

NEW UNIVERSE INTERNATIONAL GROUP LIMITED

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

ANNUAL REPORT

2014



Corporate Information

PLACE OF INCORPORATION

Cayman Islands

BOARD OF DIRECTORS

Executive Directors

Mr. SONG Yu Qing (*Chairman & CEO*)¹

Ms. CHEUNG Siu Ling¹

Mr. HON Wa Fai¹

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

Ms. CHEUNG Siu Ling

Mr. HON Wa Fai

COMPLIANCE OFFICER

Ms. CHEUNG Siu Ling

COMPANY SECRETARY

Mr. HON Wa Fai

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 2110-2112, Telford House

16 Wang Hoi Road

Kowloon Bay

Kowloon

Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICES

Principal

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Hong Kong Branch

Tricor Tengis Limited

Level 22, Hopewell Centre,

183 Queen's Road East,

Hong Kong

INDEPENDENT AUDITOR

Crowe Horwath (HK) CPA Limited

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

FINANCIAL ADVISER

OCTAL Capital 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

Notes:

- With effect from 18 August 2014, Mr. XI Yu resigned as executive director, chairman of the board, chairman and member of the executive committee, authorised representative and compliance officer of the Company.
- With effect from 18 August 2014, Mr. SONG Yu Qing was appointed the chairman of the board of the Company.
- With effect from 18 August 2014, Ms. CHEUNG Siu Ling was appointed the authorised representative and compliance officer of the Company.

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

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Chairman's Statement



I am pleased to present the audited consolidated results of New Universe International Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2014.

Overview of Results in 2014

This was a year of momentum for the Company, in which we saw continued growth in revenue and profit, and demonstrated the value being created by our focus on environmental waste treatment business, while increasing investments for enhancing the waste treatment capacity in the cities of China where our core business located.

For the year ended 31 December 2014, the total reportable segment revenue of Group's continuing operations was HK\$258,112,000 (2013: HK\$195,307,000). 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 continued to sustain growth in 2014, and the overall segment profit margin (pre-tax) for 2014 was approximately 32.2% (2013: 35.2%).

For the year ended 31 December 2014, the profit attributable to the owners of the Company was HK\$57,153,000, a rise of 3.4% from 2013 (2013: HK\$55,283,000). Equity attributable to the owners of the Company as at 31 December 2014 was HK\$628,538,000 (2013: HK\$549,706,000). Total earnings per share attributable to the owners of the Company was HK\$0.0215 for the year ended 31 December 2014 (2013: HK\$0.0208).

CHAIRMAN'S STATEMENT

Final Dividend

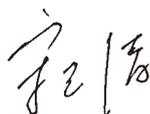
The board of Directors of the Company ("Board") recommends the payment of a final dividend of HK\$0.0048 per share at a payout ratio of approximately 23.1% of the profit attributable to the owners of the Company for the year ended 31 December 2014, which is subject to the approval of the shareholders at the forthcoming annual general meeting. Upon shareholders' approval, the final dividend is expected to be payable on or about 31 July 2015 to shareholders whose names appear on the register of members on 15 May 2015.

Looking Ahead

We have a clear strategy and our focus for the year ahead will be on improving our hazardous waste treatment services and investing in future capability for sustainable long-term growth. Our customer network advantage will help maintain our leadership position on medical and industrial waste treatment services in Jiangsu Province where we will continue to explore opportunities to expand our business. We expect our earnings grow and to increase shareholders' returns in the coming year.

Our Acknowledgment

I would like to express my appreciation to our shareholders, especially our major shareholder, New Universe Enterprises Limited, for their confidence to the Company. I would also like to express my gratitude to the business partners, customers, suppliers and financiers for their continuous support to the development of the Group. My thanks finally extend to our management team and all our staffs for their efforts and dedication to the Group in 2014.

**SONG Yu Qing***Chairman*

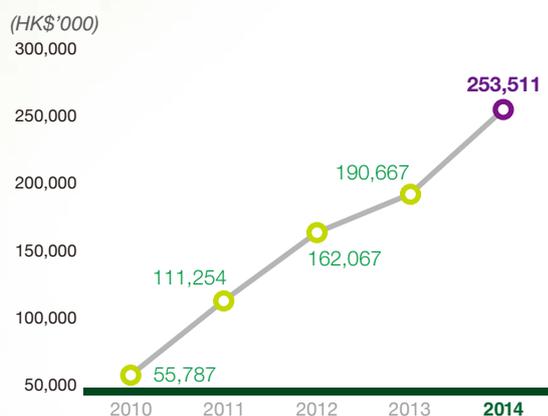
Hong Kong, 19 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

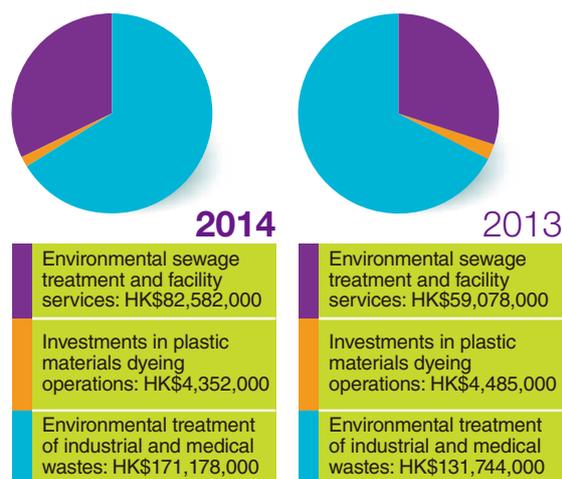
- **Group revenue up 33% to HK\$253,511,000.**
- **Profit attributable to owners of the Company up 3.4% to HK\$57,153,000.**
- **Equity attributable to owners of the Company was HK\$628,538,000 at 31 December 2014.**
- **Cash and cash equivalents of the Group amounted to HK\$121,780,000 at 31 December 2014.**
- **Total earnings per share attributable to owners of the Company up 3.4% to HK cents 2.15.**
- **The Board resolved to declare a final dividend of HK\$0.0048 per share for the year ended 31 December 2014.**

5-Year Group Revenue*

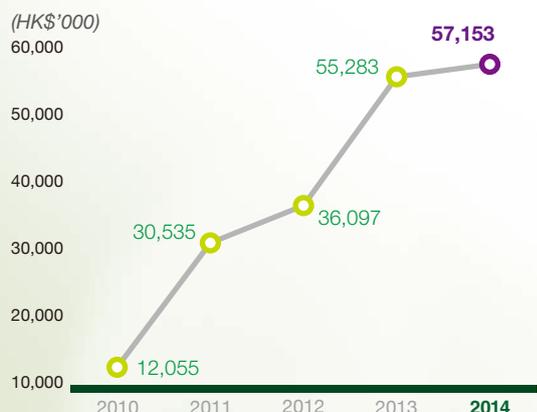


* Group revenue represents the consolidated revenue from all environmental related operations of the Group excluding scrap sales and dividend income that are being classified as other revenue.

