NEW UNIVERSE INTERNATIONAL GROUP LIMITED

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

2013 ANNUAL REPORT

Corporate Information

PLACE OF INCORPORATION
Cayman Islands

BOARD OF DIRECTORS
Executive Directors
Mr. XI Yu *(Chairman)* [1]
Mr. SONG Yu Qing *(Vice-chairman & CEO)* [1]
Mr. HON Wa Fai [1]
Ms. CHEUNG Siu Ling [1]

Non-Executive Director
Mr. SUEN Ki

Independent Non-Executive Directors
Dr. CHAN Yan Cheong [2, 5, 6, 7]
Mr. YUEN Kim Hung, Michael [3, 5, 6, 7]
Mr. HO Yau Hong, Alfred [4, 5, 6, 7]

1 Member of Executive Committee
2 Chairman of Audit Committee
3 Chairman of Nomination Committee
4 Chairman of Remuneration Committee
5 Member of Audit Committee
6 Member of Nomination Committee
7 Member of Remuneration Committee

AUTHORISED REPRESENTATIVES
Mr. XI Yu
Mr. HON Wa Fai

COMPLIANCE OFFICER
Mr. XI Yu

COMPANY SECRETARY
Mr. HON Wa Fai

REGISTERED OFFICE
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Rooms 2110-2112, Telford House
16 Wang Hoi Road
Kowloon Bay
Kowloon
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICES
Principal
Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch*
Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS
As to Cayman Islands Laws
Conyers Dill & Pearman (Cayman) Limited

As to Hong Kong Laws
Troutman Sanders

As to PRC Laws
Beijing Sinobridge PRC Lawyers

INDEPENDENT AUDITOR
Crowe Horwath (HK) CPA Limited

PRINCIPAL BANKERS
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

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

Stock Code
8068

Board Lot
20,000 shares

WEBSITE
www.nuigl.com

* The address of Tricor Tengis Limited will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014.

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

This report, for which the directors (the "Directors") of NEW UNIVERSE INTERNATIONAL GROUP LIMITED (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

CHAIRMAN'S STATEMENT

I am pleased to present the audited consolidated results of New Universe International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013.

Overview of Final Results

For the year ended 31 December 2013, the total reportable segment revenue of Group's continuing operations was HK$195,307,000 (2012: HK$168,449,000). Total reportable segment revenue of Group's continuing operations that comprise the environmental treatment of industrial and medical wastes, the environmental sewage treatment and facility rental services in an eco-plating specialised zone, and the strategic investments sustained growth in 2013, and the overall segment profit margin (pre-tax) was approximately 35.2% (2012: 30.9%).

In 2013, the profit attributable to owners of the Company was HK$55,283,000, a rise of 53.2% from 2012 (2012: HK$36,097,000). Equity attributable to owners of the Company as at 31 December 2013 was HK$549,706,000 (2012: HK$488,623,000). Total earnings per share attributable to the owners of the Company was HK$0.0208 for the year ended 31 December 2013 (2012: HK$0.0161).

Final Dividend

The board of Directors of the Company ("Board") recommended the payment of a final dividend of HK$0.0046 per share at a payout ratio of approximately 22.1% of the profit attributable to the owners of the Company for the year ended 31 December 2013, which is subject to the approval of the shareholders at the forthcoming annual general meeting. Upon shareholders' approval, the final dividend is expected to be payable on or about 31 July 2014 to shareholders whose names appear on the register of members on 16 May 2014.

Our Commitments

Balancing the pace of industrialisation and urbanisation will be an impetus for further economic development, the Chinese government actively promotes the sustainable development of society with a growing emphasis on environmental protection. The governmental policy has motivated an optimised growth of waste treatment industry in Mainland China, and created investment opportunities for the waste treatment service providers. The Group leverages on the competitive edge in Jiangsu Province to optimise the solid waste handling capacity in a prudent manner, and we shall dedicate our efforts to environmental protection business and continue to enhance the Group's technology on waste treatment and recycling utilisation. We have an optimistic target for continuous growth and reasonable return to our shareholders in the coming year.

Our Acknowledgment

I would like to express my sincere gratitude to our shareholders, business partners, customers, suppliers and financiers for their long-term support to the development of the Group. My appreciation also extends to our management team and all our colleagues of the Group for their efforts and contributions during the year 2013.

XI Yu
Chairman

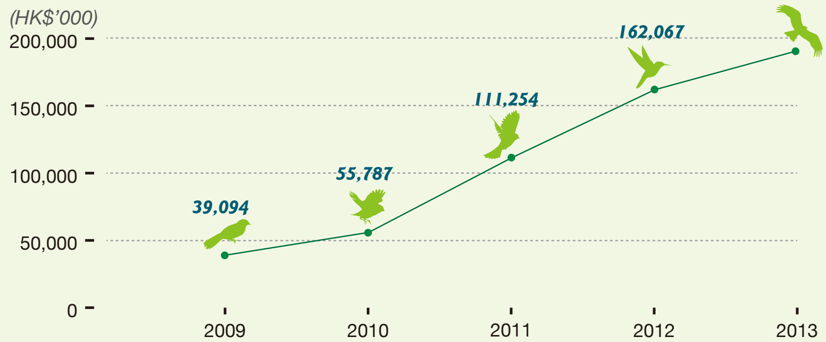
Hong Kong, 18 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

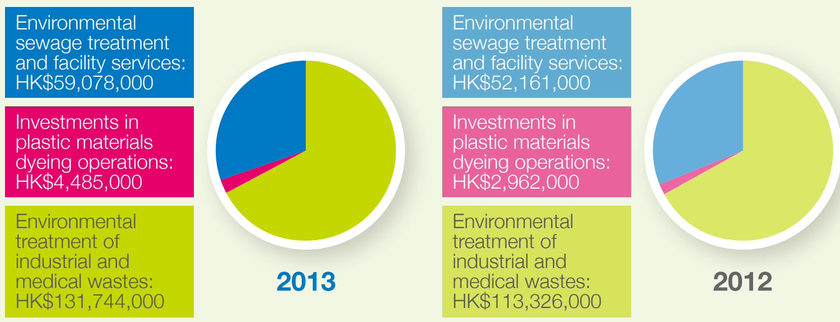
- **Group revenue up 17.6% to HK$190,667,000.**
- **Profit attributable to owners of the Company up 53.2% to HK$55,283,000.**
- **Equity attributable to owners of the Company up 12.5% to HK$549,706,000 at 31 December 2013.**
- **Cash and cash equivalents of the Group amounted to HK$109,827,000 at 31 December 2013.**
- **Total earnings per share attributable to owners of the Company up 29.2% to HK cents 2.08.**
- **The Board resolved to declare a final dividend of HK cents 0.46 per share for the year ended 31 December 2013.**

5-Year Group Revenue*

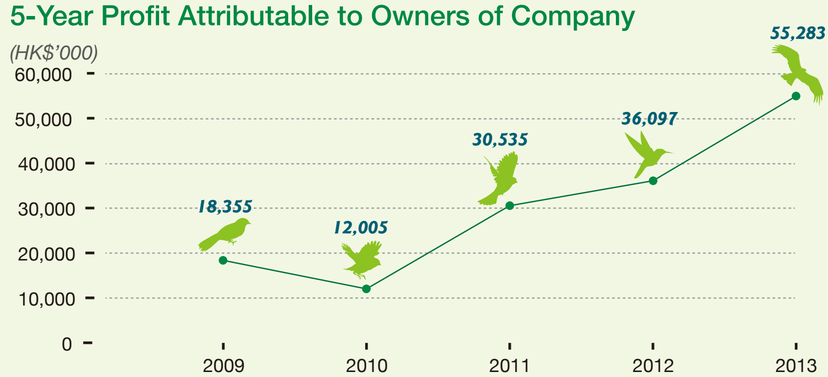


* Group Revenue represents the consolidated revenue from all environmental related operations of the Group but not yet includes dividend income, scrap sales and consultancy income that are being classified as other revenue.

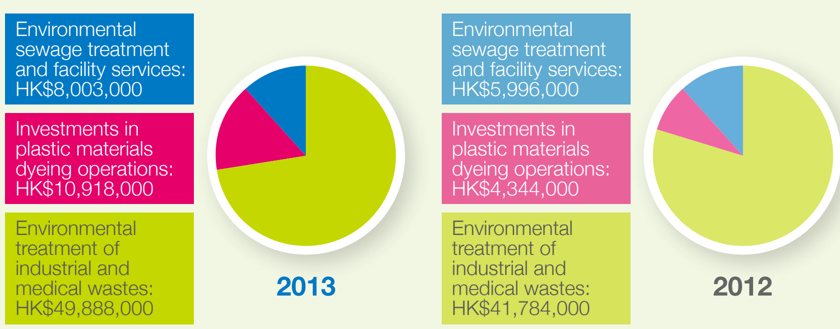
Segment Revenue



5-Year Profit Attributable to Owners of Company



Segment Results



BUSINESS REVIEW

Environmental Industrial and Medical Wastes Integrated Treatment Services

In 2013, the Group collected for treatment 22,675 metric tons (2012: 23,014 metric tons) of hazardous industrial waste, 8,579 metric tons (2012: 7,041 metric tons) of general industrial waste, and 4,383 metric tons (2012: 3,070 metric tons) of regulated medical waste in various cities of Jiangsu Province.

The tank truck cleansing service centre in Zhenjiang serviced 1,364 vehicles in 2013 (2012: 1,199 vehicles). The nitrile rubber-recycling centre in Zhenjiang handled approximately 738 metric tons of synthetic rubber scrap in 2013 (2012: 747 metric tons).

On 19 July 2013, New Universe Recyclables Limited ("NURL", an indirectly and wholly owned subsidiary of the Company) entered into an equity swap agreement ("Equity Swap Agreement") with 江蘇輝豐農化股份有限公司 (Jiangsu Huifeng Agrochemical Co. Limited) ("Jiangsu Huifeng"), pursuant to which (i) NURL agreed to sell and Jiangsu Huifeng agreed to buy the 35% equity interest in 响水新宇環保科技有限公司 (Xiangshui New Universe Environmental Technology Limited) ("Xiangshui NU") for a consideration of HK$11,200,000, and (ii) Jiangsu Huifeng agreed to sell and NURL agreed to buy the 16% equity interest in 鹽城新宇輝豐環保科技有限公司 (Yancheng NUHF Environmental Technology Limited) ("Yancheng NUHF") for a consideration of HK$10,560,000. The Equity Swap Agreement constituted a discloseable transaction of the Company under the GEM Listing Rules, details of which were set out in the announcement dated 19 July 2013 of the Company.

The Equity Swap Agreement was completed on 28 August 2013. After the completion, the Group holds 65% equity interest in Xiangshui NU and 65% equity interest in Yancheng NUHF as subsidiaries. Xiangshui NU is situated at Xiangshui of Yancheng City that will principally engage in industrial waste treatment. The construction of the waste treatment plant and facilities of Xiangshui NU has been at the final stage, and in the progress of applying for the approval of the environmental authority for operations. The trial operation of Xiangshui NU is expected to commence in 2014. Yancheng NUHF is situated at Dafeng of Yancheng City that is currently principally engaged in industrial waste treatment. The construction of the waste treatment plant of Yancheng NUHF has been completed in 2012 and granted approval for trial operation commencing 18 August 2013. After the completion of the Equity Swap Agreement, the Group's waste treatment services would cover the whole city of and the greater area surrounding Yancheng, and the Group would increase the market share of industrial solid waste treatment services in Jiangsu Province, the PRC.

For the year ended 31 December 2013, by business segment, the segment profit margin (pre-tax) of the Group's waste integrated treatment services was approximately 37.9% (2012: 36.9%).

Environmental Industrial Sewage Treatment and Facility Provision Services in Eco-plating Specialised Zone

In the Eco-plating Specialised Zone of the Group with a zone area of approximately 180,000 square metres, 19 factory buildings with a total gross floor area of approximately 84,000 square metres, and an integrated office building, a centralised industrial sewage treatment plant and an industrial chemical sludge treatment plant with a total gross floor area of approximately 9,900 square metres were built. The centralised sewage treatment system in the zone with an approved capacity to handle 1,500,000 metric tons of industrial sewage per annum which handled approximately 426,800 metric tons of plating sewage discharged from the manufacturers for the year ended 31 December 2013 (2012: 371,600 metric tons). The industrial chemical sludge treatment and recovery system was completed in 2013 with an approved innocuity capacity to handle 4,075 metric tons of industrial sludge per annum which handled approximately 615 metric tons of electroplating chemical residues for the year ended 31 December 2013.

For the year ended 31 December 2013, the segment profit margin (pre-tax) of the Group's integrated operations in the Eco-plating Specialised Zone was approximately 13.5% (2012: 11.5%).

Strategic Investments in Plastic Materials Dyeing Operations

The Group holds the equity interests in three manufacturing entities that principally engaged in plastic materials dyeing in Mainland China as strategic equity investments. For the year ended 31 December 2013, the profit margins (pre-tax) of Suzhou New Huamei Plastics Co., Limited ("Suzhou New Huamei"), Danyang New Huamei Plastics Co., Limited ("Danyang New Huamei") and Qingdao Zhongxin Huamei Plastics Co., Limited ("Qingdao Huamei") were 4.4%, 1.5% and 2.5% respectively (2012: 5.2%, 2.4% and 2.0% respectively).

In order to ensure the continuing development of Qingdao Huamei before its approved operating period expired on 12 May 2013, the board of Qingdao Huamei had resolved with the consents of all equity holders of Qingdao Huamei to amend its constitutional documents (i) to extend its operating period of Qingdao Huamei for further 20 years to 12 May 2033, and (ii) to increase one (1) director to be nominated by a PRC shareholder to the board of Qingdao Huamei in order to ensure a smooth removal of the plant to a new site locally in the foreseeable future. The constitutional changes of Qingdao Huamei took effect on 9 April 2013 upon its renewed operating license being issued by the Qingdao Municipality Administration for Industry and Commerce of the People's Republic of China. The Group holds 28.67% equity interest in Qingdao Huamei, but the constitutional change have diluted the Group's voting power in Qingdao Huamei and to exercise significant influence over the financial and operating policies for the Group's financial reporting purposes. The Company decided to discontinue the use of the equity method on 9 April 2013 and ceased to account for the investment in Qingdao Huamei as an associate. Thereafter, the Group's interest in Qingdao Huamei would be accounted for as an available-for-sale equity investment at its fair value to be determined periodically by independent professional valuer(s) engaged by the Company. As at 9 April 2013, the fair value of the Group's interest in Qingdao Huamei, as referred to the valuation report prepared by an independent professional valuer, was HK$13,100,000. The Group recorded a gain on de-recognition of Qingdao Huamei as an associate of the Group of approximately HK$6,128,000 for the year ended 31 December 2013.

Update on Discontinued Operations

Disposal of Discontinued Operations in Suzhou

Reference is made to the real estate (property) acquisition compensation agreement dated 3 July 2012 entered into by Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe", an indirectly owned subsidiary of the Company) to sell its land, buildings, and ancillary properties and structures at an aggregate consideration of RMB52,000,000 (approximately HK$64,132,000) ("Suzhou Disposal Agreement"). The Suzhou Disposal Agreement constituted a major transaction of the Company under the GEM Listing Rules, details of which were set out in the announcement dated 11 July 2012 and the circular dated 24 August 2012 of the Company. The purchaser to the Suzhou Disposal Agreement had settled the first 60% of the consideration by 3 instalments as contemplated under the Suzhou Disposal Agreement, and the final instalment representing 40% of the total consideration amounting to RMB20,800,000 was duly settled by the purchaser on 31 December 2013.

After the entering into of the Suzhou Disposal Agreement, the Group ceased all operations of Suzhou New Universe which comprised (i) the manufacture and sale of molds, (ii) the manufacture and sale of plastic products; and (iii) trading of plastic materials and classified them as discontinued operations.

The Suzhou Disposal Agreement was completed on 4 January 2013 upon the delivery of the vacant possession of all disposal land and properties of Suzhou New Universe to the purchaser. A net gain on disposal of the related operations of Suzhou New Universe of approximately HK$18,685,000 (net of expenses) was accounted for by the Group for the year ended 31 December 2013.

Follow-up Actions on Disposal of Zhenjiang Dock Project

Reference is made to the legal actions taken by the Group in 2012 to pursue the final settlement of the outstanding consideration balance and compensation thereon after the completion of the sale and purchase agreements to dispose of the Zhenjiang Dock Project which took place in 2009. The Intermediate People's Court of Zhenjiang City handed down the civil mediation agreement ((2012)鎮商外初字第2號) dated 7 September 2012 ("Settlement Agreement") between the Plaintiffs (that comprised the Group's wholly owned subsidiaries, New Universe International Ports Limited and New Universe International Warehouse & Logistics Limited) and the Defendants (that comprised the purchaser and the guarantors to the agreements for the Group's disposal of the Zhenjiang Dock Project), pursuant to which the purchaser had settled all outstanding consideration and compensated the Plaintiffs for interests and default charge on those overdue outstanding consideration by 12 monthly instalments commencing the end of October 2012. In October 2013 the final instalment was paid, and therefore, all compensation payable by the purchaser under the Settlement Agreement was duly settled.

Plan Going Forward

The Company has started environmental operations since 2007 that have contributed stable returns to the Group. As at 31 December 2013, the Group owned 5 (2012: 4) hazardous waste treatment plants operating waste incinerators and landfills to handle general and hazardous solid waste, and the Group also owned the Eco-plating Specialised Zone with a sewage treatment plant and a chemical sludge treatment plant to handle industrial sewage and sludge waste. For the year ended 31 December 2013, the utilisation rate of the integrated treatment capacity was approximately 74% (2012: 100%) of the aggregate approved capacity of the Group's solid waste treatment plants, and the utilisation rate of the industrial buildings was approximately 80% (2012: 70%) in the Eco-plating Specialised Zone in the Jiangsu Province. Revenue of the Group is expected to increase in line with the utilisation rate of the capacity of its plants and facilities. The Group will also plan to enhance its existing incineration capacity by phases in the coming future.

While the Chinese government has tightened the policies for environmental protection of the whole country, the supervision of environmental enterprises has been tightened that motivates an optimal development in the industrial waste treatment industry in the country. Up to now, the Group's solid waste treatment plants are still the only enterprises authorised to collect and handle regulated medical waste in the cities of Zhenjiang, Taizhou and Yancheng of the Jiangsu Province. To cope with the future challenges amongst other participants of the industrial and hazardous waste treatment industry in Mainland China, and especially in the Jiangsu Province, the Group will enhance the waste management and treatment standards on customer-oriented services, treatment technology and resource recycling and re-utilisation.

The Company holds the equity investments in the three plastic materials dyeing entities as long-term strategic investments which are expected to promote the Group's customer base in the plastics industry who needs integrated environmental services in the Mainland China. The equity investments have contributed dividend income to the Group annually since the Group acquired those equity interests in 2007.

Barring any unforeseeable risks from the global and local economies that might affect the Group's environmental operations and equity investments with business carried out mainly in Mainland China, we have a cautiously optimistic view to target at continuous growth in the future.

FINANCIAL REVIEW

Summary of annual results

(Expressed in HK$'000 unless indicated otherwise)

	Note	Year ended 31 December 2013	2012	Change %
Continuing operations				
Revenue	1	**190,667**	162,067	+17.6
Average gross profit margin (in percentage)	2	**47.7**	47.9	–0.4
Other revenue	3	**4,640**	6,382	–27.3
Other net income	4	**489**	1,147	–57.4
Distribution and selling expenses	5	**6,303**	5,527	+14.0
Administrative expenses	6	**29,880**	27,163	+10.0
Other operating expenses	7	**7,602**	7,924	–4.1
Finance income	8	**1,624**	2,171	–25.2
Finance costs	9	**3,511**	4,813	–27.1
Gain on deemed disposal of associates	10	**6,128**	–	N/A
Share of net profits of associates	11	**3,979**	604	+558.8
Income tax	12	**16,421**	8,900	+84.5
Continuing and discontinued operations				
Net profit for the year	14	**62,808**	42,667	+47.2
Profit attributable to owners of the Company for the year	14	**55,283**	36,097	+53.2
Total basic and diluted EPS (HK cents)		**2.08**	1.61	+29.2

Summary of quarterly results

(Expressed in HK$'000 unless indicated otherwise)

Continuing operations	Note	**Q1 2013 HK$'000**	**Q2 2013 HK$'000**	**Q3 2013 HK$'000**	**Q4 2013 HK$'000**	**Total 2013 HK$'000**
Revenue						
Environmental waste treatment services		**24,755**	**31,565**	**36,143**	**39,160**	**131,623**
Environmental industrial sewage treatment and facility services		**13,168**	**14,770**	**13,613**	**17,493**	**59,044**
	1	**37,923**	**46,335**	**49,756**	**56,653**	**190,667**
Other revenue	3	**55**	**4,532**	**7**	**46**	**4,640**
Other net income	4	**143**	**192**	**69**	**85**	**489**
Distribution and selling expenses	5	**1,870**	**2,038**	**2,409**	**(14)**	**6,303**
Administrative expenses	6	**6,121**	**7,295**	**7,063**	**9,401**	**29,880**
Other operating expenses	7	**1,484**	**2,299**	**2,283**	**1,536**	**7,602**
Finance income	8	**312**	**235**	**263**	**814**	**1,624**
Finance costs	9	**1,026**	**894**	**834**	**757**	**3,511**
Gain on deemed disposal of associates	10	**–**	**6,128**	**–**	**–**	**6,128**
Share of profit/(loss) of associates	11	**(206)**	**3,764**	**(893)**	**1,314**	**3,979**
Income tax	12	**2,730**	**4,296**	**3,682**	**5,713**	**16,421**
Net profit from continuing operations	13	**5,865**	**22,392**	**6,117**	**9,749**	**44,123**
Profit attributable to owners of the Company from continuing operations	13	**4,508**	**20,288**	**4,284**	**7,518**	**36,598**
Basic and diluted EPS from continuing operations attributable to owners of the Company (HK cents)		**0.17**	**0.77**	**0.16**	**0.28**	**1.38**

Continuing operations	Note	Q1 2012 HK$'000	Q2 2012 HK$'000	Q3 2012 HK$'000	Q4 2012 HK$'000	Total 2012 HK$'000
Revenue						
Environmental waste treatment services		18,072	23,582	31,133	37,700	110,487
Environmental industrial sewage treatment and facility services		11,176	12,456	14,405	13,543	51,580
	1	29,248	36,038	45,538	51,243	162,067
Other revenue	3	840	4,065	517	960	6,382
Other net income	4	82	450	473	142	1,147
Distribution and selling expenses	5	1,737	1,785	1,632	373	5,527
Administrative expenses	6	5,106	6,458	5,961	9,638	27,163
Other operating expenses	7	2,396	2,220	1,651	1,657	7,924
Finance income	8	285	622	745	519	2,171
Finance costs	9	1,238	1,253	1,039	1,283	4,813
Share of profit/(loss) of associates	11	289	110	257	(52)	604
Income tax	12	1,585	1,117	4,654	1,544	8,900
Net profit from continuing operations	13	2,381	10,791	8,342	12,035	33,549
Profit attributable to owners of the Company from continuing operations	13	1,502	9,025	6,985	9,458	26,970
Basic and diluted EPS from continuing operations attributable to owners of the Company (HK cents)		0.07	0.40	0.32	0.41	1.20

Notes to summaries of annual and quarterly results for the year ended 31 December 2013 together with corresponding figures for 2012:

1. Net increase in total revenue for the year ended 31 December 2013 was mainly attributable to:

   (i) increase in average unit processing price and increase in quantities of general industrial solid and regulated medical waste collected for innocuity treatment and disposal; and

   (ii) the results of Yancheng NUHF have been consolidated to the Group after it became a subsidiary commencing 28 August 2013.

