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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

- Total revenue for the six months ended 30 June 2022 decreased by 13.7% to HK\$265,585,000 compared to HK\$307,623,000 for the corresponding period in 2021.
- Net profit for the six months ended 30 June 2022 decreased by 67.1% to HK\$12,807,000 compared to HK\$38,984,000 for the corresponding period in 2021.
- Profit attributable to owners of the Company for the six months ended 30 June 2022 decreased by 48.7% to HK\$14,761,000 compared to HK\$28,746,000 for the corresponding period in 2021.
- Equity attributable to owners of the Company was approximately HK\$998,101,000 at 30 June 2022 compared to HK\$1,052,779,000 at 31 December 2021.
- Cash and cash equivalents of the Group was approximately HK\$310,380,000 at 30 June 2022 compared to HK\$302,074,000 at 31 December 2021.
- Total earnings per share attributable to owners of the Company for the six months ended 30 June 2022 were HK cents 0.49 compared to HK cents 0.95 for the corresponding period in 2021.
- The Board resolved not to declare a dividend for the six months ended 30 June 2022.

The board of directors (the “**Directors**”) of New Universe Environmental Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$’000	HK\$’000
Revenue	3(a)	265,585	307,623
Cost of sales		(210,000)	(213,322)
Gross profit		55,585	94,301
Other revenue	4	4,249	4,637
Other net income	5	2,674	3,414
Gain on disposal of interest in a subsidiary	6	27,303	–
Distribution costs		(14,630)	(8,823)
Administrative expenses		(30,003)	(30,517)
Impairment loss on other receivables		(238)	–
Other operating expenses	8	(7,951)	(7,241)
Operating profit		36,989	55,771
Finance income	7	958	3,270
Finance costs	7	(3,149)	(3,164)
Finance (costs)/income, net	7	(2,191)	106
Share of results of associates		(3,643)	(4,138)
Share of results of a joint venture		(6,939)	(1,713)
Profit before taxation	8	24,216	50,026
Income tax	9	(11,409)	(11,042)
Profit for the period		12,807	38,984
Attributable to:			
Owners of the Company		14,761	28,746
Non-controlling interests		(1,954)	10,238
		12,807	38,984
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	10		
Basic		0.49	0.95
Diluted		0.49	0.95

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	12,807	38,984
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	(38,099)	15,021
– on translation of financial statements of overseas associates	(7,077)	2,988
– on translation of financial statements of an overseas joint venture	(1,985)	892
– release of translation reserve upon disposal of an overseas subsidiary	(2,591)	–
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on equity investments at fair value through other comprehensive income (non-recycling)	(13,200)	10,000
Deferred tax effect relating to changes in fair value of equity investments	(230)	800
Other comprehensive income for the period, net of income tax	(63,182)	29,701
Total comprehensive income for the period	(50,375)	68,685
Attributable to:		
Owners of the Company	(43,070)	56,176
Non-controlling interests	(7,305)	12,509
	(50,375)	68,685

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022 (Unaudited) <i>HK\$'000</i>	31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		694,718	755,547
Right-of-use assets		106,836	111,053
Goodwill		33,000	33,000
Interests in associates		162,534	175,835
Interest in a joint venture		43,066	51,990
Equity investments at fair value through other comprehensive income		67,600	80,800
Deferred tax assets		9,738	10,154
		1,117,492	1,218,379
		1,117,492	1,218,379
Current assets			
Inventories		7,238	6,718
Trade and bills receivables	12	149,988	150,022
Prepayments, deposits and other receivables	13	14,007	35,856
Contract assets		45,409	22,591
Dividends receivable from equity investments		3,930	600
Pledged bank deposits		15,726	8,191
Cash and cash equivalents		310,380	302,074
		546,678	526,052
Assets classified as held for sale		15,281	39,580
		561,959	565,632
		561,959	565,632
Current liabilities			
Bank borrowings		182,320	198,970
Trade and bills payables	14	82,858	78,607
Accrued liabilities and other payables	15	216,828	228,986
Lease liabilities		530	750
Contract liabilities		13,048	38,507
Dividend payable	11	11,839	–
Deferred government grants		2,018	2,057
Income tax payable		4,484	6,094
		513,925	553,971
		513,925	553,971
Net current assets		48,034	11,661
		48,034	11,661
Total assets		1,679,451	1,784,011
		1,679,451	1,784,011
Total assets less current liabilities		1,165,526	1,230,040
		1,165,526	1,230,040

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

	30 June 2022 (Unaudited) <i>Note</i> HK\$'000	31 December 2021 (Audited) HK\$'000
Non-current liabilities		
Lease liabilities	524	720
Deferred government grants	11,826	13,431
Deferred tax liabilities	<u>32,349</u>	<u>33,079</u>
	<u>44,699</u>	<u>47,230</u>
Total liabilities	<u>558,624</u>	<u>601,201</u>
Net assets	<u>1,120,827</u>	<u>1,182,810</u>
Capital and reserves		
Share capital	30,357	30,357
Reserves	<u>967,744</u>	<u>1,022,422</u>
Equity attributable to owners of the Company	998,101	1,052,779
Non-controlling interests	<u>122,726</u>	<u>130,031</u>
Total equity	<u>1,120,827</u>	<u>1,182,810</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The interim financial statements of the Company for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The interim financial statements of the Company for the six months ended 30 June 2022 was authorised for issue on 26 August 2022.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA to this interim financial report for the current accounting period:

Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Costs of Fulfilling a Contract</i>

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and position for the current and prior period or on the disclosures set out in these condensed consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

(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 providing factory facilities.

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Disaggregation by service lines		
– Revenue from hazardous waste incineration and landfill services	186,823	235,819
– Revenue from environmental equipment construction and installation services	4,309	–
– Revenue from industrial sewage treatment services and providing related utilities and management services	57,278	56,729
	248,410	292,548
Revenue from other sources		
– Leasing income from providing factory facilities	17,175	15,075
	265,585	307,623
Timing of revenue recognition in respect of contracts with customers		
– At a point in time	191,132	235,819
– Over time	57,278	56,729
	248,410	292,548

(ii) *Performance obligations*

The transaction prices allocated to the remaining performance obligations as at 30 June 2022 and the expected timing of recognising revenue are as follows:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Within one year	<u>134,137</u>	<u>135,105</u>

(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 services and provision of management services, utilities and leasing out certain factory buildings under operating leases 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 of the Group attributable to each reportable segment for the period under review as follows:

