14,801)	–	(33,826)	(474)	(34,300)
Impairment loss on property, plant and equipment	(2,159)	–	–	(2,159)	–	(2,159)
<b>Reportable segment assets</b>	<b>458,592</b>	<b>375,699</b>	<b>76,987</b>	<b>911,278</b>	<b>87,840</b>	<b>999,118</b>
Additions to non-current segment assets	80,978	10,282	–	91,260	2,404	93,664
<b>Reportable segment liabilities</b>	<b>123,301</b>	<b>88,465</b>	<b>1,370</b>	<b>213,136</b>	<b>26,210</b>	<b>239,346</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 4. SEGMENT INFORMATION (continued)

## (a) Segment results, assets and liabilities (continued)

For the year ended 31 December 2014

	Operating segments			Segment sub-total HK\$'000	Head office and corporate HK\$'000	Total HK\$'000
	Environmental waste treatment services HK\$'000	Environmental sewage treatment and facility services HK\$'000	Plastic dyeing investments HK\$'000			
Revenue from external customers	170,929	82,582	–	253,511	–	253,511
Other revenue	249	–	4,352	4,601	–	4,601
<b>Reportable segment revenue</b>	<b>171,178</b>	<b>82,582</b>	<b>4,352</b>	<b>258,112</b>	<b>–</b>	<b>258,112</b>
<b>Reportable segment results</b>	<b>71,227</b>	<b>7,898</b>	<b>3,874</b>	<b>82,999</b>	<b>–</b>	<b>82,999</b>
Other net income	14,558	485	–	15,043	12,155	27,198
Finance income	657	229	10	896	643	1,539
Finance costs	(956)	(1,861)	–	(2,817)	–	(2,817)
Depreciation and amortisation	(16,072)	(14,198)	–	(30,270)	(152)	(30,422)
Impairment loss on property, plant and equipment	(1,738)	–	–	(1,738)	–	(1,738)
<b>Reportable segment assets</b>	<b>410,549</b>	<b>402,746</b>	<b>85,179</b>	<b>898,474</b>	<b>34,594</b>	<b>933,068</b>
Additions to non-current segment assets	74,050	39,702	–	113,752	144	113,896
<b>Reportable segment liabilities</b>	<b>95,892</b>	<b>122,225</b>	<b>2,200</b>	<b>220,317</b>	<b>11,498</b>	<b>231,815</b>



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 4. SEGMENT INFORMATION (continued)

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

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
<b>Revenue</b>		
Consolidated revenue	<b>281,363</b>	253,511
Elimination of inter-segment revenue	–	–
Other revenue	<b>4,952</b>	4,601
<b>Reportable segment revenue</b>	<b>286,315</b>	258,112
<b>Profit</b>		
Reportable segment profit	<b>84,819</b>	82,999
Unallocated head office and corporate (expenses)/income	<b>(11,948)</b>	1,476
<b>Consolidated profit before taxation</b>	<b>72,871</b>	84,475
<b>Assets</b>		
Reportable segment assets	<b>911,278</b>	898,474
Unallocated head office and corporate assets	<b>87,840</b>	34,594
<b>Consolidated total assets</b>	<b>999,118</b>	933,068
<b>Liabilities</b>		
Reportable segment liabilities	<b>213,136</b>	220,317
Unallocated head office and corporate liabilities	<b>26,210</b>	11,498
<b>Consolidated total liabilities</b>	<b>239,346</b>	231,815

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 4. SEGMENT INFORMATION (continued)

## (c) Geographic information

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

	2015 HK\$'000	2014 HK\$'000
Mainland China	<b>286,315</b>	258,112

## (d) Major customers

For the years ended 31 December 2015 and 2014, there was no major customer accounted for more than 10% of the total revenue of the Group.

## 5. REVENUE

Revenue represents the revenue from the provision of waste treatment services and the provision of industrial sewage and sludge treatment and the related facility services. An analysis of the Group's revenue is presented as follows:

	2015 HK\$'000	2014 HK\$'000
Environmental waste treatment services	<b>184,702</b>	170,929
Industrial sewage treatment and facility provision services	<b>96,661</b>	82,582
	<b>281,363</b>	253,511

## 6. OTHER REVENUE

	2015 HK\$'000	2014 HK\$'000
Dividend income from available-for-sale equity investments	<b>4,527</b>	4,352
Scrap sales	<b>425</b>	249
	<b>4,952</b>	4,601

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 7. OTHER NET INCOME

	2015 HK\$'000	2014 HK\$'000
Net compensation received for plant relocation	–	9,338
Net gain on de-registration of a subsidiary in PRC	–	8,482
Derecognition of liabilities of de-registered subsidiaries	–	3,636
Net gain on disposal of available-for-sale equity investment	–	29
Refund of VAT under tax preferential policy in PRC	4,401	–
Government environmental subsidies	3,208	2,482
Release of deferred government grants	825	3,156
Sundry	876	75
	<b>9,310</b>	27,198

## 8. FINANCE INCOME AND COSTS

	2015 HK\$'000	2014 HK\$'000
Interest expenses on:		
Bank borrowings wholly repayable within five years	1,398	1,571
Other borrowings wholly repayable within five years	1,401	1,259
	<b>2,799</b>	2,830
Less: interest expense capitalised into properties under development*	–	(13)
<b>Total finance costs</b>	<b>2,799</b>	2,817
Finance income from:		
Interest income on short-term bank deposits	1,142	1,626
Net foreign exchange loss on financing activities	(502)	(87)
<b>Total finance income</b>	<b>640</b>	1,539
<b>Net finance costs</b>	<b>2,159</b>	1,278

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 9. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging:

	2015 HK\$'000	2014 HK\$'000
Amortisation of land lease prepayments	2,413	2,536
Depreciation for property, plant and equipment	31,887	27,886
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	696	486
– land and buildings in PRC	1,244	737
– landfill in PRC	98	127
	2,038	1,350
Net loss on disposal of property, plant and equipment	193	789
Impairment loss on property, plant and equipment	2,159	1,738
Bad debts written off	508	–
Auditor's remuneration:		
– audit service	900	850
– non-audit services	150	220
	1,050	1,070
Staff costs:		
– Directors' emoluments ( <i>note 10</i> )	2,019	2,047
– salaries, wages and other benefits of employees other than Directors	39,279	38,609
– contributions to retirement benefits schemes	5,006	4,221
Total staff costs	46,304	44,877
Cost of sales ( <i>note</i> )	159,740	139,529

*Note:*

Included in cost of sales were raw materials consumed of HK\$19,477,000 (2014: HK\$20,330,000), staff costs of HK\$23,471,000 (2014: HK\$20,747,000) and depreciation of HK\$27,533,000 (2014: HK\$24,346,000), and of which staff costs and depreciation have already been included in the respective total amounts disclosed above.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Fee HK\$'000	Salaries and allowance HK\$'000	Benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 December 2015</b>					
<i>Executive Directors</i>					
Mr. SONG Yu Qing	–	600	–	18	618
Ms. CHEUNG Siu Ling	6	–	–	–	6
Mr. LIAO Feng <sup>(i)</sup>	–	–	–	–	–
Ms. LIU Yu Jie <sup>(ii)</sup>	–	–	–	–	–
Mr. HON Wa Fai	–	981	–	18	999
<i>Non-executive Director</i>					
Mr. SUEN Ki	–	–	–	–	–
<i>Independent non-executive Directors</i>					
Dr. CHAN Yan Cheong	132	–	–	–	132
Mr. YUEN Kim Hung, Michael	132	–	–	–	132
Mr. HO Yau Hong, Alfred	132	–	–	–	132
	<b>402</b>	<b>1,581</b>	<b>–</b>	<b>36</b>	<b>2,019</b>
<b>Year ended 31 December 2014</b>					
<i>Executive Directors</i>					
Mr. SONG Yu Qing	–	600	–	17	617
Ms. CHEUNG Siu Ling	27	–	–	–	27
Mr. HON Wa Fai	4	956	–	17	977
Mr. XI Yu <sup>(iii)</sup>	30	–	–	–	30
<i>Non-executive Director</i>					
Mr. SUEN Ki	–	–	–	–	–
<i>Independent non-executive Directors</i>					
Dr. CHAN Yan Cheong	132	–	–	–	132
Mr. YUEN Kim Hung, Michael	132	–	–	–	132
Mr. HO Yau Hong, Alfred	132	–	–	–	132
	<b>457</b>	<b>1,556</b>	<b>–</b>	<b>34</b>	<b>2,047</b>

*Notes:*

- (i) Mr. LIAO Feng was appointed executive Director with effect from 5 May 2015.
- (ii) Ms. LIU Yu Jie was appointed executive Director with effect from 9 June 2015.
- (iii) Mr. XI Yu resigned as executive Director with effect from 18 August 2014.

