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New Universe Environmental Group Limited
新宇環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 436)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

HIGHLIGHTS

	2022	2021
	HK$'000	*HK$'000*
Total revenue	**588,951**	727,167
Total EBITDA	**109,264**	151,348
Profit attributable to shareholders	**7,273**	40,419
Basic earnings per share *(in HK cents)*	**0.24**	1.33
Final dividend per share *(in HK cents)*	**0.38**	0.39
Equity attributable to shareholders at 31 December	**961,677**	1,052,779
Cash and cash equivalents at 31 December	**270,279**	302,074

ANNUAL RESULTS 2022

The board (the "**Board**") of directors (the "**Directors**") of New Universe Environmental Group Limited (the "**Company**") hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Note	**2022** *HK$'000*	2021 *HK$'000*
Revenue	3(a)	**588,951**	727,167
Cost of sales	7	**(469,594)**	(535,502)
Gross profit		**119,357**	191,665
Other revenue	4	**4,249**	4,637
Other income	5	**11,416**	7,407
Gain on disposal of a subsidiary		**27,303**	–
Distribution costs		**(24,727)**	(23,916)
Administrative expenses		**(59,025)**	(59,718)
Impairment loss on trade receivables, net	11(b)	**(3,388)**	(28,685)
Other operating expenses	7	**(30,747)**	(17,826)
Operating profit		**44,438**	73,564
Finance income	6	**5,652**	4,140
Finance costs	6	**(5,693)**	(6,521)
Finance costs – net	6	**(41)**	(2,381)
Share of results of associates		**(7,250)**	(6,389)
Share of results of a joint venture		**(13,044)**	(4,440)
Profit before taxation	7	**24,103**	60,354
Income tax	8	**(19,539)**	(7,436)
Profit for the year		**4,564**	52,918
Attributable to:			
Owners of the Company		**7,273**	40,419
Non-controlling interests		**(2,709)**	12,499
		4,564	52,918
		HK cents	*HK cents*
Earnings per share	9		
Basic		**0.24**	1.33
Diluted		**0.24**	1.33

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
Profit for the year	**4,564**	52,918
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	**(67,024)**	30,186
– on translation of financial statements of overseas associates	**(12,597)**	5,938
– on translation of financial statements of an overseas joint venture	**(3,316)**	1,759
– release of translation reserve upon disposal of an overseas subsidiary	**(2,591)**	–
Items that will not be reclassified subsequently to profit or loss:		
Fair value changes on equity investments at fair value through other comprehensive income (non-recycling)	**(10,500)**	(37,300)
Deferred tax effect relating to changes in fair value of equity investments	**(580)**	3,410
Other comprehensive income for the year, net of income tax	**(96,608)**	3,993
Total comprehensive (loss)/income for the year	**(92,044)**	56,911
Attributable to:		
Owners of the Company	**(79,738)**	39,904
Non-controlling interests	**(12,306)**	17,007
	(92,044)	56,911

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	**2022**	2021
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**651,164**	755,547
Right-of-use assets		**103,159**	111,053
Goodwill		**33,000**	33,000
Interests in associates		**153,450**	175,835
Interest in a joint venture		**35,213**	51,990
Equity investments at fair value through other comprehensive income		**70,300**	80,800
Deferred tax assets		**10,229**	10,154
		1,056,515	1,218,379
Current assets			
Inventories		**7,037**	6,718
Trade and bills receivables	11	**106,499**	150,022
Prepayments, deposits and other receivables		**21,081**	36,456
Contract assets		**32,652**	22,591
Restricted bank deposits		**5,225**	8,191
Cash and cash equivalents		**270,279**	302,074
		442,773	526,052
Assets classified as held for sale		**14,758**	39,580
		457,531	565,632
Current liabilities			
Bank borrowings	12	**97,959**	198,970
Trade and bills payables	13	**69,739**	78,607
Accrued liabilities and other payables		**218,612**	228,986
Lease liabilities		**326**	750
Contract liabilities		**3,190**	38,507
Deferred government grants		**1,935**	2,057
Income tax payable		**5,575**	6,094
		397,336	553,971
Net current assets		**60,195**	11,661
Total assets		**1,514,046**	1,784,011
Total assets less current liabilities		**1,116,710**	1,230,040

	Note	2022	2021
		HK$'000	HK$'000
Non-current liabilities			
Lease liabilities		**341**	720
Deferred government grants		**10,462**	13,431
Deferred tax liabilities		**30,400**	33,079
		41,203	47,230
Total liabilities		**438,539**	601,201
Net assets		**1,075,507**	1,182,810
Capital and reserves			
Share capital	14	**30,357**	30,357
Reserves		**931,320**	1,022,422
Equity attributable to owners of the Company		**961,677**	1,052,779
Non-controlling interests		**113,830**	130,031
Total equity		**1,075,507**	1,182,810

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

(a) The Company was incorporated on 12 November 1999 as an exempt company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Rooms 2110-2112, 21/F, Telford House, 16 Wang Hoi Road, Kowloon Bay, Kowloon, Hong Kong.

(b) The Company's issued shares have been initially listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 18 May 2000. With effect from 1 August 2016, the listing of the shares of the Company was transferred from the GEM to the Main Board of the Stock Exchange.

(c) These consolidated financial statements are presented in Hong Kong dollars ("**HK$**") that is also the functional currency of the Company while the functional currency of the subsidiaries in the mainland of The People's Republic of China ("**Mainland China**" or the "**PRC**") is Renminbi ("**RMB**"). As the Company's shares are listed in Hong Kong where most of its investors are located, the Directors consider that it is more appropriate to present the consolidated financial statements in HK$.

(d) These consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022 were approved for issuance by the Board on 24 March 2023.

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 Stock Exchange (the "**Listing Rules**"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company, its subsidiaries and the Group's interests in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following:

- Equity investments – measured at fair value

- Assets classified as held for sale – measured at the lower of carrying amount and fair value less costs to sell

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.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting year:

- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Amendments to HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to HKFRSs, *Annual Improvements to HKFRSs 2018-2020 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior years have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

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

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

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Disaggregation by service lines		
– Revenue from hazardous waste incineration and landfill services	**373,494**	456,400
– Revenue from environmental equipment construction and installation services	**72,810**	124,496
– Revenue from industrial sewage treatment services and providing related utilities and management services	**108,323**	114,257
	554,627	695,153
Revenue from other sources		
– Leasing income from providing factory facilities	**34,324**	32,014
	588,951	727,167
Timing of revenue recognition in respect of contracts with customers		
– At a point in time	**373,494**	456,400
– Over time	**181,133**	238,753
	554,627	695,153

(ii) *Performance obligations*

The amounts of transaction prices allocation to the remaining performance obligations as at 31 December 2022 are as follows:

	2022	2021
	HK$'000	*HK$'000*
Amounts expected to be recognised as revenue		
Within one year	**54,802**	135,105

The amounts of transactions prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to equipment construction and installation services, of which the performance obligations are to be satisfied within 2 years.

(b) Segment reporting

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

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

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

(iii) provision of environmental plating sewage treatment, management services and provision of related facilities and utilities in an eco-plating specialised zone; and

(iv) investments in plastic materials dyeing business.

(c) Segment results, assets and liabilities

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

(i) Segment assets include all tangible assets, goodwill, interests in associates and a joint venture, and current assets with the exception of intercompany receivables and other unallocated head office and corporate assets. Segment liabilities include current taxation, deferred tax liabilities, trade payables, lease liabilities, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments, with the exception of intercompany payables and other unallocated head office and corporate liabilities.

(ii) Revenue and expenses are allocated to the reportable segments with reference to revenue 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.

(iii) The measure used for reporting segment profit is "reportable segment results". To arrive at "reportable segment results", 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.

(iv) In addition to receiving segment information concerning "reportable segment results", 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.

For the year ended 31 December 2022

	Operating segments						
	Environmental waste treatment and disposal *HK$'000*	**Environmental equipment construction and installation** *HK$'000*	**Environmental sewage treatment, management services, utilities and facilities** *HK$'000*	**Plastic dyeing investments** *HK$'000*	**Segment sub-total** *HK$'000*	**Unallocated head office and corporate** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**373,494**	**72,810**	**142,647**	**–**	**588,951**	**–**	**588,951**
Other revenue	**–**	**–**	**–**	**4,249**	**4,249**	**–**	**4,249**
Reportable segment revenue	**373,494**	**72,810**	**142,647**	**4,249**	**593,200**	**–**	**593,200**
Reportable segment results	**20,629**	**(13,167)**	**30,762**	**3,345**	**41,569**	**–**	**41,569**
Other income	**9,540**	**213**	**1,663**	**–**	**11,416**	**–**	**11,416**
Gain on disposal of a subsidiary	**27,303**	**–**	**–**	**–**	**27,303**	**–**	**27,303**
Finance income	**3,485**	**232**	**2,269**	**(474)**	**5,512**	**140**	**5,652**
Finance costs	**(3,257)**	**(10)**	**(931)**	**–**	**(4,198)**	**(1,495)**	**(5,693)**
Depreciation and amortisation	**(56,369)**	**(513)**	**(22,231)**	**–**	**(79,113)**	**(355)**	**(79,468)**
Impairment loss on trade receivables, net	**(2,064)**	**(1,203)**	**(121)**	**–**	**(3,388)**	**–**	**(3,388)**
Reportable segment assets	**1,019,802**	**78,681**	**315,499**	**70,797**	**1,484,779**	**29,267**	**1,514,046**
Additions to non-current segment assets	**21,954**	**61**	**2,959**	**–**	**24,974**	**7**	**24,981**
Reportable segment liabilities	**274,007**	**63,464**	**69,308**	**4,151**	**410,930**	**27,609**	**438,539**