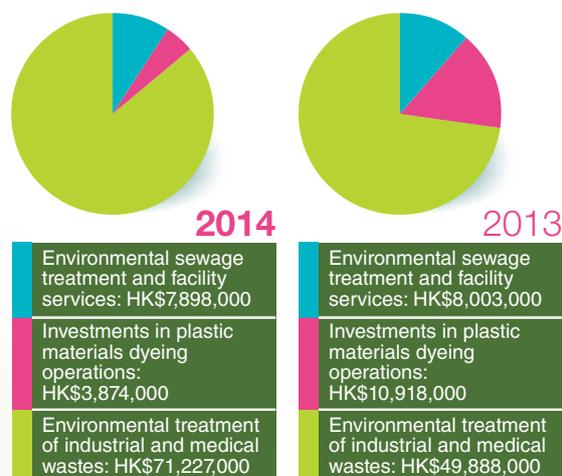
Segment Revenue



5-Year Profit Attributable to Owners of Company



Segment Results



MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

Environmental Industrial and Medical Wastes Integrated Treatment Services

In 2014, the Group collected for treatment of 30,356 metric tons (2013: 22,675 metric tons) of hazardous industrial waste, 6,761 metric tons (2013: 8,579 metric tons) of general industrial waste, and 4,842 metric tons (2013: 4,383 metric tons) of regulated medical waste in various cities of Jiangsu Province, China.

The tank truck cleansing service centre in Zhenjiang serviced 1,067 vehicles in 2014 (2013: 1,364 vehicles).

MANAGEMENT DISCUSSION AND ANALYSIS

In December 2014, the new incinerating facilities located in Xiangshui at the northern Yancheng have been approved for trial operation to handle 9,800 metric tons of hazardous industrial waste per annum.

In 2014, the new incinerating facilities located in Dafeng at the southern Yancheng approved for an annual incineration capacity of 9,000 metric tons of hazardous industrial waste have been fully operated. In December 2014, the treatment plant at Dafeng have also been approved for trial operation to handle 6,000 metric tons of regulated medical waste per annum. At the end of 2014, the treatment plant at Dafeng have completed its construction of a landfill for hazardous waste disposal with a site area of 30,000 square metres and a disposal capacity of approximately 280,000 cubic kilometers which is now subject to the approval of the environmental authorities for full operation.

Entering 2015, the construction of a new incinerator located in Zhenjiang to handle 16,500 tons of hazardous waste per annum has been completed and is subject to the approval of environmental authorities for full operation.

In 2014, for the purposes of local urban development, the incineration facilities of the Group located at Taizhou of Jiangsu Province were compensated by the local government to remove from its old operating location, and the Group recorded a net compensation of approximately HK\$9,338,000 for the year ended 31 December 2014. The waste treatment facilities of the Group have been removed from Taizhou to Taixin and the new facilities built at the new location would be in full operation in 2015.

For the year ended 31 December 2014, by business segment, the segment profit margin (pre-tax) of the Group's waste integrated treatment services was approximately 41.6% (2013: 37.9%).

Environmental Industrial Sewage Treatment Services in Eco-plating Specialised Zone

In the Eco-plating Specialised Zone, the Group owns 19 factory buildings with a total gross floor area of approximately 83,240 square metres well-built and currently occupied by over 50 manufacturing companies. The utilisation rate of the industrial zone was 97% in 2014 (2013: 80%) that it motivated the Group to build new factory buildings in zone to accommodate demands of new customers. The construction of 3 new factory buildings with a total gross floor area of approximately 22,134 square metres would be completed in 2015.

The Group provides one-stop centralised and customised industrial plating sewage and sludge treatment in the zone situated in Zhenjiang, China. The Group owns an integrated office building and different self-constructed facilities including a centralised industrial sewage treatment plant and an industrial chemical sludge treatment plant. 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 546,530 metric tons of plating sewage discharged from the manufacturers for the year ended 31 December 2014 (2013: 426,800 metric tons). The industrial chemical sludge treatment and recovery system in the zone with an approved innocuity capacity to handle 4,075 metric tons of industrial sludge per annum which collected approximately 3,162 metric tons of industrial sludge and chemical residues for recycling and further treatment during the year ended 31 December 2014 (2013: 615 metric tons).

For the year ended 31 December 2014, the segment profit margin (pre-tax) of the Group's integrated operations in the Eco-plating Specialised Zone was approximately 9.6% (2013: 13.5%).

MANAGEMENT DISCUSSION AND ANALYSIS

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 2014, 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 4.8%, 2.2% and 2.9% respectively (2013: 4.4%, 1.5% and 2.5% respectively). Total dividend (after tax) received from the equity investments was approximately HK\$4,352,000 in 2014 (2013: HK\$4,485,000).

Clean-up of Discontinued Operations

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”). After the completion of the Suzhou Disposal Agreement had took place on 4 January 2013, Suzhou New Universe was de-registered in PRC on 5 November 2014. The Group recorded a net income of approximately HK\$8,482,000 on de-registration of Suzhou New Universe in PRC for the year ended 31 December 2014.

Reference is made to the complete settlement in 2013 for the legal actions taken by the Group in 2012 to pursue final settlement of the outstanding consideration balance and compensation after the completion in 2009 of the sale and purchase agreements to dispose of the Zhenjiang Dock Project. The project holding companies of the Group, New Universe International Ports Limited, New Universe International Warehouse & Logistics Limited and New Universe International Ports & Logistics Limited were duly de-registered in the British Virgin Islands on 1 April 2014, 1 April 2014 and 30 April 2014 respectively. For the year ended 31 December 2014, the Group recorded a net income of approximately HK\$3,636,000 on reversal of legal and professional expenses over-accrued for the legal actions completed and the project holding companies being dissolved.

Withdrawal of proposed transfer of listing

On 31 March 2014, the Company submitted a formal application to the Stock Exchange for the transfer of listing of the shares of the Company from GEM to the Main Board under the transfer of listing arrangement pursuant to Chapter 9A of the Rules Governing the Listing of the Securities on the Stock Exchange (the “Application”). In view of the bankruptcy adjudication (the “Bankruptcy Adjudication”) of the ex-chairman of the Company, Mr. XI Yu on 18 August 2014 caused by his personal matrimonial litigation, and the winding-up petition (the “Winding-up Petition”) filed against the Group’s ultimate holding company, New Universe Enterprises Limited on 20 August 2014 by its creditors, Mr. CHU Yuk Ngai and his spouse, Ms. CHEUNG Siu Ling (who is also an executive director of the Company), the Board decided not to proceed with the Application and to withdraw the Application on 22 August 2014. The Board believes that the withdrawal of the Application has no material adverse impact on the financial or business operations of the Group.