During the year, no emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the Directors has waived any emoluments for the years ended 31 December 2015 and 2014.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2014: one) is a director whose emolument is disclosed in note 10. The aggregate of the emoluments in respect of the other four (2014: four) individuals during the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries and other benefits	1,633	1,699
Discretionary bonuses	2,916	3,417
Retirement scheme contribution	–	–
	<b>4,549</b>	5,116

The emoluments of the four (2014: four) individuals with the highest emoluments fell within the following bands:

	2015 Number of individuals	2014 Number of individuals
Emolument bands (in HK dollar)		
Nil to HK\$1,000,000	2	1
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	–	1
	<b>4</b>	4

During the year, no emoluments were paid by the Group to the above four individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

## 12. INCOME TAX

(a) Taxation in the consolidated income statement represents:

	2015 HK\$'000	2014 HK\$'000
<b>Current tax</b>		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	20,552	18,711
Income tax refunded for prior years under preferential policy (Over)/under provision in respect of prior years	(2,238) (5,100)	(5,275) 105
	<b>13,214</b>	13,541
<b>Deferred tax (note 29(b))</b>	<b>245</b>	(945)
	<b>13,459</b>	12,596

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 12. INCOME TAX (continued)

## (a) Taxation in the consolidated income statement represents: (continued)

Notes:

- (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 years ended 31 December 2015 and 2014.
- (iii) The Company's subsidiaries in PRC are subject to a statutory Enterprise Income Tax at the rate of 25% (2014: 25%), except for the subsidiary which is qualified as the High and New Technology Enterprise in PRC that would be entitled to enjoy a preferential Enterprise Income Tax at the rate of 15% (2014: 15%).

## (b) Reconciliation between tax expense and accounting profit at the applicable rates:

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	<b>72,871</b>	84,475
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	<b>18,396</b>	19,688
Tax effect of expenses not deductible for tax purpose	<b>1,290</b>	239
Tax effect of income not taxable for tax purpose	<b>(2,844)</b>	(3,479)
Tax effect of tax losses not recognised	<b>5,913</b>	2,263
(Over)/under provision in relation to prior years	<b>(5,100)</b>	105
Tax effect of temporary differences recognised	<b>245</b>	(945)
Effect of income tax preferential policy in PRC	<b>(4,441)</b>	(5,275)
Tax expense for the year	<b>13,459</b>	12,596

## 13. DIVIDENDS

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

	2015 HK'000	2014 HK\$'000
Final dividend proposed after the end of the reporting period of HK\$0.0050 (2014: HK\$0.0048) per share	<b>14,778</b>	14,187

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 13. DIVIDENDS (continued)

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

	2015 HK'000	2014 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$0.0048 (2014: HK\$0.0046) per share	<b>14,187</b>	12,216

## 14. EARNINGS PER SHARE

The calculation of 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\$44,336,000 (2014: HK\$57,153,000) and the weighted average number of 2,901,998,388 (2014: 2,657,888,799) ordinary shares of the Company in issue during the year.

- (a) Profit attributable to owners of the Company

	2015 HK'000	2014 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	<b>44,336</b>	57,153

- (b) Weighted average number of ordinary shares

	2015	2014
Ordinary shares in issue at 1 January	<b>2,755,697,018</b>	2,655,697,018
Effect of new shares issued	<b>146,301,370</b>	2,191,781
Weighted average number of ordinary shares at 31 December	<b>2,901,998,388</b>	2,657,888,799

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



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Construction in progress HK\$'000	Plant and machinery HK\$'000	Computers and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>							
At 1 January 2014	258,482	92,517	138,131	4,164	412	5,948	499,654
Exchange adjustments	(2,516)	(1,103)	(1,412)	(38)	(4)	(65)	(5,138)
Additions	2,785	106,819	2,308	1,020	168	796	113,896
Disposals	(5,153)	-	(9,572)	(718)	(7)	(2)	(15,452)
Reclassification	16,138	(39,177)	23,019	247	-	(227)	-
At 31 December 2014 and 1 January 2015	269,736	159,056	152,474	4,675	569	6,450	592,960
Exchange adjustments	(17,230)	(5,997)	(9,574)	(266)	(35)	(371)	(33,473)
Additions	856	74,624	3,958	1,319	283	3,044	84,084
Disposals	(72)	-	(348)	(254)	-	(917)	(1,591)
Reclassification	102,328	(145,961)	42,982	651	-	-	-
<b>At 31 December 2015</b>	<b>355,618</b>	<b>81,722</b>	<b>189,492</b>	<b>6,125</b>	<b>817</b>	<b>8,206</b>	<b>641,980</b>
<b>Depreciation and impairment</b>							
At 1 January 2014	28,639	-	29,881	2,525	72	2,693	63,810
Exchange adjustments	(355)	-	(366)	(22)	-	(42)	(785)
Charge for the year	12,067	-	13,782	641	101	1,295	27,886
Impairment loss recognised in profit or loss	-	-	1,738	-	-	-	1,738
Eliminated on disposals	(1,555)	-	(3,238)	(531)	(3)	(2)	(5,329)
Reclassification	(22)	-	56	-	-	(34)	-
At 31 December 2014 and 1 January 2015	38,774	-	41,853	2,613	170	3,910	87,320
Exchange adjustments	(2,706)	-	(2,823)	(139)	(10)	(256)	(5,934)
Charge for the year	14,759	-	14,962	772	120	1,274	31,887
Impairment loss recognised in profit or loss	2,039	-	-	85	-	35	2,159
Eliminated on disposals	(28)	-	(236)	(225)	-	(847)	(1,336)
Reclassification	-	-	-	-	-	-	-
<b>At 31 December 2015</b>	<b>52,838</b>	<b>-</b>	<b>53,756</b>	<b>3,106</b>	<b>280</b>	<b>4,116</b>	<b>114,096</b>
<b>Carrying amount</b>							
<b>At 31 December 2015</b>	<b>302,780</b>	<b>81,722</b>	<b>135,736</b>	<b>3,019</b>	<b>537</b>	<b>4,090</b>	<b>527,884</b>
At 31 December 2014	230,962	159,056	110,621	2,062	399	2,540	505,640

The buildings are situated in the PRC with leases held within 50 years.

As at 31 December 2015, certain property, plant and equipment with an aggregate carrying amount of approximately HK\$47,489,000 (2014: Nil) had been pledged to secure banking facilities granted to the Group (note 35).

During the year, the Group impaired certain obsolete incineration facilities amounting to HK\$2,159,000 (2014: HK\$1,738,000) owned by Yancheng New Universe Solid Waste Disposal Company Limited. The Group assessed that there is no recoverable value of the incineration facilities. Impairment loss of HK\$2,159,000 (2014: HK\$1,738,000) was recognised in "Other operating expenses".



## NOTES TO THE FINANCIAL STATEMENTS

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## 16. PREPAID LEASE PAYMENTS AND DEPOSIT PAID FOR LAND USE RIGHTS

## (a) Prepaid lease payments

	HK\$'000
<b>Cost</b>	
At 1 January 2014	113,916
Exchange adjustments	(323)
Disposals	(5,573)
<hr/>	
At 31 December 2014 and at 1 January 2015	108,020
Exchange adjustments	(1,776)
Additions	–
Disposals	–
<hr/>	
<b>At 31 December 2015</b>	<b>106,244</b>
<hr/>	
<b>Amortisation and impairment</b>	
At 1 January 2014	8,787
Exchange adjustments	(38)
Charge for the year	2,536
Eliminated on disposals	(212)
<hr/>	
At 31 December 2014 and at 1 January 2015	11,073
Exchange adjustments	(245)
Charge for the year	2,413
Eliminated on disposals	–
<hr/>	
<b>At 31 December 2015</b>	<b>13,241</b>
<hr/>	
<b>Carrying amount</b>	
<b>At 31 December 2015</b>	<b>93,003</b>
<hr/>	
At 31 December 2014	96,947
<hr/>	

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

16. PREPAID LEASE PAYMENTS AND DEPOSIT PAID FOR LAND USE RIGHTS  
(continued)

## (a) Prepaid lease payments (continued)

Analysed for reporting purpose as:

	2015 HK\$'000	2014 HK\$'000
Current asset	2,599	2,711
Non-current asset	90,404	94,236
	<b>93,003</b>	96,947

At the end of the reporting period, the Group's interests in land use rights held in the Jiangsu Province, PRC, represent the prepaid lease payments, and their carrying amount are analysed as follows:

	2015 HK\$'000	2014 HK\$'000
Remaining lease periods of over 50 years	–	–
Remaining lease periods between 10 to 50 years	93,003	96,947
	<b>93,003</b>	96,947

As at 31 December 2015, certain land use rights with an aggregate carrying amount of approximately HK\$14,515,000 (2014: HK\$6,777,000) had been pledged to secure banking facilities granted to the Group (note 35).

## (b) Deposit paid for land use rights

	2015 HK\$'000	2014 HK\$'000
<b>Non-current asset</b>		
Deposit paid for acquisition of land use rights	9,580	–

## NOTES TO THE FINANCIAL STATEMENTS

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## 17. GOODWILL

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Carrying amount at 1 January	<b>33,000</b>	33,000
Impairment loss recognised in consolidated income statement	–	–
Carrying amount at 31 December	<b>33,000</b>	33,000

Goodwill attributable to the business segment of environmental integrated waste treatment services that arose from the acquisition of 82% equity interest of NUET(JS) in 2007. NUET(JS), through its subsidiaries, is engaged in the provision of environmental waste integrated treatment services in the Jiangsu Province, PRC.