For the year ended 31 December 2021

	Operating segments						
	Environmental waste treatment and disposal *HK$'000*	Environmental equipment construction and installation *HK$'000*	Environmental sewage treatment, management services, utilities and facilities *HK$'000*	Plastic dyeing investments *HK$'000*	Segment sub-total *HK$'000*	Unallocated head office and corporate *HK$'000*	Total *HK$'000*
Revenue from external customers	456,400	124,496	146,271	–	727,167	–	727,167
Other revenue	–	–	–	4,637	4,637	–	4,637
Reportable segment revenue	456,400	124,496	146,271	4,637	731,804	–	731,804
Reportable segment results	46,386	3,158	24,148	4,266	77,958	–	77,958
Other income	4,745	406	2,256	–	7,407	–	7,407
Finance income	3,716	358	94	93	4,261	(121)	4,140
Finance costs	(3,292)	(29)	(1,017)	–	(4,338)	(2,183)	(6,521)
Depreciation and amortisation	(60,631)	(523)	(23,045)	–	(84,199)	(274)	(84,473)
(Impairment loss)/reversal of impairment loss on trade receivables, net	(28,906)	(22)	243	–	(28,685)	–	(28,685)
Reportable segment assets	1,152,027	115,301	385,865	81,952	1,735,145	48,866	1,784,011
Additions to non-current segment assets	24,824	1,235	1,684	–	27,743	1,730	29,473
Reportable segment liabilities	366,606	90,431	102,447	3,571	563,055	38,146	601,201

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

	2022	2021
	HK$'000	*HK$'000*
Revenue		
Consolidated revenue	**588,951**	727,167
Elimination of inter-segment revenue	**–**	–
Other revenue	**4,249**	4,637
Reportable segment revenue	**593,200**	731,804
Profit or loss		
Reportable segment profit	**41,569**	77,958
Unallocated head office and corporate expenses, net	**(17,466)**	(17,604)
Consolidated profit before taxation	**24,103**	60,354
Assets		
Reportable segment assets	**1,484,779**	1,735,145
Unallocated head office and corporate assets	**29,267**	48,866
Consolidated total assets	**1,514,046**	1,784,011
Liabilities		
Reportable segment liabilities	**410,930**	563,055
Unallocated head office and corporate liabilities	**27,609**	38,146
Consolidated total liabilities	**438,539**	601,201

(e) Geographic information

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

(f) Major customers

Revenue of approximately HK$35,007,000 (2021: HK$42,136,000) representing 5.9% (2021: 5.8%) was derived from a single external customer for the year ended 31 December 2022, which was attributed to the segment of environmental equipment construction and installation (2021: the segment of environmental equipment construction and installation).

Save as disclosed herein, there was no other major customer accounted for more than 10% of the total revenue of the Group for the years ended 31 December 2022 and 2021.

4. OTHER REVENUE

	2022	2021
	HK$'000	*HK$'000*
Dividend income from equity investments at fair value through other comprehensive income	**4,249**	4,637

5. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Refund of Value-added tax *(note (i))*	**3,122**	2,846
Government grants *(note (ii))*	**3,345**	1,331
Release of deferred government grants	**2,026**	1,808
Sundry income	**2,923**	1,422
	11,416	7,407

Notes:

(i) Pursuant to the tax rules and regulations in the PRC, subsidiaries of the Group that engage in the environmental operations, comply with the requirements in the PRC and pay Value-added Tax ("**VAT**") at 6% (2021: 6%) on invoiced income are entitled to a refund up to 70% of the net VAT paid. There were no unfulfilled conditions and other contingencies attached to such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

(ii) There were no unfulfilled conditions and other contingencies attached to the receipt of these grants.

6. FINANCE INCOME AND COSTS

	2022	2021
	HK$'000	*HK$'000*
Finance income from:		
Interest income on bank deposits	**3,318**	3,867
Net foreign exchange gain	**2,334**	273
Total finance income	**5,652**	4,140
Interest expenses on:		
Bank borrowings	**5,641**	5,627
Other borrowing	**–**	839
Lease liabilities	**52**	55
Total finance costs	**5,693**	6,521
Net finance costs	**41**	2,381

7. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging:

	2022	2021
	HK$'000	*HK$'000*
Auditor's remuneration:		
– audit service	**1,350**	1,350
– non-audit services	**210**	180
	1,560	1,530
Depreciation of property, plant and equipment	**75,715**	80,332
Depreciation of right-of-use assets	**3,753**	4,141
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	**1,080**	1,080
– landfill in the PRC	**118**	120
	1,198	1,200
Other operating expenses:		
Net loss on disposal of property, plant and equipment	**308**	606
Costs on litigations and non-compliance incidents	**11,975**	1,348
Legal and professional expenses	**7,422**	4,290
Research and development expenses	**7,351**	7,775
Written off of other receivables	**234**	–
Other miscellaneous expenses	**3,457**	3,807
	30,747	17,826
Staff costs:		
– Directors' emoluments	**4,043**	4,091
– salaries, wages and other benefits of employees other than directors	**91,182**	91,852
– contributions to retirement benefits schemes	**14,531**	12,738
– equity-settled share-based payment expenses	**475**	305
Total staff costs	**110,231**	108,986
Cost of sales *(note)*	**469,594**	535,502

Note:

Included in cost of sales were raw materials in the amount of HK$72,487,000 (2021: HK$74,963,000), water and electricity in the amount of HK$41,661,000 (2021: HK$41,708,000), staff costs of HK$53,291,000 (2021: HK$49,289,000), and depreciation of HK$74,318,000 (2021: HK$78,289,000), and of which staff costs and depreciation have already been included in the respective total amounts disclosed above.

8. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2022 *HK$'000*	2021 *HK$'000*
Current tax		
Hong Kong Profits Tax	**–**	–
PRC Corporate Income Tax	**18,525**	17,479
Under/(over)-provision in respect of prior years	**964**	(4,355)
PRC Dividend Withholding Tax	**3,455**	5,345
	22,944	18,469
Deferred tax		
PRC Dividend Withholding Tax	**(3,455)**	(5,345)
Origination and reversal of other temporary differences	**50**	(5,688)
	19,539	7,436

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% (2021: 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 2022 and 2021.

(iii) The Company's subsidiaries in PRC are subject to a statutory Corporate Income Tax ("**CIT**") at the rate of 25% (2021: 25%), except for the subsidiaries which are qualified as the High and New Technology Enterprise in PRC that would be entitled to enjoy a preferential CIT at the rate of 15% (2021: 15%). Dividend distribution from subsidiaries in PRC to the holding companies in Hong Kong is subject to a reduced withholding tax rate of 5% (2021: 5%),

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$7,273,000 (2021: HK$40,419,000) and the weighted average number of 3,035,697,018 (2021: 3,035,697,018) ordinary shares of the Company in issue during the year as follows:

Weighted average number of ordinary shares

	2022	2021
Ordinary shares in issue at 1 January and 31 December	**3,035,697,018**	3,035,697,018
Weighted average number of ordinary shares at 31 December	**3,035,697,018**	3,035,697,018

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of HK$7,273,000 (2021: HK$40,419,000) and the weighted average number of 3,035,697,018 (2021: 3,037,681,364) ordinary shares of the Company for the year ended 31 December 2022 is calculated as follows:

Weighted average number of ordinary shares (diluted)

	2022	2021
Weighted average number of ordinary shares at 31 December	**3,035,697,018**	3,035,697,018
Effect of deemed issue of shares under the Company's share option scheme	**–**	1,984,346
Weighted average number of ordinary shares (diluted) at 31 December	**3,035,697,018**	3,037,681,364

For the year ended 31 December 2022, no assumption was made for the exercise of share options because the exercise price of share option exceeded the average market price of the Company's shares. Accordingly, diluted earnings per share was the same as basic earnings per share for 2022.

10. DIVIDENDS

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

	2022	2021
	HK$'000	*HK$'000*
Final dividend proposed after the end of the reporting period of HK$0.0038 (2021: HK$0.0039) per share	**11,536**	11,839

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

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

	2022	2021
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.0039 (2021: HK$0.0072) per share	**11,839**	21,857

11. TRADE AND BILLS RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**124,866**	167,443
Lease receivables	**21,424**	3,277
Bills receivables	**1,597**	20,468
	147,887	191,188
Less: allowance for lifetime expected credit loss *(note 11(b))*	**(41,388)**	(41,166)
	106,499	150,022

(a) Ageing analysis

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

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**47,751**	62,029
31 days to 60 days	**13,217**	33,272
61 days to 90 days	**14,437**	10,276
91 days to 180 days	**21,859**	9,611
181 days to 360 days	**5,588**	23,742
Over 1 year	**3,647**	11,092
	106,499	150,022

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 its lessees, and an extended average credit period of 180 days to the customers of regulated medical waste treatment which are hospitals and medical clinics.

(b) Impairment losses of customer account and lease receivables

Most of the debtors are local hospitals and reputable companies in the PRC. Based on past payment history, economic conditions and other forward looking information available, the management determined the lifetime ECL as at 31 December 2022.

Impairment losses in respect of customer account and lease 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 lifetime ECL during the reporting period is as follows:

	2022	2021
	HK$'000	*HK$'000*
At 1 January	**41,166**	14,429
Impairment loss recognised	**18,219**	30,563
Reversal	**(14,831)**	(1,878)
	3,388	28,685
Written off	**–**	(2,867)
Exchange adjustments	**(3,166)**	919
At 31 December	**41,388**	41,166

Receivables that were neither past due nor impaired relate to a wide range of independent customers and lessees for whom there was no recent history of default. Receivables that were past due but not impaired are related to a number of independent customers that have a good track record with the Group. The Group does not hold any collateral over these balances.

The Group uses a provision matrix to calculate lifetime ECL for trade receivables and lease receivables. The provision rates are based on days past due for groupings of the customers. The provision matrix is initially based on the Group's historical observed bad debt rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical bad debt rates are adjusted. At each reporting date, the historical observed bad debt rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed bad debt rates, forecast economic conditions and lifetime ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual credit loss in the future.