Despite of the withdrawal of the Application, and barring any unforeseeable risks and results arisen from the Bankruptcy Adjudication and/or the Winding-up Petition (being ordered be withdrawn on 18 March 2015 upon application), the Board continues to believe that it is in the best interests of the Company and the shareholders as a whole to transfer the listing of the Company’s shares from GEM to Main Board given it will be beneficial to the future growth and business development of the Group as well as its financing flexibility. The Board may consider making a new application for the proposed transfer of listing as and when it is appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Fund raising exercise

On 18 December 2014 (after trading hours), the Company entered into a conditional subscription agreement ("Subscription Agreement") with a subscriber in relation to the subscription of 100,000,000 new shares of the Company at a subscription price of HK\$0.3 per subscription share to be allotted and issued to the subscriber upon completion of the Subscription Agreement. The completion of the Subscription Agreement took place on 24 December 2014.

Outlook

As at 31 December 2014, the Group owned 5 (2013: 4) major hazardous waste treatment plants in Jiangsu Province, PRC, operating waste incinerators with constructed annual aggregate capacity of approximately 42,000 metric tons, and one piece of landfill with remaining disposal capacity of approximately 50,000 metric tons to handle general solid waste. The Group also owned an industrial park with a zone area of 181,757 square metres, the Eco-plating Specialised Zone in Zhenjiang, leasing out factory buildings and customised facilities, operating a centralised sewage treatment plant and a chemical sludge treatment plant to handle industrial sewage filtration and sludge waste re-utilisation.

Commencing 2015, a newly built incinerator with annual capacity of approximately 16,500 metric tons and a hazardous waste landfill with annual disposal capacity of approximately 18,000 metric tons of the Group would be put into operation which are expected to be able to meet the increasing demands of the customers in Jiangsu Province who undertakes for cleaner manufacturing process and a cleaner environment of the region in the forthcoming few years.

The Group will continue to focus on environmental related business and will enhance the waste management and treatment standards of the Group. The Group expects to finance the continuous enhancement of the waste treatment capacity of the Group with internally generated cash flows and banking facilities. Barring any unforeseeable risks from the global and local economies that might affect the Group's environmental operations in the Mainland China, the Group targets for a modest profit growth in the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Summary of annual results

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

	Note	Year ended 31 December		Change %
		2014	2013	
Continuing operations				
Revenue	1	253,511	190,667	+33.0
Average gross profit margin (in percentage)	2	45.0	47.7	-5.7
Other revenue	3	4,601	4,640	-0.8
Other net income	4	27,198	489	+5,462.0
Distribution and selling expenses	5	8,799	6,303	+39.6
Administrative expenses	6	36,726	29,880	+22.9
Other operating expenses	7	17,058	7,602	+124.4
Finance income	8	1,539	1,624	-5.2
Finance costs	9	2,817	3,511	-19.8
Gain on deemed disposal of associates	10	–	6,128	N/A
Share of net profits of associates	11	2,555	3,979	-35.8
Income tax	12	12,596	16,421	-23.3
Net profit from continuing operations	13	71,879	44,123	+62.9
Profit from continuing operations attributable to owners of the Company	14	57,153	36,598	+56.2
Profit from discontinued operations attributable to owners of the Company	15	–	18,685	N/A
Total basic and diluted EPS (HK cents)	16	2.15	2.08	+3.4

Summary of quarterly results

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

Continuing operations	Note	Q1 2014 HK\$'000	Q2 2014 HK\$'000	Q3 2014 HK\$'000	Q4 2014 HK\$'000	Total 2014 HK\$'000
Revenue						
Environmental waste treatment services	1(i)	43,392	42,743	45,863	38,931	170,929
Environmental industrial sewage treatment and facility services	1(ii)	17,196	20,048	21,513	23,825	82,582
	1	60,588	62,791	67,376	62,756	253,511
Other revenue	3	65	4,355	48	133	4,601
Other net income	4	6,453	111	183	20,451	27,198
Distribution and selling expenses	5	3,732	3,087	2,817	(837)	8,799
Administrative expenses	6	9,610	8,458	8,634	10,024	36,726
Other operating expenses	7	2,204	5,135	3,884	5,835	17,058
Finance income	8	393	312	109	725	1,539
Finance costs	9	684	763	702	668	2,817
Share of profit/(loss) of associates	11	(1,265)	1,792	1,480	548	2,555
Income tax	12	5,506	3,677	(3,048)	6,461	12,596
Net profit from continuing operations	13	13,438	13,707	17,734	27,000	71,879
Profit from continuing operations attributable to owners of the Company	14	10,818	11,070	13,662	21,603	57,153
Basic and diluted EPS from continuing operations attributable to owners of the Company (HK cents)	16	0.41	0.41	0.52	0.81	2.15

MANAGEMENT DISCUSSION AND ANALYSIS

		Q1 2013	Q2 2013	Q3 2013	Q4 2013	Total 2013
Continuing operations	<i>Note</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
Environmental waste treatment services	1(i)	24,755	31,565	36,143	39,160	131,623
Environmental industrial sewage treatment and facility services	1(ii)	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	2,407	(12)	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 from continuing operations attributable to owners of the Company	14	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)	16	0.17	0.77	0.16	0.28	1.38

Notes to the summaries of annual and quarterly results for the year ended 31 December 2014 together with corresponding figures for 2013:

- Net increase in total revenue for the year ended 31 December 2014 was mainly attributable to:
 - increase in average processing unit price and quantities of hazardous industrial wastes collected for innocuity treatment and disposal; and
 - increase in utilisation rate of the industrial buildings and facilities in the eco-plating specialised zone.
- Decrease in average gross profit margin of the Group for the year ended 31 December 2014 was mainly attributable to the relatively higher depreciation of property, plants and equipment being absorbed in the cost of sales for the new waste treatment plant in Dafeng of Yancheng.
- Net decrease in other revenue for the year ended 31 December 2014 was mainly attributable to decrease in dividend from the equity investment in Qingdao Huamei in 2014 as comparing to the last year.

MANAGEMENT DISCUSSION AND ANALYSIS

4. Net increase in other net income for the year ended 31 December 2014 was mainly attributable to:
 - (i) subsidies on environmental recycling renovation received from PRC government by a subsidiary in Zhenjiang as recorded in the first quarter of 2014;
 - (ii) net compensation received from the PRC urban development authority on relocation of a subsidiary previously situated in Taizhou as recorded in the fourth quarter of 2014;
 - (iii) reversal of over accrued legal and professional expenses in the first quarter of 2014 for voluntary liquidation of three investment holding subsidiaries which had been de-registered in April 2014; and
 - (iv) net gain on de-registration of Suzhou New Universe after its voluntary liquidation completed in November 2014.
5. Net increase in distribution and selling expenses for the year ended 31 December 2014 was mainly attributable to the increase in market developing expenses for the new waste treatment plant in Dafeng of Yancheng.
6. Net increase in administrative expenses for the year ended 31 December 2014 was mainly attributable to increases in head count and staff costs of the Group as comparing to the last year.
7. Net increase in other operating expenses for the year ended 31 December 2014 was mainly attributable to:
 - (i) increase in research and development costs incurred by Zhenjiang New Universe Solid Waste Disposal Company Limited;
 - (ii) legal and professional expenses incurred in relation to the application for the transfer of listing of the shares of the Company from GEM to the Main Board in 2014; and
 - (iii) impairment loss on property, plant and equipment of HK\$1,738,000 was recognised for certain old incineration facilities owned by Yancheng New Universe Solid Waste Disposal Company Limited in current year.
8. Net decrease in finance income for the year ended 31 December 2014 was mainly attributable to decrease in interest on net free cash flow of the Group in PRC in current year.
9. Net decrease in finance costs for the year ended 31 December 2014 was mainly attributable to decrease in bank borrowings of the Group in current year as comparing to the last year.
10. The gain on deemed disposal of an associate was an one-off gain recorded in 2013 upon de-recognition of an associate in the last year.
11. Net decrease in profits shared from an associate for the year ended 31 December 2014 was mainly attributable to increase in costs to optimise waste treatment at the hazardous waste landfill of the associate in 2014 as comparing to the last year.