For the six months ended 30 June 2022

	Operating segments				Segment sub-total HK\$'000	Unallocated head office and corporate HK\$'000	Total HK\$'000
	Environmental waste treatment and disposal services HK\$'000	Environmental equipment construction and installation services HK\$'000	Environmental sewage treatment, management services, utilities and facilities HK\$'000	Plastic dyeing investments HK\$'000			
Revenue from external customers	186,823	4,309	74,453	-	265,585	-	265,585
Other revenue	-	-	-	4,249	4,249	-	4,249
Reportable segment revenue	186,823	4,309	74,453	4,249	269,834	-	269,834
Reportable segment results	17,260	(977)	12,854	3,938	33,075	(8,859)	24,216
Other net income	1,807	4	863	-	2,674	-	2,674
Gain on disposal of interest in a subsidiary	27,303	-	-	-	27,303	-	27,303
Finance income	(1,650)	104	2,484	23	961	(3)	958
Finance costs	(1,705)	(7)	(556)	-	(2,268)	(881)	(3,149)
Depreciation of property, plant and equipment	(28,070)	(64)	(10,315)	-	(38,449)	(179)	(38,628)
Depreciation of right-of-use assets	(728)	(199)	(967)	-	(1,894)	-	(1,894)
Impairment loss on other receivables	-	(238)	-	-	(238)	-	(238)
Reportable segment assets at end of reporting period	1,092,337	108,175	366,520	72,601	1,639,633	39,818	1,679,451
Additions to non-current segment assets	5,572	12	2,403	-	7,987	7	7,994
Reportable segment liabilities at end of reporting period	333,536	83,327	96,386	3,801	517,050	41,574	558,624

For the six months ended 30 June 2021

	Operating segments						Total
	Environmental waste treatment and disposal services	Environmental equipment construction and installation services	Environmental sewage treatment, management services, utilities and facilities	Plastic dyeing investments	Segment sub-total	Unallocated head office and corporate	
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Revenue from external customers	235,819	-	71,804	-	307,623	-	307,623
Other revenue	-	-	-	4,637	4,637	-	4,637
Reportable segment revenue	235,819	-	71,804	4,637	312,260	-	312,260
Reportable segment results	47,544	(1,766)	8,960	4,269	59,007	(8,981)	50,026
Other net income	2,608	7	799	-	3,414	-	3,414
Finance income	3,035	261	99	-	3,395	(125)	3,270
Finance costs	(1,375)	(17)	(556)	-	(1,948)	(1,216)	(3,164)
Depreciation of property, plant and equipment	(29,186)	(53)	(10,599)	-	(39,838)	(94)	(39,932)
Depreciation of right-of-use assets	(847)	(198)	(966)	-	(2,011)	-	(2,011)
Reportable segment assets at 31 December 2021	1,152,027	115,301	385,865	81,952	1,735,145	48,866	1,784,011
Additions to non-current segment assets for 12 months ended 31 December 2021	24,824	1,235	1,684	-	27,743	1,730	29,473
Reportable segment liabilities at 31 December 2021	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**

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Consolidated revenue	265,585	307,623
Elimination of inter-segment revenue	–	–
Other revenue	4,249	4,637
	<hr/>	<hr/>
Reportable segment revenue	269,834	312,260
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Reportable segment profit	33,075	59,007
Unallocated head office and corporate expenses, net	(8,859)	(8,981)
	<hr/>	<hr/>
Consolidated profit before taxation	24,216	50,026
	<hr/> <hr/>	<hr/> <hr/>
	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	1,639,633	1,735,145
Unallocated head office and corporate assets	39,818	48,866
	<hr/>	<hr/>
Consolidated total assets	1,679,451	1,784,011
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	517,050	563,055
Unallocated head office and corporate liabilities	41,574	38,146
	<hr/>	<hr/>
Consolidated total liabilities	558,624	601,201
	<hr/> <hr/>	<hr/> <hr/>

(e) **Geographical information**

All revenue and non-current assets of the Group are generated from and located in the People's Republic of China ("PRC"), respectively. Accordingly, no analysis by geographical basis is presented.

(f) **Major customers**

For the six months ended 30 June 2022, there was no major customer accounted for 10% or more of the total revenue of the Group (2021: Nil).

4. OTHER REVENUE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend income from equity investments at fair value through other comprehensive income	4,249	4,637

5. OTHER NET INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Value-added tax refund (<i>note (i)</i>)	1,335	1,699
Government grants (<i>note (ii)</i>)	157	123
Release of deferred governmental grants	1,031	481
Sundry income	151	1,111
	2,674	3,414

Note:

- (i) Value-added tax refund of HK\$1,335,000 (2021: HK\$1,699,000) was recognised as income for the period ended 30 June 2022 in relation to certain environmental operations of the Group in the PRC. 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) Government grants were to subsidise certain hazardous and solid waste treatment projects of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.

6. DISPOSAL OF INTEREST IN A SUBSIDIARY

On 2 March 2022, the Group disposed of the entire equity interests in a wholly-owned subsidiary, Taixing Xin Xin Resources Recycling Company Limited (“**Taixing Xin Xin**”). Upon the completion of the disposal, Taixing Xin Xin ceased to be a subsidiary of the Group.

	<i>HK\$'000</i>
Net assets disposed of:	
Assets of an obsolete plant held for sale	23,830
Other receivables	348
Cash and cash equivalents	1,229
Other payables	(3)
Deferred tax liabilities	(711)
	<u>24,693</u>
	<u><u>24,693</u></u>
Fair value of consideration	51,760
Net assets disposed of	(24,693)
Costs directly attributable to the disposal	(2,355)
Release of translation reserve	2,591
	<u>27,303</u>
Gain on disposal of interest in a subsidiary	<u><u>27,303</u></u>

7. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Finance income from:		
Interest income on short-term bank deposits	1,869	2,058
Net foreign exchange (loss)/gain	(911)	1,212
	<u>958</u>	<u>3,270</u>
Total finance income	958	3,270
Interest expenses on:		
Bank borrowings	3,118	2,588
Other borrowing	–	556
Lease liabilities	31	20
	<u>3,149</u>	<u>3,164</u>
Total finance costs	3,149	3,164
Net finance (costs)/income	<u><u>(2,191)</u></u>	<u><u>106</u></u>

8. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	38,628	39,932
Depreciation of right-of-use assets	1,894	2,011
Operating lease charges for minimum lease payments		
– land and buildings in Hong Kong	540	540
– landfill in the PRC	60	60
Other operating expenses:		
– loss on disposal of property, plant and equipment, net	101	37
– costs on non-compliance incidents	203	649
– legal and professional expenses	2,845	1,623
– research and development expenses	3,471	3,401
– other miscellaneous non-recurring expenses	1,331	1,531
	<u>7,951</u>	<u>7,241</u>
Staff costs (inclusive of Directors' emoluments):		
– salaries, wages and other benefits	45,831	46,794
– contributions to retirement benefit schemes	6,848	5,179
– equity-settled share-based payment expenses	231	214
	<u>52,910</u>	<u>52,187</u>
Total staff costs		
	<u>52,910</u>	<u>52,187</u>
Cost of sales (<i>note</i>)	<u>210,000</u>	<u>213,322</u>

Note:

Included in cost of sales were raw materials of HK\$39,062,000 (2021: HK\$30,681,000), water and electricity of HK\$20,630,000 (2021: HK\$20,987,000), staff costs of HK\$25,891,000 (2021: HK\$22,095,000), and depreciation of HK\$37,867,000 (2021: HK\$38,711,000), and of which staff costs and depreciation have been included in the respective total amount disclosed above.

9. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax	–	–
PRC Corporate Income Tax	8,217	8,401
Under/(over)-provision in respect of prior periods	981	(1,482)
PRC Withholding Dividend Tax	2,460	4,381
	<u>11,658</u>	<u>11,300</u>
Deferred tax		
PRC Withholding Dividend Tax	(2,460)	(4,381)
Origination and reversal of other temporary differences	2,211	4,123
	<u>11,409</u>	<u>11,042</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the periods. No provision for Hong Kong Profits Tax has been made, as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2022 and 2021.
- (iii) The Company's subsidiaries in the 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 the PRC that would be entitled to enjoy a preferential CIT at the rate of 15% (2021: 15%).
- (iv) Dividend distribution from subsidiaries in the PRC to the holding companies of the Group in Hong Kong is subject to a reduced withholding income tax rate of 5% (2021: 5%).

10. 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 for the six months ended 30 June 2022 of HK\$14,761,000 (2021: HK\$28,746,000) and the weighted average number of 3,035,697,018 (2021: 3,035,697,018) ordinary shares of the Company in issue during the period as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2022	2021
Ordinary shares in issue at 1 January and at the end of the period	<u>3,035,697,018</u>	<u>3,035,697,018</u>
Weighted average number of ordinary shares at the end of the period	<u>3,035,697,018</u>	<u>3,035,697,018</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company for the six months ended 30 June 2022 of HK\$14,761,000 and the weighted average number of 3,036,334,123 ordinary shares of the Company for the six months ended 30 June 2022 is calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2022	2021
Weighted average number of ordinary shares at 1 January	3,035,697,018	3,035,697,018
Effect of deemed issue of shares under the Company's share option scheme	<u>637,105</u>	<u>—</u>
Weighted average number of ordinary shares at the end of the period	<u>3,036,334,123</u>	<u>3,035,697,018</u>

For the six months ended 30 June 2021, no assumption has been made for the exercise of share options granted because the exercise price of these share options exceeded the average market prices of the Company's Shares. Accordingly, diluted earnings per share is the same as basic earnings per share for the six months ended 30 June 2021.

11. DIVIDENDS

At the annual general meeting of the Company held on 27 May 2022, a final dividend of HK\$0.0039 (2021: HK\$0.0072) per share in respect of the results for the year ended 31 December 2021 (2021: 31 December 2020) was approved to be payable to the owners of the Company. The final dividend amounted to approximately HK\$11,839,000 was recognised as dividend payable as at 30 June 2022 and has been paid on 29 July 2022 to the shareholders of the Company.

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2022 (2021: Nil).

12. TRADE AND BILLS RECEIVABLES

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Trade receivables	160,133	167,443
Lease receivables	19,998	3,277
Bills receivables	9,335	20,468
	<hr/>	<hr/>
	189,466	191,188
Less: allowance for lifetime ECLs	(39,478)	(41,166)
	<hr/>	<hr/>
	149,988	150,022
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Aging analysis

The ageing analysis of trade and bills receivables (including lease receivables) as of the end of the reporting period, based on the invoice date and net of allowance for lifetime expected credit losses (“ECLs”), is presented as follows:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
0 to 30 days	82,757	62,029
31 to 60 days	22,509	33,272
61 to 90 days	13,282	10,276
91 to 180 days	13,766	9,611
181 to 360 days	12,214	23,742
Over 1 year	5,460	11,092
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	149,988	150,022
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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 environmental integrated treatment and disposal services for industrial waste, sewage and sludge, and an extended average credit period of 180 days to the customers of regulated medical treatment services which are hospitals and medical clinics.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Prepayments	11,320	25,948
Other receivables	2,687	3,344
Contract performance deposits paid	–	6,564
	<u>14,007</u>	<u>35,856</u>

14. TRADE AND BILLS PAYABLES

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Trade payables	66,771	72,521
Bills payable	16,087	6,086
	<u>82,858</u>	<u>78,607</u>

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

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
0 to 30 days	19,749	27,160
31 to 60 days	7,807	5,754
61 to 90 days	3,941	7,047
Over 90 days	35,274	32,560
	<u>66,771</u>	<u>72,521</u>

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

15. ACCRUED LIABILITIES AND OTHER PAYABLES

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Salaries and bonuses payable	7,263	14,415
Accounts payable for acquisition of property, plant and equipment	29,358	32,136
Accrued interest payable	132	194
Costs accrued for land restoration and soil remediation of obsolete plants	28,341	29,552
Other payables and accruals (<i>note</i>)	151,734	152,689
	<u>216,828</u>	<u>228,986</u>

Note:

Included in “Other payables and accruals” as at 30 June 2022 was accumulated non-cash dividend rights equivalent approximately to HK\$50,042,000 in total (31 December 2021: HK\$53,158,000) recognised by the Group in favour of two individual shareholders of the subsidiary, New Universe Environmental Technologies (Jiang Su) Limited (“**NUET(JS)**”, a limited company in Hong Kong), and each of the two individual shareholders is currently interested in 8% of the issued share capital of NUET(JS). The accumulated non-cash dividend rights equivalent approximately to HK\$25,021,000 as at 30 June 2022 (31 December 2021: HK\$26,579,000) have been agreed by each of the two shareholders to be saved aside by NUET(JS) and have no term of release determined yet. On 20 May 2022 and 27 May 2022, NUET(JS) were serviced with two writ of summons respectively from the Jiangsu Zhenjiang Intermediate People’s Court as filed respectively by each of the two shareholders in the PRC to demand NUET(JS) for full payment and interest thereon of the accumulated non-cash dividend rights. The legal cases are still pending for the final judgement. The amounts of other payables concerned is non-interest bearing and have no fixed term of repayment.