**Impairment test of goodwill**

Goodwill is allocated to the Group's cash-generating unit ("CGU") under the operating segment of environmental waste treatment services.

As at 31 December 2015, the assessment on the recoverable amount of this CGU was determined by DTZ (2014: Cushman & Wakefield), an independent firm of professional valuers, on a value-in-use calculations which use cash flow projections based on financial budgets approved by management covering a five-year period, and at a pre-tax discount rate of 15.0% (2014: 16.7%). Cash flows beyond the five-year period are extrapolated using an annual growth rate of 2% (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 relates to the estimated cash inflows/outflows which include budgeted sales and gross margin. Such estimation is based the CGU's past performance and management's expectations for the market development.

The key assumptions used for value-in-use calculations are as follows:

	<b>2015</b>	2014
Gross profit margin	<b>47.4%</b>	52.0%
Compound annual growth rate in the initial five-year period	<b>4.0%</b>	3.6%
Growth rate used to extrapolate cash flows beyond the budget period	<b>2.0%</b>	2.0%
Pre-tax discount rate applied to the cash flow projections	<b>15.0%</b>	16.7%

Since the recoverable amount of the CGU exceeded its carrying amount, no impairment loss on the goodwill was considered necessary for the year ended 31 December 2015 (2014: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 18. INTERESTS IN SUBSIDIARIES

The following is a list contains the particulars of the principal subsidiaries, which affected the results, assets, or liabilities of the Group as at 31 December 2015:

Name of subsidiary	Place of incorporation and operations	Form of legal entity	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Fair Time International Limited ("Fair Time")	Hong Kong	Limited liability company	99,327,000 ordinary shares	100% (2014:98%)	–	100%	Investment holding
HK Smartech Trading (Shenzhen) Limited * 港滙科貿易(深圳)有限公司	PRC	Wholly foreign owned enterprise	Registered and paid-up HK\$500,000	100%	–	100%	Dormant
Jiangsu New Universe Environmental Engineering Management Limited * 江蘇宇新環保工程管理 有限公司 ("Jiangsu New Universe Engineering", formerly named as Zhenjiang Sinotech Environmental Technology Limited * 鎮江華科環保科技有限公司)	PRC	Wholly owned domestic enterprise	Registered RMB12,000,000 and paid-up RMB4,600,000	100% (2014:98%)	–	100%	Environmental technical consultancy and engineering services
New Sinotech Investments Limited ("NSIL")	British Virgin Islands/ Hong Kong	Limited liability company	5,000,000 ordinary shares of US\$1 each	100% (2014:98%)	–	100%	Investment holding
New Universe (China) Investment Limited	British Virgin Islands/ Hong Kong	Limited liability company	1,800,000 ordinary shares of US\$1 each	100%	–	100%	Investment holding
New Universe (China) Limited	Hong Kong	Limited liability company	1,000,000 ordinary shares	100%	–	100%	Investment holding
New Universe Environmental Engineering Management Limited	Hong Kong	Limited liability company	10,000 ordinary shares	100%	–	100%	Dormant
New Universe Environmental Protection Investment Limited	British Virgin Islands/ Hong Kong	Limited liability company	4,000,000 ordinary shares of US\$1 each	100%	–	100%	Investment holding
New Universe Environmental Technologies (Jiang Su) Limited ("NUET(JS)")	Hong Kong	Limited liability company	21,640,000 ordinary shares	82%	–	82%	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 18. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operations	Form of legal entity	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
New Universe International Ecology Limited	British Virgin Islands/ Hong Kong	Limited liability company	10,000 ordinary shares of US\$1 each	100%	–	100%	Investment holding
New Universe International Holdings Limited	British Virgin Islands/ Hong Kong	Limited liability company	10,000 ordinary shares of US\$1 each	100%	100%	–	Investment holding
New Universe Recyclable Investments Limited	British Virgin Islands/ Hong Kong	Limited liability company	10,000 ordinary shares of US\$1 each	100%	–	100%	Investment holding
New Universe Recyclables Limited	Hong Kong	Limited liability company	10,000 ordinary shares	100%	–	100%	Investment holding
Smartech International Group Limited	British Virgin Islands/ Hong Kong	Limited liability company	1,000,000 ordinary shares of US\$1 each	100%	100%	–	Investment holding
Smartech Manufacturing Limited	Hong Kong	Limited liability company	70,380,000 ordinary shares	100%	–	100%	Investment holding
Smartech Plastic Moulding Limited	Hong Kong	Limited liability company	100 ordinary shares	100%	–	100%	Dormant
Smartech Services Limited ("Smartech Services")	Hong Kong	Limited liability company	2 ordinary shares	100%	–	100%	Provision of management services
Suqian New Universe Environmental Solid Waste Disposal Limited * 宿遷宇新固體廢物處置有限公司	PRC	Wholly foreign owned enterprise	Registered HK\$80,000,000 and paid-up HK\$8,000,000	100%	–	100%	Environmental hazardous waste treatment services
Taizhou New Universe Solid Waste Disposal Company Limited ("Taizhou New Universe")	PRC	Wholly foreign owned enterprise	Registered and paid-up US\$700,000	82%	–	100%	Environmental hazardous waste treatment services
Xiangshui New Universe Environmental Technology Limited ("Xiangshui New Universe")	PRC	Sino foreign joint equity enterprise	Registered and paid-up HK\$50,750,000	65%	–	65%	Environmental hazardous waste treatment services
Yancheng New Universe Solid Waste Disposal Company Limited ("Yancheng New Universe")	PRC	Wholly foreign owned enterprise	Registered and paid-up US\$700,000	82%	–	100%	Environmental hazardous waste treatment services

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 18. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operations	Form of legal entity	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Yancheng NUHF Environmental Technology Limited * 鹽城新宇輝豐環保科技有限公司 ("Yancheng NUHF")	PRC	Sino foreign joint equity enterprise	Registered and paid-up HK\$66,000,000	65%	–	65%	Environmental hazardous waste treatment services
Zhenjiang New Universe Rubber Limited * 鎮江新宇橡塑有限公司	PRC	Joint equity enterprise	Registered and paid-up RMB2,000,000	51.66%	–	63%	Environmental waste recycling services
Zhenjiang New Universe Solid Waste Disposal Company Limited ("Zhenjiang New Universe")	PRC	Wholly foreign owned enterprise	Registered and paid-up US\$10,850,000	82%	–	100%	Environmental hazardous waste treatment services
Zhenjiang Sinotech Eco-Electroplating Development Limited ("Zhenjiang Sinotech")	PRC	Wholly foreign owned enterprise	Registered US\$32,900,000 and paid-up US\$31,999,990 (2014: 98%)	100%	–	100%	Environmental industrial sewage and sludge treatment and facility provision services in an eco-plating zone

\* For identification purposes only.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 18. INTERESTS IN SUBSIDIARIES (continued)

The following table lists out the financial information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") is set out below. The summarised financial information presented below represents the amounts before any inter-company elimination.

**For the year ended 31 December 2015**

	<b>NUET(JS) group (note (i)) HK\$'000</b>	<b>Xiangshui NU HK\$'000</b>	<b>Yancheng NUHF HK\$'000</b>
NCI percentage	<b>18%</b>	<b>35%</b>	<b>35%</b>
Current assets	<b>70,640</b>	<b>7,346</b>	<b>21,764</b>
Non-current assets	<b>128,426</b>	<b>40,324</b>	<b>143,900</b>
Current liabilities	<b>(77,013)</b>	<b>(8,463)</b>	<b>(58,389)</b>
Non-current liabilities	<b>(4,627)</b>	<b>–</b>	<b>(7,874)</b>
<b>Net assets</b>	<b>117,426</b>	<b>39,207</b>	<b>99,401</b>
<b>Carrying amount of NCI</b>	<b>21,137</b>	<b>13,722</b>	<b>34,790</b>
Revenue	<b>109,852</b>	<b>–</b>	<b>74,863</b>
Profit/(loss) for the year	<b>34,923</b>	<b>(3,804)</b>	<b>30,071</b>
Total comprehensive income	<b>25,880</b>	<b>(6,110)</b>	<b>24,858</b>
Profit allocated to NCI	<b>6,286</b>	<b>–</b>	<b>10,525</b>
Dividend paid to NCI	<b>7,712</b>	<b>–</b>	<b>5,795</b>
Cash flows (used in)/from operating activities	<b>53,160</b>	<b>1,422</b>	<b>72,504</b>
Cash flows (used in)/from investing activities	<b>(1,565)</b>	<b>(11,246)</b>	<b>(69,915)</b>
Cash flows (used in)/from financing activities	<b>(58,460)</b>	<b>2,983</b>	<b>(8,393)</b>