MANAGEMENT DISCUSSION AND ANALYSIS

12. Net decrease in income tax for the year ended 31 December 2014 was mainly attributable to the refund of income tax over-paid in previous year and thereafter Zhenjiang New Universe Solid Waste Disposal Company Limited was certified as a High Technology Enterprise in Jiangsu Province its entitlement to income tax rate of 15% commencing 2013 under the tax preferential policy in PRC.
13. For the year ended 31 December 2014, net increase in profit from continuing operations was mainly attributable to increase in revenue from environmental business arisen from the increase in the integrated waste treatment capacity of the Group in 2014 as comparing to the last year.
14. For the year ended 31 December 2014, net increase in profit from continuing operations attributable to the owners of the Company was mainly attributable to the waste treatment facilities of the Group in Dafeng of Yancheng have been in full operation in 2014 as comparing to the last year.
15. The net gain on disposal of the land and all properties of Suzhou New Universe after the Group ceased all related operations of manufacture of moulds and plastic products was an one-off gain recorded for the discontinued operations in 2013, which was entirely attributable to the owners of the Company, in 2013 upon the completion of the disposal in the last year.
16. The net increase in basic and diluted EPS attributable to owners of the Company was mainly attributable to increase in profits attributable to owners of the Company.

Seasonality of operations

The environment waste treatment services have tended to be insensitive to seasonal fluctuation in 2014, though in previous years the services would have peak demand in the third and fourth quarters of a year. In the financial year ended 31 December 2014, approximately 50% (2013: 43%) of revenue accumulated in the first half of the year, with approximately 50% (2013: 57%) accumulating in the second half of the year.

Capital expenditure

For the year ended 31 December 2014, the Group incurred capital expenditure to increase property, plant and equipment (i) for the environmental waste treatment services amounted to HK\$74,050,000 (2013: HK\$19,447,000), and (ii) for the environmental sewage treatment and facility services in the eco-plating specialised zone amounted to HK\$39,702,000 (2013: HK\$11,791,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Commitments

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

	31 December 2014 HK\$'000	31 December 2013 HK\$'000
Contracted but not provided for:		
– Acquisition of property, plant and equipment for subsidiaries in PRC:		
Yancheng NUHF Environmental Technology Limited	68,359	20,924
Xiangshui New Universe Environmental Technology Limited	7,986	11,795
Zhenjiang New Universe Solid Waste Disposal Company Limited	11,299	2,438
Taizhou New Universe Solid Waste Disposal Company Limited	946	1,057
Zhenjiang Sinotech Eco-Electroplating Development Limited (<i>note</i>)	65,205	48,183
– Acquisition of property, plant and equipment for head office in Hong Kong	1,410	–
Authorised but not contracted for:		
– Acquisition of property, plant and equipment	–	17,447
– Investment in available-for-sale equity investments	–	3,443
	155,205	105,287

Note:

On 30 January 2015, Zhenjiang Sinotech Eco-Electroplating Development Limited, a subsidiary in PRC, was granted a secured bank loan facility of RMB35,018,600 (approximately HK\$44,123,000) to finance its development and capital commitment.

Liquidity, financial resources and gearing

During the year ended 31 December 2014, the Group financed its operations with internally generated cash flows, banking facilities, other borrowings and fund raising from new shares subscription. The Group remained stable in its financial position with equity attributable to owners of the Company amounted to HK\$628,538,000 as at 31 December 2014 (31 December 2013: HK\$549,706,000) and total assets amounted to HK\$933,068,000 as at 31 December 2014 (31 December 2013: HK\$834,462,000).

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

	31 December 2014 HK\$'000	31 December 2013 HK\$'000
(i) Cash and bank balances	121,780	109,827
(ii) Available unused secured banking facilities	2,520	65,355

MANAGEMENT DISCUSSION AND ANALYSIS

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

	31 December 2014 HK\$'000	31 December 2013 HK\$'000
Interest-bearing bank borrowings	42,048	54,007
Other interest-bearing borrowings	48,000	40,000
Trade and other payables, accruals and customers' deposits received	101,103	96,042
Total liabilities	191,151	190,049
Less: cash and cash equivalents	121,780	109,827
Net debt	69,371	80,222
Total equity	701,253	608,257
Total capital	770,624	688,479
Gearing ratio	9.0%	11.7%

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

The wholly owned subsidiaries of the Group, New Universe International Ports Limited (新宇國際港口有限公司), New Universe International Warehouse & Logistics Limited (新宇國際倉儲物流有限公司) and New Universe International Ports & Logistics Limited (新宇國際港口物流有限公司) were duly dissolved in the British Virgin Islands on 1 April 2014, 1 April 2014 and 30 April 2014 respectively.

The 97% owned subsidiary of the Group, Suzhou New Universe Smartech Tooling and Plastics Limited (蘇州新宇模具塑膠有限公司) was duly de-registered in PRC on 5 November 2014.

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 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant investments held and their performance

According to the valuation report dated 19 March 2015 issued by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited (“Cushman & Wakefield”), the fair value attributable to the Group’s interests in the available-for-sale equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 31 December 2014 were HK\$52,000,000, HK\$16,000,000 and HK\$17,000,000 (31 December 2013: HK\$43,800,000, HK\$11,100,000 and HK\$12,600,000) respectively.

On 23 September 2014, the Group disposed of the 4% equity investment and the loan interests in Ever Champ (China) Limited at a total consideration of HK\$990,000, which had been an available-for-sale equity investment of the Group being stated at cost. The Group recorded a net gain on sale of the available-for-sale equity investment of approximately HK\$29,000.

Impairment testing on goodwill

As at 31 December 2014, the assessment on the recoverable amount of the Group’s cash generating unit principally engaged in environmental waste treatment services in PRC was determined with reference to the valuation report dated 19 March 2015 issued by the independent firm of professional valuers, Cushman & Wakefield, using value-in-use calculations with reference to the cash flows projections covering a five-year period with an extrapolated annual growth rate thereafter at 2% (31 December 2013: 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 16.67% (31 December 2013: 20.55%), no impairment loss to the goodwill was considered necessary for the year end 31 December 2014 (2013: Nil).