16. EVENT AFTER THE REPORTING PERIOD

On 28 July 2022, Zhenjiang New Universe Solid Waste Disposal Company Limited (“**Zhenjiang New Universe**”), an indirect non-wholly owned subsidiary of the Company, entered into an investment agreement (“**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 land already owned by Zhenjiang New Universe with a total area of 2,045 square metres. Pursuant to the Investment Agreement, NUET(JS), the 100% direct holding company 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Environmental Treatment and Disposal Services for Industrial and Medical Wastes

For the six months ended 30 June 2022, the Group had collected from external customers for treatment and disposal in aggregate of approximately 49,614 metric tonnes (2021: 56,720 metric tonnes) of different hazardous and non-hazardous wastes from various cities in Jiangsu Province, the PRC, and the total segment revenue from the provision of environmental treatment and disposal services for industrial and medical wastes was approximately HK\$186,823,000 (2021: HK\$235,819,000).

	For the six months ended 30 June			
	2022		2021	
	Waste collected and disposed <i>metric tonnes</i>	Segment revenue <i>HK\$'000</i>	Waste collected and disposed <i>metric tonnes</i>	Segment revenue <i>HK\$'000</i>
Hazardous industrial waste	40,567	147,778	52,615	215,152
Regulated medical waste	7,443	37,834	3,194	19,809
General industrial solid waste and others	1,604	1,211	911	858
Total	<u>49,614</u>	<u>186,823</u>	<u>56,720</u>	<u>235,819</u>

The Group holds interests in two associates, with 30% equity interest in Zhenjiang Xin Qu Solid Waste Disposal Limited (“**Zhenjiang Xin Qu**”) and 30% equity interest in Nanjing Chemical Industry Park Tianyu Solid Waste Disposal Co., Limited (“**NCIP**”), that are principally engaged in the operations of providing environmental treatment and disposal of hazardous industrial waste services in Jiangsu Province, the PRC. The attributable results of Zhenjiang Xin Qu and NCIP are accounted for using equity method and classified under the operating segment of industrial and medical waste integrated treatment and disposal services. For the six months ended 30 June 2022, the Group shared a net profit of HK\$642,000 (2021: net profit of HK\$3,788,000) from Zhenjiang Xin Qu and shared a net loss of HK\$4,285,000 (2021: net loss of HK\$7,926,000) from NCIP respectively.

The Group also holds 65% equity interest in a sino-foreign joint venture, Liuzhou Xinyu Rongkai Solid Waste Disposal Company Limited* (“**Xinyu Rongkai**”), that is principally engaged in provision of environmental treatment and disposal services for hazardous industrial waste in Liuzhou, Guangxi Province, the PRC. The attributable results of Xinyu Rongkai is accounted for using equity method and classified under the operating segment of industrial and medical waste integrated treatment and disposal services. For the six months ended 30 June 2022, the Group shared a net loss of HK\$6,939,000 (2021: net loss of HK\$1,713,000) from Xinyu Rongkai’s trial operation.

For the six months ended 30 June 2022, the segment profit margin (pre-tax) of the Group’s environmental treatment and disposal of industrial and medical waste services was approximately 9.2% (2021: 20.2%).

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

	Annualised capacity	
	30 June	31 December
	2022	2021
	<i>metric tonnes</i>	<i>metric tonnes</i>
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 treatment and disposal facilities (note)	222,780	222,780

Note:

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 owned by the Group as at the end of the reporting period calculated on annualised basis.

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

Environmental Equipment Construction and Installation Services

The wholly-owned engineering subsidiary, Jiangsu New Universe Environmental Engineering Management Limited*, is principally engaged in provision of environmental equipment construction and installation services to its clients in the PRC. For the six months ended 30 June 2022, total revenue recognised from the contract works provided to the external customers was approximately HK\$4,309,000 (2021: Nil) and the segment recorded a pre-tax loss of approximately HK\$977,000 (2021: pre-tax loss of HK\$1,766,000).

Environmental Plating Sewage Treatment Services in Eco-plating Specialised Zone

For the six months ended 30 June 2022, total revenue from the segment of provision of environmental plating sewage treatment services and provision of related facilities and utilities in the eco-plating specialised zone situated at Zhenjiang, Jiangsu Province, the PRC (the “**Eco-plating Specialised Zone**”) was approximately HK\$74,453,000 (2021: HK\$71,804,000) and the segment profit margin (pre-tax) was approximately 17.3% (2021: 12.5%).

At the end of the reporting periods, the results of the Eco-plating Specialised Zone remained stable and its operations were summarised as follows:

	For the six months ended 30 June	
	2022	2021
Total gross floor area of factory buildings and facilities available for leasing (square metres)	106,808	106,808
Average utilisation rate of buildings and facilities	91.2%	90.2%
Plating sewage handled by the centralised sewage treatment plant (metric tonnes)	194,106	215,713
Average utilisation rate of sewage treatment capacity	23.5%	26.1%

Investments in Plastic Materials Dyeing Business

The Group holds the equity interests in three manufacturing entities, which are principally engaged in plastic materials dyeing in the PRC as long-term equity investments. For the six months ended 30 June 2022, the segment profit margin (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%, 0.5% and 2.8% (2021: 4.9%, 1.7% and 4.2%) respectively.

For the six months ended 30 June 2022, total dividends declared by Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei in relation to their results in 2021 in aggregate of approximately HK\$4,249,000 (2021: HK\$4,637,000) have been recognised and are expected to be distributed to the Group in the fourth quarter of the year.

Outlook

Entering 2022, the Group still has to meet the challenge of the downsizing market of integrated treatment and disposal of hazardous waste and impact of the waning COVID in Jiangsu Province, the PRC. During the six months ended 30 June 2022, the profit margin of the Group declined as comparing to last corresponding period, and the Group has to cope with changes in the market to accept industrial hazardous waste at declining unit prices and to absorb increasing costs on collection and transportation of hazardous waste and increasing costs on landfilling the post-incinerated hazardous residue waste.

As at 30 June 2022, there was no significant change to the combined licensed capacity of the existing four subsidiaries of Group for the collection, storage, detoxification and disinfection treatment, incineration and disposal of hazardous industrial and medical waste from clients in Jiangsu Province, the PRC with a total incineration capacity of 135,400 metric tonnes per annum and other facilities for handling hazardous wastes of 9,380 metric tonnes per annum as compared to 2021. In addition to the Group’s capacity owned and operated by its subsidiaries, the Group has widened its client network and market share through holding joint equity interests in the associate, Zhenjiang Xin Qu which owns a licensed landfill capacity of handling 20,000 metric tonnes of hazardous waste per annum, and in the associate, NCIP which owns a licensed incineration capacity of handling 38,000 metric tonnes of hazardous waste per annum both located in Jiangsu Province, the PRC. Entering 2022, the centralised sewage filtering system in the Eco-plating Specialised Zone was running steadily to handle plating sewage and sludge discharged in the zone, and not only the existing leasing clients in the zone were benefited, and new clients have been motivated to enter the zone.