2. Average gross profit margin of the Group for the year ended 31 December 2013 was approximate to that of 2012.

3. Net decrease in other revenue for the year ended 31 December 2013 was mainly attributable to decrease in scrap sales.

4. Net decrease in other net income for the year ended 31 December 2013 was mainly attributable to decrease in default charges recovered from contractors of construction works for waste treatment plants.

5. Net increase in distribution and selling expenses for the year ended 31 December 2013 was mainly attributable to increasing marketing and transportation expenses for the environmental operations, and certain accrued incentive bonus have been cut and paid as administrative expenses in third quarter of 2013.

6. Net increase in administrative expenses for the year ended 31 December 2013 was mainly attributable to increase in administration staff costs.

7. Net decrease in other operating expenses for the year ended 31 December 2013 was mainly attributable to decrease in legal expenses.

8. Net decrease in finance income for the year ended 31 December 2013 was mainly attributable to decrease in bank interest income whereas certain free cash has been used to reduce debts of the Company during the year.

9. Net decrease in finance costs for the year ended 31 December 2013 was mainly attributable to decrease in interest-bearing borrowings.

10. Gain on deemed disposal of the associate, Qingdao Huamei was recognised on 9 April 2013 that resulted in net increase in profits for the second quarter of 2013.

11. Net increase in profits shared from associates for the year ended 31 December 2013 was mainly attributable to:

    (i) increase in profits shared from Zhenjiang New District Solid Waste Disposal Co. Limited (鎮江新區固廢處置有限公司) that commenced operations during the year; and

    (ii) increase in profit shared from the previously 49% owned associate, Yancheng NUHF which has obtained government environmental subsidy income before it became a 65% owned subsidiary of the Group with effect from 28 August 2013.

12. Net increase in income tax for the year ended 31 December 2013 was mainly attributable to increase in assessable profits of the PRC subsidiaries engaging in environmental operations.

13. Net increase in net profit of the Group and the profit attributable to the Group's owners from continuing operations for the year ended 31 December 2013 was mainly attributable to:

    (i) increase in revenue from environmental operations, and

    (ii) gain on deemed disposal of interest in the associate, Qingdao Huamei, being accounted for in the year.

14. Net increase in net profit of the Group and the profit attributable to the Group's owners for the year ended 31 December 2013 was mainly attributable to:

    (i) general increase in post-tax profits of all continuing operations of the Group; and

    (ii) net gain on disposal of the discontinued operations of Suzhou New Universe being accounted for in the year.

Seasonality of operations

The environment waste treatment services are subject to seasonal fluctuation, with peak demand in the third and fourth quarters of a year. In the financial year ended 31 December 2013, approximately 43% (2012: 38%) of revenue accumulated in the first half of the year, with approximately 57% (2012: 62%) accumulating in the second half of the year.

Capital expenditure

For the year ended 31 December 2013, the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental waste treatment services amounting to HK$19,447,000 (2012: HK$14,526,000), and (ii) for the environmental sewage treatment and facility services in the Eco-plating Specialised Zone amounting to HK$11,791,000 (2012: HK$31,399,000).

Commitments

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

	31 December 2013 HK$'000	31 December 2012 HK$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment	**84,397**	68,920
Authorised but not contracted for:		
– Acquisition of property, plant and equipment	**17,447**	–
– Investment in available-for-sale equity investments	**3,443**	3,664
– Investment in associates	**–**	3,700

Liquidity, financial resources and gearing

During the year ended 31 December 2013, the Group financed its operations with internally generated cash flows, banking facilities and other borrowings. The Group remained stable in its financial position with equity attributable to owners of the Company amounting to HK$549,706,000 as at 31 December 2013 (31 December 2012: HK$488,623,000) and total assets amounting to HK$834,462,000 as at 31 December 2013 (31 December 2012: HK$778,176,000).

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

		31 December 2013 HK$'000	31 December 2012 HK$'000
(i)	Cash and bank balances		
	– Continuing operations	**109,827**	83,305
	– Discontinued operations	**–**	27,907
(ii)	Available unused secured banking facilities		
	– Continuing operations	**65,355**	63,367

The Group monitors its capital through gearing ratio. This ratio is calculated as net debts divided by total capital. The net debts are calculated as all liabilities (excluding deferred government grants, income tax payable and deferred taxes) shown in the consolidated balance sheet less cash and cash equivalents (including cash of discontinued operations). Total capital is calculated as the total equity shown in the consolidated balance sheet plus the aforementioned net debts. The gearing ratio at the end of the reporting period was as follows:

	31 December 2013 HK$'000	31 December 2012 HK$'000
Total liabilities	**190,049**	235,440
Less: cash and bank balances	**109,827**	111,212
Net debts	**80,222**	124,228
Total equity	**608,257**	511,106
Total capital	**688,479**	635,334
Gearing ratio	**11.7%**	19.6%

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

Material acquisitions and disposals of subsidiaries and affiliated companies

On 31 January 2013, the Company terminated the co-operative agreement dated 18 June 2010 for participation to the development and establishment of an environmental sludge treatment project in Jiangsu, China, and disposed of the Group's 4% interests in the equity and shareholder's loan of Fair Industry Waste Recyclables Limited ("FIWRL") ("Termination Agreement") to the existing shareholder of FIWRL, a third party to the Company, who interested in 96% interests in the equity and shareholder's loan of FIWRL. Pursuant to the Termination Agreement, the Company disposed of all the Group's interests and rights in FIWRL at a total cash consideration of HK$1,943,120. There was no significant gain or loss on disposal of the Group's interests in FIWRL being recorded for the year ended 31 December 2013.

On 19 July 2013, NURL, a wholly owned subsidiary of the Company entered into the Equity Swap Agreement with an independent third party, Jiangsu Huifeng, pursuant to which (i) NURL agreed to sell and Jiangsu Huifeng agreed to buy the 35% equity interest in Xiangshui NU for a consideration of HK$11,200,000, and (ii) Jiangsu Huifeng agreed to sell and NURL agreed to buy the 16% equity interest in Yancheng NUHF for a consideration HK$10,560,000. The details are set out in the Company's announcement dated 19 July 2013. The Equity Swap Agreement was completed on 28 August 2013. Both Xiangshui NU and Yancheng NUHF became 65% indirectly owned subsidiaries of the Company upon completion of the Equity Swap Agreement.

Save as disclosed therein, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the year ended 31 December 2013.

Significant investments held and their performance

According to the valuation report dated 18 March 2014 issued by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman & Wakefield"), the fair value attributable to the Group's interests in the available-for-sale equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 31 December 2013 was HK$43,800,000, HK$11,100,000 and HK$12,600,000 (31 December 2012: HK$37,200,000, HK$15,800,000 and HK$16,200,000) respectively.

In prior years, the Group was able to exercise significant influence over Qingdao Huamei as the Group had power to appoint one out of five directors of Qingdao Huamei to vote on the important agenda of the entity. On 9 April 2013, the Directors of the Company opined that Qingdao Huamei was not regarded as an associate of the Group because the Group had less than 20% voting power in the directors' meeting of Qingdao Huamei pursuant to the shareholders' agreement. Upon the dilution of the voting power to 16.67%, the Group keeps holding 28.67% equity interest in Qingdao Huamei, which has been classified as available-for-sale equity investment and measured at fair value to be determined by independent valuer(s) periodically. The reclassification of the equity investment in Qingdao Huamei resulted in the recognition of a gain on deemed disposal of an associate of approximately HK$6,128,000 for the year ended 31 December 2013.

For the year ended 31 December 2013, save for disclosed herein, there was no significant change to the carrying amounts of the available-for-sale equity investments that were being stated at cost.

Impairment testing on goodwill

As at 31 December 2013, the assessment on the recoverable amount of the Group's cash generating unit principally engaged in environmental waste treatment services in the PRC was determined by referring to the valuation report dated 18 March 2014 issued by the independent professional valuer, Cushman & Wakefield, after their review of the cash flows projection at a long-term growth rate at 2% (31 December 2012: 2%) of the environmental entities of the Group comprising Zhenjiang New Universe Solid Waste Disposal Company Limited, Yancheng New Universe Solid Waste Disposal Company Limited, and Taizhou New Universe Solid Waste Disposal Company Limited, using the pre-tax discount rate of 20.55% (31 December 2012: 19.63%) taken into account of the risks for the industries, no impairment loss to the goodwill was considered necessary for the year end 31 December 2013 (2012: Nil).

Capital structure

There was no significant change to the capital structure of the Group as at 31 December 2013 compared to that as at 31 December 2012.

Charges on assets

The Group pledged certain property, plant and equipment and the land use rights with carrying amounts of HK$93,028,000 (2012: HK$95,722,000) and HK$19,803,000 (2012: HK$19,958,000) respectively to secure bank facilities totally amounted approximately to HK$119,362,000 (2012: HK$168,593,000) which to the extent of HK$54,007,000 were utilised as bank borrowings as at 31 December 2013 (2012: HK$105,226,000) granted to the Group.

Exposure to fluctuations in exchange rates

As most of the Group's monetary assets and liabilities were dominated in Renminbi, Hong Kong dollars, and US dollars, the exchange risks of the Group were considered to be minimal. For the year ended 31 December 2013, no related hedging was arranged by the Group.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 31 December 2013 (2012: Nil).

Employee information

As at 31 December 2013, the Group had 236 (2012: 239) full-time employees, of which 16 (2012: 16) were based in Hong Kong, and 220 (2012: 223) in Mainland China. For the year ended 31 December 2013, staff costs including Directors' remuneration and amount capitalised as inventories were HK$35,397,000 (2012: HK$33,510,000) for the Group's continuing operations and HK$Nil (2012: HK$5,947,000) for the Group's discontinued operations. Employees and Directors were paid in commensurate with the prevailing market standards with other fringe benefits such as bonus, medical insurance, mandatory provident fund, and continued development and training.

5-YEAR FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
Revenue	**190,667**	162,067	111,254	55,787	39,094
Cost of sales	**(99,687)**	(84,495)	(53,568)	(19,116)	(15,013)
Gross profit	**90,980**	77,572	57,686	36,671	24,081
Other revenue	**4,640**	6,382	6,876	4,614	3,186
Other net income	**489**	1,147	2,338	–	35
Distribution and selling expenses	**(6,303)**	(5,527)	(3,694)	(3,434)	(3,797)
Administrative expenses	**(29,880)**	(27,163)	(24,699)	(18,061)	(11,051)
Other operating expenses	**(7,602)**	(7,924)	(6,103)	(2,958)	(2,631)
Operating profit	**52,324**	44,487	32,404	16,832	9,823
Finance income	**1,624**	2,171	3,736	2,433	156
Finance costs	**(3,511)**	(4,813)	(2,816)	(975)	(2,296)
Finance costs, net	**(1,887)**	(2,642)	920	1,458	(2,140)
Gain on deemed disposal of associates	**6,128**	–	5,817	–	–
Loss on early redemption of promissory notes	**–**	–	–	(1,316)	–
Impairment of goodwill	**–**	–	–	–	(688)
Share of profit of associates, net	**3,979**	604	1,100	726	1,303
Profit before taxation	**60,544**	42,449	40,241	17,700	8,298
Income tax	**(16,421)**	(8,900)	(5,116)	(2,858)	(1,210)
Profit for the year from continuing operations	**44,123**	33,549	35,125	14,842	7,088
Discontinued operations					
Profit for the year from discontinued operations	**18,685**	9,118	94	551	13,366
Profit for the year	**62,808**	42,667	35,219	15,393	20,454
Other comprehensive income for the year	**15,632**	(2,901)	3,319	18,814	(4,762)
Total comprehensive income for the year	**78,440**	39,766	38,538	34,207	15,692
Profit for the year attributable to:					
Owners of the Company	**55,283**	36,097	30,535	12,005	18,355
Non-controlling interests	**7,525**	6,570	4,684	3,388	2,099
	62,808	42,667	35,219	15,393	20,454
Profit for the year attributable to owners of the Company arising from:					
Continuing operations	**36,598**	26,970	30,444	11,454	4,989
Discontinuing operations	**18,685**	9,127	91	551	13,366
	55,283	36,097	30,535	12,005	18,355
Total comprehensive income attributable to:					
Owners of the Company	**69,617**	33,178	32,838	30,385	13,520
Non-controlling interests	**8,823**	6,588	5,700	3,822	2,172
	78,440	39,766	38,538	34,207	15,692
Dividend declared for the year	**12,216**	9,826	9,958	–	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets					
Property, plant and equipment	**435,844**	342,740	343,487	79,520	60,348
Prepaid lease payments	**102,410**	97,159	101,925	21,453	21,819
Goodwill	**33,000**	33,000	33,000	33,000	33,000
Interests in associates	**14,348**	46,711	11,012	60,911	37,411
Available-for-sale equity investments	**67,820**	55,026	57,926	68,670	53,900
	653,422	574,636	547,350	263,554	206,478
Current assets					
Inventories	**1,736**	1,187	20,425	14,689	12,343
Trade and bills receivables	**54,074**	41,234	40,008	19,428	17,071
Prepayments, deposits and other receivables	**12,684**	22,102	3,779	3,025	952
Consideration receivable on disposal of discontinued operation	**–**	–	31,208	50,878	87,389
Prepaid lease payments	**2,719**	2,658	2,718	512	508
Cash and cash equivalents	**109,827**	83,305	128,542	76,907	42,823
	181,040	150,486	226,680	165,439	161,086
Assets of disposal groups classified as held for sale	**–**	53,054	–	–	–
	181,040	203,540	226,680	165,439	161,086
Total assets	**834,462**	778,176	774,030	428,993	367,564

5-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current liabilities					
Interest-bearing bank borrowings	**54,007**	92,872	82,997	10,575	5,121
Trade payables	**1,456**	1,087	14,610	13,103	10,614
Accrued liabilities and other payables	**92,128**	48,401	42,203	16,721	13,746
Deposits received from customers	**2,458**	1,449	10,415	8,606	6,135
Deferred government grants	**278**	269	269	–	–
Income tax payable	**3,636**	2,999	1,777	1,915	2,184
Amounts due to related companies	**–**	–	2,794	–	19
Amounts due to ultimate holding company	**–**	5,000	5,000	–	–
	153,963	152,077	160,065	50,920	37,819
Liabilities of disposal groups classified as held for sale	**–**	19,641	–	–	–
	153,963	171,718	160,065	50,920	37,819
Non-current liabilities					
Interest-bearing bank borrowings	**–**	12,354	45,528	–	–
Other borrowings	**40,000**	–	–	–	–
Promissory notes	**–**	–	–	–	22,185
Deferred government grants	**7,305**	3,124	3,146		
Deferred tax liabilities	**24,937**	25,238	25,263	6,479	5,147
Loan from a related company	**–**	–	–	–	3,042
Amounts due to ultimate holding company	**–**	54,636	97,184	–	–
	72,242	95,352	171,121	6,479	30,374
Total liabilities	**226,205**	267,070	331,186	57,399	68,193
Net assets	**608,257**	511,106	442,844	371,594	299,371
Share capital	**26,557**	26,557	22,131	20,119	18,259
Reserves	**523,149**	462,066	399,167	334,200	270,694
Equity attributable to owners of the Company	**549,706**	488,623	421,298	354,319	288,953
Non-controlling interests	**58,551**	22,483	21,546	17,275	10,418
Total equity	**608,257**	511,106	442,844	371,594	299,371

Note:

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

DIRECTORS

XI Yu ("Mr. XI", aged 56)

Chairman, Executive Director, Compliance Officer and Authorised Representative

Mr. XI was appointed as executive Director on 7 June 2002, and nominated as the chairman of the Board, compliance officer and authorised representative of the Company on 9 December 2004. Mr. XI is the director of all major member companies of the Group. He leads the Company's board of Directors for corporate strategic planning and long-term development of the Group. He has substantial experience in the chemical industry, plastics industry and environmental industry. He graduated from the Chemistry Department of the University of Beijing in 1980. Mr. XI is the director of New Universe Enterprises Limited ("NUEL", the controlling shareholder of the Company) and the shareholder holds 83.66% equity interests in NUEL. Mr. XI is also the director of China (HK) Chemical & Plastics Company Limited ("China (HK) Chemical", which is principally engaged in trading of plastic resins) and its holding company, New Universe Holdings Limited ("NUHL").

SONG Yu Qing ("Mr. SONG", aged 65)

Vice-chairman, Chief Executive Officer and Executive Director

Mr. SONG was appointed as vice-chairman of the Board and non-executive Director on 15 June 2010, and was re-designated as executive Director and the chief executive officer of the Company on 12 June 2012. He is responsible for advising the Board on business strategies and driving the Group toward further development. Mr. SONG was formerly the vice chairman and non-executive director of Sinofert Holdings Limited, a listed company in Hong Kong. He has distinguished experience in the chemical industry and real estate development, and has substantial experience in corporate and strategic planning functions.

HON Wa Fai ("Mr. HON", aged 53)

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

Mr. HON was appointed to the Group as financial controller on 6 September 2004. He was nominated as the qualified accountant, company secretary and authorised representative of the Company on 6 October 2004, and appointed as executive Director of the Company on 28 September 2006. Mr. HON is responsible for accounting, finance, and corporate secretarial functions of the Group. Mr. HON has extensive experience in accounting, auditing, taxation and finance. He holds a Master of Business Administration degree from the University of Strathclyde, Master of Professional Accounting degree from the Hong Kong Polytechnic University, and Master of Applied Finance degree from the University of Western Sydney. He is a practising fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants. He is a senior associate of the Financial Services Institute of Australasia. He is also an associate both of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.

CHEUNG Siu Ling ("Ms. CHEUNG", aged 52)

Executive Director

Ms. CHEUNG was appointed as executive Director of the Company on 1 April 2005. Ms. CHEUNG is the director of various subsidiaries of the Group. She is responsible for human resources management and daily administration of the Group. Ms. CHEUNG has extensive experience in business administration in the commercial fields of both manufacturing and trading. She holds a Master of Business Administration degree from the University of South Australia. Ms. CHEUNG is the director and shareholder of the Company's controlling shareholder, NUEL. She is also the director of China (HK) Chemical and its holding company, NUHL.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

SUEN Ki ("Mr. SUEN", aged 60)
Non-executive Director
Mr. SUEN was appointed as non-executive Director of the Company on 28 September 2006. Mr. SUEN is responsible for advising the Board on strategies and policies of the Group. Mr. SUEN has extensive experience in plastics industry in Hong Kong, Taiwan and the Mainland China. Mr. SUEN holds a Bachelor's degree of Arts from the Department of Foreign Languages and Literature of the National Taiwan University in Taiwan. Mr. SUEN is a director and shareholder of the Company's controlling shareholder, NUEL. He is also the managing director of China (HK) Chemical.

CHAN Yan Cheong ("Dr. CHAN", aged 60)
Independent non-executive Director
Dr. CHAN was appointed as independent non-executive Director of the Company on 1 February 2000 and was nominated and appointed as the chairman of audit committee of the Board. Dr. CHAN is currently a Chair Professor of Electronic and Engineering, and director of the EPA Centre in the Department of Electronic Engineering of City University of Hong Kong. Dr. CHAN holds a Bachelor of Science degree in Electrical Engineering, a Master of Science degree in Materials Science, and a Doctor of Philosophy degree in Electrical Engineering, from Imperial College of Science and Technology, University of London. He also holds a Master of Business Administration degree from the University of Hong Kong. Dr. CHAN is a fellow member of the Institute of Electrical and Electronic Engineers, INC (USA) and Hong Kong Institution of Engineers and a member of the Institution of Engineering & Technology (UK). His research interests include RoHS & WEEE research, green electronics manufacturing, failure analysis, and reliability engineering.