Capital structure

On 18 December 2014 (after trading hours), the Company entered into a conditional Subscription Agreement with a subscriber in relation to the subscription of 100,000,000 new shares of the Company at a subscription price of HK\$0.3 per subscription share to be allotted and issued to the subscriber upon completion of the Subscription Agreement. The completion of the Subscription Agreement took place on 24 December 2014. The aggregate net proceeds of the new shares issued pursuant to the Subscription Agreement (after deducting the expenses) were approximately HK\$29,690,000.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01each		
Authorised		
At 1 January 2014 and at 31 December 2014	100,000,000	1,000,000
Issued and fully paid		
At 1 January 2014	2,655,697	26,557
New Shares Subscription	100,000	1,000
At 31 December 2014	2,755,697	27,557

Save as disclosed therein, there was no significant change to the capital structure of the Group as at 31 December 2014 compared to that as at 31 December 2013.

Use of proceed from fund raising exercise

In December 2014, the Company has raised fund through entering into the Subscription Agreement that was completed on 24 December 2014. The net proceeds raised (after deduction of expenses) approximately amounted to HK\$29.69 million were applied as follows:

Date of announcement	Date of allotment	Fund raising activity	Net proceeds raised (approximately)	Intended use of net proceeds raised	Actual use of net proceeds raised
18 December 2014	24 December 2014	New Shares Subscription	HK\$29.69 million	(i) Approximately 50% of the net proceeds from the New Shares Subscription to enhance the waste treatment capacity of the Group; and (ii) the remaining balance for general working capital and/or for financing investment opportunities of the Group.	(i) Approximately HK\$15.53 million had been utilised for the capital injection to a subsidiary to increase its incineration capacity by approximately 16,500 metric tons per annum; and (ii) the remaining balance would be utilised as additional working capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Charges on assets

The Group pledged certain property, plant and equipment and the land use rights with carrying amounts of HK\$ Nil (2013: HK\$93,028,000) and HK\$6,777,000 (2013: HK\$19,803,000) respectively and time deposits of HK\$10,313,000 (2013: Nil) to secure banking facilities totally amounted approximately to HK\$44,568,000 as at 31 December 2014 (2013: HK\$119,362,000) which to the extent of HK\$42,048,000 were utilised as bank borrowings as at 31 December 2014 (2013: HK\$54,007,000) 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 2014, no related hedging has been arranged by the Group.

Contingent liabilities

There were no significant contingent liabilities of the Group as at 31 December 2014 (2013: Nil).

Employee information

As at 31 December 2014, the Group had 330 (2013: 236) full-time employees, of which 16 (2013: 16) were based in Hong Kong, and 314 (2013: 220) in Mainland China. For the year ended 31 December 2014, staff costs, including Directors' remuneration and amount capitalised as inventories was HK\$44,877,000 (2013: HK\$35,397,000) for the Group's continuing operations and there was no staff costs (2013: Nil) 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				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Continuing operations					
Revenue	253,511	190,667	162,067	111,254	55,787
Cost of sales	(139,529)	(99,687)	(84,495)	(53,568)	(19,116)
Gross profit	113,982	90,980	77,572	57,686	36,671
Other revenue	4,601	4,640	6,382	6,876	4,614
Other net income	27,198	489	1,147	2,338	–
Distribution and selling expenses	(8,799)	(6,303)	(5,527)	(3,694)	(3,434)
Administrative expenses	(36,726)	(29,880)	(27,163)	(24,699)	(18,061)
Other operating expenses	(17,058)	(7,602)	(7,924)	(6,103)	(2,958)
Operating profit	83,198	52,324	44,487	32,404	16,832
Finance income	1,539	1,624	2,171	3,736	2,433
Finance costs	(2,817)	(3,511)	(4,813)	(2,816)	(975)
Finance costs, net	(1,278)	(1,887)	(2,642)	920	1,458
Gain on deemed disposal of associates	–	6,128	–	5,817	–
Loss on early redemption of promissory notes	–	–	–	–	(1,316)
Share of profit of associates, net	2,555	3,979	604	1,100	726
Profit before taxation	84,475	60,544	42,449	40,241	17,700
Income tax	(12,596)	(16,421)	(8,900)	(5,116)	(2,858)
Profit for the year from continuing operations	71,879	44,123	33,549	35,125	14,842
Discontinued operations					
Profit for the year from discontinued operations	–	18,685	9,118	94	551
Profit for the year	71,879	62,808	42,667	35,219	15,393
Other comprehensive income for the year	2,258	15,632	(2,901)	3,319	18,814
Total comprehensive income for the year	74,137	78,440	39,766	38,538	34,207
Profit for the year attributable to:					
Owners of the Company	57,153	55,283	36,097	30,535	12,005
Non-controlling interests	14,726	7,525	6,570	4,684	3,388
	71,879	62,808	42,667	35,219	15,393
Profit for the year attributable to owners of the Company arising from:					
Continuing operations	57,153	36,598	26,970	30,444	11,454
Discontinuing operations	–	18,685	9,127	91	551
	57,153	55,283	36,097	30,535	12,005
Total comprehensive income attributable to:					
Owners of the Company	60,347	69,617	33,178	32,838	30,385
Non-controlling interests	13,790	8,823	6,588	5,700	3,822
	74,137	78,440	39,766	38,538	34,207
Dividend declared for the year	13,227	12,216	9,826	9,958	–

5-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
2014	2013	2012	2011	2010	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Non-current assets					
Property, plant and equipment	505,640	435,844	342,740	343,487	79,520
Prepaid lease payments	94,236	102,410	97,159	101,925	21,453
Goodwill	33,000	33,000	33,000	33,000	33,000
Interests in associates	16,756	14,348	46,711	11,012	60,911
Available-for-sale equity investments	85,000	67,820	55,026	57,926	68,670
	734,632	653,422	574,636	547,350	263,554
Current assets					
Inventories	1,379	1,736	1,187	20,425	14,689
Trade and bills receivables	45,638	54,074	41,234	40,008	19,428
Prepayments, deposits and other receivables	16,615	12,684	22,102	3,779	3,025
Consideration receivable on disposal of discontinued operations	–	–	–	31,208	50,878
Prepaid lease payments	2,711	2,719	2,658	2,718	512
Pledged time deposits	10,313	–	–	–	–
Cash and cash equivalents	121,780	109,827	83,305	128,542	76,907
	198,436	181,040	150,486	226,680	165,439
Assets of disposal groups classified as held for sale	–	–	53,054	–	–
	198,436	181,040	203,540	226,680	165,439
Total assets	933,068	834,462	778,176	774,030	428,993