## NOTES TO THE FINANCIAL STATEMENTS

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## 18. INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2014

	NSIL group (note (ii)) HK\$'000	NUET(JS) group (note (i)) HK\$'000	Xiangshui NU HK\$'000	Yancheng NUHF HK\$'000
NCI percentage	2%	18%	35%	35%
Current assets	40,187	122,938	14,970	29,393
Non-current assets	362,559	135,958	31,333	88,874
Current liabilities	(48,462)	(118,774)	(986)	(25,907)
Non-current liabilities	(218,087)	(5,729)	–	(1,260)
Net assets	136,197	134,393	45,317	91,100
Carrying amount of NCI	2,724	24,191	15,861	31,885
Revenue	82,582	105,276	–	67,964
Profit/(loss) for the year	7,152	43,656	(3,425)	21,753
Total comprehensive income	4,483	43,957	–	20,988
Profit allocated to NCI	143	7,858	–	7,614
Dividend paid to NCI	–	5,181	–	–
Cash flows (used in)/from operating activities	38,597	66,423	(2,721)	32,999
Cash flows (used in)/from investing activities	(38,942)	(23,551)	(10,988)	(14,923)
Cash flows (used in)/from financing activities	7,683	(44,827)	18,760	1,260

Notes:

- (i) NUET(JS) group comprises NUET(JS) as the holding company and its subsidiaries, Zhenjiang New Universe, Yancheng New Universe, Taizhou New Universe, and Zhenjiang New Universe Rubber Limited, and its associate, Zhenjiang New District Solid Waste Disposal Limited.
- (ii) NSIL group comprises NSIL as the holding company and its subsidiaries, Fair Time, Zhenjiang Sinotech and Jiangsu New Universe Engineering. NSIL group has become 100% owned by the Company with effect from 7 October 2015.

## 19. INTEREST IN AN ASSOCIATE

The following list contains only the particulars of the associate, which is unlisted corporate entity whose quoted market price is not available:

Name of associate	Place of incorporation and business	Form of business structure	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zhenjiang New District Solid Waste Disposal Limited* 鎮江新區固廢處置股份有限公司 ("Zhenjiang New District")	PRC	Joint equity enterprise	Registered and paid-up RMB36,000,000	24.60%	–	30%	Environmental hazardous waste landfill treatment services

\* For identification purposes only.

## NOTES TO THE FINANCIAL STATEMENTS

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## 19. INTEREST IN AN ASSOCIATE (continued)

The above associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

**Zhenjiang New District**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
<b>Gross amounts of the associate's</b>		
Current assets	<b>22,413</b>	23,831
Non-current assets	<b>55,204</b>	62,973
Current liabilities	<b>(8,964)</b>	(14,175)
Non-current liabilities	<b>(17,454)</b>	(16,777)
<b>Total equity</b>	<b>51,199</b>	55,852
Revenue	<b>29,271</b>	29,003
Profit for the year	<b>13,846</b>	8,515
Other comprehensive income	<b>(2,923)</b>	(491)
<b>Total comprehensive income</b>	<b>10,923</b>	8,024
Dividend received from the associate	<b>6,881</b>	–
<b>Reconciliation to the Group's interest in the associate</b>		
Gross amount of net assets of the associate	<b>51,199</b>	55,852
Group's share of net assets of the associate	<b>15,360</b>	16,756
Carrying amount in the consolidated financial statements	<b>15,360</b>	16,756
<b>Aggregate amounts of the Group's share of the associate's</b>		
Profit for the year	<b>4,154</b>	2,555
Other comprehensive income	<b>(877)</b>	(147)
<b>Total comprehensive income</b>	<b>3,277</b>	2,408

## NOTES TO THE FINANCIAL STATEMENTS

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## 20. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Unlisted equity investments at fair value	(a)	<b>76,700</b>	85,000
<hr/>			
		<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>At 1 January</b>		<b>85,000</b>	67,820
Payment for acquisition		–	641
Disposals		–	(961)
Net fair value change transfer to equity through statement of other comprehensive income		<b>(8,300)</b>	17,500
<hr/>			
<b>At 31 December</b>		<b>76,700</b>	85,000

As at 31 December 2015, the Group has interests in the following available-for-sale equity investments:

Name of investee	Place of incorporation and operations	Form of legal entity	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Suzhou New Huamei Plastics Co., Limited ("Suzhou New Huamei") <i>(note (a))</i>	PRC	Sino foreign joint equity enterprise	Registered and paid-up US\$5,000,000	18.62%	–	18.62%	Plastic materials dyeing
Danyang New Huamei Plastics Co., Limited ("Danyang New Huamei") <i>(notes (a), (b))</i>	PRC	Sino foreign joint equity enterprise	Registered and paid-up US\$1,600,000	24.50%	–	24.50%	Plastic materials dyeing
Qingdao Zhongxin Huamei Plastics Co., Limited ("Qingdao Huamei") <i>(notes (a), (b))</i>	PRC	Sino foreign joint equity enterprise	Registered and paid-up US\$1,000,000	28.67%	–	28.67%	Plastic materials dyeing

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 20. AVAILABLE-FOR-SALE EQUITY INVESTMENTS (continued)

Notes:

- (a) The unlisted available-for-sale equity investments carried at fair value represent investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei, which are principally engaged in plastic materials dyeing manufacturing business in Mainland China. As at 31 December 2015, the fair value of these unlisted equity investments was determined by reference to the valuation carried out by DTZ (2014: Cushman & Wakefield), an independent firm of professional valuers, using a market approach model based on the observable market data of the multiple of enterprise value to earnings before interest and tax ("EV/EBIT") of comparable listed companies in the same industry, after having taken into account of the discount on marketability of these unlisted investments.
- (b) Qingdao Huamei and Danyang New Huamei were not regarded as associates of the Group, because the Group could not be exercised over the financial and operating policies of Qingdao Huamei and Danyang New Huamei; and hence, the investments in Qingdao Huamei and Danyang New Huamei are accounted for as available-for-sale equity investments.

## 21. INVENTORIES

	2015 HK\$'000	2014 HK\$'000
Raw materials	1,042	1,379

The analysis of the amount of inventories recognised as an expense and included in profit or loss is presented as follows:

	2015 HK\$'000	2014 HK\$'000
Carrying amount of inventories sold	19,477	20,330

## NOTES TO THE FINANCIAL STATEMENTS

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## 22. TRADE AND BILLS RECEIVABLES

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Trade receivables	<b>25,046</b>	36,216
Less: allowance for impairment of trade receivables	–	–
	<b>25,046</b>	36,216
Bills receivable	<b>21,811</b>	9,422
	<b>46,857</b>	45,638

## (a) Ageing analysis

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

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
0 to 30 days	<b>24,098</b>	25,445
31 days to 60 days	<b>11,330</b>	8,393
61 days to 90 days	<b>3,614</b>	4,677
91 days to 180 days	<b>5,233</b>	4,793
181 days to 360 days	<b>2,582</b>	2,330
Over 360 days	–	–
	<b>46,857</b>	45,638

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 22. TRADE AND BILLS RECEIVABLES (continued)

## (b) Impairment losses of trade receivables

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

	2015 HK\$'000	2014 HK\$'000
<b>At 1 January</b>	–	–
Impairment loss recognised	<b>508</b>	–
Uncollectible amounts written off	<b>(508)</b>	–
<b>At 31 December</b>	<b>–</b>	<b>–</b>

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

Ageing analysis of trade and bills receivables at the end of the reporting period that are neither individually nor collectively considered to be impaired is presented as follows:

	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	<b>35,428</b>	33,838
Less than 30 days past due	<b>3,614</b>	4,677
More than 30 days but less than 120 days past due	<b>5,233</b>	4,793
More than 120 days but less than 360 days past due	<b>2,582</b>	2,330
	<b>46,857</b>	45,638

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

## NOTES TO THE FINANCIAL STATEMENTS

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## 23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Prepayments and deposits	6,940	4,666
Compensation receivable on plant relocation	–	5,574
Other receivables	7,629	6,375
	<b>14,569</b>	16,615

## 24. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2015 HK\$'000	2014 HK\$'000
Cash and bank balances	168,238	88,012
Time deposits	12,885	44,081
	<b>181,123</b>	132,093
Less: Pledged bank deposits for short term banking borrowings	5,318	10,313
Cash and cash equivalents in the consolidated statement of cash flows	<b>175,805</b>	121,780

The bank balances and time deposits carried interest at market rates within the range from 0.01% to 2.60% (2014: 0.01% to 2.85%) per annum for the year ended 31 December 2015. Cash at banks earns interest at floating rates on daily deposit rates. Short term time deposits are made for varying periods within 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

## NOTES TO THE FINANCIAL STATEMENTS

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## 25. INTEREST-BEARING BANK BORROWINGS

At the end of the reporting period, interest-bearing bank borrowings of the Group were repayable as follows:

	2015 HK\$'000	2014 HK\$'000
Current liabilities		
Within 1 year or on demand	<b>39,798</b>	40,788
Non-current liabilities		
Between 1 year and 2 years	<b>7,874</b>	1,260
Between 2 year and 5 years	–	–
Over 5 years	–	–
	<b>7,874</b>	1,260
<b>Total interest-bearing bank borrowings</b>	<b>47,672</b>	42,048

	2015 HK\$'000	2014 HK\$'000
– Unsecured	<b>19,900</b>	26,100
– Secured	<b>27,772</b>	15,948
	<b>47,672</b>	42,048

	2015 HK\$'000	2014 HK\$'000
Wholly repayable within 5 years	<b>47,672</b>	42,048
Wholly repayable after 5 years	–	–
	<b>47,672</b>	42,048



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 25. INTEREST-BEARING BANK BORROWINGS (continued)

At the end of the reporting period, the carrying amounts of the Group's bank borrowings were denominated in the following currencies:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>33,475</b>	40,788
Renminbi	<b>14,197</b>	1,260
	<b>47,672</b>	42,048

Notes:

- (a) Certain banking facilities are subject to the fulfillment of covenants. If the Group were in breach of the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the Group's banking facility agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 40 to the financial statements.