YUEN Kim Hung, Michael ("Mr. YUEN", aged 52)
Independent non-executive Director
Mr. YUEN was appointed as independent non-executive Director of the Company on 24 April 2002 and was nominated and appointed as the chairman of nomination committee of the Board on 19 March 2012. Mr. YUEN is currently practising in Hong Kong with his own accounting firm. Mr. YUEN holds a Professional Diploma in Accountancy from the Hong Kong Polytechnic University. He is a practicing certified public accountant of the Hong Kong Institute of Certified Public Accountants, a certified general accountant of the Canadian Certified General Accountants Association of Hong Kong, and a fellow member of the Chartered Association of Certified Accountants. Mr. YUEN is currently an independent non-executive director of a listed company in Hong Kong, Prosperity International Holdings (H.K.) Ltd., and a company previously listed on the London Stock Exchange and delisted on 2 October 2013, Prosperity Minerals Holdings Limited. He has substantial experience in accounting, taxation and auditing.

HO Yau Hong, Alfred ("Mr. HO", aged 56)
Independent non-executive Director
Mr. HO was appointed as independent non-executive Director of the Company on 30 September 2004 and was nominated and appointed as the chairman of the remuneration committee of the Board on 19 March 2012. Mr. HO is currently practising in Hong Kong with his own accounting firm. He is currently a facilitator in the Qualification Program of the Hong Kong Institute of Certified Public Accountants in accounting, auditing and taxation. He was formerly a part-time professor in accounting and auditing at Algonquin College, Ottawa, Canada, and was a part-time tutor in taxation at the Open University of Hong Kong. Mr. HO holds a Bachelor of Commerce (Honours) degree from University of Windsor, Windsor, Canada. Mr. HO is a Canadian chartered accountant, a practising fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Taxation Institute of Hong Kong. Mr. HO was formerly a finance director of Sinosoft Technology Plc, a company previously listed on the London Stock Exchange. Mr. HO has substantial experience in accounting, auditing and taxation.

CHANGE IN DIRECTORS' INFORMATION

Save as disclosed therein, there were no other changes to the details of the Directors' information since the date of last annual report of the Company for the year ended 31 December 2012.

Notes:

(a) Mr. XI, Mr. HON, Ms. CHEUNG, Dr. CHAN, Mr. YUEN and Mr. HO shall retire as Directors at the forthcoming annual general meeting in accordance with the Articles of Association of the Company, and being eligible, they offer themselves for re-election thereat.

(b) Details of Directors' emoluments disclosed pursuant to Rule 18.28 of the GEM Listing Rules are set out in note 13 to the financial statements on pages 94 to 95 of this annual report.

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

SENIOR MANAGEMENT

WONG Lai Wa (aged 43)

Deputy General Manager of New Universe International Group Limited
Supervisor of Zhenjiang Sinotech Eco-electroplating Development Limited
Supervisor of Zhenjiang New Universe Solid Waste Disposal Company Limited

Ms. WONG was appointed as deputy general manager of the Company in June 2007. Ms. WONG was formerly an accountant of NUHL for the period from April 2003 to September 2008. Ms. WONG is the supervisor of the major subsidiaries of the Group in China and is responsible for monitoring their financial budgetary control and internal control systems of various subsidiaries of the Group. Ms. WONG holds a Diploma in Business Management from the Chinese University of Hong Kong.

WONG Mui Kwai, Portia (aged 49)

Corporate strategic planning & audit manager of New Universe International Group Limited
Supervisor of Xiangshui New Universe Environmental Technology Limited
Supervisor of Yancheng NUHF Environmental Technology Limited

Ms. WONG was appointed as corporate strategic planning & audit manager of the Company in July 2012. Ms. WONG was formerly a deputy general manager of the Company for the period from June 2002 to June 2005. Ms. WONG is responsible for monitoring the financial budgetary and internal control systems of all subsidiaries of the Group in China. She currently also serves as project manager to monitor the development of newly established projects of Group on waste treatment and resource re-utilisation operations in China. Ms. WONG holds a Bachelor's degree of Arts in Accountancy and a Postgraduate Diploma in Corporate Administration from the Hong Kong Polytechnic University. She is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants. She is also an associate both of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators.

WANG Wen Hui (aged 44)

Director & General Manager of Zhenjiang Sinotech Eco-electroplating Development Limited
General Manager of Zhenjiang Sinotech Environmental Technology Limited

Mr. WANG was appointed in July 2007 as director and general manager of the Group's subsidiary, Zhenjiang Sinotech Eco-electroplating Development Limited. He is responsible for formulating business strategies, implementing corporate and operational decisions. Mr. WANG holds Undergraduate's degree in Mechanics and Electricity and a Master's degree in Management with majors in Management Science and Engineering from the Jiangsu University, and he holds the title of engineer specialised in electronic engineering in Mainland China.

LIU Yuan (aged 43)

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

Ms. LIU was appointed in January 2009 as director and general manager of the Group's subsidiary, Zhenjiang New Universe Solid Waste Disposal Company Limited. She is responsible for formulating business strategies, implementing corporate and operational decisions. Ms. LIU graduated from Nanjing College of Economics (now renamed as Nanjing University of Finance and Economics) with a professional certificate in accounting and statistics, and she holds the title of intermediate accountant in Mainland China.

LIU Lai Gen (aged 59)

Director & General Manager of Yancheng NUHF Environmental Technology Limited
Director & General Manager of Yancheng New Universe Solid Waste Disposal Company Limited
Director & General Manager of Taizhou New Universe Solid Waste Disposal Company Limited
Director of Xiangshui New Universe Environmental Technology Limited
Director of Zhenjiang New Universe Solid Waste Disposal Company Limited

Mr. LIU was appointed in 2012 as director of the Group's subsidiaries, Xiangshui New Universe Environmental Technology Limited and Yancheng NUHF Environmental Technology Limited. In July 2012, Mr. LIU was also appointed as general manager of Yancheng NUHF Environmental Technology Limited that became a subsidiary of the Group in 2013. He is responsible for formulating business strategies, implementing corporate and operational decisions. Mr. LIU has been the general manager of the Group's subsidiaries, Yancheng New Universe Solid Waste Disposal Company Limited and Taizhou New Universe Solid Waste Disposal Company Limited since 2003.

YANG Lin (aged 47)

General Manager of Xiangshui New Universe Environmental Technology Limited

Mr. YANG was appointed in July 2012 as general manager of the Group's subsidiary, Xiangshui New Universe Environmental Technology Limited. He is responsible for formulating business strategies, implementing corporate and operational decisions, and especially for the completion of the new plant of the Group in Xiangshui that will engage in industrial waste treatment. Mr. YANG holds a Master degree in Environmental Engineering from Nanjing University, and he holds the title of intermediate engineer specialised in environmental protection in Mainland China.

Note:

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

	2013 Number of individuals	2012 Number of individuals
Emolument bands (in HK dollar)		
Nil to HK$1,000,000	**6**	3
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	1
	6	6

CORPORATE GOVERNANCE PRACTICES

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

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

During the financial year ended 31 December 2013, the Company complied with all code provisions set out in the CG Code. Having reviewed on the corporate governance functions undertaken by the Board, the Directors confirmed that they were not aware of any deviation from the code provisions set out in the CG Code for the year ended 31 December 2013.

DIRECTORS' SECURITIES TRANSACTIONS

During the year ended 31 December 2013, the Company applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 if the GEM Listing Rules ("Required Standard of Dealings").

Having made specific enquiry of all Directors of the Company, the Directors confirmed that they had complied with and they were not aware of any non-compliance with the Required Standard of Dealing during the year ended 31 December 2013.

On 19 March 2012, the Board approved the Code of Conduct for Securities Transactions by Relevant Employees established for the required standard of the Company against which employees of the Company relating to corporate finance engagement, including, but not limited to, the company secretary, financial controller, chief operation officer, deputy chief operation officer, all department heads of the head office and all staff under company secretarial department and accounting department of the Company and its subsidiaries must measure their conduct regarding transactions in securities of the Company. The Directors confirmed that they were not aware of any deviation from the code for the year ended 31 December 2013.

On 19 March 2013, the Board approved the Disclosure Policy of the Company established to provide a general guide to the Directors, officers, senior management and relevant employees of the Company in the handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations. The relevant employees include any employee of the Company and directors/employees of the Company's subsidiaries or holding company who, because of their office or employment, are likely to possess inside information in relation to the Company or its securities. The Directors confirmed that they were not aware of any non-compliance with the policy for the year ended 31 December 2013.

BOARD OF DIRECTORS

Board composition

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

As at 31 December 2013, the Board comprised: –

Executive Director

Mr. XI Yu (Chairman of the Board and Compliance Officer)
Mr. SONG Yu Qing (Vice-chairman of the Board and Chief Executive Officer)
Mr. HON Wa Fai (Financial Controller and Company Secretary)
Ms. CHEUNG Siu Ling

Non-executive Director

Mr. SUEN Ki

Independent non-executive Director

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

Directors' attendance to board meetings and shareholders meetings

The following table shows the attendance record of each Board member for the board meetings and shareholders' meetings of the Company held during the year ended 31 December 2013:

	Number of meetings attended/held		
Board member	**Regular Board meeting**	**Ad-hoc board meeting**	**Annual general meeting**
Executive director			
Mr. XI Yu	4/4	3/3	1/1
Mr. SONG Yu Qing	4/4	2/2	0/1
Mr. HON Wa Fai	4/4	2/2	1/1
Ms. CHEUNG Siu Ling	4/4	2/2	1/1
Non-executive director			
Mr. SUEN Ki	4/4	3/3	1/1
Independent non-executive director			
Dr. CHAN Yan Cheong	4/4	3/3	1/1
Mr. YUEN Kim Hung, Michael	4/4	3/3	0/1
Mr. HO Yau Hong, Alfred	4/4	3/3	1/1

Board meetings and procedures

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

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

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

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

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

Relationship between the Board members

Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki is the director and shareholder of the Company's controlling shareholder, New Universe Enterprises Limited ("NUEL"). NUEL is considered the ultimate holding of the Company, which beneficially interested in 70.48% of the issued share capital of Company as at 31 December 2013. The Company and its subsidiaries have settled all amounts previously due to NUEL during the year ended 31 December 2013.

Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki is the director of China (HK) Chemical and Plastics Company Limited ("China (HK) Chemical"). China (HK) Chemical provided financial assistance to the Company for working capital purposes on normal commercial terms during the year ended 31 December 2013, and the Company has settled all the amounts within the year.

Each of Mr. XI Yu and Ms. CHEUNG Siu Ling is the director of Sun Ngai International Investment Limited ("Sun Ngai"), which is the landlord of the office premises and documentary warehouse rented by the Group on normal commercial terms for its operation purposes in Hong Kong during the year 31 December 2013.

Each of Mr. XI Yu and Ms. CHEUNG Siu Ling is the director of New Universe Holdings Limited ("NUHL"). NUHL is the holding company that interested in 97% of the issued share capital of China (HK) Chemical and 100% of the issued share capital of Sun Ngai.

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

Directors' insurance

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

Continuing professional development of Directors

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

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

According to the records maintained by the Company, each of the Directors received continuous professional development for the year ended 31 December 2013 as follows:

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. XI Yu is chairman of the Board ("Chairman"). He is the executive Director of the Company and the director of all major subsidiaries of Group.

Mr. SONG Yu Qing is the chief executive officer ("CEO") of the Company and the vice-chairman of the Board. He is also the executive Director of the Company.

The Chairman and the CEO of the Company have taken up separate roles with division of responsibilities clearly established between the two positions to ensure a balance of power and authority, so that power is not concentrated in any one individual.

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

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

For the year ended 31 December 2013, the Chairman held a meeting once with the non-executive Directors (including independent non-executive Directors) without presence of all executive Directors to discuss various corporate governance functions of the Company.

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

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

NON-EXECUTIVE DIRECTORS

The GEM Listing Rules require every listed issuer to have at least three independent non-executive directors, and at least one of whom must have the appropriate professional qualifications, or accounting or related financial management expertise. For the year ended 31 December 2013, the Company has three independent non-executive directors, and two of them have the appropriate professional qualifications or accounting or related financial management expertise.

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

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

Each of the independent non-executive Directors, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has signed letter of appointment with the Company for tenure of two years commencing on 1 February 2013. Dr. CHAN Yan Cheong signed a letter of appointment for tenure of two years commencing on 1 April 2013.

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

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

Mr. SUEN Ki is the non-executive director of the Company who signed letter of appointment with the Company for tenure of two years commencing on 1 February 2013.

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

RESPONSIBILITIES OF DIRECTORS

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

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

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

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

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

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

Name	Position	Current Function/Experience
XI Yu	Chairman, executive director, and compliance officer	– Leading the Board – Ensuring good corporate governance practices – Developing vision and strategies of the Group – Developing long term mission of the Group – Strategic planning – Investor relations
SONG Yu Qing	CEO and executive director	– Developing corporate goals, targets and objectives of the Group
HON Wa Fai	Executive director, financial controller, and Company Secretary	– Overseeing financial control, accounting, treasury, corporate finance and compliance – Formulating merger and acquisition exercise – Investor relations
CHEUNG Siu Ling	Executive director	– Administration of head office – Human resources management of head office – Overseeing daily operations
SUEN Ki	Non-executive Director	– Advising on strategies and policies of the Group
CHAN Yan Cheong	Independent non-executive Director	– Relationship with academic and industrial expertise – Bringing in independent judgement on issues of corporate strategies, policy, performance, accountancy, key appointments and standards of conduct – Scrutinising the Company's performance in achieving corporate goals and objectives – Serving on audit, remuneration and nomination committees, and as the chairman of the audit committee
YUEN Kim Hung, Michael	Independent non-executive Director	– Advising on auditing, taxation, compliance and financial matters – Bringing in independent judgement on issues of policy, performance, accountancy, key appointments and standards of conduct – Serving on audit, remuneration and nomination committees, and as the chairman of the nomination committee – Scrutinising the Company's performance in achieving corporate goals and objectives – Possess professional accounting qualifications and financial experience
HO Yau Hong, Alfred	Independent non-executive Director	– Advising on auditing, taxation, compliance and financial matters – Bringing in independent judgement on issues of policy, performance, accountancy, key appointments and standards of conduct – Serving on audit, remuneration and nomination committees, and as the chairman of the remuneration committee – Scrutinising the Company's performance in achieving corporate goals and objectives – Possess professional accounting qualifications and financial experience

SUPPLY OF AND ACCESS TO INFORMATION

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

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

BOARD COMMITTEES

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

	Audit Committee	**Remuneration Committee**	**Nomination Committee**	**Executive Committee**
XI Yu				C
SONG Yu Qing				M
HON Wa Fai				M
CHEUNG Siu Ling				M
CHAN Yan Cheong	C	M	M	
YUEN Kim Hung, Michael	M	M	C	
HO Yau Hong, Alfred	M	C	M	

Notes:

C: Chairman of the relevant Board committee
M: Member of the relevant Board committee

AUDIT COMMITTEE

The Company's Audit Committee was initially established on 30 May 2000 with written terms of reference adopted. On 19 March 2012, the terms of reference of the Company's Audit Committee were reviewed and amended to cope with the CG Code.

Composition of Audit Committee

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

Meetings of Audit Committee

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

Committee member	Number of meetings attended/held
Dr. CHAN Yan Cheong *(chairman of committee)*	5/5
Mr. YUEN Kim Hung, Michael	5/5
Mr. HO Yau Hong, Alfred	5/5

The Audit Committee had five meetings during the year ended 31 December 2013, amongst others, for the following purposes:

(i) reviewed the annual report for the year ended 31 December 2012;

(ii) discussed and reviewed the interim results for 6 months ended 30 June 2013 as reviewed by newly appointed independent accountants, Crowe Horwath (HK) CPA Limited;

(iii) reviewed the quarterly reports for 3 months and 9 months respectively ended 31 March and 30 September 2013;

(iv) reviewed the cause of change of the Company's auditor, reviewed the proposed engagement with the new auditor to be appointed, and met with the representatives of the newly appointed auditor of the Company; and

(v) reviewed quarterly the reports prepared by the independent professional valuers engaged by the Company in relation to the fair value of the available-for-sale equity investments and impairment testing on goodwill arisen on the environmental entities of the Group, and reviewed the status of Group's subsidiaries in Mainland China through inspection visits.

Remuneration Committee

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

Composition of Remuneration Committee

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

Meetings of Remuneration Committee

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

Committee member	Number of meetings attended/held
Mr. HO Yau Hong, Alfred *(chairman of committee)*	1/1
Dr. CHAN Yan Cheong	1/1
Mr. YUEN Kim Hung, Michael	1/1

The Remuneration Committee had one meeting during the year ended 31 December 2013, amongst others, for the following purposes:

(i) reviewed the remuneration of executive Directors and senior management for the year ended 31 December 2012; and

(ii) assessed performance of executive Directors.

Nomination Committee

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

Composition of Nomination Committee

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

Meetings of Nomination Committee

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

Committee member	Number of meetings attended/held
Mr. YUEN Kim Hung, Michael *(chairman of committee)*	1/1
Dr. CHAN Yan Cheong	1/1
Mr. HO Yau Hong, Alfred	1/1

The Nomination Committee had one meeting during the year ended 31 December 2013, amongst others, for the following purposes:

(i) reviewed the composition of the Board; and

(ii) assessed the independence of independent non-executive Directors proposed for re-election at the annual general meeting.

Executive Committee

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

Composition of Executive Committee

Mr. XI Yu *(committee chairman)*
Mr. SONG Yu Qing
Mr. HON Wa Fai
Ms. CHEUNG Siu Ling

Role and function of Executive Committee

(a) to refer the transactions to the Board for decision making if any member of the Executive Committee has doubts on any compliance issue under the applicable rules in respect of the transactions under consideration and in any event, seek professional advice on any compliance issue;

(b) to report on any commitment (within its authority) approved by the Executive Committee and entered into on behalf of the Group to the Board in the next scheduled meeting of the Board; and

(c) to ensure that all the relevant management personnel of the Group and the Company Secretary of the Company will be provided with all deeds, documents or contracts entered into on behalf of the Group pursuant to the approval of the Executive Committee (within its authority) for record keeping.

Meetings of Executive Committee

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

Committee member	**Number of meetings attended/held**
Mr. XI Yu *(chairman of committee)*	13/13
Mr. SONG Yu Qing	13/13
Mr. HON Wa Fai	13/13
Ms. CHEUNG Siu Ling	13/13

For the year ended 31 December 2013, the Executive Committee had 13 meetings held mainly for the consideration and approval of authorised transactions within the terms of reference of the committee, of which the decisions have been reviewed, confirmed and adopted by the Board.

AUDITOR'S REMUNERATION

For the years ended 31 December 2013 and 2012, the remuneration paid/payable to the independent auditors of the Company in respect of their audit and non-audit services was as follows:

	2013	2012
	HK$'000	HK$'000
Audit services	**920**	870
Non-audit services	**254**	295

ACCOUNTABILITY AND AUDIT

The Audit Committee has reviewed with the Board on the Company's financial statements for the year ended 31 December 2013. The Directors acknowledge their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment for the Company's performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern.

CCIF CPA Limited ("CCIF") had been the auditor of the Company since the Company's shareholders approved the appointment at the extraordinary general meeting held on 28 December 2004. CCIF resigned as auditor of the Company with effect from 18 June 2013. The Board appointed Crowe Horwath (HK) CPA Limited ("Crowe Horwath (HK)") as new auditor of the Company with effect from 19 June 2013 to fill the casual vacancy following the resignation of CCIF and to hold office until the conclusion of the next annual general meeting of the Company.

Crowe Horwath (HK) is a member firm in Hong Kong of Crowe Horwath International. The Board, with the recommendation of the Audit Committee of the Company, considered it would be in the interests of the Company and its shareholders as a whole to appoint Crowe Horwath (HK) as new auditor of the Group taking into account the factors that, including but not limited to, the future expansion and future professional services required by the Group.

Crowe Horwath (HK) acknowledged their reporting responsibilities in the independent auditor's report to the consolidated financial statements of the Company for the year ended 31 December 2013.

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

INTERNAL CONTROL

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

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

Senior and qualified management team of the whole Group comprising, but not limited to, the Directors of the Company and all general managers of the Group's subsidiaries, maintains, monitors and complies with the internal control systems of the Group on an ongoing basis.

For the year ended 31 December 2013, a management team comprising, amongst other assistants in the Group, the deputy general manager and the corporate strategic planning & audit manager of the Company took up the responsibilities of monitoring the day-to-day management and internal control system of every operating unit of Group with key operations in Mainland China, to identify any risks or possible failure of the operating units, and to monitor, report, and make suggestions on how each operating unit to achieve the objectives and goals set. The management team meets regularly with the Executive Directors and reports on matters to be updated to the Board in a timely manner.

To engage with independent professional party(ies) to review the Group's compliance with the CG Code and, if necessary on sampling basis, the internal control system of the Group will be carried out on a continuous basis. The Audit Committee required that the internal control system of the Group should be maintained and improved continuously in line with the growth of the Group.