12. BANK BORROWINGS

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

	2022	2021
	HK$'000	*HK$'000*
Current liabilities		
Current portion of bank borrowings due for repayment within one year	**97,959**	189,970
Non-current portion of bank borrowings subject to standard clause to demand for immediate repayment	**–**	9,000
Total interest-bearing bank borrowings	**97,959**	198,970

	2022	2021
	HK$'000	*HK$'000*
– Unsecured	**30,159**	125,770
– Secured	**67,800**	73,200
	97,959	198,970

At the end of the reporting period, the maturity dates of the bank borrowings of the Group were as follows:

	2022	2021
	HK$'000	*HK$'000*
Within one year	**97,959**	189,970
After one but within two years	**–**	9,000
	97,959	198,970

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

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Dollar	**25,300**	91,610
Renminbi	**72,659**	107,360
	97,959	198,970

Notes:

(a) Certain banking facilities are subject to the fulfillment of covenants. If the Group was 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, and 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.

As at 31 December 2022, none of covenants relating to the drawn down facilities had been breached (2021: Nil). All 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 2022, total unsecured bank loans of approximately HK$25,300,000 (2021: HK$91,610,000) owed by the Company in Hong Kong bore interest at variable rates ranging from 1.65% to 7.99% (2021: 1.56% to 3.01%) per annum.

(c) As at 31 December 2022, total unsecured bank loans of approximately HK$4,859,000 (2021: HK$34,160,000) owed by the subsidiaries in the PRC bore interests at different fixed rates ranging from 3.75% to 4.60% (2021: 3.75% to 4.60%) per annum.

(d) As at 31 December 2022, total secured bank loans of approximately HK$67,800,000 (2021: HK$73,200,000) owed by certain subsidiaries in the PRC were secured by pledge of land use rights and certain property, plant and equipment with an aggregate carrying amount of approximately HK$26,091,000 (2021: HK$28,830,000) and HK$89,129,000 (2021: HK$108,107,000) respectively. These bank loans bore interest at different fixed rates ranging from 4.05% to 4.35% (2021: 4.00% to 4.35%) per annum.

(e) During the year ended 31 December 2022, all unsecured bank loans of the Company under banking facilities granted by different banks in Hong Kong that contained specific performance covenants had been fully settled (2021: outstanding HK$51,000,000). Pursuant to those specific performance covenants, if Mr. XI Yu ("**Mr. XI**") as the controlling shareholder of Company (i) ceases to be directly or indirectly the single largest shareholder of the Company; (ii) ceases to own directly or indirectly at least 30% of the issued shares with voting rights of the Company; or (iii) ceases to have the management control over the Company, the bank may cancel all or any part of the facility and declare all or any part of the outstanding facility, together with accrued interest, and all other amounts accrued under the banking facility letter immediately due and payable, whereupon all or part of the facility shall be immediately cancelled and all such outstanding amounts shall become immediately due and payable.

(f) Mr. XI confirmed that he owns the direct beneficial interest in 83.66% of the issued share capital of New Universe Enterprises Limited ("**NUEL**"), as such, he is deemed to be interested in the 1,109,303,201 (2021: 1,109,303,201) shares of the Company beneficially held by NUEL, representing approximately 36.54% (2021: 36.54%) of the total issued share capital of the Company as at 31 December 2022 which remains unchange up to the date of this announcement.

13. TRADE AND BILLS PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**59,497**	72,521
Bills payables	**10,242**	6,086
	69,739	78,607

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

	2022	2021
	HK$'000	*HK$'000*
0 to 30 days	**17,040**	27,160
31 days to 60 days	**5,428**	5,754
61 days to 90 days	**3,431**	7,047
Over 91 days	**33,598**	32,560
	59,497	72,521

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

14. SHARE CAPITAL

	Number of shares		Share capital	
	2022	2021	**2022**	2021
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised				
At 1 January and 31 December	**100,000,000**	100,000,000	**1,000,000**	1,000,000
Issued and fully paid				
At 1 January and 31 December	**3,035,697**	3,035,697	**30,357**	30,357

As at 31 December 2022 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.

15. RELATED PARTY TRANSACTIONS

(a) List of related parties

For the years ended 31 December 2022 and 2021, the Directors are of the view that the following entities and persons are related parties to the Group:

Name of the related party	Relationship
NUEL	A shareholder beneficially interested in 36.54% (2021: 36.54%) of the issued share capital of the Company. The Company's Directors, Mr. XI and Ms. CHEUNG Siu Ling are also directors of NUEL.
Sun Ngai International Investment Limited ("**Sun Ngai**")	A company being 100% owned by New Universe Holdings Limited ("**NUHL**"). The Company's Director, Mr. XI and Ms. CHEUNG Siu Ling are also directors of Sun Ngai and NUHL.
Mr. XI Yu	A shareholder of NUEL beneficially interested in 83.66% of the issued share capital of NUEL. Mr. XI is also the director of NUEL, NUHL and Sun Ngai.
Ms. CHEUNG Siu Ling	A shareholder of NUEL beneficially interested in 6.07% of the issued share capital of NUEL. Ms. CHEUNG Siu Ling is also the director of NUEL, NUHL and Sun Ngai.
Zhenjiang Xin Qu Solid Waste Disposal Limited* ("**Zhenjiang Xin Qu**")	An associate of the Group, of which the Company holds an effective equity interest of 24.6%, and the subsidiary, Zhenjiang New Universe Solid Waste Disposal Company Limited ("**Zhenjiang New Universe**") directly holds an equity interest of 30%.

Name of the related party	Relationship
Nanjing Chemical Industry Park Tianyu Solid Waste Disposal Company Limited ("**NCIP**")	An associate of the Group, of which the Company holds an indirectly owned equity interest of 30%.
Liuzhou Xinyu Rongkai Solid Waste Disposal Company Limited* ("**Xinyu Rongkai**")	A joint venture of the Group, of which the Company, being one of the two joint venturers, holds an indirectly owned equity interest of 65% and shares joint control of the joint venture.

(b) Transactions with related parties

	Note	**2022** *HK$'000*	2021 *HK$'000*
Revenue from environmental equipment construction and installation services			
– Xinyu Rongkai	(i)	**4,295**	6,957
Interest income			
– NCIP	(ii)	**6**	13
Rental expenses (included in the administrative expenses of the Group)			
– Sun Ngai	(iii)	**960**	960
Charges on hazardous waste landfill disposal (included in the cost of sales of the Group)			
– Zhenjiang Xin Qu	(iv)	**7,693**	17,075

Notes:

i. Under the joint venture agreement in relation to the establishment of Xinyu Rongkai for the purpose of setting up an integrated hazardous waste treatment centre, which includes an integrated hazardous waste treatment plant and a hazardous waste landfill site located at Liuzhou in Guangxi, the PRC, the Group is entitled to designate contractor to be selected at prevailing market price for constructing the facilities of the joint venture and a wholly owned subsidiary of the Group was selected under a general contract bidding to become the contractor at the total contract sum of RMB48,980,000 (approximately HK$57,796,000) in November 2019 for the construction of the entire phase I incineration facilities. The total contract sum for construction of the phase I incinerator of the joint venture was determined and transacted on arm's length basis. The construction contract does not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

ii. Interest income was arisen on an advance of RMB810,000 (approximately HK$988,000) to NCIP bearing interest rate at 4.0% p.a. for 6 months and repaid on 16 February 2022.

iii. Rental expenses were charged by Sun Ngai for leasing office premises of the Group in Hong Kong. The leases run for a period of one year and the monthly rent was determined in commensurate with the market rate. The tenancy agreements in respect of the rental expenses entered into between the wholly owned subsidiary of the Group, Smartech Services Limited ("**Smartech Services**") and Sun Ngai were de minimis transactions exempted under rule 14A.76(1)(a) of the Listing Rules.

iv. For the year ended 31 December 2022, the charges on hazardous waste landfill disposal paid by 4 (2021: 5) subsidiaries in PRC of the Group to Zhenjiang Xin Qu were 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. These transactions do not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

The Directors 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) Balances with related parties

			Maximum outstanding balance during the year ended	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts due from customers for contract works in relation to a joint venture				
– Xinyu Rongkai	**8,287**	3,186	**8,287**	4,048
Accounts payable for charges on hazardous waste landfill disposal in relation to an associate				
– Zhenjiang Xin Qu	**576**	3,936	**–**	–
Other receivables				
– NCIP	**–**	988	**988**	988

(d) Provision of guarantees to a related party

On 25 September 2020, the Company and the joint venturer, as the joint guarantors, entered into the guarantee agreement with a bank in the PRC to jointly guarantee the repayment obligations of Xinyu Rongkai (a 65% indirectly owned joint venture of the Company) in relation to the bank loan facilities in a total amount of RMB120,000,000 (approximately HK$135,600,000) and the guarantee is effective until 31 December 2027, for the purpose of financing the construction of the integrated hazardous waste treatment project undertaken by Xinyu Rongkai in Liuzhou, Guangxi Province, the PRC.

On 7 December 2022, the Company as the guarantor, entered into the guarantee agreement with another bank in the PRC to guarantee the repayment obligations (in the proportion of 65% interests in Xinyu Rongkai) amounted to RMB5,850,000 (approximately HK$6,611,000) in relation to the short term bank loan being granted to Xinyu Rongkai with a total amount of RMB9,000,000 (approximately HK$10,170,000) for its purpose of general working capital in the PRC and the guarantee is effective until 6 December 2026.

The guarantees disclosed above was not recorded at fair value, as in the opinion of the management, the difference in the interest rates, by comparing the actual rate charged by the bank with this guarantee made available, with the estimated rate that the bank would have charged had the guarantee not been available, is not material.

The banking facilities of Xinyu Rongkai guaranteed by the Company amounting to 65% of RMB129,000,000 (approximately HK$145,770,000) (2021: RMB120,000,000 approximately HK$146,400,000) of which RMB125,100,000 (approximately HK$141,363,000) (2021: RMB116,100,000, approximately HK$141,642,000) was utilised, and loans of approximately RMB93,173,000 (approximately HK$105,285,000) were outstanding as at 31 December 2022 of which approximately RMB84,173,000 is repayable on 21 June 2025 and bearing interest at 4.55% (2021: 4.75%) per annum and RMB9,000,000 is repayable on 6 December 2023 and bearing interest at 3.65% per annum.