As at 31 December 2015, none of the covenants relating to the drawn down facilities had been breached (2014: Nil). All of the bank borrowings, including amounts repayable on demand, are carried at amortised cost. None of the portion of bank borrowings due for repayment after one year which contains a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

- (b) As at 31 December 2015, unsecured bank loan of HK\$15,000,000 (2014: Nil) owed by the Company bore interest at the rate of 2.92% per annum in current year (2014: Nil).
- (c) As at 31 December 2015, bank loans of HK\$11,700,000 (2014: HK\$18,400,000) owed by the Company were secured by all monies in the bank accounts of the Company opened with the bank which amounted to HK\$5,318,000 at 31 December 2015 (2014: Nil). The bank loans bore interest at variable rates ranging from 3.16% to 3.30% per annum in current year (2014: 3.06% to 4.53% per annum).
- (d) As at 31 December 2015, bank loan of HK\$1,875,000 (2014: HK\$4,375,000) owed by the subsidiary, NUET(JS) was secured by fixed and floating charges over all assets of NUET(JS). The bank loan bore interest at variable rates ranging from 2.70% to 2.75% per annum in current year (2014: 2.71% to 2.74% per annum). After the end of the reporting period, the bank loan has been fully repaid and settled on 14 March 2016.

## NOTES TO THE FINANCIAL STATEMENTS

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## 25. INTEREST-BEARING BANK BORROWINGS (continued)

- (e) As at 31 December 2015, bank loan of HK\$4,900,000 (2014: HK\$7,700,000) owed by the subsidiary, NUET(JS) was guaranteed by the Company's directors, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK\$12,000,000. The bank loan bore interest at variable rates ranging from 2.04% to 2.09% per annum in current year (2014: 2.05% to 2.09% per annum). After the end of the reporting period, the bank loan has been fully repaid and settled on 14 March 2016.
- (f) As at 31 December 2015, bank loans of approximately HK\$9,425,000 (2014: HK\$1,260,000) owed by the subsidiary, Yancheng NUHF were secured by pledge of land use rights and certain property, plant and equipment with an aggregate carrying amount of approximately HK\$6,279,000 (2014: HK\$6,777,000) and HK\$29,370,000 (2014: Nil) respectively. The bank loans bore interest at variable rates ranging from 6.0% to 6.9% per annum in current year (2014: 6.9% to 7.04% per annum).
- (g) As at 31 December 2015, bank loans of approximately HK\$4,772,000 (2014: Nil) owed by the subsidiary, Zhenjiang Sinotech were secured by pledge of land use rights and certain property, plant and equipment with an aggregate carrying amount of approximately HK\$8,236,000 (2014: Nil) and HK\$18,119,000 (2014: Nil) respectively. The bank loans bore interest at variable rates ranging from 5.0% to 6.6% per annum in current year (2014: Nil).

## 26. TRADE PAYABLES

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

	2015 HK\$'000	2014 HK\$'000
0 to 30 days	3,916	2,011
31 days to 60 days	149	22
61 days to 90 days	14	47
Over 91 days	172	72
	<b>4,251</b>	2,152

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

## NOTES TO THE FINANCIAL STATEMENTS

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## 27. ACCRUED LIABILITIES AND OTHER PAYABLES

	2015 HK\$'000	2014 HK\$'000
Salaries and bonuses payable	13,068	12,817
Payable for acquisition of property, plant and equipment	52,878	39,155
Other payables and accruals	49,026	46,078
	<b>114,972</b>	98,050

## 28. DEFERRED GOVERNMENT GRANTS

Government grants were obtained by the subsidiaries, Zhenjiang New Universe and Zhenjiang Sinotech to subsidise the construction of their respective environmental energy saving and control of sewage discharge in the eco-plating specialised zone. The grants are recognised as other revenue over the estimated useful lives of the plant facilities.

	HK\$'000
<b>Receipt of grants</b>	
At 1 January 2014	8,398
Exchange adjustments	(83)
Receipt for the year	760
At 31 December 2014 and at 1 January 2015	9,075
Exchange adjustments	(452)
Receipt for the year	192
<b>At 31 December 2015</b>	<b>8,815</b>
<b>Release of grants</b>	
At 1 January 2014	815
Exchange adjustments	(22)
Release for the year	3,156
At 31 December 2014 and at 1 January 2015	3,949
Exchange adjustments	(196)
Release for the year	825
<b>At 31 December 2015</b>	<b>4,578</b>
<b>Carrying amount</b>	
<b>At 31 December 2015</b>	<b>4,237</b>
At 31 December 2014	5,126

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 28. DEFERRED GOVERNMENT GRANTS (continued)

Analysed for reporting purpose as:

	2015 HK\$'000	2014 HK\$'000
Current asset	447	455
Non-current asset	3,790	4,671
	<b>4,237</b>	5,126

## 29. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position:

	2015 HK\$'000	2014 HK\$'000
Provision of PRC Enterprise Income Tax for current year	<b>16,990</b>	16,726
Provision of PRC Enterprise Income Tax for prior years	<b>2,458</b>	3,636
Over provision of PRC Enterprise Income Tax relating to prior years	–	(5,170)
Exchange adjustments	<b>(526)</b>	(63)
Net income tax paid	<b>(9,486)</b>	(5,333)
	<b>9,436</b>	9,796

## NOTES TO THE FINANCIAL STATEMENTS

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29. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(continued)

- (b) The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value adjustment on available-for-sale equity investments HK\$'000	Fair value adjustment of assets on business combination HK\$'000	Undistributed profits of PRC subsidiaries HK\$'000	Total HK\$'000
At 1 January 2014	450	22,143	2,344	24,937
Charge to other comprehensive income	1,750	–	–	1,750
(Credit)/charge to profit or loss	–	(1,741)	796	(945)
At 31 December 2014 and 1 January 2015	2,200	20,402	3,140	25,742
Charge to other comprehensive income	(830)	–	–	(830)
(Credit)/charge to profit or loss	–	(514)	759	245
<b>At 31 December 2015</b>	<b>1,370</b>	<b>19,888</b>	<b>3,899</b>	<b>25,157</b>

- (c) **Deferred tax assets not recognised:**

At the end of the reporting period, the Group has unused tax losses of HK\$47,261,000 (2014: HK\$44,400,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profit streams of the relevant group entities. The unused tax losses do not expire under current tax legislation

- (d) **Deferred tax liabilities not recognised:**

At 31 December 2015, there was no significant unrecognised deferred tax liability for taxes that would be payable on the undistributed earnings of the Group's PRC subsidiaries as the Group has no significant liability to additional tax should such amounts be remitted.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 30. OTHER BORROWINGS

As at 31 December 2015, other borrowings of HK\$30,000,000 (2014: HK\$48,000,000) represented an unsecured loan from an independent third party, bearing interest at 4.0% per annum in current year (2014: 2.5% to 4.0% per annum) which, pursuant to a deed of confirmation entered into between the Company and the lender on 29 April 2015, would be repayable on 31 December 2017 (2014: repayable on 31 December 2016).

## 31. SHARE CAPITAL

	Note	Number of shares		Share capital	
		2015 '000	2014 '000	2015 HK\$'000	2014 HK\$'000
<b>Ordinary shares of HK\$0.01each</b>					
<b>Authorised</b>					
At 1 January and 31 December		<b>100,000,000</b>	100,000,000	<b>1,000,000</b>	1,000,000
<b>Issued and fully paid</b>					
At 1 January		<b>2,755,697</b>	2,655,697	<b>27,557</b>	26,557
Issue of new shares by way of subscription	(a), (b)	<b>200,000</b>	100,000	<b>2,000</b>	1,000
At 31 December		<b>2,955,697</b>	2,755,697	<b>29,557</b>	27,557

Notes:

(a) New shares subscription in 2014

On 18 December 2014, the Company entered into a conditional subscription agreement with a subscriber in relation to the subscription of 100,000,000 new ordinary shares of the Company ("Subscription Shares 2014") at a subscription price of HK\$0.3 per subscription share to be allotted and issued to the subscriber ("Subscription Agreement 2014") upon completion of the Subscription Agreement 2014. The completion of the Subscription Agreement 2014 took place on 24 December 2014. The Subscription Shares 2014 are subject to a lock-up period of 12 months commencing from the date of completion.