COMPANY SECRETARY

Mr. HON Wa Fai is the Company Secretary of the Company who is also the executive Director and financial controller of the Company. He has been the Company Secretary of the Company since 6 October 2004. Pursuant to Rule 5.15 of the GEM Listing Rules, Mr. HON shall take no less than 15 hours of relevant professional training in each financial year commencing on or after 1 January 2013. According to the record of the Company, Mr. HON took no less than 15 hours of relevant professional training on corporate governance, financial management and accountancy for the year ended 31 December 2013.

SHAREHOLDERS' RIGHTS

Communication with Shareholders

On 19 March 2012, the Company adopted a Shareholders Communication Policy to promote and facilitate effective communication with Shareholders of the Company.

The Board encourages the participation of the Shareholders in the general meetings of the Company, and the Chairman of the Board shall attend the annual general meeting of the Company.

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

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

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

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

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

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

Procedures for Shareholders to convene a general meeting

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

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

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

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

Procedures for proposing a person for election as a Director

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

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

(i) a notice signed by the Shareholder of the intention to propose that person for election as a Director and the notice shall set out the contact details of the proposing shareholder, including correspondence address, contact phone number; and

(ii) a notice signed by that person to be proposed of his willingness to be elected as a Director; and the duly completed checklist attached to these procedures.

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

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

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

Procedures for directing Shareholders' enquiries to the Board

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

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

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

INVESTOR RELATIONS

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

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

Telephone number:	(852) 2522 1838
Facsimile number:	(852) 2521 9955
E-mail:	newuniverse@prchina.com.hk
Public relation consultant:	PRChina Limited

On behalf of the Board

XI Yu
Chairman

Hong Kong, 18 March 2014

REPORT OF THE DIRECTORS

The directors ("Directors") of New Universe International Group Limited ("Company") submit their report together with the audited financial statements of the Group and the Company for the year ended 31 December 2013.

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

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

The activities of the principal subsidiaries are summarised as follows:

(a) provision of environmental industrial and medical waste treatment services;

(b) provision of environmental plating sewage treatment and facilities services in an Eco-plating Specialised Zone; and

(c) investments in plastic materials dyeing business.

SEGMENT INFORMATION

An analysis of the group's performance for the year by reportable and operating segment of the Group is set out in note 6 to the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2013 and the state of the Group and the Company's affairs as at that date are set out in the financial statements on pages 52 to 144 of this annual report.

DIVIDEND

The dividends paid in 2013 was HK$9,826,000 at HK$0.0037 per share which was in relation to the year ended 31 December 2012 (2011: HK$9,958,000 at HK$0.0045 per share paid in 2012).

At the Directors' meeting held on 18 March 2014, the Directors proposed a final dividend of HK$0.0046 per share of the Company for the year ended 31 December 2013 amounting to approximately HK$12,216,000 subject to approval of the shareholders at the forthcoming annual general meeting:

Annual general meeting date	:	Monday, 5 May 2014
Book close date for final dividend	:	Tuesday, 13 May 2014 to Friday, 16 May 2014
Record date for final dividend	:	Friday, 16 May 2014
Final dividend payment date	:	Thursday, 31 July 2014

RESERVES

Profits attributable to owners of the Company, before dividends, of HK$55,283,000 for the year ended 31 December 2013 (2012: HK$36,097,000) have been transferred to reserves. Other movements in the reserves of the Group and the Company during the year are set out in the note 39 to the financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2013, the Company's reserves available for distribution to its shareholders amounted to HK$363,478,000 (2012: HK$343,975,000). According to Article 134 of the articles of association of the Company, dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years ended 31 December 2013 is set out on pages 16 to 18 of this annual report.

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 year ended 31 December 2013.

PRE-EMPTIVE RIGHTS

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

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 38 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in fixed assets or property, plant and equipment of the Group during the year are set out in note 21 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2013 are set out in note 24 to the financial statements.

ASSOCIATES

Particulars of the Company's associates as at 31 December 2013 are set out in note 25 to the financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group and the Company as at 31 December 2013 are set out in notes 31, 32 and 37 to the financial statements.

INTEREST CAPITALISED

The Group did not capitalise any interest during the year (2012: Nil).

DIRECTORS

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

Executive Director:

XI Yu, *Chairman and Compliance Officer*
SONG Yu Qing, *Vice-chairman and Chief Executive Officer*
HON Wa Fai, *Company Secretary*
CHEUNG Siu Ling

Non-Executive Director:

SUEN Ki

Independent Non-Executive Director:

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

In accordance with Article 87 of the Company's articles of association, Mr. XI Yu, Mr. HON Wa Fai, Ms. CHEUNG Siu Ling, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Pursuant to the Code Provision A.4.1 set out in the Appendix 15 of the Rules Governing the Listing Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM Listing Rules"), non-executive Directors of the Company are appointed for a specific term, subject to re-election in accordance with the articles of association of the Company. Tenure of office of the non-executive director, Mr. SUEN Ki, and each of the independent non-executive Directors, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael, and Mr. HO Yau Hong, Alfred, is under letter of appointment for a term of two years.

No director proposed for re-election at the forthcoming annual general meeting has an expired service contract that is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory obligations.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 19 to 22 of this annual report.

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

Details of the emoluments of the Directors and the chief executives and of the five highest paid individuals in the Group are set out respectively in notes 13 and 14 to the financial statements.

EMOLUMENT POLICY

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

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

SHARE OPTION SCHEME

The Company had a share option scheme adopted by the Company's shareholders at the general meeting held on 10 December 2003 ("Share Option Scheme"), whereby the Directors of the Company were authorised, at their discretion, to invite employees of the Group, including Directors of any company in the Group, to take up options to subscribe for shares of the Company. The purpose of the scheme was to provide an opportunity for employees of the Group to acquire an equity participation in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme was valid and effective for a period of 10 years commencing from the approval of the scheme and ending on 9 December 2013, after which no further options will be granted. Therefore, the Share Option Scheme was lapsed after 9 December 2013, and upon the lapse of Share Option Scheme, no option has been granted or outstanding under the Company's Share Option Scheme.

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

As at 31 December 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were entered into the register pursuant to Section 352 of the SFO, to be entered in the register referred therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

The Company

Long positions in issued shares of the Company

	Number of ordinary shares of HK$0.01 each				
Name of director	**Personal/ beneficial interest**	**Interest of children or spouse**	**Interest of controlled corporation**	**Number of shares held**	**% of total shares in issue**
Mr. XI Yu *	–	–	1,871,823,656	1,871,823,656	70.48

Note:

* Mr. XI Yu is the shareholder of 16,732 shares of US$1.00 each in NUEL, representing 83.66% of the issued share capital of NUEL, which in turn beneficially interested in 1,871,823,656 shares of the Company, representing approximately 70.48% of the issued share capital of the Company.

Associated corporation

Long positions in issued shares of NUEL

	Number of ordinary shares of US$1.00 each				
Name of director	**Personal/ beneficial interest**	**Interest of children or spouse**	**Interest of controlled corporation**	**Number of shares held**	**% of total shares in issue**
Mr. XI Yu	16,732	–	–	16,732	83.66
Ms. CHEUNG Siu Ling	1,214	1,214	–	2,428	12.14
Mr. SUEN Ki	840	–	–	840	4.20

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Save as disclosed herein, at no time during the year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its holding company a party to any arrangement to enable the Directors and chief executives of the Company (their spouses or children under the age of 18) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

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

As at 31 December 2013, so far as is known to any director or the chief executive of the Company, the interests or short positions of any person, other than a director or the chief executive of the Company, in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in issued shares of the Company

	Number of ordinary shares of HK$0.01 each				
Name of shareholder	**Beneficial owner**	**Family interest**	**Interest of controlled corporation**	**Number of shares held**	**% of total shares in issue**
NUEL *	1,871,823,656	–	–	1,871,823,656	70.48

Note:

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

Save as disclosed above, as at 31 December 2013, the Directors of the Company were not aware of any other person who had an interest or short position in the shares and underlying shares as recorded in the register required to be kept by the Company under Section 336 of he SFO.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage of the Group's total			
	Sales		**Purchases**	
	2013	2012	**2013**	2012
The largest customer	**6.1%**	5.6%		
Five largest customers in aggregate	**18.8%**	16.6%		
The largest supplier			**12.1%**	14.7%
Five largest suppliers in aggregate			**35.1%**	34.9%

At no time during the years ended 31 December 2013 and 2012 did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest suppliers or customers.

At no time during the years ended 31 December 2013 and 2012 did the Directors, their respective associates or any shareholder of the Company (which to the knowledge of the Directors owned more than 5% of the Company's issued share capital) have any interest in these major customers and suppliers of the Group.

CONNECTED TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 December 2013 is set out in note 44 to the financial statements.

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

As at 31 December 2013, contracts or arrangements subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

1. Mr. XI Yu has provided personal guarantees, and New Universe Environmental Technologies (Jiang Su) Limited ("NUET(JS)", a 82% indirectly owned subsidiary of the Company) and New Universe Holdings Limited ("NUHL", a related party of the Company), both of which Mr. XI Yu and Ms. CHEUNG Siu Ling are directors, have provided corporate guarantees in the following arrangements:

   (a) The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and DBS Bank (Hong Kong) Limited have, pursuant to a facility agreement dated 8 August 2008, agreed to grant the loan facilities of up to US$14,000,000 to Fair Time International Limited, a 98% indirectly owned subsidiary of the Company, which are guaranteed by Mr. XI Yu and NUHL. As at 31 December 2013, the outstanding loan was US$718,750 (approximately HK$5,573,000).

(b) The Hongkong and Shanghai Banking Corporation Limited has pursuant to a facility letter dated 14 June 2011 and renewed facility letters dated 13 April 2012 and 20 June 2013, granted banking facilities of up to HK$10,000,000 to NUET(JS), which are guaranteed by the Company and Mr. XI Yu, each up to a limit of HK$10,000,000. As at 31 December 2013, the outstanding loan was HK$6,875,000.

(c) Standard Chartered Bank (Hong Kong) Limited has pursuant to a facility letter dated 1 March 2012, granted banking facilities of up to HK$50,700,000 to the Company, and pursuant to a renewed facility letter dated 16 October 2013, granted banking facilities up to a revised amount of HK$23,400,000, which are guaranteed by Mr. XI Yu and NUET(JS). As at 31 December 2013, the outstanding loan was HK$10,000,000.

(d) The Hongkong and Shanghai Banking Corporation Limited has pursuant to a facility letter dated 6 July 2012, granted banking facilities of up to HK$12,000,000 to NUET(JS), which were guaranteed by Mr. XI Yu up to a limit of HK$12,000,000, and Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK$2,000,000. Pursuant to a renewed facility letter dated 5 November 2012, The Hongkong and Shanghai Banking Corporation Limited agreed to extend the latest drawdown date for the banking facilities of up to HK$12,000,000 granted to NUET(JS), and has revised the security for the said banking facilities, which are currently guaranteed by Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK$12,000,000. As at 31 December 2013, the outstanding loan was HK$10,500,000.

(e) Hang Seng Bank Limited has pursuant to a facility letter dated 21 August 2012, granted banking facilities of up to HK$15,000,000 to NUET(JS), which are guaranteed by the Company and Mr. XI Yu, each up to a limit of HK$15,000,000. As at 31 December 2013, the outstanding loan was HK$14,063,000.

2. Each of Mr. XI Yu and Ms. CHEUNG Siu Ling is a director of the landlord to both of the following tenancy agreements entered into by the Group as tenants:

(a) A tenancy agreement dated 26 July 2012 entered into between Smartech Services Limited ("Smartech Services", an indirectly wholly owned subsidiary of the Company) as tenant and Sun Ngai International Investment Limited ("Sun Ngai", a wholly owned subsidiary of NUHL of which the board of directors comprises Mr. XI Yu and Ms. CHEUNG Siu Ling) as landlord. Pursuant to which, Smartech Services rented an office unit located at Room 2109, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong from Sun Ngai at a monthly rental of HK$20,000 for the term from 1 August 2012 to 31 July 2013. The tenancy agreement was renewed on 15 July 2013 at the same monthly rental of HK$20,000 for an extended term to 31 July 2014.

(b) A tenancy agreement dated 8 December 2010 entered into between Smartech Services as tenant and Sun Ngai as landlord. Pursuant to which, Smartech Services rented a factory unit for use as warehouse located at Suite 12, 5th Floor, Yuen Fat Industrial Building, 25 Wang Chiu Road, Kowloon Bay, Hong Kong from Sun Ngai at a monthly rental of HK$4,000 for the term from 1 January 2011 to 31 December 2013. The tenancy was renewed on 20 December 2013 for a term from 1 January 2014 to 31 December 2016 at a monthly rental of HK$8,000.

3. Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki is a director of China (HK) Chemical; and Mr. XI Yu and Ms. CHEUNG Siu Ling are directors of NUHL, which holds 97% of the issued share capital of China (HK) Chemical. China (HK) Chemical is a party to the loan agreement dated 11 January 2013 with the Company, pursuant to which China (HK) Chemical granted an unsecured interest-free loan of HK$5,000,000 to the Company for general working capital purposes. The loan was fully repaid on 26 March 2013.

4. Each of Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki is a shareholder and a director of NUEL. All loans and amounts, which were unsecured, partly interest bearing and partly non-interest bearing, due to NUEL by the Company and its subsidiary, New Sinotech Investments Limited, were fully repaid during the year ended 31 December 2013.

The above transactions were conducted on terms no less favourable than terms available from independent third parties which were in the ordinary course of business of the Group.

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

COMPETING INTERESTS

For the year ended 31 December 2013, the Directors were not aware of any business or interest of the Directors or any controlling Shareholder and their respective associates (as defined under the GEM Listing Rules) that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed public floats under the GEM Listing Rules.

CORPORATE GOVERNANCE

A report on the principal corporate practices of the Company for the year ended 31 December 2013 and significant subsequent events, if any, up to the date of publication of this annual report is set out in the Corporate Governance Report on pages 23 to 39 of this annual report.

SUBSEQUENT EVENTS

Details of significant subsequent events occurring after the reporting period are set out in note 48 to the financial statements.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprising three independent non-executive Directors of the Company, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2013.

INDEPENDENT AUDITOR

The financial statements of the Company and its subsidiaries for the years ended 31 December 2011 and 2012 were audited by CCIF CPA Limited ("CCIF"). CCIF resigned as auditor of the Company and its subsidiaries with effect from 18 June 2013.

On 19 June 2013, Crowe Horwath (HK) CPA Limited ("Crowe Horwath (HK)") was appointed as new auditor of the Company and its subsidiaries to fill the casual vacancy following the resignation of CCIF and to hold office until the conclusion of the next annual general meeting of the Company.

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

On behalf of the Board

XI Yu
Chairman
Hong Kong, 18 March 2014

INDEPENDENT AUDITOR'S REPORT

Crowe Horwath™

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

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

We have audited the consolidated financial statements of New Universe International Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 52 to 144, which comprise the consolidated and company's statements of financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants

YEUNG Sik Hung Alvin
Practising Certificate Number: P05206

Hong Kong, 18 March 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Continuing operations			
Revenue	7	**190,667**	162,067
Cost of sales		**(99,687)**	(84,495)
Gross profit		**90,980**	77,572
Other revenue	8	**4,640**	6,382
Other net income	9	**489**	1,147
Distribution and selling expenses		**(6,303)**	(5,527)
Administrative expenses		**(29,880)**	(27,163)
Other operating expenses		**(7,602)**	(7,924)
Operating profit		**52,324**	44,487
Finance income	10	**1,624**	2,171
Finance costs	10	**(3,511)**	(4,813)
Finance costs – net	10	**(1,887)**	(2,642)
Gain on deemed disposal of an associate	11	**6,128**	–
Share of profits of associates	25	**3,979**	604
Profit before taxation	12	**60,544**	42,449
Income tax	15	**(16,421)**	(8,900)
Profit for the year from continuing operations		**44,123**	33,549
Discontinued operations			
Profit for the year from discontinued operations	16	**18,685**	9,118
Profit for the year		**62,808**	42,667
Attributable to:			
Owners of the Company		**55,283**	36,097
Non-controlling interests		**7,525**	6,570
		62,808	42,667
Profit attributable to owners of the Company arises from:			
Continuing operations		**36,598**	26,970
Discontinued operations		**18,685**	9,127
		55,283	36,097
		2013 HK cents	2012 HK cents
Earnings per share from continuing and discontinued operations attributable to owners of the Company during the year (expressed in HK cents per share)			
Basic and diluted earnings per share	18		
Continuing operations		**1.38**	1.20
Discontinued operations		**0.70**	0.41
Continuing and discontinued operations		**2.08**	1.61

The notes on pages 52 to 144 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Profit for the year		**62,808**	42,667
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences			
– on translation of financial statements of overseas subsidiaries		**14,616**	(494)
– on translation of financial statements of overseas associates		**874**	240
– reclassification of translation reserve upon deemed disposal of an associate	11	**(1,118)**	–
Fair value changes on available-for-sale equity investments		**1,400**	(2,900)
Tax effect relating to changes in fair value of available-for-sale equity investments		**(140)**	253
Other comprehensive income for the year, net of tax		**15,632**	(2,901)
Total comprehensive income for the year		**78,440**	39,766
Attributable to:			
Owners of the Company		**69,617**	33,178
Non-controlling interests		**8,823**	6,588
Total comprehensive income for the year		**78,440**	39,766
Total comprehensive income attributable to owners of the Company arises from:			
Continuing operations		**50,932**	24,110
Discontinued operations		**18,685**	9,068
		69,617	33,178

The notes on pages 52 to 144 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment	21	**435,844**	342,740
Prepaid lease payments	22	**102,410**	97,159
Goodwill	23	**33,000**	33,000
Interests in associates	25	**14,348**	46,711
Available-for-sale equity investments	26	**67,820**	55,026
		653,422	574,636
Current assets			
Inventories	27	**1,736**	1,187
Trade and bills receivables	28	**54,074**	41,234
Prepayments, deposits and other receivables	29	**12,684**	22,102
Prepaid lease payments	22	**2,719**	2,658
Cash and cash equivalents	30	**109,827**	83,305
		181,040	150,486
Assets of disposal group classified as held for sale	16	**–**	53,054
		181,040	203,540
Current liabilities			
Interest-bearing bank borrowings	31	**54,007**	92,872
Trade payables	33	**1,456**	1,087
Accrued liabilities and other payables	34	**92,128**	48,401
Deposits received from customers		**2,458**	1,449
Deferred government grants	35	**278**	269
Income tax payable	36(a)	**3,636**	2,999
Amount due to ultimate holding company	37	**–**	5,000
		153,963	152,077
Liabilities of disposal group classified as held for sale	16	**–**	19,641
		153,963	171,718
Net current assets		**27,077**	31,822
Total assets less current liabilities		**680,499**	606,458

The notes on pages 52 to 144 are an integral part of these financial statements.

	Note	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Interest-bearing bank borrowings	31	**–**	12,354
Other borrowings	32	**40,000**	–
Deferred government grants	35	**7,305**	3,124
Deferred tax liabilities	36(b)	**24,937**	25,238
Amount due to ultimate holding company	37	**–**	54,636
		72,242	95,352
Net assets		**608,257**	511,106
Capital and reserves			
Share capital	38	**26,557**	26,557
Reserves	39	**523,149**	462,066
Equity attributable to owners of the Company		**549,706**	488,623
Non-controlling interests		**58,551**	22,483
Total equity		**608,257**	511,106

The notes on pages 52 to 144 are an integral part of these financial statements.

XI Yu
Chairman

SONG Yu Qing
Chief Executive Officer

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Interests in subsidiaries	24	**402,136**	395,487
Current assets			
Amount due from subsidiaries	24	**25,719**	36,161
Prepayments	29	**230**	814
Cash and cash equivalents	30	**12,484**	1,727
		38,433	38,702
Current liabilities			
Interest-bearing bank borrowings	31	**10,000**	23,400
Accrued liabilities and other payables	34	**534**	968
Amount due to ultimate holding company	37	**–**	5,000
		10,534	29,368
Net current assets		**27,899**	9,334
Total assets less current liabilities		**430,035**	404,821
Non-current liabilities			
Other borrowings	32	**40,000**	–
Amount due to ultimate holding company	37	**–**	34,289
		40,000	34,289
Net assets		**390,035**	370,532
Capital and reserves			
Share capital	38	**26,557**	26,557
Reserves	39	**363,478**	343,975
Total equity		**390,035**	370,532

The notes on pages 52 to 144 are an integral part of these financial statements.