The provision of guarantees disclosed above does not constitute a connected transaction or continuing connected transactions under Chapter 14A of the Listing Rules.

16. CONTINGENCIES

(a) Legal contingencies

Legal proceedings were in process against New Universe Environmental Technologies (Jiang Su) Limited ("**NUET(JS)**"), an 82% indirectly owned subsidiary of the Company incorporated in Hong Kong. Two existing shareholders (each a "**Plaintiff**", Mr. YIN Yong Xiang and Mr. SUN Jia Qing, both are the existing directors of Zhenjiang New Universe and each holding 8% of the issued share capital of NUET(JS)) actioned separately against NUET(JS) and alleged that NUET(JS) should immediately pay each Plaintiff accrued and unpaid dividends of approximately HK$26,579,000 (approximately RMB22,478,000) and interest thereon in the amount of approximately RMB4,058,000 (the "**Actions**"). In connection with the Actions, the Jiangsu Zhenjiang Intermediate People's Court in Mainland China (the "**Court**") had approved each of the Plaintiffs' applications to grant each of them an asset preservation order to preserve (the "**Asset Preservation**") 38.54% of the equity rights of Zhenjiang New Universe, a wholly-owned subsidiary of NUET(JS) in the PRC, with effect from 18 March 2022 and, unless extended, will last until the earlier of 17 March 2025 or until the Asset Preservation is lifted by the Court. Although the Court handed down two civil judgments dated 4 January 2023 and 5 January 2023 in respect of the two Actions respectively, both Plaintiffs did not admit to the judgments of the Court and have each submitted a civil appeal both dated 29 January 2023 to request for (i) the revocation of the judgments of the Court; and (ii) NUET(JS) to bear the respective judged costs of the Actions.

As the civil appeals will be transferred to the Jiangsu Province High People's Court in Mainland China for further trial and hearing. As such Actions are still ongoing, the Asset Preservations will continue to remain in effect.

The Group has already recognised the amounts being claimed under the Actions as dividends payable to non-controlling interests of a subsidiary under other payables in the Group's financial statements but no provision has been recognised for any interest claimed under the Actions on those accumulative and rolling amounts payable to the non-controlling interests without fixed terms of payment.

As at 31 December 2022, the amounts accrued in the financial statements for both Plaintiffs were approximately HK$53,504,000 (2021: HK$53,158,000).

(b) **Environmental contingencies**

For the year ended 31 December 2022, the Group's subsidiaries have provided regulated medical waste treatment and disposal services to hospitals and medical clinics, and provided hazardous industrial waste treatment services and industrial sewage treatment and disposal services in Jiangsu Province, the PRC. The related operations require valid operating permission licences for processing specific categories of hazardous waste and/or regulated medical waste and industrial sewage treatment services issued by the Environmental Protection Department of the Jiangsu Province, the PRC. To the best knowledge of the Directors, each of the Group's subsidiaries which carries out treatment operations for hazardous industrial waste treatment and/or regulated medical waste and industrial sewage treatment services has complied with the relevant regulations to ensure continuous renewal of the licences concerned with best efforts, or otherwise, the subsidiary would cease its operations temporarily until the relevant licence(s) is being issued. Save as disclosed therein, for the year ended 31 December 2022 and up to the date of this announcement, the Group's subsidiaries in the PRC have not incurred 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 legislations and regulations, 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.

Save as disclosed herein, there were no other significant contingent liabilities of the Group as at 31 December 2022 (2021: Nil).

17. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period:

(a) The Directors resolved on an unanimous intention to dispose of the lossmaking operation(s) of the Group, including but not limited to the possible disposal of the operating segment of the Group's environmental equipment construction and installation services.

(b) The Directors proposed a final dividend. Details are disclosed in note 10(a).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year of 2022, the Group still have to face the uncertainties caused by the changing containment policy against COVID-19 and the decline in overall local market demand on handling hazardous waste in different industries. The overall performance of the Group in 2022 was on the downtrend as compared to that in 2021.

For the year ended 31 December 2022, the Group's revenue decreased by 19.0% to HK$588,951,000 and the net profit decreased by 91.4% to HK$4,564,000 as compared to the previous year. Total earnings before gross interest and other finance costs, taxation, depreciation and amortisation ("**EBITDA**") in 2022 decreased by 27.8% to HK$109,264,000 as compared to 2021.

For the year ended 31 December 2022, the profit attributable to owners of the Company was HK$7,273,000 (2021: HK$40,419,000), a decrease of 82.0% from 2021.

Equity attributable to owners of the Company as at 31 December 2022 was HK$961,677,000 (2021: HK$1,052,779,000). Total bank borrowings of the Group as at 31 December 2022 was HK$97,959,000 (2021: HK$198,970,000). Cash and cash equivalents of the Group as at 31 December 2022 was HK$270,279,000 (2021: HK$302,074,000).

Environmental Treatment and Disposal Services for Industrial and Medical Wastes

For the year ended 31 December 2022, the Company's subsidiaries had collected from external customers for treatment and disposal in aggregate of approximately 100,096 metric tonnes (2021: 113,346 metric tonnes) of different hazardous and non-hazardous waste from various cities in Jiangsu Province, and the total segment revenue from the provision of environmental treatment and disposal services for industrial and medical wastes was approximately HK$373,494,000 (2021: HK$456,400,000).

	2022		2021	
	Waste collected and disposed *metric tonnes*	**Segment revenue** *HK$'000*	Waste collected and disposed *metric tonnes*	Segment revenue *HK$'000*
Hazardous industrial waste	**82,553**	**287,654**	102,914	408,252
Regulated medical waste	**14,428**	**82,973**	7,616	45,406
General industrial solid waste and others	**3,115**	**2,867**	2,816	2,742
Total	**100,096**	**373,494**	113,346	456,400

The Group holds interests in two associates, with 30% equity interest in Zhenjiang Xin Qu which was licensed for landfilling 20,000 metric tonnes of hazardous industrial waste per annum, and 30% equity interest in NCIP which was licensed for collection, incineration and disposal of 38,000 metric tonnes of hazardous industrial waste per annum in the PRC. The attributable results of Zhenjiang Xin Qu and NCIP are accounted for on equity method and classified under the operating segment of environmental treatment and disposal services for industrial and medical wastes of the Group. For the year ended 31 December 2022, the Group shared a net profit of HK$2,209,000 from Zhenjiang Xin Qu (2021: shared a net profit of HK$6,164,000) and shared a net loss of HK$9,459,000 (2021: shared a net loss of HK$12,553,000) from NCIP respectively.

The Group holds 65% equity interest in a sino-foreign joint venture, Xinyu Rongkai, which was licensed for collection, incineration and disposal of 20,000 metric tonnes of hazardous industrial waste per annum in Liuzhou, Guangxi Province, the PRC. The attributable results of Xinyu Rongkai is accounted for on equity method and classified under the operating segment of environmental treatment and disposal services for industrial and medical wastes of the Group. For the year ended 31 December 2022, the Group shared a net loss of HK$13,044,000 (2021: shared a net loss of HK$4,440,000).

For the year ended 31 December 2022, the profit margin (pre-tax) of the Group's operating segment of environmental treatment and disposal services for industrial and medical wastes was approximately 5.5% (2021: 10.2%).

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

	Note	**2022** ***Annual capacity*** ***metric tonnes***	2021 *Annual capacity* *metric tonnes*
Subsidiaries in the PRC:			
Licensed hazardous waste incineration facilities		**135,400**	135,400
Licensed epidemic medical waste incineration facilities		**6,080**	6,080
Licensed epidemic medical waste detoxification treatment facilities		**3,300**	3,300
Associated companies in the PRC:			
Licensed hazardous waste incineration facilities		**38,000**	38,000
Licensed hazardous waste landfill facilities		**20,000**	20,000
Joint venture in the PRC:			
Licensed hazardous waste incineration facilities		**20,000**	20,000
Combined licensed waste treatment and disposal facilities	(i)	**222,780**	222,780

Notes:

(i) The combined capacity of the licensed waste treatment and disposal facilities represents the total effective treatment and disposal quantity of hazardous waste allowable to handle under the valid operating permission licences with contribution to the results of the Group as at the end of the reporting period calculated on annualised basis.

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

Environmental Equipment Construction and Installation Services

In 2022, the wholly-owned engineering subsidiary that principally engaged in environmental equipment construction and installation services has focused on its existing contract works. For the year ended 31 December 2022, total revenue recognised from the contract works provided to external customers and to a joint venture was approximately HK$72,810,000 (2021: HK$124,496,000) and the segment loss margin (pre-tax) was approximately 18.1% (2021: profit margin (pre-tax): 2.5%).

Environmental Plating Sewage Treatment Services in Eco-plating Specialised Zone

For the year ended 31 December 2022, total revenue from the operating segment of provision of environmental plating sewage treatment services and provision of leasing facilities and related utilities in the eco-plating specialised zone owned by the Group situated at Zhenjiang, Jiangsu Province, the PRC (the "**Eco-plating Specialised Zone**") was approximately HK$142,647,000 (2021: HK$146,271,000) and the segment profit margin (pre-tax) was approximately 21.6% (2021: 16.5%).

	2022	2021
Average gross floor area of factory buildings and facilities available for leasing *(square metres)*	**101,034**	103,921
Average utilisation rate of buildings and facilities	**96.0%**	93.8%
Plating sewage handled by the centralised sewage treatment plant *(metric tonnes per annum)*	**348,939**	428,314
Average utilisation rate of sewage treatment capacity	**21.1%**	26.0%

The Eco-plating Specialised Zone has a total land area of approximately 180,000 square metres, in which, office building, factory buildings, and centralised filtering plants were built. The office building and centralised sewage filtering and sludge treatment plants were built with a total gross floor area of 19,560 square metres, and factory buildings and facilities with a total gross area of 106,807 square metres and available for leasing to manufacturing clients which undertake their plating-related operations inside the Eco-plating Specialised Zone. The Group owns 22 factory buildings in the Eco-plating Specialised Zone which are leased by 38 (2021: 41) manufacturing clients as at 31 December 2022. 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.