The aggregate nominal value of the Subscription Shares 2014 was HK\$1,000,000, the net proceed of the Subscription Shares 2014 (after deducting the related expenses) was approximately HK\$29,690,000, and the net price per each Subscription Shares 2014 was approximately HK\$0.2969.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 31. SHARE CAPITAL (continued)

*Notes: (continued)*

## (b) New shares subscription in 2015

On 31 March 2015, the Company entered into a conditional subscription agreement with a subscriber, Ms. LIU Yu Jie (who became an executive Director of the Company with effect from 9 June 2015) in relation to the subscription of 200,000,000 new ordinary shares of the Company ("Subscription Shares 2015") at a subscription price of HK\$0.345 per subscription share to be allotted and issued to the subscriber ("Subscription Agreement 2015") upon completion of the Subscription Agreement 2015. The completion of the Subscription Agreement 2015 took place on 9 April 2015. Pursuant to the Subscription Agreement 2015, the subscriber undertook to the Company that she would not, directly or indirectly: (i) in respect of 25% of the Subscription Shares 2015, 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 2015, 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 the Subscription Shares 2015.

The aggregate nominal value of the Subscription Shares 2015 was HK\$2,000,000, the net proceed of the Subscription Shares 2015 (after deduction of the related expenses) was approximately HK\$68,691,000, and the net price per each Subscription Shares 2015 was approximately HK\$0.3435.

- (c) As at 31 December 2015, the holders of ordinary shares are entitled to receive dividend to be declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 32. RESERVES

## (a) The Group

Details of the movements on the Group's reserves are set out in the consolidated statement of changes in equity.

## (b) The Company

	<b>Share premium</b>	<b>Retained profits</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
	<i>(note (i))</i>	<i>(note (vi))</i>	
At 1 January 2014	305,084	58,394	363,478
Profit for the year	–	22,039	22,039
Dividend relating to 2013	–	(12,216)	(12,216)
Issue of 100,000,000 new shares, net of share issuance costs of HK\$310,000	28,690	–	28,690
At 31 December 2014 and at 1 January 2015	333,774	68,217	401,991
Profit for the year	–	34,295	34,295
Dividend relating to 2014	–	(14,187)	(14,187)
Issue of 200,000,000 new shares, net of share issuance costs of HK\$309,000	66,691	–	66,691
<b>At 31 December 2015</b>	<b>400,465</b>	<b>88,325</b>	<b>488,790</b>

## (c) Nature and purpose of reserves and their movements

## (i) Share premium

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

## (ii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas operations. The reserve is dealt with in accordance with the accounting policies of translation of foreign currencies. The balance of this general reserve is distributable and available for such use as permissible under the laws of Cayman Islands and the articles of association of the Company. The reserve is dealt with in accordance with the accounting policies set in note 2(w) to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 32. RESERVES (continued)

## (c) Nature and purpose of reserves and their movements (continued)

*(iii) Investment revaluation reserve*

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale equity investments at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 2(h) and 2(l)(i) to the financial statements.

*(iv) Capital reserve*

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

On 7 October 2015, the Group's effective interest in NSIL was increased from 98% to 100%, and the excess of carrying value of net assets acquired over cost of acquisition of the remaining 2% equity interests in NSIL group of HK\$378,000 (after deduction of acquisition related costs) was recognised as deemed contribution from the transferor, Mr. CHAN Son Neng, in his capacity as shareholder of the Company and fully credited as capital reserve in the equity of the Group.

*(v) Statutory reserve*

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

*(vi) Distributability of reserves*

At 31 December 2015, the Company had reserves available for distribution to its owners in the amount of HK\$488,790,000 (2014: HK\$401,991,000).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 33. OPERATING LEASES COMMITMENTS

At the end of the reporting period, the Group as lessee had the following minimum lease payments:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Office premises	<b>518</b>	595
Plant premises	<b>573</b>	605
Landfill	<b>12</b>	25
	<b>1,103</b>	1,225

As at 31 December 2015, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Within 1 year	<b>1,031</b>	1,116
After 1 year but within 5 years	<b>72</b>	109
After 5 years	<b>–</b>	–
	<b>1,103</b>	1,225

## 34. CAPITAL COMMITMENTS

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

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Capital expenditure in respect of property, plant and equipment – contracted for but not provided for	<b>14,113</b>	155,205

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 35. PLEDGE OF ASSETS AND AVAILABLE UNUSED CREDIT FACILITIES

## (a) Pledge of assets

At 31 December 2015, the following assets were pledged as collaterals for banking facilities granted to the Group by certain banks.

	2015 HK\$'000	2014 HK\$'000
Pledged bank deposits	5,318	10,313
Property, plant and equipment	47,489	–
Prepaid lease payments	14,515	6,777
	<b>67,322</b>	17,090

## (b) Unused credit facilities

At 31 December 2015, the total banking facilities of the Group amounted to HK\$128,712,000 (2014: HK\$44,568,000), which were utilised to the extent of secured bank loans of HK\$19,900,000 (2014: HK\$26,100,000) and unsecured bank loans of HK\$27,772,000 (2014: HK\$15,948,000) and the available unutilised banking facilities amounted to HK\$81,040,000 (2014: HK\$2,520,000). At 31 December 2015, unutilised loan facility granted by a shareholder to the Company amounted to HK\$500,000,000.

## 36. SHARE OPTION SCHEME AND EMPLOYEE RETIREMENT BENEFITS

## (a) Share option scheme

The share option scheme of the Company previously adopted by the Company's shareholders at the general meeting on 10 December 2003 had expired on 9 December 2013 ("Lapsed Share Option Scheme"). As at 31 December 2015, no option was granted or was outstanding under the Lapsed 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 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 on 5 May 2015 ("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 on 5 May 2015, the Scheme Mandate Limit was 295,569,701 shares of the Company.

As at 31 December 2015, no option was granted or was outstanding under the New Share Option Scheme.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 36. SHARE OPTION SCHEME AND EMPLOYEE RETIREMENT BENEFITS (continued)

## (b) Employee retirement benefits

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution benefit schemes (the “Schemes”) organised by the relevant local government authorities in Jiangsu Province, whereby the Group is required to make contributions to the Schemes at certain percentage of the eligible employee’s salaries. The local government authorities are responsible for the entire pension obligation payable to the retired employees.

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000 (2014: HK\$30,000). Contributions to the plan vest immediately. The Group has no other material obligation for the payment of pension benefits associated with the MPF Scheme beyond the annual contributions described above.

## 37. RELATED PARTY TRANSACTIONS

## (a) List of related parties

For the years ended 31 December 2015 and 2014, the Directors are of the view that the following entities and persons are related parties to the Group:

Name of the related party	Relationship
New Universe Enterprises Limited (“NUEL”)	A shareholder interested in 36.26% of the issued share capital of the Company, and the Company’s Directors, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are also the directors of NUEL.
CM International Capital Limited (“CMIC Cayman”)	A shareholder interested in 27.07% of the issued share capital of the Company, and the Company’s Director, Mr. LIAO Feng is also the director of CMIC Cayman.
Sun Ngai International Investment Limited (“Sun Ngai”)	100% subsidiary of New Universe Holdings Limited (“NUHL”), and the Company’s Director, Ms. CHEUNG Siu Ling is also the director of NUHL and Sun Ngai.
Mr. XI Yu	A shareholder of NUEL who is interested in 83.66% of the issued share capital of NUEL.
Zhenjiang New District	An associate of the Group, in which the Company holds 24.6% effective equity interest.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 37. RELATED PARTY TRANSACTIONS (continued)

## (b) Transactions with related parties

	<i>Note</i>	<b>2015 HK\$'000</b>	2014 HK\$'000
<b>Recurring transactions</b>			
Rental expenses			
– Sun Ngai	(i)	<b>600</b>	486
Consultancy fees			–
– Mr. XI Yu	(ii)	<b>144</b>	48
Charges on hazardous waste landfill disposal			
– Zhenjiang New District	(iii)	<b>920</b>	4,157

*Notes:*

- (i) Rental expenses were charged by Sun Ngai for leasing office premises of the Group in Hong Kong. The leases runs for a period of one year and the monthly rent was determined in commensurate with the market rate.
- (ii) The Company has appointed Mr. XI Yu as a consultant to the Group commencing 22 August 2014, and the appointment has been renewed on three monthly basis.
- (iii) The charges on hazardous waste landfill disposal paid to Zhenjiang New District was made according to the contracted prices and conditions and subject to the compliance with the relevant administrative requirements promulgated by the National Pricing Bureau in PRC.