The Group would keep supporting the development of the joint venture, Xinyu Rongkai, located in Liuzhou, Guangxi Province, the PRC, and the phase I of the integrated hazardous waste incineration facilities, which owns a licensed incineration capacity of handling 20,000 metric tonnes of hazardous waste per annum, has been put into trial-operation in the current period. The joint venture has incurred loss in the current period and its performance is expected to improve gradually in the foreseeable future.

The Group commits to uphold practices of corporate governance and especially environmental governance after experiencing the impact of COVID to the community and the economy of a country. Notwithstanding the Group's operations in hazardous waste treatment industry has been impacted by the changing market demand in the PRC, the Group stays stable in its existing operations and financial position in the first place, continues to focus on environmental related business, and the Group will keep exploring prudently opportunities in a timely manner for business restructuring and industrial upgrade and improve the sustainable performance of its operations. Barring any unforeseeable risks from the global and local economies and uncertainties arising from the COVID, the Group will contain and manage all possible risks that would affect its delivering an improved results performance for the current year.

FINANCIAL REVIEW

A summary of the unaudited consolidated financial information of the Group's for the six months ended 30 June 2022 together with corresponding figures for 2021 is presented as follows:

		For the six months ended 30 June		
	<i>Note</i>	2022	2021	Change%
		HK\$'000	<i>HK\$'000</i>	
Revenue from environmental treatment and disposal services for industrial and medical wastes	1	186,823	235,819	-20.8
Revenue from environmental equipment construction and installation services		4,309	–	–
Revenue from environmental industrial sewage treatment, utilities, management services, and factory facilities		74,453	71,804	+3.7
		<u> </u>	<u> </u>	<u> </u>
Total revenue	1	265,585	307,623	-13.7
		<u> </u>	<u> </u>	<u> </u>
Average gross profit margin (in percentage)	2	20.9	30.7	-31.9
Other revenue	3	4,249	4,637	-8.4
Other net income	4	2,674	3,414	-21.7
Gain on disposal of a subsidiary	5	27,303	–	–
Distribution costs	6	14,630	8,823	+65.8
Administrative expenses	7	30,003	30,517	-1.7
Impairment loss on other receivables		238	–	–
Other operating expenses	8	7,951	7,241	+9.8
Finance income	9	958	3,270	-70.7
Finance costs	10	3,149	3,164	-0.5
Share of net loss of associates	11	(3,643)	(4,138)	-12.0
Share of net loss of a joint venture	12	(6,939)	(1,713)	+305.1
Income tax	13	11,409	11,042	+3.3
Net profit for the period	14	12,807	38,984	-67.1
Profit attributable to owners of the Company	14	14,761	28,746	-48.7
Basic EPS (in HK cents)	14	0.49	0.95	-48.4
Diluted EPS (in HK cents)	14	0.49	0.95	-48.4
EBITDA	15	67,887	95,133	-28.6
		<u> </u>	<u> </u>	<u> </u>

Notes:

1. Net decrease in total revenue for the six months ended 30 June 2022 was mainly attributable to:
 - (i) decrease in quantity of hazardous waste collected and at declining unit prices; and
 - (ii) market demand for hazardous waste disposal services in Jiangsu Province has remained unstable in the current period.
2. Decrease in gross profit margin of the Group for the six months ended 30 June 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 in the current period.
3. Net decrease in other revenue for the six months ended 30 June 2022 was mainly attributable to decrease in total dividends declared by all three equity investments and recognised by the Group in the current period.
4. Net decrease in other net income for the six months ended 30 June 2022 was mainly attributable to the decrease in the refunds of net Value-added Tax paid under preferential tax policy in favour of the environmental-related operations in the PRC owing to the decrease in taxable revenue from the related operations in the current period.
5. Gain on disposal of a wholly-owned subsidiary in the PRC was an one-off income recognised in the current period.
6. Net increase in distribution costs for the six months ended 30 June 2022 was mainly attributable to the increase in marketing agency fees to HK\$8,514,000 in the current period as compared to HK\$3,558,000 in the last corresponding period to ensure stable supply and transportation of industrial hazardous waste in the province.
7. Net decrease in administrative expenses for the six months ended 30 June 2022 was mainly attributable to decrease in administrative expenses to contain COVID in the PRC during the period.
8. Net increase in other operating expenses for the six months ended 30 June 2022 was mainly attributable to increase in costs on litigations incurred in the current period.
9. Net decrease in finance income for the six months ended 30 June 2022 was mainly attributable to the decrease in the interest income from cash deposits placed with banks and the net exchange loss on financing activities in the current period.
10. Net decrease in finance costs for the six months ended 30 June 2022 was mainly attributable to the decrease in interest-bearing borrowings of the Group in the current period.
11. Though there was a decrease in loss shared from the associates for the six months ended 30 June 2022, the loss was mainly attributable to the decline in performance of the associate, Zhenjiang Xin Qu in the current period.

12. Net increase in loss shared from the joint venture, Xinyu Rongkai, for the six months ended 30 June 2022 was mainly attributable to its loss on trial-operation in the current period.
13. Net increase in income tax for the six months ended 30 June 2022 was mainly attributable to the withholding dividend income tax paid on dividends distributed by the Group's subsidiaries in the PRC was recognised in the first half of current year.
14. For the six months ended 30 June 2022, the decreases in net profit of the Group, net profit attributable to owners of the Company, and decrease in EPS were mainly attributable to:
 - (i) decrease in revenue from the operating segment of the hazardous waste treatment and disposal services;
 - (ii) increase in distribution costs on intermediary service charges paid to the agencies in the industrial hazardous waste market during the current period; and
 - (iii) increase in the loss shared from the joint venture, Xinyu Rongkai, in the current period under trial-operation.
15. The Company uses the earnings for the reporting period before interest, taxation, depreciation and amortisation (“**EBITDA**”) to measure the operating results of the Group. Decrease in EBITDA for the six months ended 30 June 2022 was mainly attributable to the decrease in net profit of the Group in the current period.

Seasonality of operations

For the year ended 31 December 2021, the operations of providing environmental treatment and disposal services for hazardous waste in Jiangsu Province has encountered a relatively higher demand in the first half of the year.

For the 12 months ended 30 June 2022, the integrated treatment and disposal services for handling hazardous waste reported a revenue of HK\$407,404,000 (12 months ended 30 June 2021: HK\$531,168,000) and pre-tax profit of HK\$16,102,000 (12 months ended 30 June 2021: HK\$106,365,000).