Investments in Plastic Materials Dyeing Business

The Group holds the equity interests in three manufacturing entities, which principally engaged in plastic materials dyeing in the PRC, as equity investments. For the year ended 31 December 2022, 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 2.4%, 2.1% and 2.3% (2021: 3.9%, 1.7% and 3.2%) respectively.

For the year ended 31 December 2022, total dividend received by the Group (before PRC dividend withholding tax) in relation to the results of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei in previous year was approximately HK$4,249,000 (2021: HK$4,637,000).

BUSINESS OUTLOOK

For the year ended 31 December 2022, the Group has still encountered down-turning in revenue from operations in the cities where there was increase in regulated medical waste but decrease in hazardous industrial waste. The Group was able to resolve issues on logistics of hazardous waste collection and transportation across different restricted districts to avoid the possible spreading of COVID-19. Owing to the changing market demand, the Group had to account prudently for the continuous under-performing accounts receivable from certain distressed clients during COVID-19 period. Nevertheless, the Group commits to uphold the national directions toward environmental protection and keep up the waste processing facilities and standards. Entering 2023, the Group has well-prepared for ensuring licence renewal for its subsidiaries that would be granted on time with minimal downtime for necessary fine-tuning of the incineration facilities and hazardous waste management system required under the stricter compliance standards in recent years.

As at 31 December 2022, the existing incineration capacity owned by the four subsidiaries of the Company for handling hazardous waste in the PRC was 135,400 metric tonnes per annum. The centralised sewage filtering system in the Eco-plating Specialised Industrial Zone and its sewage filtering plant has been kept fine-tuning to good conditions.

The Group continues to uphold corporate governance practice and environmental governance, and would ensure smooth and stable operation of the whole Group and adapt to all changes that might be caused by the impact of COVID-19. The business environment in which the Group operates is filled with uncertainties and challenges, as such, the Group will continue to focus on environmental related business and explore for opportunities prudently in a timely manner for business restructuring and industrial upgrade to improve sustainable performance of its environmental operations. The Company is also conducting a review on its current business operations and financial position with a view to allocate its resources more effectively; to diversify its resources and broaden its income sources; to divest in the business operations which had not performed well as expected; and to accelerate the Group's growth and improve its profitability. Further, in view of the unsatisfactory performance of the environmental equipment construction and installation services business, the Group will consider different alternatives to improve the overall performance of the Group which include a disposal of the lossmaking business.

FINANCIAL REVIEW

The summary of annual results for the year ended 31 December 2022 together with corresponding figures for 2021 is presented as follows:

Summary of annual results

(Expressed in HK$'000 unless indicated otherwise)

		Year ended 31 December		
		2022	2021	**Change**
	Note	***HK$'000***	*HK$'000*	**%**
Revenue from environmental treatment and disposal services for industrial and medical wastes		**373,494**	456,400	-18.2
Revenue from environmental equipment construction and installation services		**72,810**	124,496	-41.5
Revenue from environmental industrial sewage treatment, utilities, management services, and factory facilities		**142,647**	146,271	-2.5
Total Revenue	1	**588,951**	727,167	-19.0
Average gross profit margin *(in percentage)*	2	**20.3**	26.4	-23.1
Other revenue	3	**4,249**	4,637	-8.4
Other income	4	**11,416**	7,407	+54.1
Gain on disposal of a subsidiary	5	**27,303**	–	–
Distribution costs	6	**24,727**	23,916	+3.4
Administrative expenses	7	**59,025**	59,718	-1.2
Other operating expenses	8	**30,747**	17,826	+72.5
Impairment loss on trade receivables, net	9	**3,388**	28,685	-88.2
Finance income	10	**5,652**	4,140	+36.5
Finance costs	11	**5,693**	6,521	-12.7
Share of results of associates	12	**(7,250)**	(6,389)	+13.5
Share of results of a joint venture	13	**(13,044)**	(4,440)	+193.8
Income tax	14	**19,539**	7,436	+162.8
Net profit for the year	15	**4,564**	52,918	-91.4
Profit attributable to owners of the Company	15	**7,273**	40,419	-82.0
Basic EPS *(in HK cents)*	16	**0.24**	1.33	-82.0
Diluted EPS *(in HK cents)*	16	**0.24**	1.33	-82.0
EBITDA	17	**109,264**	151,348	-27.8

Summary of annual results by semi-annual cycle

(Expressed in HK$'000 unless indicated otherwise)

	Note	**1H 2022** *HK$'000*	**2H 2022** *HK$'000*	**Total 2022** *HK$'000*
Revenue from environmental treatment and disposal services for industrial and medical wastes		**186,823**	**186,671**	**373,494**
Revenue from environmental equipment construction and installation services		**4,309**	**68,501**	**72,810**
Revenue from environmental industrial sewage treatment, utilities, management services, and factory facilities		**74,453**	**68,194**	**142,647**
Total Revenue	1	**265,585**	**323,366**	**588,951**
Average gross profit margin *(in percentage)*	2	**20.9**	**19.7**	**20.3**
Other revenue	3	**4,249**	**–**	**4,249**
Other income	4	**2,674**	**8,742**	**11,416**
Gain on disposal of a subsidiary	5	**27,303**	**–**	**27,303**
Distribution costs	6	**14,630**	**10,097**	**24,727**
Administrative expenses	7	**30,003**	**29,022**	**59,025**
Other operating expenses	8	**8,189**	**22,558**	**30,747**
Impairment loss on trade receivables, net	9	**–**	**3,388**	**3,388**
Finance income	10	**958**	**4,694**	**5,652**
Finance costs	11	**3,149**	**2,544**	**5,693**
Share of results of associates	12	**(3,643)**	**(3,607)**	**(7,250)**
Share of results of a joint venture	13	**(6,939)**	**(6,105)**	**(13,044)**
Income tax	14	**11,409**	**8,130**	**19,539**
Net profit/(loss) for the period	15	**12,807**	**(8,243)**	**4,564**
Profit/(loss) attributable to owners of the Company	15	**14,761**	**(7,488)**	**7,273**
Basic EPS *(in HK cents)*	16	**0.49**	**(0.25)**	**0.24**
Diluted EPS *(in HK cents)*	16	**0.49**	**(0.25)**	**0.24**
EBITDA	17	**67,887**	**41,377**	**109,264**

	Note	1H 2021 HK$'000	2H 2021 HK$'000	Total 2021 HK$'000
Revenue from environmental treatment and disposal services for industrial and medical wastes		235,819	220,581	456,400
Revenue from environmental equipment construction and installation services		–	124,496	124,496
Revenue from environmental industrial sewage treatment, utilities, management services, and factory facilities		71,804	74,467	146,271
Total Revenue	1	307,623	419,544	727,167
Average gross profit margin *(in percentage)*	2	30.7	23.2	26.4
Other revenue	3	4,637	–	4,637
Other income	4	3,414	3,993	7,407
Distribution costs	6	8,823	15,093	23,916
Administrative expenses	7	30,517	29,201	59,718
Other operating expenses	8	7,241	10,585	17,826
Impairment loss on trade receivables, net	9	–	28,685	28,685
Finance income	10	3,270	870	4,140
Finance costs	11	3,164	3,357	6,521
Share of results of associates	12	(4,138)	(2,251)	(6,389)
Share of results of a joint venture	13	(1,713)	(2,727)	(4,440)
Income tax	14	11,042	(3,606)	7,436
Net profit for the period	15	38,984	13,934	52,918
Profit attributable to owners of the Company	15	28,746	11,673	40,419
Basic EPS *(in HK cents)*	16	0.95	0.38	1.33
Diluted EPS *(in HK cents)*	16	0.95	0.38	1.33
EBITDA	17	95,133	56,215	151,348

Notes:

1. Net decrease in total revenue for the year ended 31 December 2022 was mainly attributable to:

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

   (ii) a substantial decrease in revenue from the environmental equipment construction and installation services.

2. Decrease in gross profit margin of the Group for the year ended 31 December 2022 was mainly attributable to increase in outsourcing landfill cost for disposal of the secondary residues and ashes produced by the incineration process of the Group.

3. Net decrease in other revenue for the year ended 31 December 2022 was mainly attributable to decrease in total dividends declared by the equity investments in the current year.

4. Net increase in other income for the year ended 31 December 2022 was mainly attributable to increase in the PRC governmental incentive subsidies received in the current year.

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

6. Net increase in distribution costs for the year ended 31 December 2022 was mainly attributable to the increase in marketing agency fees in the current year to ensure stable supply and transportation of industrial hazardous waste in the province.

7. Net decrease in administrative expenses for the year ended 31 December 2022 was mainly attributable to decrease in staff remuneration and welfare during the year.

8. Net increase in other operating expenses for the year ended 31 December 2022 was mainly attributable to increase in costs on litigations incurred in the current year.

9. Decrease in impairment loss on trade receivables was mainly attributable to increase in amounts recovered from over-aged receivables in the current year.

10. Net increase in finance income for the year ended 31 December 2022 was mainly attributable to the increase in net exchange gain on financing activities in the current year.

11. Net decrease in finance costs for the year ended 31 December 2022 was mainly attributable to the decrease in interest-bearing borrowings of the Group in the current year.

12. Net increase in loss shared from the associates for the year ended 31 December 2022 was mainly attributable to the decline in overall business performance of both associates in the current year.

13. Net increase in loss shared from the joint venture, Xinyu Rongkai, for the year ended 31 December 2022 was mainly attributable to the lower market demand on hazardous waste disposal services in Liuzhou in the current year.