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

## (c) Guarantees

- (i) As at 31 December 2015, the Group's bank borrowings of HK\$4,900,000 (2014: HK\$7,700,000) were secured by personal guarantee provided by Ms. CHEUNG Siu Ling, the executive Director of the Company as disclosed in note 25 to the financial statements. After the end of the reporting period, the bank borrowings have been fully repaid and settled on 14 March 2016.
- (ii) As at 31 December 2015, the Group's bank borrowings of HK\$4,900,000 (2014: HK\$7,700,000) were secured by personal guarantee provided by Mr. SUEN Ki, the non-executive Director of the Company as disclosed in note 25 to the financial statements. After the end of the reporting period, the bank borrowings have been fully repaid and settled on 14 March 2016.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 37. RELATED PARTY TRANSACTIONS (continued)

## (d) Arrangement on standby loan facility

On 14 July 2015, the Company accepted and agreed to a commitment letter issued by CMIC Cayman for a standby loan facility in the amount of HK\$500,000,000 bearing interest at 7% per annum which shall be used for the new establishment(s) or mergers and acquisitions of environmental related projects of the Company.

## (e) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors of the Company as disclosed in note 10 and certain of the highest paid individual as disclosed in note 11 to the financial statements, is presented as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Salaries and other benefits	<b>7,530</b>	7,432
Retirement scheme contributions	<b>86</b>	80
Discretionary bonuses	<b>4,411</b>	4,900
	<b>12,027</b>	12,412

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 38. FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial instruments include loans and receivables, available-for-sale equity investments, and liabilities measured at amortised cost. The carrying amount of each category of the Group's financial assets and liabilities recognised at 31 December 2015 and 2014 are as follows.

The carrying amounts of the financial assets and liabilities by category as at the end of the reporting period are as follows:

	2015 HK\$'000	2014 HK\$'000
(i) Financial assets		
<b>Loans and receivables</b>		
Trade and bills receivables	46,857	45,638
Financial assets included in prepayments, deposits and other receivables	7,629	6,138
Pledged bank deposits	5,318	10,313
Cash and cash equivalents	175,805	121,780
<b>Available-for-sale financial assets</b>		
Available-for-sale equity investments	76,700	85,000
<b>Total financial assets</b>	<b>312,309</b>	268,869
(ii) Financial liabilities		
<b>Financial liabilities at amortised cost</b>		
Interest-bearing bank borrowings	47,672	42,048
Other borrowings	30,000	48,000
Trade payables	4,251	2,152
Financial liabilities included in accrued liabilities and other payables	114,972	98,050
Deposits received from customers	3,621	901
<b>Total financial liabilities</b>	<b>200,516</b>	191,151

Details of the financial instruments are disclosed in the respective notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 39. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonable approximate to fair values, are as follows:

	Carrying amount		Fair value	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Financial assets</b>				
Available-for-sale equity investments	<b>76,700</b>	85,000	<b>76,700</b>	85,000

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in accrued liabilities and other payables, deposits received from customers, amounts due from/to subsidiaries approximately to their carrying amounts largely due to the short term maturity of these instruments. The Directors consider the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The carrying amount of financial assets and financial liabilities at amortised cost of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable markets transactions.

The fair values of non-current portion of interest-bearing bank loans and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for the instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings and other borrowings as at 31 December 2015 was assessed to be insignificant.

The fair values of unlisted available-for-sale equity investment have been estimated based on assumption that are not supported by observable market prices or rates. The valuation requires the Directors to make estimates using the enterprise value to earnings before interest and tax ratio of comparable listed companies adjusted for lack of marketability discount. The Directors believe that the estimated fair value resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable and they were appropriate values at the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 39. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

## Fair value hierarchy

The following table presents the fair value of the Group's financial instruments that are measured at fair value at the end of the reporting period on recurring basis, which categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e., unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	2015				2014			
	Fair value at 31 December	Level 1	Level 2	Level 3	Fair value at 31 December	Level 1	Level 2	Level 3
	2015 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	2014 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Available-for-sale equity investments	76,700	-	-	76,700	85,000	-	-	85,000

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 39. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Information about Level 3 fair value measurements:

	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Marketability discount 2015</b>	2014
Unlisted available-for-sale equity investments	Market comparable companies	Discount for lack of marketability	<b>16%</b>	16%

The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2015, it was estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's other comprehensive income by HK\$4,600,000 (2014: HK\$5,000,000).

The movements during the year in the balance of Level 3 fair value measurements are follows:

	<b>2015 HK\$'000</b>	2014 HK\$'000
<b>Unlisted available-for-sale equity investments:</b>		
At 1 January	<b>85,000</b>	67,500
Net unrealised (losses)/gains recognised in other comprehensive income	<b>(8,300)</b>	17,500
At 31 December	<b>76,700</b>	85,000

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial instruments comprise bank loans and other interest-bearing loans, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from the Group's operations.

The Group's activities expose it to risks associated with the financial instruments include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management of the Company and its subsidiaries coordinates with the board of Directors at its headquarter in Hong Kong that monitors and manages the risk exposures and provides written policies to ensure appropriate measures are implemented on a timely and effective manner.

The Group does not actively engage in the trading of financial instruments for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are summarised below.

**Foreign currency risk**

The Group adopted Hong Kong dollars (HK\$) as the currency for presentation purposes. The functional currencies of the Company and its PRC subsidiaries are HK\$ and RMB respectively.

Some of the trading transactions of the Group were denominated in United States dollar (US\$). The Group's exposure to currency risk arises from financial instruments that are monetary items or from financial instruments denominated not in the functional currencies of the respective entities within the Group, which are HK\$ and RMB. For the years ended 31 December 2015 and 2014, no sales of the Group were denominated in foreign currencies other than the functional currencies of the Group.

At the end of the reporting period, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities translated into Hong Kong dollars at the closing rate are as follows:

	2015 US\$'000	2014 US\$'000
<b>Monetary financial assets</b>		
Other receivables	10	10
Cash and cash equivalents	1,163	314
	<b>1,173</b>	<b>324</b>
<b>Monetary financial liabilities</b>		
Interest-bearing bank borrowings	–	–
<b>Current net exposure</b>	<b>1,173</b>	<b>324</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

## Sensitivity analysis of currency risk

The management considered that the currency risk to be low as the exchange rates of US\$ relative to HK\$ or RMB were not significant for both 2015 and 2014. Therefore, no hedging or similar measures have been implemented by the Group. At 31 December 2015 and 2014, the impact of the Group's exposure to currency risk was minimal. Accordingly, no sensitivity analysis was presented.

## Interest rate risk

The Group is exposed to the risk of changes in market interest rate in relation to variable-rate bank borrowings (note 25 to the financial statements for details of these borrowings) and bank balances (note 24 to the financial statements for details of these deposits) and fair value interest rate risk in relation to fixed-rate borrowings (note 30 to the financial statements). It is the Group's policy to manage its interest costs using a mix of fixed and variable rate debts, and to minimise fair value interest rate risk in relation to fixed-rate borrowings. At 31 December 2015, approximately 38.6% (2014: 53.3%) of the Group's interest-bearing borrowings bore interest at fixed rates. The Group has no significant interest-bearing assets apart from bank balances with their interest rate profile disclosed in note 24 to the financial statements. The interest rate profiles of the bank borrowings and other borrowings are disclosed in notes 25 and 30 to the financial statements respectively.

## Sensitivity analysis of interest rate risk

The following table details the Group's sensitivity to a reasonably possible change of interest rates, with all other variables held constant, for 100 basis points ("bp", whereas 1 bp is equivalent 0.01%) increase and decrease in interest rate as the sensitivity rate, assuming that the financial instruments outstanding at the end of the reporting period had been outstanding for the whole year. A positive number below indicates an increase in post-tax profit and total equity where interest rates generally decreased by 100 bp. For an increase in 100 bp, there would be an equal and opposite impact on the profit and total equity and the balances below would be negative.

	+ 100 bp impact		- 100 bp impact	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Decrease)/increase in profit after tax	(476)	(420)	476	420
(Decrease)/increase in total equity	(476)	(420)	476	420

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

## Sensitivity analysis of interest rate risk (continued)

The sensitivity to interest rates of the Group decreased during the current year mainly due to the decrease in variable rate borrowings. The sensitivity to interest rates of the Company has increased during the current year mainly due to the increase in variable rate borrowings of the Company. The analysis has been presented on the same basis for both years.

## Other price risk

The Group is exposed to equity price risk through its equity investments classified as available-for-sale equity investments as set out in note 20 to the financial statements.

The Group's available-for-sale equity investments are unlisted equity investments held for long-term strategic purposes, which are concentrated on equity ventures operating in plastic materials dyeing industry section in the Mainland China, and have risk and return profiles different from the core operations of the Group. Their performance has been monitored by delegates of the Directors of the board of the Company, and is assessed by independent professional valuer at least quarterly by referring to the performance of other listed entities with similar business operations, comparing with the financial data of those investments available to the Group, and adjusted for the marketability of the Group's investments relative to the benchmark data available in the market.