5-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Current liabilities					
Interest-bearing bank borrowings	40,788	54,007	92,872	82,997	10,575
Trade payables	2,152	1,456	1,087	14,610	13,103
Accrued liabilities and other payables	98,050	92,128	48,401	42,203	16,721
Deposits received from customers	901	2,458	1,449	10,415	8,606
Deferred government grants	455	278	269	269	–
Income tax payable	9,796	3,636	2,999	1,777	1,915
Amounts due to related companies	–	–	–	2,794	–
Amounts due to ultimate holding company	–	–	5,000	5,000	–
	152,142	153,963	152,077	160,065	50,920
Liabilities of disposal groups classified as held for sale	–	–	19,641	–	–
	152,142	153,963	171,718	160,065	50,920
Non-current liabilities					
Interest-bearing bank borrowings	1,260	–	12,354	45,528	–
Other interest-bearing borrowings	48,000	40,000	–	–	–
Deferred government grants	4,671	7,305	3,124	3,146	–
Deferred tax liabilities	25,742	24,937	25,238	25,263	6,479
Amounts due to ultimate holding company	–	–	54,636	97,184	–
	79,673	72,242	95,352	171,121	6,479
Total liabilities	231,815	226,205	267,070	331,186	57,399
Net assets	701,253	608,257	511,106	442,844	371,594
Share capital	27,557	26,557	26,557	22,131	20,119
Reserves	600,981	523,149	462,066	399,167	334,200
Equity attributable to owners of the Company	628,538	549,706	488,623	421,298	354,319
Non-controlling interests	72,715	58,551	22,483	21,546	17,275
Total equity	701,253	608,257	511,106	442,844	371,594

Note:

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

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

SONG Yu Qing (“Mr. SONG”, aged 66)

Chairman, Chief Executive Officer and Executive Director

Mr. SONG was appointed as vice-chairman of the Board and non-executive Director on 15 June 2010, and was re-designated as executive Director and the chief executive officer of the Company on 12 June 2012. On 18 August 2014, Mr. SONG was appointed the chairman of the board and the chairman of the executive committee of the Company. He leads the Company’s board of Directors for corporate strategic planning and long-term development of the Group. He is responsible for formulating 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.

CHEUNG Siu Ling (“Ms. CHEUNG”, aged 53)

Executive Director, Compliance Officer, and Authorised Representative

Ms. CHEUNG was appointed as executive Director of the Company on 1 April 2005. On 18 August 2014, Ms. CHEUNG was also appointed as the authorised representative, the compliance officer and the process agent of the Company. Ms. CHEUNG is the director of various subsidiaries of the Group. She is responsible for human resources management and daily administration of the Group, and ensuring good corporate governance practices of the Company. 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 New Universe Enterprises Limited (“NUEL”, the controlling shareholder of the Company). She 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”).

HON Wa Fai (“Mr. HON”, aged 54)

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

Mr. HON was appointed to the Group as financial controller on 6 September 2004. He was appointed as the qualified accountant, company secretary and authorised representative of the Company on 6 October 2004, and appointed as executive Director of the Company on 28 September 2006. Mr. HON 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.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

SUEN Ki (“Mr. SUEN”, aged 61)

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 a shareholder of the Company’s controlling shareholder, NUEL. He is also the managing director of China (HK) Chemical.

CHAN Yan Cheong (“Dr. CHAN”, aged 61)

Independent non-executive Director

Dr. CHAN was appointed as independent non-executive Director of the Company on 1 February 2000 and was appointed as the chairman of audit committee of the Board. Dr. CHAN is currently a Chair Professor of Electronic 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 53)

Independent non-executive Director

Mr. YUEN was appointed as independent non-executive Director of the Company on 24 April 2002 and was appointed as the chairman of nomination committee of the Board on 19 March 2012. Mr. YUEN is currently practising in Hong Kong with his own accounting firm. Mr. YUEN holds a Professional Diploma in Accountancy from the Hong Kong Polytechnic University. He is a 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 also the independent non-executive director of other listed companies in Hong Kong, Prosperity International Holdings (H.K.) Limited and Steed Oriental (Holdings) Company Limited. Mr. YUEN has substantial experience in accounting, taxation and auditing.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

HO Yau Hong, Alfred (“Mr. HO”, aged 57)

Independent non-executive Director

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

CHANGE IN DIRECTORS' INFORMATION

Mr. XI Yu (“Mr. XI”)

On 18 August 2014, Mr. XI resigned as executive director, the chairman of board, chairman of the executive committee, the compliance officer, the authorised representative under Rule 5.24 of the GEM Listing Rules, and the process agent of the Company. Mr. XI also resigned from his position as director of all subsidiaries of the Company incorporated in Hong Kong and the British Virgin Islands.

On 22 August 2014, Mr. XI was appointed as a consultant to the Group for a term from 22 August 2014 to 31 December 2014, whose tenure has been renewed on 31 December 2014 for further 3 months to 31 March 2015.

Mr. SONG

On 18 August 2014, Mr. SONG was appointed the chairman of the board and the chairman of the executive committee of the Company, but he has resigned as vice-chairman of the board.

Ms. CHEUNG

On 16 June 2014, Ms. CHEUNG was relieved from acting as the director of the 98% owned subsidiary of the Group, Zhenjiang Sinotech Eco-Electroplating Development Limited.

On 18 August 2014, Ms. CHEUNG was appointed as the authorised representative, the compliance officer and the process agent of the Company.

On 20 August 2014, Ms. CHEUNG together with her spouse, Mr. CHU Yuk Ngai (“Mr. CHU”), in their capacities as creditors of NUEL, have filed a winding-up petition in the High Court of Hong Kong against the Group’s ultimate holding company, NUEL. On 18 March 2015, upon the application of Ms. CHEUNG and Mr. CHU, the Master ordered the winding-up petition be withdrawn.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. HON

On 16 June 2014, Mr. HON was relieved from acting as the director of the 98% owned subsidiary of the Group, Zhenjiang Sinotech Eco-Electroplating Development Limited.

Mr. YUEN

On 1 October 2014, Mr. YUEN has terminated his office as independent non-executive director of Prosperity Minerals Holding Limited, of which the shares had been cancelled from trading on AIM of the London Stock Exchange since 2 October 2013.

Mr. YUEN has been appointed as independent director of Steed Oriental (Holdings) Company Limited on 16 September 2013, which became a listed company in GEM on 23 February 2015.

Save as disclosed therein, there was no other change in details of the Directors' information since the date of last annual report of the Company for the year ended 31 December 2013.

Notes:

- (a) Mr. SONG, Mr. SUEN, 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 11 to the financial statements on page 102 of this annual report.
- (c) Save as disclosed therein, there are no other information is to be disclosed pursuant to the requirements of the Rule 17.50(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

SENIOR MANAGEMENT

WONG Lai Wa ("Ms. Iris WONG", aged 44)

Deputy General Manager of New Universe International Group Limited

Supervisor of Zhenjiang Sinotech Eco-electroplating Development Limited

Supervisor of Zhenjiang New Universe Solid Waste Disposal Company Limited

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

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

WONG Mui Kwai, Portia (“Ms. Portia WONG”, aged 50)

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

Supervisor of Xiangshui New Universe Environmental Technology Limited

Supervisor of Yancheng NUHF Environmental Technology Limited

Ms. Portia WONG was appointed as corporate strategic planning & audit manager of the Company in July 2012. Ms. Portia WONG was formerly a deputy general manager of the Company for the period from June 2002 to June 2005. Ms. Portia WONG is the supervisor of the major subsidiaries of the Group in China and is responsible for monitoring their financial budgetary control and internal control systems of various subsidiaries of the Group in the Mainland China. Ms. Portia WONG holds a Bachelor’s degree of Arts in Accountancy and a Postgraduate Diploma in Corporate Administration from the Hong Kong Polytechnic University. She is a certified public accountant of the Hong Kong Institute of Certified Public Accountants, and a fellow 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.