14. Net increase in income tax for the year ended 31 December 2022 was mainly attributable to:

    (i) over-provision of PRC Corporate Income Tax for the year ended 31 December 2021 arisen from one-off national preferential tax policy in favour of environmental operations of the Group that did not recur in the current year; and

    (ii) increase in deferred tax effect on temporary differences arisen on increase in ECL allowance for the year ended 31 December 2021 that did not recur in the current year.

15. For the year ended 31 December 2022, the decreases in net profit of the Group and net profit attributable to owners of the Company were and mainly attributable to:

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

    (ii) a substantial decrease in revenue from the environmental equipment construction and installation services which recorded a net loss owing to the irrecoverable costs incurred on overrun projects;

    (iii) a significant increase in the share of loss from the joint venture company, Xinyu Rongkai; and

    (iv) an increase in litigation expenses incurred in the current year.

16. Decrease in earnings per shares ("**EPS**") was directly attributable to the decrease in net profit in 2022.

17. Decrease in EBITDA for the year ended 31 December 2022 was mainly attributable to the decrease in net profit of the Group in the current year.

Seasonality of operations

For the year ended 31 December 2022, the operation of providing environmental treatment and disposal services for industrial and medical wastes was the key driver of revenue of the Group which encountered a relatively higher demand in the first half of the year.

For the year ended 31 December 2022, the environmental treatment and disposal services for industrial and medical wastes though still being affected by the impact of COVID-19 which recorded a revenue of HK$373,494,000 (2021: HK$456,400,000) and pre-tax profit of HK$20,629,000 (2021: HK$46,386,000) with revenue of approximately 50.1% (2021: 51.7%) being accumulated in the first half of the year and approximately 49.9% (2021: 48.3%) being accumulated in the second half of the year.

Capital expenditure

For the year ended 31 December 2022, the Group incurred capital expenditure to increase property, plant and equipment and to acquire land use rights for the operating segment of (i) environmental treatment and disposal services for industrial and medical wastes amounted to approximately HK$21,954,000 (2021: HK$24,824,000), (ii) environmental equipment construction and installation services amounted to HK$61,000 (2021: HK$1,235,000); (iii) industrial sewage and sludge treatment and facility provision services in the Eco-plating Specialised Zone amounted to approximately HK$2,959,000 (2021: HK$1,684,000), and (iv) head office for corporate use in Hong Kong being HK$7,000 (2021: HK$1,730,000).

Commitments

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

	2022	2021
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Capital expenditure in respect of property, plant and equipment	**22,464**	20,624
– Capital contribution to an equity investment	**15,976**	15,976

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

Liquidity, financial resources and gearing

(a) For the year ended 31 December 2022, the Group financed its operations and made payment of debts and liabilities due timely with internally generated cash flows and banking facilities.

(b) The Group remained stable in its financial position with equity attributable to owners of the Company amounted to approximately HK$961,677,000 as at 31 December 2022 (2021: HK$1,052,779,000) and consolidated total assets amounted to approximately HK$1,514,046,000 as at 31 December 2022 (2021: HK$1,784,011,000).

(c) The Company did not have any equity fund raising activity within the past twelve months immediately prior to the date of this announcement (2021: Nil).

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

		2022	2021
		HK$'000	*HK$'000*
(i)	Cash and bank balances	**270,279**	302,074
(ii)	Available unused unsecured banking facilities	**39,041**	14,640

Key Performance indicators

(a) EBITDA represents the EBITDA of the Company and subsidiary companies. EBITDA is defined as earnings before gross interest and other finance costs, taxation, depreciation and amortisation. The Group considers EBITDA to be a performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA of the Group was HK$109,264,000 for the year ended 31 December 2022 (2021: HK$151,348,000).

Reconciliation of consolidated net profit for the year to EBITDA is set out as follows:

	2022	2021
	HK$'000	*HK$'000*
Profit for the year	**4,564**	52,918
Add:		
Depreciation on property, plant and equipment	**75,715**	80,332
Depreciation on right-of-use assets	**3,753**	4,141
Gross interest expenses	**5,693**	6,521
Income tax	**19,539**	7,436
EBITDA for the year	**109,264**	151,348

(b) The Company monitors its financial and earnings performance of the associates through EBITDA by cancelling the effects of the associates' capital, financing and tax entity structure. Set out below is the EBITDA of the associates of the Company for the two years ended 31 December 2022:

	2022	2021
	HK$'000	*HK$'000*
EBITDA of associates:		
Zhenjiang Xin Qu	**14,974**	29,486
NCIP	**(5,475)**	(16,428)

(c) The Group monitors its liquidity through current ratio. The current ratio of the Group representing the ratio of the consolidated current assets to the consolidated current liabilities was 1.15 times as at 31 December 2022 (2021: 1.02 times).

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

	2022	2021
	HK$'000	*HK$'000*
Bank borrowings	**97,959**	198,970
Lease liabilities	**667**	1,470
Total interest-bearing borrowings	**98,626**	200,440
Total equity (inclusive of non-controlling interests)	**1,075,507**	1,182,810
Gearing ratio	**9.2%**	16.9%

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

Capital structure

There was no significant change to the capital structure of the Company as at 31 December 2022 comparing to that as at 31 December 2021.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 29 March 2021, the registered paid-up capital of Zhenjiang Sinotech Eco-Electroplating Development Limited ("**Zhenjiang Sinotech**"), an indirectly wholly-owned subsidiary of the Company, was reduced from USD34,260,000 to USD25,000,000. Zhejiang Sinotech builds, owns and runs the Eco-plating Specialized Zone. The amount of reduction in capital of Zhenjiang Sinotech amounted to USD9,260,000 (approximately to HK$72,042,000) has been fully remitted back to Fair Time International Limited in Hong Kong, being the immediate holding company of Zhenjiang Sinotech and an indirect wholly-owned subsidiary of the Company, with USD4,660,000 (approximately HK$36,162,000) in September 2021 and USD4,600,000 (approximately HK$35,880,000) in May 2022 respectively.

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

Save as disclosed herein, there were no significant investments nor material acquisition and disposal of subsidiaries, associates and joint ventures of the Company for the year ended 31 December 2022.

Significant investments held and their performance

According to the valuation report prepared by an independent professional valuer, Colliers International (Hong Kong) Limited ("**Colliers International**") (2021: Colliers International), the total fair value attributable to the Group's interests in the equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 31 December 2022 was HK$70,300,000 (2021: HK$80,800,000).

		Fair value attributable to the Group	
	Group's interest	**2022**	2021
		HK$'000	*HK$'000*
Suzhou New Huamei	18.62%	**17,500**	33,300
Danyang New Huamei	24.50%	**7,600**	8,100
Qingdao Huamei	28.67%	**45,200**	39,400
		70,300	80,800

The change in fair value of the equity investments for the year end 31 December 2022 were recognised as other comprehensive income and accounted for in the investment revaluation reserve of the Group.

Impairment testing on goodwill

Goodwill was recognised upon the completion of a business combination in 2007 that currently composed of Zhenjiang New Universe and Yancheng New Universe Solid Waste Disposal Company Limited that principally engaged in environmental waste treatment and disposal services in Jiangsu Province, the PRC which since then being identified as a cash-generating unit. As at 31 December 2022, the assessment on the recoverable amount of this cash-generating unit was conducted with reference to the valuation report prepared by Colliers International (2021: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection with a growth rate at 2.2% (2021: 2.0%) of that cash-generating unit operating with the licensed incineration capacity of hazardous waste 26,400 metric tonnes per annum and licensed disposal capacity of regulated medical waste 3,380 metric tonnes per annum, and at the pre-tax discount rate of 16.61% (2021: 19.50%) having accounted for the risks encountered in the industries. No impairment loss to the goodwill was considered necessary for the two years ended 31 December 2022 and 2021.

Impairment testing on interest in an associate, NCIP

As at 31 December 2022, the assessment on the recoverable amount of the Group's interest in NCIP, that principally engaged in environmental waste treatment and disposal services in Nanjing, Jiangsu Province, the PRC, was conducted with reference to the valuation report prepared by Colliers International (2021: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection of NCIP with a growth rate at 2.2% (2021: 2.0%) of NCIP as cash-generating unit with the licensed incineration capacity of hazardous waste 38,000 metric tonnes per annum, and at the pre-tax discount rate of 15.74% (2021: 18.03%) having accounted for the risks encountered by NCIP in the industries. No impairment loss to the Group's interest in NCIP was considered necessary for the two years ended 31 December 2022 and 2021.

Charges on assets

As at 31 December 2022, the following assets of the Group were pledged as collaterals for banking facilities granted and other ordinary business of the Group:

	2022	2021
	HK$'000	*HK$'000*
Carrying amount of collaterals:		
Property, plant and equipment	**89,129**	108,107
Land use rights	**26,091**	28,830
Restricted bank deposits	**5,119**	8,191
	120,339	145,128

	2022	2021
	HK$'000	*HK$'000*
Secured liabilities and guarantee issued:		
Secured bank borrowings	**67,800**	73,200
Bills payables	**10,242**	6,086
Bank guarantees issued in favour of external customers for undertaking contract works	**–**	2,105
	78,042	81,391

Contingent liabilities

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

Notes:

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

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

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

Save as disclosed herein, there were no other significant contingent liabilities of the Group as at 31 December 2022 (2021: Nil).

Employee information

As at 31 December 2022, the Group had 655 (2021: 651) full-time employees, of which 18 (2021: 17) were based in Hong Kong, and 637 (2021: 634) in Mainland China. For the year ended 31 December 2022, staff costs, including Directors' remuneration and amount capitalised as inventories was HK$110,231,000 (2021: HK$108,986,000). 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 continuous development and training.