## Sensitivity analysis of other price risk

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. The following table illustrates the sensitivity if the prices of the respective equity investments had been 5% (2014: 5%) higher/lower, as a result of the changes in the multiple of enterprise value to earnings before interest and tax of comparable listed companies in the same industry, at the reporting date. A positive number below indicates an increase in post-tax profit and total equity where price of the equity investments increased by 5%. For a decrease in 5%, there would be an opposite impact on the profit and total equity and the balances below would be negative.

	<b>+ 5% impact</b>		<b>- 5% impact</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Increase/(decrease) in profit after tax	–	–	–	–
Increase/(decrease) in total equity	<b>3,452</b>	3,825	<b>(3,452)</b>	(3,825)

The Group's sensitivity to available-for-sale equity investments has applied the same basis for both years.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

## Credit risk

The Group trades only with recognised and creditworthy third parties. As at 31 December 2015, the Group's exposure to credit risk which will cause financial loss to the Group if failure to discharge an obligation by the counterparties is arising from the carrying amount the respective financial assets included in the consolidated statement of financial position as summarised below by key geographical locations:

Classes of financial assets	By geographical locations					
	Mainland China		Other countries (including Hong Kong)		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade and bills receivables	46,857	45,638	–	–	46,857	45,638
Other receivables	7,629	6,138	–	–	7,629	6,138
Pledged bank deposits	–	–	5,318	10,313	5,318	10,313
Cash and cash equivalents	72,943	87,270	102,862	34,510	175,805	121,780
	<b>127,429</b>	139,046	<b>108,180</b>	44,823	<b>235,609</b>	183,869

All receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The management of the Company and all its subsidiaries continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used.

The Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. None of the Group's financial assets is secured by collateral or other credit enhancements.

The credit risk on cash and cash equivalents is limited because the counter parties are reputable banks with high quality external credit ratings.

The Group's concentration of credit risk by geographical locations is mainly in the Mainland China, which accounted for 100% (2014: 100%) of the total receivables (being the total classified under "Trade and bills receivables" and "Other receivables") as at 31 December 2015.

As at 31 December 2015, the Group had certain concentration of credit risk as 2.3% (2014: 2.9%) and 2.4% (2014: 3.8%) of the Group's trade receivables classified under "Trade and bills receivables" were due from the Group's largest customer and the five largest customers, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

## Liquidity risk

The Group manages its liquidity through maintaining a balance between continuity of funding and flexibility through the use of bank borrowings, banking facilities, and other interest-bearing borrowings. In management of the liquidity risk, the Group maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group regularly monitors its liquidity requirements and its compliance of financial covenants, and ensures sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms. The Group has secured banking facilities of approximately HK\$31,040,000 (2014: HK\$2,520,000), unsecured banking facilities of approximately HK\$50,000,000 (2014: Nil) and unsecured stand-by loan facility of HK\$500,000,000 (2014: Nil) from a shareholder which were not yet drawn down by the Group as at 31 December 2015 respectively.

Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Funding for long-term liquidity needs will be considered when there is any potential investment identified. For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, the following table shows the cash outflow based on the contractual repayment schedule and, separately, the impact of the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

The following table details the remaining contractual maturities at the end of the reporting period for the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	As at 31 December 2015						
	Total		Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
	Carrying amount	undiscounted cash flows					
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Financial liabilities</b>							
Bank borrowings							
– at variable rate	47,672	57,533	6,700	1,325	40,959	8,549	–
Other borrowings							
– at fixed rates	30,000	32,400	–	–	–	32,400	–
Trade payables	4,251	4,251	186	149	3,916	–	–
Accrued liabilities and other payables	114,972	114,972	75,484	2,314	37,174	–	–
Deposits received from customers	3,621	3,621	3,621	–	–	–	–
	<b>200,516</b>	<b>212,777</b>	<b>85,991</b>	<b>3,788</b>	<b>82,049</b>	<b>40,949</b>	<b>–</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

## Liquidity risk (continued)

As at 31 December 2014

	Total						
	Carrying amount HK\$'000	undiscounted cash flows HK\$'000	Less than 1 month HK\$'000	1 to 3 months HK\$'000	3 months to 1 year HK\$'000	1 to 5 years HK\$'000	More than 5 years HK\$'000
Financial liabilities							
Bank borrowings							
– at variable rate	42,048	42,258	6,700	2,263	31,825	1,470	–
Other borrowings							
– at fixed rates	48,000	51,840	–	–	–	51,840	–
Trade payables	2,152	2,152	72	69	2,011	–	–
Accrued liabilities and other payables	98,050	98,050	69,969	1,554	26,527	–	–
Deposits received from customers	901	901	901	–	–	–	–
	191,151	195,201	77,642	3,886	60,363	53,310	–

The undiscounted cash flows of the other borrowings and the current portions of bank borrowings, trade payables, accruals, other payables, and deposits received are approximate to their carrying amount, as the impact of discounting is not significant.

## Capital management

The Group's capital management objectives are:

- (i) to safeguard the Group's ability to continue as a going concern;
- (ii) to provide returns for shareholders and benefits for other stakeholders;
- (iii) to maintain an optimal capital structure to reduce the cost of capital;
- (iv) to support the Group's sustainable growth; and
- (v) to provide capital for the purpose of potential mergers and acquisitions.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain and adjust the capital structure, the Group will adjust the dividend payment to shareholders, issue new shares, buy back its shares, issue new debts or redeem existing debts.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

## Capital management (continued)

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

There were no changes in the objectives, policies or process for managing the capital during the years ended 31 December 2015 and 2014.

The Group monitors its capital using gearing ratio. The Group expects to maintain its gearing ratio at less than 50%. The gearing ratios as at 31 December 2015 and 2014 were as follows:

	2015 HK\$'000	2014 HK\$'000
<b>Current liabilities</b>		
Interest-bearing bank borrowings	39,798	40,788
Trade payables	4,251	2,152
Accrued liabilities and other payables	114,972	98,050
Deposits received from customers	3,621	901
	<b>162,642</b>	141,891
<b>Non-current liabilities</b>		
Interest-bearing bank borrowings	7,874	1,260
Other borrowings	30,000	48,000
	<b>37,874</b>	49,260
<b>Total liabilities (excluding government grants and taxes)</b>	<b>200,516</b>	191,151
<b>Less: Cash and cash equivalents</b>	<b>175,805</b>	121,780
<b>Net debt</b>	<b>24,711</b>	69,371
<b>Total equity</b>	<b>759,772</b>	701,253
<b>Total equity and net debt</b>	<b>784,483</b>	770,624
<b>Gearing ratio</b>	<b>3.1%</b>	9.0%

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Interests in subsidiaries		493,025	465,106
<b>Current assets</b>			
Amount due from subsidiaries		–	120
Prepayments		320	286
Pledged bank deposits		5,318	–
Cash and cash equivalents		76,680	31,039
		<b>82,318</b>	31,445
<b>Current liabilities</b>			
Interest-bearing bank borrowings		26,700	18,400
Accrued liabilities and other payables		296	603
		<b>26,996</b>	19,003
<b>Net current assets</b>		<b>55,322</b>	12,442
<b>Total assets less current liabilities</b>		<b>548,347</b>	477,548
<b>Non-current liabilities</b>			
Other interest-bearing borrowings		30,000	48,000
		<b>30,000</b>	48,000
<b>Net assets</b>		<b>518,347</b>	429,548
<b>Capital and reserves</b>			
Share capital	31	29,557	27,557
Reserves	32	488,790	401,991
<b>Total equity</b>		<b>518,347</b>	429,548



**SONG Yu Qing**  
Chairman



**CHEUNG Siu Ling**  
Executive Director

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

#### 42. ENVIRONMENTAL CONTINGENCIES

For the year ended 31 December 2015, the Group's subsidiaries have provided regulated medical waste treatment services to hospitals and medical clinics, and provided hazardous industrial waste treatment services in Jiangsu Province. The related operations require effective operating licenses for specific categories of hazardous waste and/or regulated medical waste issued by the Environmental Protection Bureau of Jiangsu Province, the PRC. To the best knowledge of the Company's Directors, each of the Group's subsidiaries which carries out treatment operations for hazardous industrial waste treatment and/or regulated medical waste has complied with the relevant regulations to ensure continuous renewal of the licenses concerned with best efforts, or otherwise, the subsidiary would cease its operations temporarily until the relevant license(s) is being issued.

For the year ended 31 December 2015 and up to the date of this report, the Group's subsidiaries in the PRC have not incurred any significant expenditures for environmental remediation and have not currently involved in any significant environmental remediation. In addition, the Company and the Group's subsidiaries in the PRC have not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, the management believes that there are no probable liabilities that will have a material adverse effect to the financial position or operating results of the Group.

#### 43. EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors of the Company proposed a final dividend. Further details are disclosed in note 13 to financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

#### 44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>1</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>2</sup>
Amendments to HKAS 1	Disclosure initiative <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>2</sup>
Amendments to HKFRS 10, HKFRS12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>2</sup>
Amendments to HKAS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

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

#### 45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 18 March 2016.