BAO Qiqun (“Mr. BAO”, aged 64)

Director of Zhenjiang Sinotech Eco-electroplating Development Limited

Mr. BAO was appointed as director and general manager of the Group’s subsidiary, Zhenjiang Sinotech Eco-electroplating Development Limited on 16 June 2014 to fill the casual vacancy following the resignation of the former managing director. Mr. BAO retired as general manager in January 2015 and remains as director of the subsidiary. From 2007 to 2012, Mr. BAO was formerly the managing director of the Group’s subsidiary, Suzhou New Universe until its operations were entirely ceased and dissolved. Mr. BAO is responsible to monitor the daily operations of Zhenjiang Sinotech Eco-electroplating Development Limited. Mr. BAO graduated from Jiangsu Radio and Television University with a major in administrative management, and he holds the title of economist in Mainland China. Mr. BAO previously worked in senior management position of various stated-owned enterprises in Mainland China and has substantial experience in all aspects of business development.

LIU Yuan (“Ms. LIU”, aged 44)

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 the Mainland China.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

LIU Lai Gen (“Mr. LIU”, aged 60)

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 the 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 (“Mr. YANG”, aged 48)

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 treatment plant of the Group in Xiangshui that engages, in industrial waste treatment. Mr. YANG holds a Master degree in Environmental Engineering from Nanjing University, and he holds the title of immediate engineer specialised in environmental protection in the Mainland China.

Note:

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

	2014	2013
	Number of individuals	Number of individuals
Emolument bands (in HK dollar)		
Nil to HK\$1,000,000	4	6
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	1	–
	6	6

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

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

During the financial year ended 31 December 2014, the Company has complied with the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules (“CG Code”), but save for the code provision A.2.1, the Directors confirmed that they were not aware of any other deviation from the CG Code during the year then ended.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As a result of the appointment of Mr. SONG Yu Qing (“Mr. SONG”) as chairman of the board (“Chairman”) of the Company with effect from 18 August 2014, Mr. SONG has assumed the role of both the Chairman and the chief executive officer of the Company (“Chief Executive Officer”). As such, such dual role constitutes a deviation from code provision A.2.1 of the CG Code.

DIRECTORS’ SECURITIES TRANSACTIONS

During the year ended 31 December 2014, the Company has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (“Required Standard of Dealings”).

Having made specific enquiry of all Directors of the Company, the Directors confirmed that they have complied with and they were not aware of any non-compliance with the Required Standard of Dealing during the year ended 31 December 2014.

BOARD OF DIRECTORS

Board composition

The Board is collectively responsible for oversight and management 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 three executive Directors, one non-executive director, and three independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

As at 31 December 2014, the Board comprised: –

Executive Directors

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

Ms. CHEUNG Siu Ling (Compliance Officer)

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

Non-executive Director

Mr. SUEN Ki

Independent non-executive Directors

Dr. CHAN Yan Cheong

Mr. YUEN Kim Hung, Michael

Mr. HO Yau Hong, Alfred

Directors' attendance to board meetings and shareholders meetings

The following table shows the attendance record of each Board member for the board meetings and Shareholders' meetings of the Company held during the year ended 31 December 2014:

Board member	Number of meetings attended/held			
	Regular Board meeting	Ad-hoc board meeting	Directors' meeting pursuant to GC Code A.2.7	Annual general meeting
Executive director				
Mr. SONG Yu Qing	4/4	6/7	–	0/1
Ms. CHEUNG Siu Ling	4/4	8/8	–	1/1
Mr. HON Wa Fai	4/4	8/8	–	1/1
Mr. XI Yu (resigned on 18 August 2014)	3/3	1/1	1/1	1/1
Non-executive director				
Mr. SUEN Ki	4/4	7/7	1/1	0/1
Independent non-executive director				
Dr. CHAN Yan Cheong	4/4	4/7	1/1	1/1
Mr. YUEN Kim Hung, Michael	4/4	7/7	1/1	1/1
Mr. HO Yau Hong, Alfred	4/4	7/7	1/1	0/1

CORPORATE GOVERNANCE REPORT

Board meetings and procedures

The Board conducts regularly scheduled meetings at least four times a year at quarterly interval. Regular Board meetings of the Company shall involve active participation and presence of all Directors in person or through interactive telephone conferencing with director(s) travelling overseas. Ad-hoc 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 keep minutes of all board meetings and meetings of board committees. Minutes of all board meetings and meetings of board committees have recorded in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of the board minutes have been sent to all Directors for their comments and records respectively, within a reasonable time after the board meeting is held.

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

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

Relationship between the Board members

On 18 August 2014, Mr. XI Yu resigned as executive director, the chairman of board, chairman of the executive committee, the compliance officer, the authorised representative under Rule 5.24 of the GEM Listing Rules, and the process agent of the Company. Mr. XI Yu also resigned from his position as director of all subsidiaries of the Company incorporated in Hong Kong and the British Virgin Islands.

On 22 August 2014, Mr. XI Yu was appointed as consultant of the Group for a tenure up to 31 December 2014, whose appointment has been renewed on 31 December 2014 for a tenure from 1 January 2015 to 31 March 2015.

CORPORATE GOVERNANCE REPORT

Mr. XI Yu was adjudged bankrupt by the High Court of Hong Kong Special Administrative Region on 18 August 2014. Approximately 83.66% of the issued share capital of New Universe Enterprises Limited (“NUEL”, the Group’s ultimate holding company) is registered under the name of Mr. XI Yu, which in turn is interested in 67.92% of the issued share capital of the Company as at 31 December 2014.

Each of Ms. CHEUNG Siu Ling and Mr. SUEN Ki is director and shareholder of the Company’s controlling shareholder, NUEL.

On 20 August 2014, Ms. CHEUNG Siu Ling together with her spouse, Mr. CHU Yuk Ngai, in their capacities as creditors of NUEL, have filed a winding-up petition in the High Court of Hong Kong against NUEL. On 18 March 2015, upon the application of Mr. CHU Yuk Ngai and Ms. CHEUNG Siu Ling, the Master ordered the winding-up petition be withdrawn. Mr. CHU Yuk Ngai is also a director and shareholder of NUEL.

Each of Ms. CHEUNG Siu Ling and Mr. SUEN Ki is director of China (HK) Chemical and Plastics Company Limited (“China (HK) Chemical”).

Ms. CHEUNG Siu Ling and her spouse, Mr. CHU Yuk Ngai, are directors of Sun Ngai International Investment Limited (“Sun Ngai”), which is the landlord of the office premises and documentary warehouse leased by the Group on normal commercial terms for its operation purposes in Hong Kong during the year 31 December 2014.