XI Yu
Chairman

SONG Yu Qing
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company									
	Share capital HK$'000 *(note 38)*	Share premium HK$'000 *(note 39(i))*	Translation reserve HK$'000 *(note 39(ii))*	Investment revaluation reserve HK$'000 *(note 39(iii))*	Capital reserve HK$'000 *(note 39(iv))*	Statutory reserve HK$'000 *(note 39(v))*	Retained profits HK$'000 *(note 39(vi))*	Total HK$'000	Non controlling interests HK$'000	Total equity HK$'000
At 1 January 2012	22,131	266,502	28,503	6,437	4,185	8,197	85,343	421,298	21,546	442,844
Profit for the year	–	–	–	–	–	–	36,097	36,097	6,570	42,667
Other comprehensive income										
Exchange differences										
– on translation of financial statements of overseas subsidiaries	–	–	(512)	–	–	–	–	(512)	18	(494)
Fair value changes on available-for-sale equity investments, net of deferred tax	–	–	–	(2,647)	–	–	–	(2,647)	–	(2,647)
Share of other comprehensive income of associates	–	–	240	–	–	–	–	240	–	240
Total comprehensive income for the year	–	–	(272)	(2,647)	–	–	36,097	33,178	6,588	39,766
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	(75)	(75)
Open Offer, net of share issuance costs of HK$1,254,000	4,426	38,582	–	–	–	–	–	43,008	–	43,008
Transfer to statutory reserve	–	–	–	–	–	3,959	(2,862)	1,097	(1,097)	–
Dividend relating to 2011	–	–	–	–	–	–	(9,958)	(9,958)	–	(9,958)
Dividend paid to non-controlling shareholders relating to 2011	–	–	–	–	–	–	–	–	(4,479)	(4,479)
At 31 December 2012 and 1 January 2013	26,557	305,084	28,231	3,790	4,185	12,156	108,620	488,623	22,483	511,106
Profit for the year	–	–	–	–	–	–	55,283	55,283	7,525	62,808
Other comprehensive income										
Exchange differences										
– on translation of financial statements of overseas subsidiaries	–	–	13,318	–	–	–	–	13,318	1,298	14,616
– reclassification of translation reserve upon deemed disposal of an associate	–	–	(1,118)	–	–	–	–	(1,118)	–	(1,118)
Fair value changes on available-for-sale equity investments, net of deferred tax	–	–	–	1,260	–	–	–	1,260	–	1,260
Share of other comprehensive income of associates	–	–	874	–	–	–	–	874	–	874
Total comprehensive income for the year	–	–	13,074	1,260	–	–	55,283	69,617	8,823	78,440
Disposal of interest in a subsidiary	–	–	–	–	610	–	–	610	10,590	11,200
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	23,725	23,725
Transfer to statutory reserve	–	–	–	–	–	4,562	(3,880)	682	(682)	–
Dividend relating to 2012	–	–	–	–	–	–	(9,826)	(9,826)	–	(9,826)
Dividend paid to non-controlling shareholders relating to 2012	–	–	–	–	–	–	–	–	(6,388)	(6,388)
At 31 December 2013	**26,557**	**305,084**	**41,305**	**5,050**	**4,795**	**16,718**	**150,197**	**549,706**	**58,551**	**608,257**

The notes on pages 52 to 144 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Profit for the year from continuing operations		**44,123**	33,549
Profit for the year from discontinued operations		**18,685**	9,118
		62,808	42,667
Adjustments for:			
Income tax		**16,421**	8,900
Finance income		**(1,349)**	(2,276)
Finance costs		**3,511**	5,167
Dividends from available-for-sale equity investments		**(4,485)**	(2,962)
Share of profits of associates		**(3,979)**	(604)
Depreciation of property, plant and equipment		**21,654**	21,079
Amortisation of land use rights		**2,465**	2,439
Gain on deemed disposal of an associate	11	**(6,128)**	–
Gain on voluntary dissolution of a subsidiary		**–**	(759)
Loss on disposal of property, plant and equipment		**83**	145
Net gain on disposal of discontinued operations	16	**(18,685)**	–
Reversal of write-down of inventories		**–**	(46)
Impairment loss on trade receivables		**–**	153
Release of deferred government grants	35	**(273)**	(269)
Operating cash flows before movements in working capital		**72,043**	73,634
(Increase)/decrease in inventories		**(549)**	19,284
Increase in trade and bills receivables		**(12,840)**	(1,379)
Increase in prepayments, deposits and other receivables		**(945)**	(32,697)
Increase/(decrease) in trade payables		**369**	(13,523)
Increase in accrued liabilities and other payables		**4,873**	6,600
Increase/(decrease) in deposits received from customers		**835**	(8,966)
Cash generated from operations		**63,786**	42,953
Income tax paid		**(16,581)**	(7,450)
Interest received		**1,349**	2,276
Interest paid		**(3,266)**	(4,478)
Net cash from operating activities		**45,288**	33,301

The notes on pages 52 to 144 are an integral part of these financial statements.

	Note	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Dividends received from associates		**–**	1,185
Dividends received from available-for-sale equity investments		**4,485**	2,962
Capital contribution to available-for-sale equity investments	26	**(237)**	–
Capital contribution to associates	25	**(3,815)**	(36,040)
Receipt of consideration balance in relation to the disposal of subsidiaries in prior year		**–**	31,208
Receipt of compensation on legal actions against purchaser of subsidiaries disposed of in prior year		**11,100**	4,230
Payments for acquisition of additional interest in a subsidiary		**–**	(296)
Payments for acquisition of interest in a subsidiary, net of cash acquired	20(a)	**(4,533)**	–
Proceeds from disposal of interest in a subsidiary without loss of control	20(b)	**11,200**	–
Proceeds from disposal of available-for-sale equity investments	26	**1,943**	–
Net cash inflows from disposal of assets classified as held for sale		**44,892**	19,239
Proceeds from disposal of property, plant and equipment		**1**	13,096
Payments for purchases of property, plant and equipment	21	**(31,730)**	(46,093)
Receipt of government grants	35	**4,295**	247
Net cash from/(used in) investing activities		**37,601**	(10,262)
FINANCING ACTIVITIES			
Dividends paid to shareholders of the Company		**(9,826)**	(9,958)
Dividends paid to non-controlling interests		**(6,388)**	(4,479)
Proceeds from bank borrowings		**10,000**	61,500
Repayments of interest-bearing bank borrowings		**(61,219)**	(84,798)
Proceeds of other borrowings	32	**40,000**	–
Proceeds of borrowings from a related company		**5,000**	40,925
Repayments of borrowings from a related company		**(5,000)**	(43,719)
Repayments of borrowings from ultimate holding company	37	**(59,636)**	(43,237)
Proceeds from issuance of ordinary shares		**–**	44,262
Expenses paid in relation to issuance of shares		**–**	(1,254)
Capital contributions from non-controlling interests		**–**	222
Net cash used in financing activities		**(87,069)**	(40,536)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,180)**	(17,497)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**111,212**	128,542
Effect of foreign exchange rate changes		**2,795**	167
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**109,827**	111,212

The notes on pages 52 to 144 are an integral part of these financial statements.

1. GENERAL INFORMATION

(a) New Universe International Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The immediate and ultimate holding company of the Company is New Universe Enterprises Limited ("NUEL"), which is a limited liability company incorporated in the British Virgin Islands.

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

(d) The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as follows:

(i) environmental treatment of industrial and medical wastes;

(ii) environmental plating sewage treatment services and provision of facilities in an Eco-plating Specialised Zone; and

(iii) investments in plastic materials dyeing operations.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 1	Presentation of financial statements- Presentation of items of other comprehensive income
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Revised HKAS 19	Employee benefits
Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures-Offsetting financial assets and financial liabilities

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to HKAS 36, Impairment of assets- Recoverable amount disclosures for non-financial assets, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has early adopted the amendments. Impacts of the adoption of other new or amended HKFRSs are discussed below:

Amendments to HKAS 1 Presentation of financial statements-Presentation of items of other comprehensive income

The amendments require the entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly.

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and HK-SIC 12 Consolidation-Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12 Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 24 and 25.

HKFRS 13 Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 46. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Annual improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. The amendments also remove the requirement to present related notes to the opening statement of financial position when such statement is presented.

These amendments do not have any material impact on the results of operations and financial position of the Group for the years presented.

Amendments to HKFRS 7- Disclosures – Offsetting financial assets and financial liabilities

The amendments include new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting agreement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the HKICPA had issued a few amendments and a new standard which were not yet effective for the year ended 31 December 2013 and which were not adopted in these financial statements.

Amendments to 32	Offsetting financial assets and liabilities [1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting [1]
HKFRS 9	Financial instruments [2]

[1] effective for annual periods beginning on 1 January 2014

[2] available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, of which the collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations, issued by the 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 GEM of The Stock Exchange of Hong Kong Limited.

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effects on the financial statements and major sources of estimation uncertainty are discussed in note 5 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and non-controlling interests

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

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

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

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

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

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in the subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 4(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 4(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 4(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates

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

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 4(f) and (k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition of post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

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

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

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

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 4(g)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 4(k)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Business combination

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

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

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

– assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;

– liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Business combination (continued)

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Goodwill

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

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

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

(g) Other investments in debt and equity securities

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

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

– Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period, the fair value is re-measured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies as set out in notes 4(t)(iv) and (v).

– Investments in equity securities that do not have a quoted market price in an active market for an identical instrument and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 4(k)).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Other investments in debt and equity securities (continued)

– Investments in securities that do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period, the fair value is re-measured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve, except foreign exchange gains and losses resulting from changes in the amortised cost of monetary items such as debt securities which are recognised directly in profit or loss. Dividend income from these investments is recognised directly in profit or loss in accordance with policy set out in note 4(t)(iv) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with policy set out in note 4(t)(v). When these investments are derecognised or impaired, the cumulative gain or loss is reclassified from equity to profit or loss.

When the investments are derecognised or impaired (see note 4(k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(h) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 4(k)).

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

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

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

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

(i) Construction in progress

Construction in progress represents buildings and structures under construction, which is stated at cost less impairment losses (see note 4(k)). Cost comprises the direct costs of construction and capitalised borrowing costs (see note 4(u)) during the periods of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed.

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

(j) Leased assets

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

(i) Classification of assets leased to the Group

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

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leased assets (continued)

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

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets is included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates that write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 4(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(k). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating lease charges

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

(iv) Leasehold land for own use

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets

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

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

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

– For investments in subsidiaries and associates (including those recognised using the equity method in the consolidated financial statements (see note 4(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 4(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 4(k)(ii).

– For unquoted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

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

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

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

– For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets

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

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

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

Under the GEM Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would be at the end of the financial year (see notes 4(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter measured at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 4(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Cash and cash equivalents

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

(o) Trade and other payables

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

(p) Interest-bearing borrowings

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

(q) Employee benefits

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(ii) Share-based payments

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

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

(iii) Termination benefits

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

(r) Income tax

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

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

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

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

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

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

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

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

- the same taxable entity; or

- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

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

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

(t) Revenue recognition

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

(i) Revenue from provision of services

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

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

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

(iii) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue recognition (continued)

(iv) Dividend income

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

(v) Interest income

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

(vi) Government grants

Government grants are recognised in the statement of financial position as deferred revenue initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic and rational basis over the useful lives of the related assets.

(u) Borrowing costs

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

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

(v) Translation of foreign currencies

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Translation of foreign currencies (continued)

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

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

(w) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for dale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 4.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Non-current assets held for sale and discontinued operations (continued)

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(x) Related parties

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

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Related parties (continued)

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

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in note 4(x)(i).

(7) A person identified in note 4(x)(i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(y) Segment reporting

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

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

The Company has engaged an independent professional valuer to assess the fair market value of those available-for-sale equity investments as disclosed in note 26 to the financial statements. The Directors of the Company made a review on the judgement of the independent professional valuer in selecting an appropriate valuation technique for the financial instruments not quoted in an active market. Valuation techniques applied by the independent professional valuer are commonly used by other market practitioners. The estimation of fair value of the available-for-sale equity investments which are unlisted equity instruments includes the adoption of a market approach with some assumptions supported by observable market data or parameters deemed compatible to the operations of those investments. As disclosed in note 26 to the financial statements, certain investments were carried at cost of HK$320,000 as at 31 December 2013 (2012: HK$2,026,000), and in the opinion of the Directors of the Company, the range of reasonable fair value estimate is so significant and their fair values cannot be measured reliably.

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

Note 26 described that Qingdao Zhongxin Huamei Plastics Co., Limited ("Qingdao Huamei") and Danyang New Huamei Plastics Co., Limited ("Danyang New Huamei") are available-for-sale equity investments of the Group although the Group owns 28.67% and 24.5% equity interest in Qingdao Huamei and Danyang New Huamei, respectively. The Group has no significant influence over Qingdao Huamei and Danyang New Huamei by virtue of the contractual rights to appoint only one out of the six directors and one of the seven directors to the board of directors of Qingdao Huamei and Danyang New Huamei, respectively.

(iii) Functional currency of the Company

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Sources of estimation and uncertainly

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2013 and 2012 was HK$33,000,000. Further details are set out in note 23 to the financial statements.

(ii) Useful lives of property, plant and equipment

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

(iii) Impairment of trade and other receivables

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

5. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Sources of estimation and uncertainly (continued)

(iii) Impairment of trade and other receivables (continued)

As at 31 December 2013, the carrying amounts of trade receivables and other receivables were HK$54,074,000 and HK$12,684,000 respectively, which approximated to the present value of their respective estimated future cash flows.

(iv) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. These estimates used are based on the current market conditions and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to change in market conditions. Management reassesses these estimates at the end of each reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(v) Income taxes and deferred taxation

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

6. SEGMENT INFORMATION

The Group manages its business by divisions 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 most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. These segments are managed separately. No operating segments have been aggregated to form the following reportable segments.

Continuing operations

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

Operating segments regarding the manufacture and sale of molds, manufacture and sale of plastic products and trading of plastic materials were ceased and discontinued during the year ended 31 December 2012. The segment information reported below does not include any amounts from these discontinued operations, which are described in more detail in note 16 to the financial statements.

(a) Segment results, assets and liabilities

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

Segment assets include all current and non-current assets with the exception of assets of disposal group classified as held for sale and other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of liabilities of disposal group classified as held for sale and corporate liabilities attributable to head office in Hong Kong.

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

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

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

6. SEGMENT INFORMATION (continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below:

For the year ended 31 December 2013
Continuing operations

	Operating segments			
	Environmental waste treatment services HK$'000	Environmental sewage treatment and facility services HK$'000	Plastic dyeing investments HK$'000	Total HK$'000
Revenue from external customers	131,623	59,044	–	190,667
Other revenue	121	34	4,485	4,640
Reportable segment revenue	131,744	59,078	4,485	195,307
Reportable segment results	49,888	8,003	10,918	68,809
Other net income	1	429	–	430
Gain on deemed disposal of an associate	–	–	6,128	6,128
Finance income	883	257	105	1,245
Finance costs	1,805	1,706	–	3,511
Depreciation and amortisation	11,828	12,180	–	24,008
Reportable segment assets	337,861	377,323	67,703	782,887
Additions to non-current segment assets	19,447	11,791	–	31,238
Reportable segment liabilities	101,150	98,443	450	200,043

6. SEGMENT INFORMATION (continued)

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

For the year ended 31 December 2012

Continuing operations

	Operating segments			
	Environmental waste treatment services HK$'000	Environmental sewage treatment and facility services HK$'000	Plastic dyeing investments HK$'000	Total HK$'000
Revenue from external customers	110,487	51,580	–	162,067
Other revenue	2,839	581	2,962	6,382
Reportable segment revenue	113,326	52,161	2,962	168,449
Reportable segment results	41,784	5,996	4,344	52,124
Other net income	836	311	–	1,147
Finance income	441	1,566	–	2,007
Finance costs	2,239	2,574	–	4,813
Depreciation and amortisation	9,868	11,599	–	21,467
Impairment of trade receivables	24	–	–	24
Reportable segment assets	281,113	366,124	61,051	708,288
Additions to non-current segment assets	14,526	31,399	–	45,925
Reportable segment liabilities	87,869	153,139	310	241,318

6. SEGMENT INFORMATION (continued)

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

	2013 HK$'000	2012 HK$'000
Revenue		
Consolidated revenue	**190,667**	162,067
Elimination of inter-segment revenue	**–**	–
Other revenue	**4,640**	6,382
Reportable segment revenue	**195,307**	168,449
Profit		
Reportable segment profit	**68,809**	52,124
Unallocated head office and corporate expenses	**(8,265)**	(9,675)
Consolidated profit from continuing operations before taxation	**60,544**	42,449
Assets		
Reportable segment assets	**782,887**	708,288
Assets of disposal group classified as held for sale	**–**	53,054
Unallocated head office and corporate assets	**51,575**	16,834
Consolidated total assets	**834,462**	778,176
Liabilities		
Reportable segment liabilities	**200,043**	241,318
Liabilities of disposal group classified as held for sale	**–**	19,641
Unallocated head office and corporate liabilities	**26,162**	6,111
Consolidated total liabilities	**226,205**	267,070

(c) Geographic information

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

	2013 HK$'000	2012 HK$'000
Mainland China	**195,307**	168,449

(d) Major customers

During the years ended 31 December 2013 and 2012, there was no major customer accounted for more than 10% of the total revenue of the Group.

7. REVENUE

An analysis of the Group's revenue is as follows:

	2013 HK$'000	2012 HK$'000
Continuing operations		
Environmental waste treatment services	**131,623**	110,487
Industrial sewage treatment services	**59,044**	51,580
	190,667	162,067

8. OTHER REVENUE

	2013 HK$'000	2012 HK$'000
Continuing operations		
Dividend income from available-for-sale equity investments	**4,485**	2,962
Scrap sales	**155**	3,420
	4,640	6,382

9. OTHER NET INCOME

	2013 HK$'000	2012 HK$'000
Continuing operations		
Government grants	**273**	269
Sundry	**216**	878
	489	1,147

10. FINANCE INCOME AND COSTS

	2013 HK$'000	2012 HK$'000
Continuing operations		
Interest expenses on:		
Bank borrowings wholly repayable within five years	**2,734**	3,887
Borrowings from a related company wholly repayable within five years	**–**	237
Borrowings and advances from ultimate holding company wholly repayable within five years	**375**	689
Other borrowings wholly repayable within five years	**402**	–
Total finance costs	**3,511**	4,813
Finance income from:		
Interest income on short-term bank deposits	**1,318**	2,265
Net foreign exchange gain/(loss) on financing activities	**306**	(94)
Total finance income	**1,624**	2,171
Net finance costs	**1,887**	2,642

11. GAIN ON DEEMED DISPOSAL OF ASSOCIATES

(a) On 9 April 2013, Qingdao Huamei increased the number of the board of directors from five to six, the Group's voting power in Qingdao Huamei was diluted and decreased to 17% (2012: 20%). The Group has no power to participate in the financial and operating decisions. Accordingly, the Group no longer has significant influence over Qingdao Huamei since 9 April 2013.

On the loss of significant influence, the Group has retained the 28.67% equity interest in Qingdao Huamei, which is reclassified as available-for-sale investment and measured at fair value. The fair value determined for the initial recognition on 9 April 2013 has been arrived at on the basis of valuation carried out by Cushman & Wakefield Valuation Advisory Services (HK) Limited ("Cushman & Wakefield"), an independent qualified professional valuer. This transaction has resulted in the recognition of a gain on deemed disposal of an associate in profit or loss calculated as follow:

	2013 HK$'000
Fair value of investment retained	**13,100**
Less: carrying amount of interest in associate at the date loss of significant influence	**(8,090)**
Add: reclassification adjustment to translation reserve	**1,118**
Gain on deemed disposal	**6,128**

11. GAIN ON DEEMED DISPOSAL OF ASSOCIATES (continued)

(b) On 28 August 2013, the Group obtained control of Yancheng NUHF Environmental Technology Limited ("Yancheng NUHF") by acquiring an additional 16% equity interest in Yancheng NUHF. The acquisition resulted in a deemed disposal of the previously held 49% equity interest in Yancheng NUHF by the Group. Details of the disposal are disclosed in note 20(a).

12. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging:

	2013 HK$'000	2012 HK$'000
Continuing operations		
Amortisation of land lease prepayments	**2,465**	2,409
Depreciation for property, plant and equipment	**21,654**	19,058
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	**288**	288
– landfill in PRC	**88**	86
	376	374
Impairment of trade receivables	**–**	24
Net loss on disposal of property, plant and equipment	**83**	145
Auditor's remuneration:		
– audit service	**920**	870
– non-audit services	**254**	295
	1,174	1,165
Staff costs:		
– directors' emoluments *(note 13)*	**2,007**	2,515
– salaries, wages and other benefits of employees other than Directors	**30,700**	28,858
– contributions to retirement benefits schemes	**2,690**	2,137
Total staff costs	**35,397**	33,510
Cost of sales *(note)*	**99,687**	84,495

Note:

Included in cost of sales were raw materials consumed of HK$13,196,000 (2012: HK$11,915,000), staff costs of HK$13,866,000 (2012: HK$14,771,000) and depreciation of HK$18,950,000 (2012: HK$12,765,000), and of which staff costs and depreciation were included in the respective total amounts disclosed above.

13. DIRECTORS' EMOLUMENTS

Directors' remuneration disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance is as follows:

	Fee HK$'000	**Salaries and allowance** HK$'000	**Benefits in kind** HK$'000	**Retirement scheme contributions** HK$'000	**Total** HK$'000
Year ended 31 December 2013					
Executive Director					
Mr. XI Yu	45	–	–	–	45
Mr. SONG Yu Qing	–	600	–	15	615
Mr. HON Wa Fai	8	913	–	15	936
Ms. CHEUNG Siu Ling	15	–	–	–	15
Non-executive Director					
Mr. SUEN Ki	–	–	–	–	–
Independent non-executive Director					
Dr. CHAN Yan Cheong	132	–	–	–	132
Mr. YUEN Kim Hung, Michael	132	–	–	–	132
Mr. HO Yau Hong, Alfred	132	–	–	–	132
	464	**1,513**	**–**	**30**	**2,007**
Year ended 31 December 2012					
Executive Director					
Mr. XI Yu	30	–	–	–	30
Mr. SONG Yu Qing *(note (i))*	–	600	–	14	614
Mr. CHAN Chun Hing *(note (ii))*	–	555	–	6	561
Mr. HON Wa Fai	–	863	–	14	877
Ms. CHEUNG Siu Ling	7	–	–	–	7
Non-executive Director					
Mr. SUEN Ki	–	–	–	–	–
Independent non-executive Director					
Dr. CHAN Yan Cheong	120	–	–	–	120
Mr. YUEN Kim Hung, Michael	120	–	–	–	120
Mr. HO Yau Hong, Alfred	120	–	–	–	120
Mr. LEE Kwan Hung *(note (iii))*	66	–	–	–	66
	463	2,018	–	34	2,515

13. DIRECTORS' EMOLUMENTS (continued)

Notes:

(i) Mr. SONG Yu Qing was re-designated from a non-executive Director to an executive Director and the chief executive officer of the Company with effect from 12 June 2012.