Capital expenditure

For the six months ended 30 June 2022, the Group incurred capital expenditure to increase property, plant and equipment (i) for the operating segment of environmental treatment and disposal for hazardous waste amounted to approximately HK\$5,572,000 (2021: HK\$8,573,000), (ii) for the operating segment of environmental equipment construction and installation services amounted to approximately HK\$12,000 (2021: HK\$434,000), (iii) for the operating segment of industrial sewage and sludge treatment services and provision of facilities and utilities in the Eco-plating Specialised Zone amounted to approximately HK\$2,403,000 (2021: HK\$1,244,000), and (iv) for corporate use at the head office in Hong Kong amounted to approximately 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:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Contracted for but not provided for:		
– Capital expenditure in respect of property, plant and equipment	18,993	20,624
– Capital contribution to an equity investment	15,976	15,976

Liquidity and financial resources

- (a) For the six months ended 30 June 2022, the Group financed its operations and made payment of debts and liabilities due timely and would finance its contracted capital commitments with internally generated cash flows and banking facilities.
- (b) The Group still remained stable in its financial position with equity attributable to owners of the Company amounted to approximately HK\$998,101,000 (31 December 2021: HK\$1,052,779,000) and consolidated total assets amounted to approximately HK\$1,679,451,000 (31 December 2021: HK\$1,784,011,000) as at 30 June 2022 respectively.
- (c) The Company did not have any equity fund raising activity within the past twelve months immediately prior to the date of this report (2021: Nil).
- (d) At the end of the reporting period, the Group had:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
(i) Cash and bank balances	310,380	302,074
(ii) Available unused unsecured banking facilities	26,520	14,640

Key performance indicators

- (a) The Group monitors the earnings performance of its operations through EBITDA. EBITDA of the Group was HK\$67,887,000 for the six months ended 30 June 2022 (2021: HK\$95,133,000).

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period	12,807	38,984
Add:		
Depreciation on property, plant and equipment	38,628	39,932
Depreciation on right-of-use assets	1,894	2,011
Gross interest expenses	3,149	3,164
Income tax	11,409	11,042
EBITDA	<u>67,887</u>	<u>95,133</u>

- (b) The Company monitors its financial and earnings performance of the associates and joint venture through EBITDA by cancelling the effects of the entity's capital, financing and tax entity structure. Set out below is the EBITDA each of the associates and joint venture of the Company:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
EBITDA of associates:		
Zhenjiang Xin Qu	6,629	17,687
NCIP	(1,981)	(15,410)
EBITDA of joint venture:		
Xinyu Rongkai	<u>(4,298)</u>	<u>(2,496)</u>

- (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 1.09 times as at 30 June 2022 (31 December 2021: 1.02 times).

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Bank borrowings	182,320	198,970
Lease liabilities	1,054	1,470
Total interest-bearing borrowings	183,374	200,440
Total equity	1,120,827	1,182,810
Gearing ratio	16.4%	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 30 June 2022 as compared to that as at 31 December 2021.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

On 29 March 2021, the registered capital of Zhenjiang Sinotech Eco-Electroplating Development Limited (“**Zhenjiang Sinotech**”), an indirect 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, being the holding company of Zhenjiang Sinotech and an indirect wholly-owned subsidiary of the Company with USD4,660,000 (approximately to HK\$36,162,000) in September 2021 and USD4,600,000 (approximately to HK\$35,880,000) in May 2022 respectively.

On 2 March 2022, the Group as the vendor has entered into agreement with a purchaser to dispose of the entire equity interests in Taixing Xin Xin, 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 six months ended 30 June 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**”) (31 December 2021: Colliers International), the fair value attributable to the Group’s interests in the equity investments of 18.62% in Suzhou New Huamei, 24.50% in Danyang New Huamei and 28.67% in Qingdao Huamei as at 30 June 2022 were HK\$21,800,000, HK\$4,100,000 and HK\$41,700,000 (31 December 2021: HK\$33,300,000, HK\$8,100,000 and HK\$39,400,000) respectively. The net decrease in fair value of the equity investments for the six months ended 30 June 2022 of approximately HK\$13,430,000 (2021: net increase of HK\$10,800,000) were recognised as other comprehensive income and accounted for in the investment revaluation reserve of the Company.

As at 30 June 2022, the fair value of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei represented 1.3%, 0.2% and 2.5% (31 December 2021: 1.9%, 0.5% and 2.2%) of the Group’s total assets respectively.

Impairment testing on goodwill

Goodwill was recognised in a business combination completed in 2007 that currently composed of Zhenjiang New Universe Solid Waste Disposal Company Limited and Yancheng New Universe Solid Waste Disposal Company Limited being identified as a cash-generating unit. As at 30 June 2022, the assessment on the recoverable amount of this cash-generating unit (having excluded Taizhou New Universe Solid Waste Disposal Company Limited after its being disposed of by the Group in 2020), which is principally engaged in environmental waste treatment and disposal services mainly in Jiangsu Province, the PRC, was determined with reference to the valuation report prepared by the independent professional valuer, Colliers International (31 December 2021: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection with a growth rate at 2% (31 December 2021: 2%) of that cash-generating unit operating at the licensed incineration and treatment capacity of handling 26,400 metric tonnes of hazardous industrial waste per annum and 3,380 metric tonnes of regulated medical waste per annum, and the pre-tax discount rate of 17.84% (31 December 2021: 19.50%) which reflects the risks for the industries. No impairment loss to the goodwill was considered necessary for the six months ended 30 June 2022 (31 December 2021: Nil).

Impairment testing on interest in an associate, NCIP

As at 30 June 2022, the assessment on the recoverable amount of the Group's interest in NCIP, which is principally engaged in environmental waste treatment and disposal services in Nanjing, the capital city of Jiangsu Province, the PRC, was determined with reference to the valuation report prepared by the independent professional valuer, Colliers International (31 December 2021: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection of NCIP with a growth rate at 2% (31 December 2021: 2%) of NCIP as cash-generating unit operating at the licensed incineration capacity of handling 38,000 metric tonnes of hazardous industrial waste per annum, and the pre-tax discount rate of 16.40% (31 December 2021: 18.03%) which reflects the risks for the business of NCIP. No impairment loss to the Group's interest in NCIP was considered necessary for the six months ended 30 June 2022 (31 December 2021: Nil).

Charges on assets

As at 30 June 2022, the following assets of the Group were pledged as collaterals for banking facilities granted by the current bankers and for other suppliers and clients of the Group.