Exposure to fluctuations in exchange rates

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

The results of the Company's subsidiaries in Mainland China 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 Company's subsidiaries in Mainland China are translated from RMB into HK$ at the closing rate ruling at the end of the reporting period. For the year ended 31 December 2022, RMB depreciated on average relatively to the HK$ resulted in an overall downside exchange difference on translation, associates and a joint venture from RMB to HK$ for the financial statements of the subsidiaries in Mainland China in an aggregate of approximately HK$82,937,000 (2021: upside difference HK$37,883,000) that were recognised as other comprehensive income and accumulated separately in equity in the translation reserve of the Company in the current year, and there was a downside exchange difference of HK$2,591,000 (2021: Nil) arisen on the disposal of a PRC subsidiary that was recognised to the profit or loss of the Company during the year. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss as when the interests in the relevant subsidiaries in Mainland China 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. Since the outbreak of COVID-19 started from early 2020, there were different precautionary and control measures being implemented in Mainland China. The operations of the Group located mainly in the Jiangsu Province are expected to resume normal gradually and revive upon those strict measures are being relaxed. As of the date of approval of this consolidated financial statements, the Directors consider that there is no material uncertainty as a result of COVID-19 that casts a doubt on the Group's ability to carry on its business as a going concern in the next twelve months.

2. The Group is dependent of the continuous renewal of hazardous waste operating permission licences to be granted by the PRC Government. The environmental business of the Group involving in collection, storage, incineration, landfill, treatment and final disposal of hazardous waste in Mainland China requires operating permission licences for handling hazardous waste and the operating permission licences for handling epidemic medical waste issued by the Environmental Protection Bureau of Jiangsu Province and local environmental authorities. There is a risk that the hazardous waste operating permission licence(s) of the Group may be suspended temporarily or withdrawn or the renewal of which may be delayed and subject to the compliance with the PRC Governmental directions for renovation and reconstruction.

The Group commits to ensure the continuous renewal of all necessary licences for its operations and to ensure all subsidiary entities engaging in environmental operations maintain and continuously uphold their operating standards and waste management standards and technically renovate the facilities in order to comply with the environmental policies, standards, and legislations as promulgated by the PRC Government from time to time.

3. The Group faces competition in the market of hazardous waste collection for treatment and disposal services from other operators in the environmental hazardous waste treatment industry.

   The Group has to continuously upkeep its facilities and provide continuous staff development, and to strengthen hazardous waste decomposition technology, its waste management standard and financial stability in order to compete with the increasing number of competitors in treatment of hazardous waste sector with more financial resources to develop larger scaled waste disposal and recycling facilities, better standards and technology to the compliance with all national and international environmental regulations, and better technical know-how than we have.

4. Owing to the increasing number of hazardous waste disposal companies being granted license to operate currently in the market, and the quantity of hazardous waste produced from upstream manufacturers has not increased relatively, it resulted in keen competition of hazardous waste among disposal companies. The competition has become fierce, and it has also increased the bargaining power of the intermediary agency in hazardous waste distribution market. Intermediary agency fee will be determined on the quantity of hazardous waste discharged by a cooperative hazardous waste disposal unit. Intermediary agency fee would constitute one of the major costs to an entity running hazardous waste disposal operations and affect the Group's profitability performance.

   The Group will strengthen its own marketing function and the contractual relationship with all existing clients as well as the operative relationship with the intermediary agencies emerging in the market in order to ensure the Group operate in a stable manner under the transitional change.

5. The Group engages in hazardous waste incineration to reduce quantity of hazardous waste and to decompose hazardous waste through high temperature incineration process, to landfill the hazardous waste and post incineration residue, and handling industrial sewage discharging by clients in an industrial zone that faces environmental and social responsibility risks, which might be caused by incidental breach of environmental emission limits, incidental safety issues, contamination to land, and incidental adverse waste discharging conditions caused by clients, and which could have negative impact to the environmental waste treatment operations of the Group.

   The Group has sought for high quality plant construction design, and implemented stringent controls over the construction of new projects. The Group has to continuously upgrade the efficiency of the existing plant and equipment and to enhance the project management standards from time to time. The Group has its own project management team and will appoint independent professionals to report on environmental emissions periodically and to monitor all possible environmental impact to the society.

6. The Group engages in the provision of environmental equipment construction and installation services and bidding for contract works of setting up hazardous waste incinerators with specifications stipulated under contracts with the projects' stakeholders. The Group undertakes contract works for construction and installation of hazardous waste incinerators would encounter technical risks that the resulting facilities built might not meet the changing policies of local environmental authorities and would result in the investors of private capital might withdraw from the projects prematurely. The contract works for setting up hazardous waste incinerators would also face the contract change risks arising from imperfect project plan and design, changes in technical specifications and changes in stakeholders' requirements that lead to delay and suspension of the services provided by the Group.

   The Group would leverage on its experience in successful bidding for contract works for construction and installation of environmental equipment since 2016. The Group has formulated construction schedule based on the specifications of contract works, and recorded the completion of milestones and kept tracking of each project's progress. The Group has conducted special inspection in respect of safety, environment and quality of the construction on site to mitigate overall enterprise risks thereon the operations. The Group will also review from time to time the risks brought by further investment in the construction industry of environmental equipment to the overall performance of the Group.

7. The scale of the Group's operations has changed moderately which, from time to time, increases the significance of internal control risks arising from the uncertainties of effectiveness and achievement of the objective of risk management and internal control systems, or ineffectiveness of the internal control due to any defective critical point subsisted in the risk management and internal control systems or any improper internal control measure.

   The Group has continuously monitored the effectiveness of the risk management and internal control systems of the Group by appointing independent professional consultants to carrying out internal control review on all key operations of the Group periodically. The Group has assigned designated staffs to monitor each key operation of the Group who would strengthen the liaison between the Group's headquarter in Hong Kong, head office in Zhenjiang and all project companies, and from time to time, keep informed of the status of the projects and ensure the top management's policies are being implemented in a timely and effective manner.

8. The impact of economic conditions on local industries in Mainland China would affect the quantities of hazardous waste discharged and the treatment service pricing for the specific market offered by specific client base of the Group for environmental waste treatment and disposal services.

   The Group has to continue its business strategy to strengthen penetration of different geographical markets and thereby to reduce its dependency on the specific markets.

9. Loss of key personnel and lack of appropriately experienced human resources would result in a delay in achieving the Group's strategic goals and development of new projects.

   The Company has to review the organisational structure of the Group and responsibilities and duties of all key staff members regularly and to mitigate any possible loss on human capital by regular reviews of recruitment and retention practices, remuneration packages and succession planning within the management team and to motivate the staff by implementation of the share option scheme of the Company.

10. The Group faces significant increases in credit risk which are mainly attributable to the increase in underperforming accounts receivable from distressed clients during the period of increasing economic uncertainty and emergency services called up by local authorities during the impact of COVID-19. The Company faces the challenge of inputing subjective forward-looking information into the assessment of whether credit risk on the accounts receivable has increased significantly. The Company would perform both individual and collective assessments on the recoverability of underperforming accounts due from clients grouped by locations in different industrial parks in Jiangsu Province, the PRC. As all clients of the Group have to comply with strict environmental regulations to timely handle the hazardous waste produced in their manufacturing process, they have to engage with qualified service provider(s) to collect, manage, decompose and finally landfill their hazardous waste produced in order to avoid non-compliance penalties or even being ordered to shut down. Those clients facing risks of financial stress from increased economic uncertainty would request for concessions against the current terms of their contracts with the Group, delayed settlement of invoiced amounts, and even involve the local authority in charge of the industrial parks where they located to intervene in mediation.

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

CHANGE IN DIRECTORS' INFORMATION

For the year ended 31 December 2022 and up to the date of this announcement, there were changes in Directors' information as follows:

(a) Mr. ZHENG Zhen resigned as executive Director and member of the executive committee of the Company (the "**Executive Committee**") with effect from 30 June 2022;

(b) Ms. JIANG Qian was appointed as executive Director and member of the Executive Committee with effect from 30 June 2022;

(c) Ms. XI Man Shan Erica was re-designated from executive Director to non-executive Director and resigned as member of the Executive Committee with effect from 30 June 2022; and

(d) Mr. YANG Harry was appointed as an independent non-executive Director with effect from 1 January 2023.

Save as disclosed therein, there is no other significant change in details of the Directors' information since the date of the last annual report of the Company for the year ended 31 December 2021.

Save as disclosed therein, there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2) of Listing Rules.

CHANGE IN INFORMATION OF MANAGEMENT

For the year ended 31 December 2022 and up to the date of this announcement, there was changes in the information of the key management team members of the Company as follows:

(a) Ms. LIU Yuan resigned as the general manager of the Group's wholly owned subsidiary in the PRC, Jiangsu Xin Yu Environmental Technologies Limited* with effect from 1 January 2023, and resigned as the director of the Group's wholly owned subsidiary in the PRC, Jiangsu New Universe Environmental Engineering Management Limited* with effect from 10 January 2023; and

(b) Mr. DAO Lu resigned as the general manager of the Group's wholly owned subsidiary in the PRC, Zhenjiang Sinotech Eco-electroplating Development Limited with effect from 31 August 2022, and he was appointed as the deputy general manager of the Group's wholly owned subsidiary in the PRC, Jiangsu Xin Yu Environmental Technologies Limited* with effect from 1 September 2022.

Save as disclosed therein, there is no other significant change in details of the key management team members' information since the date of the last annual report of the Company for the year ended 31 December 2021.

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

As at 31 December 2022 and 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:

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

(b) A renewed tenancy agreement dated 25 July 2022 was entered into between Sun Ngai as landlord and Smartech Services as tenant for leasing the Office Premises for the period from 1 August 2022 to 31 July 2023 at a monthly rental of HK$80,000.

(c) For the year ended 31 December 2022, total rentals paid by Smartech Services to Sun Ngai were HK$960,000 (2021: HK$960,000).