(ii) Mr. CHAN Chun Hing resigned as director and chief executive officer of the Company with effect from 12 June 2012.

(iii) Mr. LEE Kwan Hung resigned as independent non-executive director of the Company with effect from 18 July 2012.

During the year, no emoluments were paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office. None of the Directors has waived any emoluments during the years ended 31 December 2013 and 2012.

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals whose emoluments were highest in the Group for the year include two Directors (2012: None) whose emoluments are disclosed in note 13. The aggregate emoluments in respect of the other three (2012: five) individuals during the year are as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other benefits	**1,261**	1,648
Discretionary bonuses	**640**	5,546
Retirement benefits scheme contribution	**–**	–
	1,901	7,194

The emoluments of the three (2012: five) individuals with the highest emoluments fell within the following bands:

	2013 Number of individuals	2012 Number of individuals
Emolument bands (in HK dollar)		
Nil to HK$1,000,000	**3**	–
HK$1,000,001 to HK$1,500,000	**–**	3
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	1
	3	5

15. INCOME TAX

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

	2013 HK$'000	2012 HK$'000
Continuing operations		
Current tax		
Hong Kong Profits Tax	**–**	–
PRC Income Tax	**17,025**	10,556
Over-provision in respect of prior years	**(163)**	(1,884)
	16,862	8,672
Deferred tax *(note 36(b))*	**(441)**	228
	16,421	8,900

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.

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the year. 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 2013 and 2012.

The PRC subsidiaries of the Group are subject to the PRC enterprise income tax rate of the 25% (2012: 25%).

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

	2013 HK$'000	2012 HK$'000
Continuing operations		
Profit before taxation	**60,544**	42,449
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	**15,157**	11,331
Tax effect of expenses not deductible for tax purpose	**2,970**	1,248
Tax effect of income not taxable for tax purpose	**(2,888)**	(1,061)
Tax effect of tax losses not recognised	**1,786**	2,131
Over provision in relation to prior years	**(163)**	(1,884)
Tax effect of temporary differences recognised	**(441)**	228
Effect of tax exemptions in PRC	**–**	(3,093)
Income tax for the year	**16,421**	8,900

16. DISCONTINUED OPERATIONS

	2013 HK$'000	2012 HK$'000
Net gain on disposal of discontinued operations in relation to Suzhou New Universe *(note (a)(i))*	**18,685**	–
Results of discontinued operations in relation to Suzhou New Universe *(note (a)(ii))*	**–**	(302)
Net compensation from the purchaser of the Zhenjiang Dock Project *(note (b))*	**–**	9,420
	18,685	9,118

(a) On 4 January 2013, the Group's subsidiary, Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe") completed the disposal of its business to an independent third party that comprised of the manufacture of molds and plastic products and trading of plastic materials by disposing the assets and liabilities attributable to the discontinued operations for a cash consideration of RMB52,000,000 (approximately HK$64,132,000), which resulted in a gain of HK$18,685,000 (net of expenses) during the year ended 31 December 2013.

The Suzhou Disposal Agreement was completed on 4 January 2013 and all consideration was received by the Group on or before 31 December 2013.

(i) The profit for the year ended 31 December 2013 from the discontinued operations is analysed as follows:

	2013 HK$'000	2012 HK$'000
Consideration received	**64,132**	–
Less: carrying amount of net assets disposed of	**(33,413)**	–
Less: attributable costs on close-down, disposal of and dissolving the discontinued operations	**(12,034)**	–
Net gain on disposal of discontinued operations	**18,685**	–

16. DISCONTINUED OPERATIONS (continued)

(a) (continued)

(ii) The results of discontinued operations for the year were as follow:

	2013 HK$'000	2012 HK$'000
Revenue	–	32,523
Cost of sales	–	(29,561)
Gross profit	–	2,962
Other net income	–	47
Distribution and selling expenses	–	(792)
Administrative expenses	–	(1,828)
Other operating expenses	–	(348)
Finance costs, net	–	(343)
Loss before taxation	–	(302)
Income tax	–	–
Loss for the year	–	(302)
Other comprehensive income	–	(57)
Total comprehensive income for the year	–	(359)
Loss attributable to:		
Owners of the Company	–	(293)
Non-controlling interests	–	(9)
	–	(302)
Total comprehensive income attributable to:		
Owners of the Company	–	(352)
Non-controlling interests	–	(7)
	–	(359)

(iii) Profit/(loss) for the year from discontinued operations was arrived at after charging the following:

	2013 HK$'000	2012 HK$'000
Amortisation of land lease prepayments	–	30
Depreciation for property, plant and equipment	–	2,021
Impairment of trade receivables	–	129
Bank interest income	–	11
Interest expenses in bank borrowings repayable within one year	–	354
Staff costs		
– Salaries, wages and other benefits of employees	–	5,288
– Contributions to retirement benefits scheme	–	659
	–	5,947
Cost of sales	–	29,561

16. DISCONTINUED OPERATIONS (continued)

(a) (continued)

(iv) The major classes of assets and liabilities of the discontinued operations and disposal group classified as held for sale as at 31 December 2012 in relation to Suzhou New Universe and its related operations were as follows:

	2013 HK$'000	2012 HK$'000
Assets		
Property, plant and equipment	–	11,149
Prepaid lease payments	–	2,383
Prepayments, deposits and other receivables	–	11,615
Cash and cash equivalents	–	27,907
Assets of disposal group classified as held for sale	–	53,054
Liabilities		
Accrued liabilities and other payables	–	402
Deposits received	–	19,239
Liabilities of disposal group classified as held for sale	–	19,641
Net assets of disposal group classified as held for sale	–	33,413

(v) During the year, the cash flows contributed by the discontinued operations to Group were as follows:

	2013 HK$'000	2012 HK$'000
Discontinued operations		
Net cash generated from operating activities	–	3,393
Net cash generated from investing activities	**44,892**	27,773
Net cash generated used in financing activities	–	(11,101)

16. DISCONTINUED OPERATIONS (continued)

(b) Pursuant to the Intermediate People's Court of Zhenjiang City, Jiangsu Province confirmed the civil mediation agreement ((2012)鎮商外初字第2號) dated 7 September 2012 entered into between the Group and the original purchaser of the Zhenjiang Dock Project, the Group received and accounted for the net compensation income (after deduction of litigation costs and related transaction costs) of approximately to HK$9,420,000 for the year ended 31 December 2012.

17. DIVIDENDS

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

	2013	2012
	HK$'000	HK$'000
Final dividend proposed after the end of the reporting period of HK$0.0046 (2012: HK$0.0037) per share	**12,216**	9,826

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 by 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

	2013	2012
	HK$'000	HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.0037 (2012: HK$0.0045) per share	**9,826**	9,958

18. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the profit attributable to owners of the Company of HK$55,283,000 (2012: HK$36,097,000) and the weighted average number of 2,655,697,018 (2012: 2,236,058,191) ordinary shares of the Company in issue during the year.

(a) Profit attributable to owners of the Company

	2013 **HK'000**	2012 HK$'000
Profit for the year from continuing operations	**36,598**	26,970
Profit for the year from discontinued operations	**18,685**	9,127
	55,283	36,097

(b) Weighted average number of ordinary shares

	2013	2012
Ordinary shares in issue at 1 January	**2,655,697,018**	2,213,080,849
Effect of shares issued under Open Offer	**–**	22,977,342
Weighted average number of ordinary shares in issue at 31 December	**2,655,697,018**	2,236,058,191

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

19. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of HK$29,329,000 for the year ended 31 December 2013 (2012: HK$20,786,000) which has been dealt with in the financial statements of the Company.

20. ACQUISITION AND DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Acquisition of interest in a subsidiary

On 28 August 2013, the Group obtained control of a previously 49% owned associate, Yancheng NUHF by acquiring an additional 16% equity interest in Yancheng NUHF for a cash consideration of HK$10,560,000 from an independent third party, Jiangsu Huifeng Agrochemical Co., Limited ("Jiangsu Huifeng"). This acquisition has been accounted for using the acquisition method and calculated as follows:

	2013 **HK$'000**
Fair value of consideration transferred *(note (i))*	**10,560**
Fair value of 49% equity interest in Yancheng NUHF previously held *(note (ii))*	**32,941**
Non-controlling interests (35% in Yancheng NUHF) *(note (iii))*	**23,725**
Less: net assets acquired and liabilities recognised *(note (iv))*	**(67,226)**
	–

Notes:

(i) Cash consideration of HK$10,560,000 was fully paid on 29 October 2013.

(ii) The fair value of the 49% equity interest in Yancheng NUHF previously held by the Group has been re-measured as of the date of acquisition at HK$32,941,000 by referring to the valuation report prepared by an independent professional valuer, Cushman & Wakefield using the income approach.

(iii) The non-controlling interests in Yancheng NUHF recognised at the acquisition date were measured by reference to the non-controlling interests' share of the recognised amount of the net assets of Yancheng NUHF and amounted to approximately HK$23,725,000.

20. ACQUISITION AND DISPOSAL OF INTERESTS IN SUBSIDIARIES (continued)

(a) Acquisition of interest in a subsidiary (continued)

(iv) Net assets acquired and liabilities recognised

Net assets acquired and liabilities of Yancheng NUHF recognised at the date of acquisition were as follows:

	2013 HK$'000
Property, plant and equipment	**71,796**
Land use rights	**6,947**
Prepayments, deposits and other receivables	**618**
Cash and bank balances	**6,027**
Other payables	**(14,138)**
Amount due to a shareholder	**(4,024)**
	67,226
Less: non-controlling interests	**(23,725)**
	43,501

(v) Net cash outflow arising on the acquisition

	2013 HK$'000
Cash consideration paid	**10,560**
Less: cash and bank balances acquired	**(6,027)**
	4,533

(vi) Effect of acquisition of Yancheng NUHF to the results of the Group

The principal activities of Yancheng NUHF are the provision of environmental waste treatment services in Yancheng, Jiangsu Province. Yancheng NUHF was granted trial operation approval from the environmental authority on 18 August 2013. The acquisition of Yancheng NUHF was completed on 28 August 2013. After the completion, Yancheng NUHF had revenue and profit of approximately HK$8,445,000 and HK$2,464,000 for the period ended 31 December 2013, such revenue and profit have been included in the consolidated income statement of the Company.

20. ACQUISITION AND DISPOSAL OF INTERESTS IN SUBSIDIARIES (continued)

(b) Disposal of interest in a subsidiary without loss of control

On 28 August 2013, the Group disposed of 35% equity interest in Xiangshui New Universe Environmental Technology Limited ("Xiangshui NU"), which was previously a wholly-owned subsidiary of the Group, to an independent third party, Jiangsu Huifeng for a cash consideration of HK$11,200,000.

After the disposal, the equity interests of the Group and Jiangsu Huifeng in Xiangshui NU are 65% and 35% respectively.

	2013 HK$'000
Consideration received from non-controlling interests	11,200
Less: carrying amount of non-controlling interests disposed of	(10,590)
Gain on disposal within equity	610

21. PROPERTY, PLANT AND EQUIPMENT

	Group						
	Buildings HK$'000	**Construction in progress** HK$'000	**Plant and machinery** HK$'000	**Computers and equipment** HK$'000	**Furniture and fixtures** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
Cost							
At 1 January 2012	207,795	56,981	115,066	5,171	521	5,512	391,046
Exchange adjustments	(34)	(9)	(17)	(1)	–	(1)	(62)
Additions	4,310	39,259	1,323	667	10	524	46,093
Disposals	(171)	(656)	(28,968)	(1,850)	(9)	(547)	(32,201)
Reclassification	2,114	(6,693)	4,550	29	–	–	–
Transfer to disposal group classified as held for sale	(14,018)	–	(5,276)	(306)	(456)	–	(20,056)
At 31 December 2012 and at 1 January 2013	199,996	88,882	86,678	3,710	66	5,488	384,820
Exchange adjustments	7,043	2,339	3,502	110	6	187	13,187
Additions	245	30,010	286	257	27	905	31,730
Acquisition of a subsidiary *(note 20(a))*	30,581	8,479	31,956	90	313	377	71,796
Disposals	–	–	(813)	(57)	–	(1,009)	(1,879)
Reclassification	20,617	(37,193)	16,522	54	–	–	–
At 31 December 2013	**258,482**	**92,517**	**138,131**	**4,164**	**412**	**5,948**	**499,654**
Depreciation and impairment							
At 1 January 2012	13,259	–	28,814	2,925	441	2,120	47,559
Exchange adjustments	(4)	–	(5)	–	–	–	(9)
Charge for the year	9,512	–	9,998	657	7	905	21,079
Eliminated on disposals	(71)	–	(15,769)	(1,430)	(5)	(367)	(17,642)
Transfer to disposal group classified as held for sale	(5,129)	–	(3,103)	(271)	(404)	–	(8,907)
At 31 December 2012 and at 1 January 2013	17,567	–	19,935	1,881	39	2,658	42,080
Exchange adjustments	830	–	881	61	1	98	1,871
Charge for the year	10,242	–	9,797	638	32	945	21,654
Eliminated on disposals	–	–	(732)	(55)	–	(1,008)	(1,795)
At 31 December 2013	**28,639**	**–**	**29,881**	**2,525**	**72**	**2,693**	**63,810**
Carrying amount							
At 31 December 2013	**229,843**	**92,517**	**108,250**	**1,639**	**340**	**3,255**	**435,844**
At 31 December 2012	182,429	88,882	66,743	1,829	27	2,830	342,740

The buildings are situated in the PRC and held under long-term leases.

As at 31 December 2013, certain property, plant and equipment with an aggregate carrying amount of approximately HK$51,413,000 (2012: HK$53,147,000) had been pledged to secure banking facilities granted to the Group (note 31).

22. PREPAID LEASE PAYMENTS

	Group HK$'000
Cost	
At 1 January 2012	109,435
Exchange adjustments	(5)
Transfer to discontinued operations *(note 16(a)(iv))*	(3,393)
At 31 December 2012 and at 1 January 2013	106,037
Exchange adjustments	932
Acquisition of a subsidiary *(note 20(a))*	6,947
At 31 December 2013	**113,916**
Amortisation and impairment	
At 1 January 2012	4,792
Exchange adjustments	(1)
Charge for the year	2,439
Transfer to discontinued operations *(note 16(a)(iv))*	(1,010)
At 31 December 2012 and at 1 January 2013	6,220
Exchange adjustments	102
Charge for the year	2,465
At 31 December 2013	**8,787**
Carrying amount	
At 31 December 2013	**105,129**
At 31 December 2012	99,817

Analysed for reporting purposes as:

	Group	
	2013 HK$'000	2012 HK$'000
Current asset	**2,719**	2,658
Non-current asset	**102,410**	97,159
	105,129	99,817

22. PREPAID LEASE PAYMENTS (continued)

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

	Group	
	2013	2012
	HK$'000	HK$'000
Remaining lease periods of over 50 years	**–**	–
Remaining lease periods between 10 to 50 years	**105,129**	99,817
	105,129	99,817

As at 31 December 2013, certain land use rights with an aggregate carrying amount of approximately HK$10,604,000 (2012: HK$10,836,000) had been pledged to secure banking facilities granted to the Group (note 31).

23. GOODWILL

	Group	
	2013	2012
	HK$'000	HK$'000
Carrying amount at 1 January	**33,000**	33,000
Impairment loss recognised in consolidated income statement	**–**	–
Carrying amount at 31 December	**33,000**	33,000

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

Impairment test of goodwill

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

As at 31 December 2013, the assessment on the recoverable amount of this CGU was determined by Cushman & Wakefield, an independent firm of professional valuers, on a value-in-use calculations which use cash flow projections based on financial budgets approved by management covering a five-year period, and at a pre-tax discount rate of 20.55% (2012: 19.63%). Cash flows beyond the five-year period are extrapolated using an annual growth rate of 2% (2012: 2%) which does not exceed the long-term growth rate for the waste treatment industries. Other key assumptions for the value in use calculation relate to the estimated cash inflows/outflows which include budgeted sales and gross margin, such estimation is based the CGU's past performance and management's expectations for the market development.

23. GOODWILL (continued)

Impairment test of goodwill (continued)

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

	2013	2012
Gross profit margin	**58.2%**	58.9%
Compound annual growth rate in the initial five-year period	**1.86%**	2.51%
Growth rate used to extrapolate cash flows beyond the budget period	**2%**	2%
Pre-tax discount rate applied to the cash flow projections	**20.55%**	19.63%

Since the recoverable amount of the CGU exceeded its carrying amount, no impairment loss on the goodwill was considered necessary for the year ended 31 December 2013 (2012: Nil).

24. INTERESTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted securities, at cost	**58,156**	58,156
Amounts due from subsidiaries – non-current assets *(note (a))*	**343,980**	337,331
Interests in subsidiaries	**402,136**	395,487
Amounts due from subsidiaries – current assets *(note (b))*	**25,719**	36,161

Notes:

(a) The amounts due from subsidiaries are unsecured and interest free that are considered equity in nature as capital contributions to the subsidiaries and will not be demanded for repayment.

(b) The amounts due from subsidiaries are unsecured, interest free and repayable within one year. These balances approximated to their respective fair value at the end of the reporting period.

24. INTERESTS IN SUBSIDIARIES (continued)

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

Name of subsidiary	Place of incorporation and operations	Form of legal entity	Issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Smartech International Group Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$1,000,000 (2012: US$1,000,000)	100%	100%	–	Investment holding
New Universe International Holdings Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$10,000 (2012: US$10,000)	100%	100%	–	Investment holding
Smartech Manufacturing Limited	Hong Kong	Limited liability company	HK$70,380,000 (2012: HK$70,380,000)	100%	–	100%	Investment holding
HK Smartech Trading (Shenzhen) Limited * 港滙科貿易（深圳）有限公司	PRC	Wholly foreign owned enterprise	HK$500,000 (incorporated on 6 February 2013)	100%	–	100%	Dormant
Smartech Plastic Moulding Limited	Hong Kong	Limited liability company	HK$100 (2012: HK$100)	100%	–	100%	Dormant
Smartech Services Limited	Hong Kong	Limited liability company	HK$2 (2012: HK$2)	100%	–	100%	Provision of management services
New Universe International Ports & Logistics Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$25,000,000 (2012: US$25,000,000)	100%	–	100%	Investment holding
New Universe International Ports Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$15,000,000 (2012: US$15,000,000)	100%	–	100%	Dormant
New Universe International Warehouse & Logistics Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$10,000,000 (2012: US$10,000,000)	100%	–	100%	Dormant
New Universe (China) Investment Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$1,800,000 (2012: US$1,800,000)	100%	–	100%	Investment holding
New Universe (China) Limited	Hong Kong	Limited liability company	HK$1,000,000 (2012: HK$1,000,000)	100%	–	100%	Investment holding
Bestwin (China) Limited	Hong Kong	Limited liability company	HK$15,000,000 (2012: HK$15,000,000)	97%	–	97%	Investment holding
Suzhou New Universe Smartech Tooling and Plastics Limited	PRC	Wholly foreign owned enterprise	US$100,000 (2012: US$4,600,000)	97%	–	100%	Dormant

24. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operations	Form of legal entity	Issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
New Universe Environmental Protection Investment Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$4,000,000 (2012: US$4,000,000)	100%	–	100%	Investment holding
New Universe Environmental Technologies (Jiang Su) Limited ("NUET(JS)")	Hong Kong	Limited liability company	HK$21,640,000 (2012: HK$21,640,000)	82%	–	82%	Investment holding
Zhenjiang New Universe Solid Waste Disposal Company Limited ("Zhenjiang New Universe")	PRC	Wholly foreign owned enterprise	US$6,850,000 (2012: US$6,850,000)	82%	–	82%	Environmental waste treatment services
Yancheng New Universe Solid Waste Disposal Company Limited ("Yancheng New Universe")	PRC	Wholly foreign owned enterprise	US$700,000 (2012: US$700,000)	82%	–	82%	Environmental waste treatment services
Taizhou New Universe Solid Waste Disposal Company Limited ("Taizhou New Universe")	PRC	Wholly foreign owned enterprise	US$700,000 (2012: US$700,000)	82%	–	82%	Environmental waste treatment services
New Universe Recyclable Investments Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$10,000 (2012: US$10,000)	100%	–	100%	Investment holding
New Universe Recyclables Limited	Hong Kong	Limited liability company	HK$10,000 (2012: HK$10,000)	100%	–	100%	Investment holding
New Universe International Ecology Limited	British Virgin Islands/ Hong Kong	Limited liability company	US$10,000 (2012: US$10,000)	100%	–	100%	Dormant
Zhenjiang New Universe Rubber Limited * 鎮江新宇橡塑有限公司	PRC	Joint equity enterprise	RMB2,000,000 (2012: RMB2,000,000)	51.66%	–	63%	Environmental waste recycling services
New Sinotech Investments Limited ("NSIL")	British Virgin Islands/ Hong Kong	Limited liability company	US$5,000,000 (2012: US$5,000,000)	98%	–	98%	Investment holding
Fair Time International Limited ("Fair Time")	Hong Kong	Limited liability company	HK$99,327,000 (2012: HK$99,327,000)	98%	–	100%	Investment holding

24. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operations	Form of legal entity	Issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zhenjiang Sinotech Eco-Electroplating Development Limited ("Zhenjiang Sinotech")	PRC	Wholly foreign owned enterprise	US$31,000,000 (2012: US$31,000,000)	98%	–	100%	Environmental industrial sewage and sludge treatment and facility services owning an eco-plating zone
Zhenjiang Sinotech Environmental Technology Limited * 鎮江華科環保科技有限公司	PRC	Wholly owned domestic enterprise	RMB600,000 (2012: RMB600,000)	98%	–	100%	Environmental technical consultancy services
Xiangshui New Universe Environmental Technology Limited ("Xiangshui NU")	PRC	Sino foreign joint equity enterprise (2012: Wholly foreign – owned enterprise)	HK$32,000,000 (2012: HK$32,000,000)	65% (2012: 100%)	–	65% (2012: 100%)	Environmental waste treatment services
Yancheng NUHF Environmental Technology Limited * 鹽城新宇輝豐環保科技有限公司 ("Yancheng NUHF")	PRC	Sino foreign joint equity enterprise	HK$66,000,000 (2012: HK$66,000,000)	65% (2012: 49%)	–	65% (2012: 49%)	Environmental waste treatment services

* *For identification purpose only.*

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

24. INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013

	Xiangshui NU	Yancheng NUHF	NUET(JS) group *(note (i))*	NSIL group *(note (ii))*
NCI percentage	35%	35%	18%	2%
	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	9,972	10,697	111,287	37,594
Non-current assets	20,763	81,839	112,492	339,729
Current liabilities	(485)	(22,424)	(93,066)	(25,307)
Non-current liabilities	–	–	(8,957)	(220,303)
Net assets	30,250	70,112	121,756	131,713
Carrying amount of NCI	10,588	24,539	19,936	2,612
Revenue	–	8,445	123,267	59,050
(Loss)/profit for the year	(1,914)	2,464	35,457	6,674
Total comprehensive income	–	4,198	39,345	15,248
Profit allocated to NCI	–	862	6,382	133
Dividend paid to NCI	–	–	6,388	–
Cash flows (used in)/from operating activities	(2,152)	(1,689)	49,230	21,546
Cash flows (used in)/from investing activities	(9,260)	(3,676)	(7,645)	(19,561)
Cash flows (used in)/from financing activities	–	–	(48,847)	(6,601)

For the year ended 31 December 2012

	NUET(JS) group	NSIL group
NCI percentage	18%	2%
	HK$'000	HK$'000
Current assets	117,300	43,380
Non-current assets	106,004	322,745
Current liabilities	(92,278)	(42,720)
Non-current liabilities	(13,074)	(206,939)
Net assets	117,952	116,466
Carrying amount of NCI	19,884	2,324
Revenue	110,424	51,586
Profit for the year	35,623	4,849
Total comprehensive income	35,748	4,805
Profit allocated to NCI	6,412	97
Dividend paid to NCI	4,479	–
Cash flows (used in)/from operating activities	15,057	3,236
Cash flows (used in)/from investing activities	(11,702)	(21,723)
Cash flows (used in)/from financing activities	(5,696)	(988)

Notes:

(i) NUET(JS) group comprises NUET(JS) as holding company, and its subsidiaries, Zhenjiang New Universe, Yancheng New Universe, Taizhou New Universe, and Zhenjiang New Universe Rubber Limited.

(ii) NSIL group comprises NSIL as holding company, and its subsidiaries, Fair Time, Zhenjiang Sinotech and Zhenjiang Sinotech Environmental Technology Limited.

25. INTERESTS IN ASSOCIATES

	Group	
	2013	2012
	HK$'000	HK$'000
Share of net assets		
At 1 January	**46,711**	11,012
Capital contribution to an associate	**3,815**	36,040
Share of profits	**3,979**	604
Share of other comprehensive income	**874**	240
Dividends received	**–**	(1,185)
Reclassify to available-for-sale equity investments *(note (a))*	**(8,090)**	–
Reclassify to interests in subsidiaries *(note (b))*	**(32,941)**	–
At 31 December	**14,348**	46,711

Name of associate	Place of incorporation and business	Form of business structure	Issued and paid-up capital	Group's effective interest 2013	Group's effective interest 2012	Principal activity
Zhenjiang New District Solid Waste Disposal Limited* 鎮江新區固廢處置有限公司 ("Zhenjiang New District")	PRC	Joint equity enterprise	RMB30,000,000 (2012: RMB20,000,000)	24.60%	24.60%	Environmental hazardous waste landfill treatment services
Qingdao Zhongxin Huamei Plastics Co., Limited ("Qingdao Huamei") *(Note (a))*	PRC	Sino-foreign joint equity enterprise	US$1,000,000 (2012: US$1,000,000)	–	28.67%	Plastic materials dyeing
Yancheng NUHF Environmental Technology Limited ("Yancheng NUHF") *(Note (b))*	PRC	Sino-foreign joint equity enterprise	HK$66,000,000 (2012: HK$66,000,000)	–	49%	Environmental solid waste treatment services

* *For identification purpose only.*

Notes:

(a) On 9 April 2013, Qingdao Huamei increased the number of the board of directors from five to six, the Group's voting power in Qingdao Huamei diluted and decreased to 17% (2012: 20%). Accordingly, the Group no longer has significant influence over Qingdao Huamei since 9 April 2013. On the loss of significant influence, the Group has retained the 28.67% interest in Qingdao Huamei, which is reclassified as available-for-sale investment and measured at fair value. The fair value determined for the initial recognition has been arrived at on the basis of valuation carried out by Cushman and Wakefield, an independent qualified professional value. This transaction has resulted in the recognition of a gain on deemed disposal of an associate in profit or loss. Details of the deemed disposal are disclosed in note 11(a).

(b) On 28 August 2013, the Group obtained control of Yancheng NUHF by acquiring an additional 16% equity interest in Yancheng NUHF. The acquisition constituted a deemed disposal of 49% equity interest in Yancheng NUHF by the Group.

25. INTERESTS IN ASSOCIATES (continued)

All of the above associates are accounted for using the equity method in the consolidated financial statements.

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

Zhenjiang New District

	2013	2012
	HK$'000	HK$'000
Gross amounts of the associate's		
Current assets	**14,560**	7,814
Non-current assets	**64,026**	31,955
Current liabilities	**(29,485)**	(15,940)
Non-current liabilities	**(1,272)**	(1,233)
Total equity	**47,829**	22,596
Revenue	**12,150**	–
Profit/(loss) for the year	**11,624**	(899)
Other comprehensive income	**888**	(2)
Total comprehensive income	**12,512**	(901)
Dividend received from the associate	**–**	–
Reconciliation to the Group's interest in the associate		
Gross amount of net assets of the associate	**47,829**	22,596
Group's share of net assets of the associate	**14,348**	6,779
Carrying amount in the consolidated financial statements	**14,348**	6,779
Aggregate amounts of the Group's share of the associate's		
Profit/(loss) for the year	**3,487**	(270)
Other comprehensive income	**266**	–
Total comprehensive income	**3,753**	(270)

26. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Note	Group 2013 HK$'000	Group 2012 HK$'000
Unlisted equity investments at fair value	(a)	**67,500**	53,000
Unlisted equity investments at cost less impairment	(b)	**320**	2,026
		67,820	55,026

	Note	Group 2013 HK$'000	Group 2012 HK$'000
At 1 January		**55,026**	57,926
Payment for purchase		**237**	–
Transfer from interests in associates	(c)	**13,100**	–
Disposals	(d)	**(1,943)**	–
Net fair value change transfer to/(from) equity through statement of other comprehensive income		**1,400**	(2,900)
At 31 December		**67,820**	55,026

As at 31 December 2013, the Group had interests in the following available-for-sale equity investments:

Name of company	Place of incorporation and operations	Form of legal entity	Issued and paid-up capital	Group's effective interest 2013	Group's effective interest 2012	Principal activity
Suzhou New Huamei Plastics Co., Limited ("Suzhou New Huamei") *(note (a))*	PRC	Sino foreign joint equity enterprise	US$5,000,000	18.62%	18.62%	Plastic materials dyeing
Danyang New Huamei Plastics Co., Limited ("Danyang New Huamei") *(notes (a), (c))*	PRC	Sino foreign joint equity enterprise	US$1,600,000	24.50%	24.50%	Plastic materials dyeing
Qingdao Zhongxin Huamei Plastics Co., Limited ("Qingdao Huamei") *(notes (a), (c))*	PRC	Sino foreign joint equity enterprise	US$1,000,000	28.67%	28.67%	Plastic materials dyeing
Ever Champ (China) Limited *(note (b))*	British Virgin Islands/ Hong Kong	Limited liability company	US$10,000	4%	4%	Investment holding
Fair Industry Waste Recyclables Limited ("FIWRL") *(note (d))*	British Virgin Islands/ Hong Kong	Limited liability company	US$10,000	–	4%	Investment holding

26. AVAILABLE-FOR-SALE EQUITY INVESTMENTS (continued)

Notes:

(a) The unlisted available-for-sale equity investments carried at fair value represent investments in plastic materials dyeing manufacturing business in Mainland China. At 31 December 2013, the fair values of these unlisted equity investments at the end of the reporting date are determined by reference to the valuation carried out by Cushman & Wakefield, an independent firm of professional valuers (2012: by Cushman & Wakefield), using a market approach model based on the observable market data of the multiple of enterprise value to earnings before interest and tax ("EV/EBIT") of comparable listed companies in the same industry, after having taken into account the discount on marketability of these unlisted investments. At 31 December 2013, a net fair value gain of HK$1,260,000 (2012: loss of HK$2,647,000) was recognised directly in the investment revaluation reserve.

(b) The unlisted available-for-sale equity investment measured at cost represents investment in the development of environmental waste treatment related business in Mainland China. The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant. In the opinion of the Directors of the Company, the fair value cannot be measured reliably. At 31 December 2013, the Directors of the Company considered that there was no impairment on the investment.

(c) These investments are accounted as available-for-sale equity investments as the Group cannot exert significant influence in the financial and operating decisions in Danyang New Huamei and Qingdao Huamei.

(d) On 31 January 2013, the Group disposed of the investment in FIWRL for a consideration of HK$1,943,120. There was neither gain nor loss arose on the disposal.

27. INVENTORIES

	Group	
	2013	2012
	HK$'000	HK$'000
Raw materials	**1,736**	1,187

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

	Group	
	2013	2012
	HK$'000	HK$'000
Carrying amount of inventories sold	**13,196**	11,915

28. TRADE AND BILLS RECEIVABLES

	Group	
	2013	2012
	HK$'000	HK$'000
Trade receivables	**52,255**	38,998
Less: allowance for impairment of trade receivables	**–**	–
	52,255	38,998
Bills receivable	**1,819**	2,236
	54,074	41,234

(a) Ageing analysis

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

	Group	
	2013	2012
	HK$'000	HK$'000
0 to 30 days	**24,796**	16,644
31 days to 60 days	**7,995**	9,796
61 days to 90 days	**4,807**	4,331
91 days to 180 days	**9,731**	8,574
181 days to 360 days	**6,745**	1,883
Over 360 days	**–**	6
	54,074	41,234

28. TRADE AND BILLS RECEIVABLES (continued)

(a) Ageing analysis (continued)

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

(b) Impairment losses of trade receivables

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

	Group	
	2013	2012
	HK$'000	HK$'000
At 1 January	**–**	481
Impairment loss recognised	**–**	153
Uncollectible amounts written off	**–**	(634)
At 31 December	**–**	–

(c) Analysis of trade receivables not being impaired

Ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**32,791**	26,440
Less than 30 days past due	**4,807**	4,331
More than 30 days but less than 90 days past due	**9,731**	8,574
More than 90 days but less than 360 days past due	**6,745**	1,889
	54,074	41,234

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

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayment and other receivables	**12,684**	11,002	**230**	814
Compensation receivable *(note)*	**–**	11,100	**–**	–
	12,684	22,102	**230**	814

Note:

The compensation on legal actions against the purchaser of subsidiaries, which were disposed of in 2009, has been settled in 2013.

30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**109,827**	83,305	**12,484**	1,727
Cash and bank balances in disposal group classified as held for sale *(note 16(a)(iv))*	**–**	27,907	**–**	–
Cash and cash equivalents in the consolidated statement of cash flow	**109,827**	111,212	**12,484**	1,727

The bank balances carried interest at market rates at the range from 0.01% to 3.1% (2012: 0.01% to 3.1%) per annum for the year ended 31 December 2013.

31. INTEREST-BEARING BANK BORROWINGS

As at 31 December 2013, interest-bearing bank borrowings of the Group were repayable as follows:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Current liabilities				
Within 1 year or on demand	**54,007**	92,872	**10,000**	23,400
Non-current liabilities				
Between 1 year and 2 years	**–**	12,354	**–**	–
Between 2 year and 5 years	**–**	–	**–**	–
Over 5 years	**–**	–	**–**	–
	–	12,354	**–**	–
	54,007	105,226	**10,000**	23,400

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Wholly repayable within 5 years	**54,007**	105,226	**10,000**	23,400
Wholly repayable after 5 years	**–**	–	**–**	–
	54,007	105,226	**10,000**	23,400

Notes:

(a) As at 31 December 2013, certain land use rights and property, plant and equipment held for own use with carrying amount of approximately HK$10,604,000 (2012: HK$10,836,000) and HK$51,413,000 (2012: HK$53,147,000) respectively were pledged to a bank for bank loans of approximately HK$6,996,000 (2012: HK$15,416,000) owed by a subsidiary, Zhenjiang New Universe. The bank loans bear interest at 7.04% per annum in current year (2012: 7.04% to 7.59% per annum).

(b) As at 31 December 2013, bank loan of HK$6,875,000 (2012: HK$9,375,000) owed by a subsidiary, NUET(JS) was secured by a fixed and floating charge over all assets of NUET(JS) and was guaranteed by the Company's director, Mr. XI Yu. The bank loan bears interest at variable rates ranging from 2.69% to 2.76% per annum in current year (2012: 2.75% to 2.84% per annum).

31. INTEREST-BEARING BANK BORROWINGS (continued)

Notes: (continued)

(c) As at 31 December 2013, bank loans of approximately HK$5,573,000 (2012: HK$30,035,000) owed by a subsidiary, Fair Time, was secured by a fixed and floating charge over all assets of Fair Time, and guaranteed by a related company, New Universe Holdings Limited and by the Company's director, Mr. XI Yu. The banking facilities are subject to the fulfillment of covenants relating to certain financial ratios of the subsidiary's consolidated statements of financial position, which are commonly applied in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payment on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 46. As at 31 December 2013, none of the covenants relating to the drawn down facilities were breached. The bank loans bear interest at variable rates ranging from 1.67% to 1.71% per annum in current year (2012: 1.71% to 1.79% per annum).

(d) As at 31 December 2013, bank loan of HK$10,500,000 (2012: HK$12,000,000) owed by a subsidiary, NUET(JS) was guaranteed by the Company's directors, Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK$12,000,000. The bank loan bears interest at variable rates ranging from 2.04% to 2.11% per annum in current year (2012: 2.10% to 2.11% per annum).

(e) As at 31 December 2013, bank loan of HK$14,063,000 (2012: HK$15,000,000) owed by a subsidiary, NUET(JS) was guaranteed by the Company and the Company's director, Mr. XI Yu, each up to a limit of HK$15,000,000. The bank loan bears interest at variable rates ranging from 2.71% to 2.78% per annum in current year (2012: 2.78% to 2.80% per annum).

(f) As at 31 December 2013, bank loan of HK$10,000,000 (2012: HK$23,400,000) owed by the Company was guaranteed by the Company's director, Mr. XI Yu. The bank loan bears interest at variable rates ranging from 4.28% to 4.53% per annum in current year (2012: 3.47% to 4.47% per annum).

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**41,438**	59,775	**10,000**	23,400
United States dollar	**5,573**	30,035	**–**	–
Renminbi yuen	**6,996**	15,416	**–**	–
	54,007	105,226	**10,000**	23,400

32. OTHER BORROWINGS

Other borrowings represented unsecured loans from an independent third party, bearing interest ranging from 2.5% to 3.0% per annum and repayable after 20 to 22 months after date of the drawdown of the loan.

33. TRADE PAYABLES

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

	Group	
	2013	2012
	HK$'000	HK$'000
0 to 30 days	**1,188**	877
31 days to 60 days	**129**	195
61 days to 90 days	**82**	–
Over 91 days	**57**	15
	1,456	1,087

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

34. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Salaries and bonuses payable	**9,128**	10,372	**–**	–
Payable for acquisition of property, plant and equipment	**28,353**	18,223	**–**	–
Other payables and accruals	**54,647**	19,806	**534**	968
	92,128	48,401	**534**	968

35. DEFERRED GOVERNMENT GRANTS

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

	Group HK$'000
Receipt of grants	
At 1 January 2012	3,668
Exchange adjustments	(1)
Receipt for the year	247
At 31 December 2012 and at 1 January 2013	3,914
Exchange adjustments	189
Receipt for the year	4,295
At 31 December 2013	**8,398**
Release of grants	
At 1 January 2012	253
Exchange adjustments	(1)
Release for the year	269
At 31 December 2012 and at 1 January 2013	521
Exchange adjustments	21
Release for the year	273
At 31 December 2013	**815**
Carrying amount	
At 31 December 2013	**7,583**
At 31 December 2012	3,393

Analysed for reporting purposes as:

	Group	
	2013 HK$'000	2012 HK$'000
Current liabilities	**278**	269
Non-current liabilities	**7,305**	3,124
	7,583	3,393

36. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Group	
	2013	2012
	HK$'000	HK$'000
Continuing operations		
Provision for PRC Income Tax for current year	**15,169**	10,859
PRC Income Tax relating to prior years	**2,999**	1,777
Acquisition of interest in a subsidiary	**254**	–
Over provision of PRC Income Tax relating to prior years	**(418)**	(1,395)
Exchange adjustments	**102**	–
Tax paid	**(14,470)**	(8,242)
	3,636	2,999

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

	Group			
	Fair value adjustment on available-for-sale equity investment	**Fair value adjustment of assets on business combination**	**Undistributed profits of PRC subsidiaries**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2012	563	23,232	1,468	25,263
Credit to other comprehensive income	(253)	–	–	(253)
(Credit)/charge to profit or loss	–	(545)	773	228
At 31 December 2012 and 1 January 2013	310	22,687	2,241	25,238
Charge to other comprehensive income	140	–	–	140
(Credit)/charge to profit or loss *(note 15(a))*	–	(544)	103	(441)
At 31 December 2013	**450**	**22,143**	**2,344**	**24,937**

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

(c) Deferred tax assets not recognised:

At the end of the reporting period, the Group has unused tax losses of HK$42,119,000 (2012: HK$39,706,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profit streams of the relevant group entities. The unused tax losses do not expire under current tax legislation

(d) Deferred tax liabilities not recognised:

At 31 December 2013, there was no significant unrecognised deferred tax liability for taxes that would be payable on the undistributed earnings of the Group's PRC subsidiaries as the Group has no significant liability to additional tax should such amounts be remitted.

37. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Current liabilities	**–**	5,000	**–**	5,000
Non-current liabilities	**–**	54,636	**–**	34,289
	–	59,636	**–**	39,289

The amount due to ultimate holding company, NUEL, was unsecured, interest free except for the amount of HK$33,000,000, borne interest at 2% per annum and was fully repaid during the year.

38. SHARE CAPITAL

	Note	Number of shares		Share capital	
		2013	2012	**2013**	2012
		'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		**2,655,697**	2,213,081	**26,557**	22,131
Open Offer	(a)	**–**	442,616	**–**	4,426
At 31 December		**2,655,697**	2,655,697	**26,557**	26,557

Notes:

(a) Open Offer

On 13 December 2012, the Company issued 442,616,169 new shares at a price of HK$0.10 each ("Offer Shares") on the basis of one (1) Offer Share for every five (5) of the then existing shares held on the record date at 20 November 2012 ("Open Offer"). Net proceeds from the Open Offer in aggregate of approximately HK$43,008,000, of which amount of HK$41,817,000 was capitalised against amounts owed by the Group to the ultimate holding company, NUEL, and approximately HK$2,445,000 received in cash as subscribed by other shareholders of the Company. Net proceeds of HK$4,426,000 was recorded in share capital and HK$38,582,000 (after share issuance related cost of approximately HK$1,254,000) was recorded in share premium.

(b) As at 31 December 2013, the holders of ordinary shares are entitled to receive dividend as 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.