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount of collaterals:		
Property, plant and equipment	97,658	108,107
Land use rights	27,331	28,830
Pledged bank deposits	15,726	8,191
	140,715	145,128
	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured liabilities and guarantee issued:		
Secured borrowings outstanding under the banking facilities	70,200	73,200
Bills payable to suppliers	13,747	6,086
Bank guarantees issued in favour of independent third parties for undertaking contract works	1,979	2,105
	85,926	81,391

Contingent liabilities

Proceedings are in process against NUET(JS), an 82% indirectly owned subsidiary of the Company incorporated in Hong Kong. Two writ of summons issued by the Jiangsu Zhenjiang Intermediate People's Court were received by NUET(JS) in respect of the proceedings filed by two existing shareholders (each a "**Plaintiff**") 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, each Plaintiff alleged that NUET(JS) should immediately pay to each Plaintiff accrued and unpaid dividends of HK\$26,579,113.60 (equivalent to RMB22,477,608.92) and interest thereon in the amount of RMB4,057,752.68. In connection with the proceedings, the Jiangsu Zhenjiang Intermediate People's Court has granted to the respective applications of each Plaintiff to preserve (the "**Asset Preservation**") 38.54% of the total 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 Jiangsu Zhenjiang Intermediate People's Court. The Asset Preservation is not expected to affect the normal operations of Zhenjiang New Universe and NUET(JS). The Group has consistently recognised the said non-cash dividend rights without payment terms as 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 proceedings 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 proceedings and the Asset Preservation are not expected to have adverse impact to the operations of any members of the Group.

Save as disclosed herein, there were no other significant contingent liabilities of the Group as at 30 June 2022 (31 December 2021: Nil).

Event after the reporting period

On 28 July 2022, Zhenjiang New Universe, an indirect non-wholly owned subsidiary of the Company, entered into 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 land already owned by Zhenjiang New Universe with a total area of 2,045 square metres. Pursuant to the Investment Agreement, NUET(JS), the 100% direct holding company 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.

Employee information

As at 30 June 2022, the Group had 644 (2021: 632) full-time employees, of which 17 (2021: 17) were based in Hong Kong, and 627 (2021: 615) in the PRC. For the six months ended 30 June 2022, staff costs, including the remuneration of the Directors and amount capitalised as inventories was HK\$52,910,000 (2021: HK\$52,187,000). The Group's remuneration policy emphasises motivation and performance of its employees, with a principle to strengthen the Group's competitiveness in the market and comply with the relevant statutory requirements of the PRC and Hong Kong. Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as share option scheme, bonus, medical insurance, contributions to mandatory provident fund (in respect of Hong Kong employees only), the contributions to the statutory social insurance benefits in the PRC, including the endowment insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund (in respect of PRC employees only), and continuing development and training.

Foreign currency risk

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

The results of the Group's subsidiaries in the PRC are translated from RMB into HK\$ at the exchange rates approximating the rates ruling at the dates of the transactions. Statement of financial position items of the Group's subsidiaries in the PRC are translated from RMB into HK\$ at the closing rate ruling at the end of the reporting period. For the six months ended 30 June 2022, RMB depreciated on average relatively to the HK\$ that resulted in an overall downside exchange difference on the translation from RMB to HK\$ for the financial statements of the subsidiaries in China amounted approximately to HK\$38,099,000 (2021: upside exchange difference of HK\$15,021,000) that were recognised as other comprehensive income and accumulated separately in equity under the translation reserve of the Company. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss as when the interests in the relevant subsidiaries in the PRC being entirely or partially disposed of by the Group.

Interest rate risk

As at 30 June 2022, the bank borrowings of the Group were managed using a mix of fixed and floating interest rates in order to minimise fair value interest rate risk, of which bank borrowings denominated in HK\$ were stipulated at floating interest rates within the range of 1.65% to 4.00% (31 December 2021: 1.56% to 3.01%) per annum and bank borrowings denominated in RMB were stipulated at various fixed interest rates within the range of 3.70% to 4.60% (31 December 2021: 3.75% to 4.60%) per annum. The Group has no significant interest-bearing assets apart from bank balances and time deposits carrying at prevailing market interest rates within the range from 0.01% to 1.76% (31 December 2021: 0.01% to 1.76%) per annum.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, other receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivables is limited because the counterparties are banks and financial institutions for which the Group considers to have low credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. As at 30 June 2022, the Group does not provide any guarantees which would expose the Group to credit risk.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2022, 3.2% (31 December 2021: 0.2%) and 9.2% (31 December 2021: 3.1%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade and bills receivables (including lease receivables) at an amount equal to lifetime expected credit losses. Generally, trade and bills receivables (including lease receivables) are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security over these balances.

As at 30 June 2022, the allowance for the lifetime expected credit losses of trade and bills receivables (including lease receivables) was HK\$39,478,000 (31 December 2021: HK\$41,166,000) which has been provided as amount of impairment measured under the expected credit loss model.

Principal risks and uncertainties related to the Company's business operations

The Group has encountered significant increases in credit risk which are mainly attributable to the increase in underperforming accounts receivable from distressed clients in the times of increased economic uncertainty and especially the continuous impact of COVID-19. The Company faces the challenge of input 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 Mainland China. 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 market diversification.

Save as disclosed therein, as at 30 June 2022 and up to the date of this report, there was no significant change to the principal risks and uncertainties related to the Company's business operations since the date of last annual report of the Company for the year ended 31 December 2021.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (2021: Nil).

The final dividend related to the financial year 2021 proposed on 31 March 2022 at HK\$0.0039 per ordinary share of the Company totally amounted approximately to HK\$11,839,000 has been recognised as a liability as at 30 June 2022 after the said final dividend was duly approved by the shareholders of the Company at the annual general meeting on 27 May 2022 and has been paid on 29 July 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGE IN DIRECTORS' INFORMATION

Information on Directors

For the six months ended 30 June 2022 and up to the date of this report, there were changes in Directors' information as follows:

With effect from 30 June 2022,

- (i) Mr. ZHENG Zhen resigned as executive Director and member of the executive committee of the Company;
- (ii) Ms. JIANG Qian was appointed as executive Director and member of the executive committee of the Company; and
- (iii) Ms. XI Man Shan Erica was re-designated from an executive Director to a non-executive Director and she also resigned as member of the executive committee of the Company.

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

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

Information on management

Up to the date of this report, save as disclosed therein, there was no other significant change in details of the management team members of the Company since the date of last annual report of the Company for the year ended 31 December 2021.

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

Neither the Company, nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

CORPORATE GOVERNANCE PRACTICES

The Directors of the Company and the management of the Group are committed to upholding good corporate governance practices and procedures. The Company believes that maintenance of high standard of business ethics and good corporate governance is essential for effective management, healthy business growth and fostering a contemporary corporate culture, which drives the Group to growing sustainably and safeguarding the interests of shareholders of the Company.

CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code and Corporate Governance Report set out in Part 2 of Appendix 14 (“**CG Code**”) to the Listing Rules throughout the six months ended 30 June 2022, and the Directors confirmed that they were not aware of any deviation from the CG Code during the period then ended, except for the code provision C.2.1.