The above transactions were conducted on terms no less favourable than terms available from independent third parties which were in the ordinary course of business of the Group. The afore-mentioned tenancy agreements entered into between the wholly owned subsidiary of the Group, Smartech Services and Sun Ngai were de minimis transactions exempted under rule 14A.76(1)(a) of the Listing Rules.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Save as disclosed therein, during the year and up to the date of this announcement, the Directors were not aware of any business or interest of the Directors or any substantial Shareholder (as defined under the Listing Rules) and their respective associates that had competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

CONNECTED TRANSACTIONS

There was no connected transactions (defined under the Listing Rules) which were discloseable in the reporting period or any time during the year.

PROVISION OF GUARANTEES TO A AFFILIATED COMPANY

On 25 September 2020, the Company and the joint venturer, as the joint guarantors, entered into the guarantee agreement with a bank in the PRC to jointly guarantee the repayment obligations of Xinyu Rongkai (a 65% indirectly owned joint venture of the Company) in relation to the bank loan facilities in a total amount of RMB120,000,000 (approximately HK$135,600,000) and the guarantee will be effective until 31 December 2027, for the purpose of financing the construction of the integrated hazardous waste treatment project undertook by Xinyu Rongkai at Liuzhou, Guangxi Province, the PRC.

On 7 December 2022, the Company, as guarantor, entered into a guarantee agreement with another bank in the PRC to guarantee the repayment obligations amounted to RMB5,850,000 (approximately HK$6,611,000) based on 65% equity interest in Xinyu Rongkai for a short-term banking facilities in a total amount of RMB9,000,000 (approximately HK$10,170,000) and the guarantee will be effective until 6 December 2026, for general working capital purpose of Xinyu Rongkai.

The banking facilities of Xinyu Rongkai guaranteed by the Company amounting to 65% of RMB129,000,000 (approximately HK$145,770,000) (2021: RMB120,000,000, approximately HK$146,400,000) of which RMB125,100,000 (approximately HK$141,363,000) (2021: RMB116,100,000, approximately HK$141,642,000) was utilised, and loans of approximately RMB93,173,000 (approximately HK$105,285,000) were outstanding as at 31 December 2022 of which approximately RMB84,173,000 is repayable on 21 June 2025 and bearing interest at 4.55% (2021: 4.75%) per annum and RMB9,000,000 is repayable on 6 December 2023 and bearing interest at 3.65% per annum.

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

	For the years ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
Gross amounts of the joint venture's		
Non-current assets	**181,330**	180,744
Current assets	**3,848**	36,677
Current liabilities	**(64,473)**	(30,955)
Non-current liabilities	**(62,317)**	(102,690)
Equity	**58,388**	83,776
The Group's attributable interest in the joint venture		
Gross amount of net assets of the joint venture	**58,388**	83,776
The Group's share of net assets of the joint venture	**37,952**	54,454
Unrealised profit on inter-company transaction eliminated on consolidation	**(2,739)**	(2,464)
Carrying amount of net assets of the joint venture	**35,213**	51,990

LOAN AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT

On 17 August 2018, the Company accepted a banking facility letter dated 28 June 2018 (the "**Facility Letter A**") issued by a bank ("**Bank A**") in Hong Kong with commitment not to demand repayment within the first 2 years. Pursuant to the Facility Letter A, Bank A granted an unsecured term loan facility of up to HK$30,000,000 (the "**Facility A**") to the Company. In accordance with the Facility Letter A, the proceeds of the Facility A shall be used directly for payment of the capital contribution in respect of the Group's interest in Xinyu Rongkai. The unsecured bank loan under the Facility A was fully repaid on 20 December 2022 (31 December 2021: outstanding HK$15,000,000).

On 17 August 2018, the Company accepted a banking facility letter dated 8 August 2018 (the "**Facility Letter B**") issued by a bank ("**Bank B**") in Hong Kong. Pursuant to the Facility Letter B, Bank B granted an unsecured term loan facility of up to HK$15,000,000 (the "**Facility B**") to the Company. The Facility B shall be used to finance the capital expenditure in relation to the environmental operations of the Group. The unsecured bank loan under the Facility B was fully repaid on 10 January 2022 (31 December 2021: outstanding HK$6,000,000).

On 12 December 2017, the Company accepted a banking facility letter (the "**Facility Letter C**") issued by a bank ("**Bank C**") in Hong Kong with commitment not to demand repayment with in the first 2 years. Pursuant to the Facility Letter C, Bank C granted an unsecured term loan facility of up to HK$50,000,000 (the "**Facility C**") to the Company. In accordance with the Facility Letter C, the proceeds of the Facility C shall be used to finance the capital expenditure of the Group in relation to environmental industrial treatment, medical waste treatment and/or environmental sewage treatment project. The unsecured bank loan under the Facility C was fully repaid on 4 August 2022 (31 December 2021: outstanding HK$30,000,000).

Pursuant to each of the facility letters A, B, and C, if Mr. XI (being defined as the Controlling Shareholder in the facility letters) (i) ceases to be directly or indirectly the single largest Shareholder; (ii) ceases to own directly or indirectly at least 30% of the issued Shares with voting rights of the Company; or (iii) ceases to have the management control over the Company, the banks reserve their respective overriding rights at any time with immediate effect to cancel or vary the terms of the facility letters, demand immediate repayment of all outstanding amounts and require provision of immediate cash cover (in the amount notified by the banks) for any future or contingent liabilities upon the occurrence of any events of default.

As at 31 December 2022, Mr. XI, through his beneficial interest in 83.66% of the issued share capital of NUEL, is deemed interested in 1,109,303,201 Shares (2021: 1,109,303,201 Shares), representing 36.54% (2021: 36.54%) of the total issued share capital of the Company beneficially owned by NUEL.

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

In accordance with the requirements under Rule 13.21 of the Listing Rules, disclosure of an obligation arises under Rule 13.18 will be included in the annual and interim reports of the Company for so long as circumstances giving rise to the obligation continue to exist.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors during the year and up to the date of this announcement, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

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 2022.

CORPORATE GOVERNANCE PRACTICES

(a) During the year ended 31 December 2022, the Company has applied the principles of and complied with the code provisions of the Corporate Governance Code set out in Part 2 of Appendix 14 ("**CG Code**") to the Rules Listing, but save for the code provision C.2.1, the Directors confirmed that they were not aware of any other deviation from the CG Code for the year then ended.

(b) Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. With effect from 16 October 2018, Mr. XI, chairman of the Board ("**Chairman**") has assumed the role of both Chairman and chief executive officer of the Company ("**CEO**"). As such, starting from 16 October 2018, the assumption of the dual role of both Chairman and CEO by Mr. XI constitutes a deviation from code provision C.2.1 of the CG Code.

After evaluation of the current situation of the Group and taking into account of the experience and past performance of Mr. XI, the Board is of the opinion that it is appropriate and in the best interest of the Company at the present stage to vest the roles of the Chairman and the CEO of the Company on the same person as it helps to facilitate the execution of the Group's business strategies and maximises the effectiveness of its operation.

In addition, the Board also considers that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and the CEO of the Company; (ii) Mr. XI 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 of the roles of the Chairman and the CEO of the Company on the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions in a timely and efficient manner. However, the Board will continue to review and consider splitting the role of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate.

DIRECTORS' SECURITIES TRANSACTIONS

(a) The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in The Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

(b) With specific enquiries having been made of all the Directors, all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2022.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing his confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company 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 B.2.3 set out in Part 2 of Appendix 14 to the Listing Rules, the further appointment of each of them should be subject to a separate resolution to be approved by the shareholders at the annual general meeting. The Board considers each of Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred to be independent.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive Directors, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, Mr. HO Yau Hong, Alfred and Mr. YANG Harry, has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2022.

INDEPENDENT REVIEW

This preliminary announcement of the Company's consolidated results for the year ended 31 December 2022 has been reviewed by and agreed with the Company's independent auditor, Crowe (HK) CPA Limited.

PROPOSED FINAL DIVIDEND

On 24 March 2023, the Board recommended the payment of a final dividend of HK$0.0038 per share at a payout ratio of approximately 158.6% of the profit attributable to the owners of the Company for the year ended 31 December 2022 to express gratitude to the continuous supports of the shareholders among the uncertainties during the COVID-19, which is subject to the approval of the shareholders at the forthcoming annual general meeting (the "**AGM**"). Upon shareholders' approval at the AGM, the final dividend is expected to be payable on or about 31 July 2023 to shareholders whose names appear on the register of members on 9 June 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will not be closed for the purpose of ascertaining the right of shareholders to attend and vote at the forthcoming Annual General Meeting to be held on Thursday, 18 May 2023. However, in order to qualify for attending and voting at the forthcoming Annual General Meeting, all transfers documents accompanied by the relevant share certificates must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 May 2023.

The register of members of the Company will be closed for the purpose of ascertaining the entitlement of shareholders to the proposed final dividend at the Annual General Meeting from Tuesday, 6 June 2023 to Friday, 9 June 2023, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to the approval of shareholders at the Annual General Meeting), all transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 5 June 2023.

PUBLICATION OF DETAILED FINANCIAL AND RELATED INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the website of the Company (www.nuigl.com) and the Stock Exchange (www.hkexnews.hk). The Company's annual report 2022, containing all the information required by Appendix 16 of the Listing Rules, will be dispatched to shareholders and made available on the above websites in due course.

By Order of the Board
New Universe Environmental Group Limited
XI Yu
Chairman

Hong Kong, 24 March 2023

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

Mr. XI Yu	*(Chairman, Chief Executive Officer and Executive Director)*
Ms. CHEUNG Siu Ling	*(Executive Director)*
Ms. JIANG Qian	*(Executive Director)*
Ms. LIU Yu Jie	*(Executive Director)*
Mr. HON Wa Fai	*(Executive Director)*
Ms. XI Man Shan Erica	*(Non-executive Director)*
Dr. CHAN Yan Cheong	*(Independent Non-executive Director)*
Mr. YUEN Kim Hung, Michael	*(Independent Non-executive Director)*
Mr. HO Yau Hong, Alfred	*(Independent Non-executive Director)*
Mr. YANG Harry	*(Independent Non-executive Director)*

* *For identification purpose only*