39. RESERVES

Group

	Attributable to owners of the Company						
	Share premium HK$'000 *(note 39(i))*	**Translation reserve** HK$'000 *(note 39(ii))*	**Investment revaluation reserve** HK$'000 *(note 39(iii))*	**Capital reserve** HK$'000 *(note 39(iv))*	**Statutory reserve** HK$'000 *(note 39(v))*	**Retained profits** HK$'000 *(note 39(vi))*	**Total** HK$'000
At 1 January 2012	266,502	28,503	6,437	4,185	8,197	85,343	399,167
Profit for the year	–	–	–	–	–	36,097	36,097
Other comprehensive income							
Exchange differences							
– on translation of financial statements of overseas subsidiaries	–	(512)	–	–	–	–	(512)
– on translation of financial statements of overseas associates	–	240	–	–	–	–	240
Fair value changes on available-for-sale equity investments, net of deferred tax	–	–	(2,647)	–	–	–	(2,647)
Total comprehensive income for the year	–	(272)	(2,647)	–	–	36,097	33,178
Open Offer, net of share issuance costs of HK$1,254,000	38,582	–	–	–	–	–	38,582
Transfer to statutory reserve	–	–	–	–	3,959	(2,862)	1,097
Dividend relating to 2011	–	–	–	–	–	(9,958)	(9,958)
At 31 December 2012 and 1 January 2013	305,084	28,231	3,790	4,185	12,156	108,620	462,066
Profit for the year	–	–	–	–	–	55,283	55,283
Other comprehensive income							
Exchange differences							
– on translation of financial statements of overseas subsidiaries	–	13,318	–	–	–	–	13,318
– on translation of financial statements of overseas associates	–	874	–	–	–	–	874
– reclassification of translation reserve upon deemed disposal of an associate	–	(1,118)	–	–	–	–	(1,118)
Fair value changes on available-for-sale equity investments, net of deferred tax	–	–	1,260	–	–	–	1,260
Total comprehensive income for the year	–	13,074	1,260	–	–	55,283	69,617
Disposal of interest in a subsidiary	–	–	–	610	–	–	610
Transfer to statutory reserve	–	–	–	–	4,562	(3,880)	682
Dividend relating to 2012	–	–	–	–	–	(9,826)	(9,826)
At 31 December 2013	**305,084**	**41,305**	**5,050**	**4,795**	**16,718**	**150,197**	**523,149**

39. RESERVES (continued)

Company

	Share premium HK$'000 *(note 39(i))*	**Retained profits** HK$'000 *(note 39(vi))*	**Total** HK$'000
At 1 January 2012	266,502	28,063	294,565
Profit for the year	–	20,786	20,786
Dividend relating to 2011	–	(9,958)	(9,958)
Open Offer, net of share issuance costs	38,582	–	38,582
At 31 December 2012 and 1 January 2013	305,084	38,891	343,975
Profit for the year	–	29,329	29,329
Dividend relating to 2012	–	(9,826)	(9,826)
At 31 December 2013	**305,084**	**58,394**	**363,478**

Notes:

Nature and purpose of reserves and their movements are as follows:

(i) Share premium

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

(ii) Translation reserve

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

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale equity investments at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 4(g) and 4(k)(i) to the financial statements.

39. RESERVES (continued)

Notes: (continued)

(iv) Capital reserve

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

(v) Statutory reserve

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

(vi) Distributability of reserves

At 31 December 2013, the Company had reserves available for distribution to its owners in the amount of HK$363,478,000 (2012: HK$343,975,000).

40. OPERATING LEASES COMMITMENTS

The Group as lessee had the following minimum lease payments under operating leases during the year:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Office premises	**428**	270	**–**	–
Landfill	**89**	173	**–**	–
	517	443	**–**	–

40. OPERATING LEASES COMMITMENTS (continued)

As at 31 December 2013, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**325**	204	**–**	–
After 1 year but within 5 years	**192**	239	**–**	–
After 5 years	**–**	–	**–**	–
	517	443	**–**	–

41. CAPITAL COMMITMENTS

At 31 December 2013, the Group had the following capital commitments:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted for				
Acquisition of property, plant and equipment	**84,397**	68,920	**–**	–
Authorised and not contracted for				
Acquisition of property, plant and equipment	**17,447**	–	**–**	–
Investment in available-for-sale equity investments	**3,443**	3,664	**3,443**	3,664
Investment in an associate	**–**	3,700	**–**	–

42. PLEDGE OF ASSETS AND BANKING FACILITIES

At the end of the reporting period, the following assets were pledged to banks to secure certain banking facilities granted to the Group:

	Group	
	2013	2012
	HK$'000	HK$'000
Property, plant and equipment	**93,028**	95,722
Prepaid lease payments for land use rights	**19,803**	19,958
	112,831	115,680

At the end of the reporting period, the total banking facilities of the Group were approximately to HK$119,362,000 (2012: HK$168,593,000) which to the extent of HK$54,007,000 (2012:HK$105,226,000) were utilised as bank borrowings. As at 31 December 2013, the available unused secured banking facilities were approximately to HK$65,355,000 (2012: HK$63,367,000).

43. SHARE OPTION SCHEME AND EMPLOYEE RETIREMENT BENEFITS

(a) Share option scheme

The Company had a share option scheme which adopted by the Company's shareholders in general meeting on 10 December 2003 ("Share Option Scheme"), whereby the Directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The Share Option Scheme shall be valid and effective for a period of 10 years ending on 9 December 2013, after which no further options would be granted. For the period from 1 January 2013 to the expiry date of the Share Option Scheme on 9 December 2013, no options had been granted or outstanding under the Company's Share Option Scheme.

(b) Employee retirement benefits

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution benefit schemes (the "Schemes") organised by the relevant local government authorities in Suzhou and Zhenjiang, whereby the Group is required to make contributions to the Schemes at certain percentage of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligation payable to the retired employees. The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2012: HK$27,500). Contributions to the plan vest immediately. The Group has no other material obligation for the payment of pension benefits associated with the MPF Scheme beyond the annual contributions described above.

44. RELATED PARTY TRANSACTIONS

(a) List of related parties

During the years ended 31 December 2013 and 2012, the Directors are of the view that the following companies are related parties to the Group:

Name of the related party	**Relationship**
NUEL	Ultimate holding company of the Company; 83.66% owned by the Company's director, Mr. XI Yu; the Company's directors, Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors
New Universe Holdings Limited ("NUHL")	the Company's directors, Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors
China (HK) Chemical & Plastics Co. Limited ("China (HK) Chemical")	97% owned subsidiary of NUHL; the Company's directors, Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors
Sun Ngai International Investment Limited ("Sun Ngai")	100% owned subsidiary of NUHL; the Company's directors, Mr. XI Yu and Ms. CHEUNG Siu Ling are common directors

44. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

		Group		Company	
		2013	2012	**2013**	2012
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Recurring transactions					
Rental expenses					
– Sun Ngai	(i)	**288**	288	**–**	–
Non-recurring transaction					
Loan interest paid					
– NUEL	(ii)	**375**	689	**375**	689
– China (HK) Chemical	(iii)	**–**	237	**–**	237

Notes:

(i) Rental expenses were charged by Sun Ngai for leasing office premises and warehouse of the Company in Hong Kong. The lease runs for a period of two years and the monthly rent was determined at the market rate.

(ii) Interest expenses were charged by NUEL for amounts outstanding by the Group was at a fixed rate of 2% per annum.

(iii) Interest expenses were charged by China (HK) Chemical for amounts loaned to the Group was at rates ranging from 2.78% to 4% per annum.

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

(c) Non-trade balances

Details of the Group's non-trade balances in connection with the related parties are set out in note 37 to the financial statements.

(d) Guarantees

(i) As at 31 December 2013, the Group's bank borrowings of HK$5,573,000 (2012: HK$30,035,000) were secured by corporate guarantee provided by NUHL as disclosed in note 31(c) to the financial statements.

(ii) As at 31 December 2013, the Group's bank borrowings of HK$47,011,000 (2012: HK$89,810,000) were secured by personal guarantee provided by Mr. XI Yu, the chairman and executive Director of the Company as disclosed in notes 31(b), 31(c), 31(d), 31(e) and 31(f) to the financial statements.

44. RELATED PARTY TRANSACTIONS (continued)

(d) Guarantees (continued)

(iii) As at 31 December 2013, the Group's bank borrowings of HK$10,500,000 (2012: HK$12,000,000) were secured by personal guarantee provided by Ms. CHEUNG Siu Ling, the executive Director of the Company as disclosed in note 31(d) to the financial statements.

(iv) As at 31 December 2013, the Group's bank borrowings of HK$10,500,000 (2012: HK$12,000,000) were secured by personal guarantee provided by Mr. SUEN Ki, the non-executive Director of the Company as disclosed in note 31(d) to the financial statements.

(e) Key management personnel remuneration

Remuneration for key management personnel of the Group and the Company, including amounts paid to the Directors of the Company as disclosed in note 13 and certain of the highest paid individual as disclosed in note 14 to the financial statements, is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Continuing operations		
Salaries and other benefits	**6,483**	6,863
Retirement scheme contributions	**72**	68
Discretionary bonuses	**1,316**	6,685
	7,871	13,616

45. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(i) to ensure entities in the Group will be able to continue as a going concern;

(ii) to provide returns for shareholders and benefits for other stakeholders;

(iii) to maintain an optimal capital structure to reduce the cost of capital;

(iv) to support the Group's sustainable growth; and

(v) to provide capital for the purpose of potential mergers and acquisitions.

The Group reviews the capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new shares issues and share buy-backs and the issue of new debts or the redemption of existing debts. The Group's overall strategy remains unchanged from prior year.

45. CAPITAL MANAGEMENT (continued)

The Group monitors its capital on the basis of its gearing ratio. The Group expects to maintain its gearing ratio to less than 50%.

The gearing ratios as at 31 December 2013 and 2012 were as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Current liabilities		
Interest-bearing bank borrowings	**54,007**	92,872
Trade payables	**1,456**	1,087
Accrued liabilities and other payables	**92,128**	48,401
Deposits received from customers	**2,458**	1,449
Amount due to ultimate holding company	**–**	5,000
Liabilities of disposal group classified as held for sale	**–**	19,641
	150,049	168,450
Non-current liabilities		
Interest-bearing bank borrowings	**–**	12,354
Other borrowings	**40,000**	–
Amount due to ultimate holding company	**–**	54,636
	40,000	66,990
Total liabilities (excluding deferred government grants and taxes)	**190,049**	235,440
Less: Cash and cash equivalents		
– Continuing operations	**109,827**	83,305
– Discontinued operations	**–**	27,907
	109,827	111,212
Net debts	**80,222**	124,228
Total equity	**608,257**	511,106
Total capital	**688,479**	635,334
Gearing ratio	**11.7%**	19.6%

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

46. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include loans and receivables, available-for-sale equity investments, and liabilities measured at amortised cost. The carrying amount of each category of the Group's financial assets and liabilities recognised at 31 December 2013 and 2012 are as follows.

Summary of financial assets and liabilities of the Group by category:

	Group	
	2013	2012
	HK$'000	HK$'000
(i) Financial assets		
Loans and receivables at amortised cost		
Trade and bills receivables	**54,074**	41,234
Other receivables	**12,684**	11,002
Compensation receivable	**–**	11,100
Cash and cash equivalents	**109,827**	83,305
Available-for-sale financial assets		
Available-for-sale equity investments	**67,820**	55,026
	244,405	201,667

	Group	
	2013	2012
	HK$'000	HK$'000
(ii) Financial liabilities		
At amortised cost		
Interest-bearing bank borrowings	**54,007**	105,226
Other borrowings	**40,000**	–
Trade payables	**1,456**	1,087
Accrued liabilities and other payables	**92,128**	48,401
Deposits received from customers	**2,458**	1,449
Amount due to ultimate holding company	**–**	59,636
	190,049	215,799

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

46. FINANCIAL RISK MANAGEMENT (continued)

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

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

Foreign exchange risk

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

Some of the trading transactions of the Group were denominated in foreign currencies, which are United States dollar (US$) and Euros (EUR). The Group's exposure to currency risk arises from financial instruments that are monetary items or from financial instruments denominated not in the functional currencies of the respective entities within the Group, which are HK$ and RMB. For the year ended 31 December 2013, no sales of the Group were denominated in foreign currencies other than the functional currencies of the corresponding entities. For the year ended 31 December 2012, approximately 0.4% and 10.3% of the Group's sales were denominated in US$ and EUR respectively which were mainly attributable to discontinued operations.

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

As at 31 December 2013

	Group		Company	
	US$'000	**EUR'000**	**US$'000**	**EUR'000**
Monetary financial assets				
Other receivables	**10**	**–**	**10**	**–**
Cash and cash equivalents	**628**	**1**	**555**	**–**
	638	**1**	**565**	**–**
Monetary financial liabilities				
Interest-bearing bank borrowings	**719**	**–**	**–**	**–**
Current net exposure	**(81)**	**1**	**565**	**–**

46. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk (continued)

As at 31 December 2012

	Group		Company	
	US$'000	EUR'000	US$'000	EUR'000
Monetary financial assets				
Other receivables	10	–	10	–
Cash and cash equivalents	226	2	133	–
	236	2	143	–
Monetary financial liabilities				
Interest-bearing bank borrowings	3,875	–	–	–
Current net exposure	(3,639)	2	143	–

Sensitivity analysis of currency risk

The management considered that the currency risk to be low as the exchange rates of US$ and EUR relative to HK$ or RMB were not significant for both 2013 and 2012. Therefore, no hedging or similar measures have been implemented by the Group. At 31 December 2013 and 2012, the impact of the Group's and the Company's exposure to currency risk was minimal. Accordingly, no sensitivity analysis was presented.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (note 31 to the financial statements for details of these borrowings) and bank balances (note 30 to the financial statements for details of these deposits) and fair value interest rate risk in relation to fixed-rate borrowings (notes 32 and 37 to the financial statements). It is the Group's policy to keep its borrowing at floating rate of interests so as to minimise fair value interest rate risk in relation to fixed-rate borrowings. The Group has no significant interest-bearing assets apart from bank balances with their interest rate profile disclosed in note 30 to the financial statements. The interest rate profiles of the bank borrowings, other borrowings and borrowings from the ultimate holding company, NUEL, are disclosed in notes 31, 32 and 37 to the financial statements respectively.

46. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis of interest rate risk

The other borrowings are bearing fixed interest rate and insensitive to any change in interest rates. The following table details the Group's sensitivity to a 100 basis points ("bp", whereas 1 bp is equivalent 0.01%) increase and decrease in interest rate as the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates, assuming that the financial instruments outstanding at the end of the reporting period had been outstanding for the whole year. A positive number below indicates an increase in post-tax profit and total equity where interest rates generally decreased by 100 bp. For an increase in 100 bp, there would be an equal and opposite impact on the profit and total equity and the balances below would be negative.

	Group			
	+ 100 bp impact		– 100 bp impact	
	2013 **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
(Decrease)/increase in profit after tax	**(540)**	(1,052)	**540**	1,052
(Decrease)/increase in total equity	**(540)**	(1,052)	**540**	1,052

The Group's sensitivity to interest rates has decreased during the current year mainly due to the decrease in variable rate borrowings. The analysis has been presented on the same basis for 2012.

Other price risk

The Group is exposed to equity price risk through its equity investments classified as available-for-sale equity investments as set out in note 26 to the financial statements.

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

Sensitivity analysis of other price risk

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. The following table illustrates the sensitivity if the prices of the respective equity investments had been 5% (2012: 5%) higher/lower, as a result of the changes in the multiple of enterprise value to earnings before interest and tax of comparable listed companies in the same industry, at the reporting date. A positive number below indicates an increase in post-tax profit and total equity where price of the equity investments increased by 5%. For a decrease in 5%, there would be an opposite impact on the profit and total equity and the balances below would be negative.

46. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis of other price risk (continued)

	Group			
	+ 5% impact		– 5% impact	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Increase/(decrease) in profit after tax	**–**	–	**–**	–
Increase/(decrease) in total equity	**3,038**	2,385	**(3,038)**	(2,385)

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

Credit risk

As at 31 December 2013, the Group's exposure to credit risk which will cause financial loss to the Group if failure to discharge an obligation by the counterparties is arising from the carrying amount the respective financial assets as stated in the consolidated statement of financial position as summarised below by key geographical locations:

	Group					
	By geographical locations					
	Mainland China		Other countries (including Hong Kong)		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Classes of financial assets						
Trade and bills receivables	**54,074**	41,234	**–**	–	**54,074**	41,234
Other receivables	**12,398**	10,145	**286**	857	**12,684**	11,002
Compensation receivable	**–**	11,100	**–**	–	**–**	11,100
Cash and cash equivalents	**94,449**	78,039	**15,378**	5,266	**109,827**	83,305
	160,921	140,518	**15,664**	6,123	**176,585**	146,641
Financial assets of disposal group classified as held for sale						
– Other receivables	**–**	25,147	**–**	–	**–**	25,147
– Cash and cash equivalents	**–**	27,907	**–**	–	**–**	27,907
	–	53,054	**–**	–	**–**	53,054
	160,921	193,572	**15,664**	6,123	**176,585**	199,695

46. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The management of the Company and all its subsidiaries continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

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

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

The Group's concentration of credit risk by geographical locations is mainly in the Mainland China, which accounted for 99.6% (2012: 98.6%) of the total receivables (being the total classified under "Trade and bills receivables" and "Other receivables") as at 31 December 2013.

The Group has concentration of credit risk by customers as for 3.5% (2012: 11.0%) of the total receivables classified under "Trade and bills receivables" were due from the Group's largest customer as at 31 December 2013.

Liquidity risk

The Group manages its liquidity through maintaining adequate level of cash and cash equivalents, bank borrowings, banking facilities, and loans and advances from related companies, the controlling shareholder or other willing financiers. In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group's policy is to regularly monitor its liquidity requirements and its compliance covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms. The Group has secured loan facilities of approximately HK$78,755,000 not yet drawn down by the Group as at 31 December 2013 (2012: HK$63,367,000).

Liquidity needs are monitored on a day-to-day basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Funding for long-term liquidity needs will be considered when there is any potential investment identified. For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, note 31 shows the cash outflow based on the contractual repayment schedule and, separately, the impact of the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

46. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

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

	Group As at 31 December 2013						
	Carrying amount HK$'000	**Total undiscounted cash flows HK$'000**	**Less than 1 month HK$'000**	**1 to 3 months HK$'000**	**3 months to 1 year HK$'000**	**1 to 5 years HK$'000**	**More than 5 years HK$'000**
Financial liabilities							
Bank borrowings							
– at variable rate	**54,007**	**54,007**	**–**	**4,928**	**49,079**	**–**	**–**
Other borrowings							
– at fixed rates	**40,000**	**41,960**	**–**	**–**	**–**	**41,960**	**–**
Trade payables	**1,456**	**1,456**	**1,188**	**211**	**57**	**–**	**–**
Accrued liabilities and other payables	**92,128**	**92,128**	**68,018**	**–**	**24,110**	**–**	**–**
Deposits received from customers	**2,458**	**2,458**	**2,458**	**–**	**–**	**–**	**–**
	190,049	**192,009**	**71,664**	**5,139**	**73,246**	**41,960**	**–**

	Group As at 31 December 2012						
	Carrying amount HK$'000	Total undiscounted cash flows HK$'000	Less than 1 month HK$'000	1 to 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	More than 5 years HK$'000
Financial liabilities							
Bank borrowings							
– at variable rates	105,226	106,093	–	7,407	85,465	13,221	–
Other borrowings							
– at fixed rates	–	–	–	–	–	–	–
Trade payables	1,087	1,087	877	195	15	–	–
Accrued liabilities and other payables	48,401	48,401	44,411	–	3,990	–	–
Deposits received from customers	1,449	1,449	1,449	–	–	–	–
Amount due to ultimate holding company	59,636	61,548	–	–	5,000	56,548	–
	215,799	218,578	46,737	7,602	94,470	69,769	–

46. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

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

Fair value estimation

Financial instruments carried at amortised cost

The carrying amount of financial assets and financial liabilities at amortised cost of the Group is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable markets transactions. The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the statements of financial position

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

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Group							
	2013				2012			
	Fair value at 31 December 2013 HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	Fair value at 31 December 2012 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Available-for-sale equity investments	**67,500**	**–**	**–**	**67,500**	53,000	–	–	53,000

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. During the year ended 31 December 2013, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2012: Nil).

46. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation (continued)

Fair value measurements recognised in the statements of financial position (continued)

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Marketability discount 2013	2012
Unlisted available-for-sale equity investments	Market comparable companies	Discount for lack of marketability	16%	16%

The fair value of unlisted available-for-sale equity instruments is determined using the enterprise value to earnings before interest and tax ratio of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2013, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/ decreased the Group's other comprehensive income by HK$4,000,000 (2012: HK$3,200,000).

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

	Group 2013 HK$'000	2012 HK$'000
Unlisted available-for-sale equity investments:		
At 1 January	**53,000**	55,900
Transfer from interests in associates	**13,100**	–
Net unreslised gains or losses recognised in other comprehensive income	**1,400**	(2,900)
At 31 December	**67,500**	53,000

47. ENVIRONMENTAL CONTINGENCIES

Zhenjiang New Universe, Yancheng New Universe, and Taizhou New Universe mainly provide regulated medical waste treatment services to hospitals and medical clinics in Jiangsu Province, and these entities together with Yancheng NUHF and Zhenjiang Sinotech also provide hazardous and industrial waste treatment services in Jiangsu Province during the year. Their related operations require Operating License for Hazardous Waste and/or Operating License for Medical Waste issued by Environmental Protection Bureau of Jiangsu Province, the PRC and the corresponding district environmental protection departments. To the best knowledge of the Company's Directors, each of Zhenjiang New Universe, Yancheng New Universe, Taizhou New Universe, Yancheng NUHF and Zhenjiang Sinotech comply with the relevant regulations to ensure continuous renewal of the licenses concerned.

The Group's subsidiaries in the PRC have not been incurred any significant expenditures for environmental remediation and are currently not involved in any environmental remediation. In addition, the Company and the Group's subsidiaries in the PRC have not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group.

48. EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period the directors of the Company proposed a final dividend. Further details are disclosed in note 17.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 18 March 2014.