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. For the six months ended 30 June 2022, Mr. XI Yu has assumed the roles of both chairman of the Board (“**Chairman**”) and the chief executive officer of the Company (“**CEO**”) that 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 performance of Mr. XI Yu, 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 maximizes the effectiveness of its operation. The Board also considers that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and CEO; (ii) Mr. XI Yu as the Chairman and CEO is fully accountable to the shareholders of the Company (“**Shareholders**”) and contributes to the Board and the Group on all top level and strategic decisions and is responsible for ensuring that all Directors act in the best interests of the Shareholders; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively. However, the Board will continue to review and consider splitting the role of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Director’s securities transactions in the securities of the Company. Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with or they were not aware of any non-compliance with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2022.

CONNECTED TRANSACTIONS

There was no connected transactions (defined under the Listing Rules) which were discloseable in the current reporting period or any time during the six months ended 30 June 2022.

PROVISION OF GUARANTEES TO AN 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\$140,400,000) and the guarantee will be effective until 31 December 2027, for the purpose of financing the construction of the integrated hazardous waste treatment project undertaken by Xinyu Rongkai at Liuzhou, Guangxi Province, the PRC.

As at 30 June 2022, such banking facilities guaranteed by the Company was utilised by Xinyu Rongkai to the extent of RMB98,685,000 or approximately HK\$115,461,000 (31 December 2021: RMB107,393,000 or approximately HK\$131,019,000) which is repayable on 21 June 2025 and bearing interest at 4.75% per annum.

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Gross amounts of the joint venture's		
Non-current assets	192,781	180,744
Current assets	17,055	36,677
Current liabilities	(58,443)	(30,955)
Non-current liabilities	(81,502)	(102,690)
Equity	69,891	83,776
The Group's attributable interest in the joint venture		
Gross amount of net assets of the joint venture	69,891	83,776
The Group's share of net assets of the joint venture	45,430	54,454
Unrealised profit on inter-company transaction eliminated on consolidation	(2,364)	(2,464)
Carrying amount of net assets of the joint venture	43,066	51,990

LOAN AGREEMENTS 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. 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. The final maturity date of Facility A will be in July 2023. In accordance with the Facility Letter A, the proceeds of the Facility A have been used directly for payment of the capital contribution in respect of the Group’s interest in the joint venture, Xinyu Rongkai. As at 30 June 2022, the outstanding unsecured bank loan under Facility A was HK\$12,000,000 (31 December 2021: 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 final maturity date of Facility B was in January 2022. In accordance with the Facility Letter B, the proceeds of Facility B have been used to finance the capital expenditure in relation to environmental operations of the Group. The outstanding unsecured bank loan under 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. 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. The final maturity date of the Facility C will be by the end of 2022. In accordance with the Facility Letter C, the proceeds of Facility C have been used to finance the capital expenditure of the Group in relation to environmental industrial treatment, medical waste treatment and/or environmental sewage treatment project. As at 30 June 2022, the outstanding unsecured bank loan under Facility C was HK\$30,000,000 (31 December 2021: HK\$30,000,000). The outstanding unsecured bank loan under Facility C was fully repaid on 4 August 2022 subsequent to the end of the reporting period.

Pursuant to each of the Facility Letters A, B, and C, if Mr. XI Yu (being defined as the “Controlling Shareholder” in the Facility Letters) (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 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 30 June 2022, the balance of outstanding loans bearing the said specific performance covenant was HK\$42,000,000 (31 December 2021: HK\$51,000,000).

As at 30 June 2022, Mr. XI Yu, through his beneficial interest in 83.66% of the issued share capital of NUEL, is deemed interested in 1,109,303,201 Shares (31 December 2021: 1,109,303,201 Shares) of the Company, representing 36.54% (31 December 2021: 36.54%) of the total issued share capital of the Company beneficially owned by NUEL.

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.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has service contract with Company that is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

As at 30 June 2022 and any time during the six months then ended up to the date of this report, 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 Yu and Ms. CHEUNG Siu Ling, the executive Directors of the Company, are also the directors of the landlord, Sun Ngai International Investment Limited (“**Sun Ngai**”) to the tenancy agreement dated 20 July 2020 and the renewed agreement dated 20 July 2021 entered into by Smartech Services Limited (“**Smartech Services**”, an indirectly 100% 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 (“**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 six months ended 30 June 2022, total rentals paid by Smartech Services to Sun Ngai were HK\$480,000 (2021: HK\$480,000).

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 agreement entered into between the wholly owned subsidiary of the Group, Smartech Services and Sun Ngai were de minimus 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 period.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

Ms. LIU Yu Jie was appointed executive Director of the Company with effect from 9 June 2015, who has investments in four companies engaging in the operation of hazardous waste projects in four cities in the PRC, of which she has a controlling stake in one of the four said companies. As the permission operating 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 six months ended 30 June 2022 and up to the date of this report, the Directors were not aware of any business or interest of the Directors or any substantial shareholder of the Company 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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company during the six months ended 30 June 2022 and up to the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group pays high regards to legal and regulatory requirements in formulating its policies and practices. The Company has engaged with financial advisers to advice on the compliance with the Listing Rules and with legal advisers to advice on the compliance with the PRC Laws and laws of Hong Kong. Legal and other professional advisers would be engaged to ensure the Group operates in accordance with applicable laws and regulations for major corporate events of the Company.

During the six months ended 30 June 2022, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive Directors, Dr. CHAN Yan Cheong, who chairs the Audit Committee, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the unaudited consolidated financial results and financial information of the Company for the six months ended 30 June 2022.

INDEPENDENT REVIEW OF INTERIM FINANCIAL RESULTS

The condensed consolidated financial statements for the six months ended 30 June 2022 of the Company (“**Interim Financial Report**”) were unaudited, but which have been reviewed in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by the Company’s independent auditor, Crowe (HK) CPA Limited, who has confirmed that nothing has come to their attention that causes them to believe that the Interim Financial Report is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This interim results announcement is published on the websites of the Company (www.nuigl.com) and the Stock Exchange (www.hkexnews.hk). The Interim Financial Report containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the afore-mentioned websites in due course.

By order of the Board
New Universe Environmental Group Limited
XI Yu
Chairman and Chief Executive Officer

Hong Kong, 26 August 2022

As at the date of this announcement, the Board comprises five executive Directors: Mr. XI Yu (Chairman and Chief Executive Officer), Ms. CHEUNG Siu Ling, Ms. JIANG Qian, Ms. LIU Yu Jie and Mr. HON Wa Fai; one non-executive Director: Ms. XI Man Shan Erica; and three independent non-executive Directors: Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.

* *For identification purpose only*