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

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

Directors’ insurance

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

Continuing professional development of Directors

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

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

CORPORATE GOVERNANCE REPORT

According to the records maintained by the Company, each of the Directors has received continuous professional development for the year ended 31 December 2014 as follows:

Board member	Corporate governance/ Updates on laws, rules and regulations		Accounting/financial/management or other professional knowledge	
	Reading materials	Attend seminar or briefing	Reading materials	Attend seminar or briefing
Executive director				
Mr. SONG Yu Qing	✓	✓	-	-
Ms. CHEUNG Siu Ling	✓	✓	-	-
Mr. HON Wa Fai	✓	✓	✓	✓
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

On 18 August 2014, Mr. XI Yu resigned as executive director and the chairman of board of the Company.

On 18 August 2014, Mr. SONG Yu Qing was appointed the Chairman of the board and the chairman of the executive committee of the Company. Mr. SONG is also the Chief Executive Officer of the Company, though he resigned as vice-chairman of the board. Mr. SONG has assumed the role of both the Chairman and the Chief Executive Officer. As such, such dual role constitutes a deviation from code provision A.2.1 of the CG Code.

The Board considers that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer; (ii) Mr. SONG as the Chairman and Chief Executive Officer is fully accountable to the Shareholders of the Company and contributes to the Board and the Group on all top level and strategic decisions and is responsible for ensuring that all Directors act in the best interests of the Shareholders; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting the role of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively. However, the Board will continue to review and consider splitting the role of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate.

CORPORATE GOVERNANCE REPORT

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

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

For the year ended 31 December 2014, the ex-chairman, Mr. XI Yu, had held a meeting once with the non-executive Directors (including independent non-executive Directors) without presence of all executive Directors to discuss on various corporate governance functions of the Company.

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

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

NON-EXECUTIVE DIRECTORS

The GEM Listing Rules require every listed issuer to have at least three independent non-executive directors, and at least one of whom must have the appropriate professional qualifications, or accounting or related financial management expertise. For the year ended 31 December 2014, two of the independent non-executive Directors of the Company have the appropriate professional qualifications or accounting or related financial management expertise.

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

CORPORATE GOVERNANCE REPORT

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

Each of the independent non-executive Directors, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has signed letter of appointment with the Company for tenure of two years commenced on 1 February 2015 after the expiry of the last tenure on 31 January 2015. Dr. CHAN Yan Cheong has signed a letter of appointment for tenure of two years commencing on 1 April 2015 after his last tenure will be expired on 31 March 2015.

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

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

Mr. SUEN Ki is the non-executive director of the Company who has signed letter of appointment with the Company for tenure of two years commenced on 1 February 2015 after his last tenure expired on 31 January 2015.

The letter of appointment signed by each of the non-executive Director (including independent non-executive Directors) with the Company is subject to the termination by either party giving not less than three 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 skill and fiduciary duties as executive Directors of the Company.

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Executive Directors

Name	Position	Current Function/Experience
SONG Yu Qing	Chairman, Chief Executive Officer and executive director	<ul style="list-style-type: none"> - Leading the Board - Developing vision and strategies of the Group - Developing long term mission of the Group - Strategic planning - Investors relations - Developing corporate goals, targets and objectives of the Group
CHEUNG Siu Ling	Executive director and compliance officer	<ul style="list-style-type: none"> - Ensuring good corporate governance practices - Assisting the Board in implementing procedures to ensure compliance with applicable laws, rules and regulations - Administration of head office - Human resources management of the group - Overseeing daily operations
HON Wa Fai	Executive director, financial controller, and Company Secretary	<ul style="list-style-type: none"> - Overseeing financial control, accounting, treasury, corporate finance and compliance - Formulating merger and acquisition exercise - Investors relations

CORPORATE GOVERNANCE REPORT

Non-executive Director

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

Independent non-executive Directors

Name	Independence	Current Function/Experience
CHAN Yan Cheong	✓	<ul style="list-style-type: none"> – 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 the audit, remuneration and nomination committees
YUEN Kim Hung, Michael	✓	<ul style="list-style-type: none"> – 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 the audit, remuneration and nomination committees – Scrutinising the Company's performance in achieving corporate goals and objectives – Possess with professional accounting qualification and financial experience
HO Yau Hong, Alfred	✓	<ul style="list-style-type: none"> – 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 the audit, remuneration and nomination committees – Scrutinising the Company's performance in achieving corporate goals and objectives – Possess with professional accounting qualification and financial experience

CORPORATE GOVERNANCE REPORT

SUPPLY OF AND ACCESS TO INFORMATION

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

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

BOARD COMMITTEES

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

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

Notes:

C: Chairman of the relevant Board committee

M: Member of the relevant Board committee

AUDIT COMMITTEE

The Company's Audit Committee was initially established on 30 May 2000 with written terms of reference adopted. On 19 March 2012, the terms of reference of the 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

CORPORATE GOVERNANCE REPORT

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 (<i>chairman of committee</i>)	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 2014, amongst others, for the following purposes:

- (i) reviewed the annual report for the year ended 31 December 2013;
- (ii) reviewed the financial status of the Company upon the submission of application for the transfer of listing of the shares of the Company from GEM to Main Board;
- (iii) discussed and reviewed the interim results for 6 months ended 30 June 2014 as reviewed by the independent accountants, Crowe Horwath (HK) CPA Limited;
- (iv) reviewed the quarterly results for 3 months and 9 months respectively ended 31 March and 30 September 2014;
- (v) reviewed the financial status of the Company upon the resignation of Mr. XI Yu, the ex-chairman of the Company; and
- (vi) 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 site-visiting.

Remuneration Committee

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

Composition of Remuneration Committee

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

CORPORATE GOVERNANCE REPORT

Meetings of Remuneration Committee

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

Committee member	Number of meetings attended/held
Mr. HO Yau Hong, Alfred (<i>chairman of committee</i>)	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 2014, amongst others, for the following purposes:

- (i) reviewed the remuneration of executive Directors and senior management for the year ended 31 December 2013; 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 (<i>chairman of committee</i>)	2/2
Dr. CHAN Yan Cheong	2/2
Mr. HO Yau Hong, Alfred	2/2

The Nomination Committee had two meetings during the year ended 31 December 2014, 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.

CORPORATE GOVERNANCE REPORT

Executive Committee

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

Composition of Executive Committee

Mr. SONG Yu Qing (*committee chairman*)

Ms. CHEUNG Siu Ling

Mr. HON Wa Fai

Role and function of Executive Committee

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

Meetings of Executive Committee

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

Committee member	Number of meetings attended/held
Mr. SONG Yu Qing (<i>chairman of committee</i>)	10/10
Ms. CHEUNG Siu Ling	10/10
Mr. HON Wa Fai	10/10
Mr. XI Yu (resigned on 18 August 2014)	4/4

For the year ended 31 December 2014, the Executive Committee had 10 meetings held mainly for the consideration and approval of authorised transactions within the terms of reference of the committee, of which the decisions have been reviewed, confirmed and adopted by the Board.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

For the years ended 31 December 2014 and 2013, the remuneration paid/payable to the independent auditors of the Company in respect of their audit and non-audit services was as follows:

	2014	2013
	HK\$'000	HK\$'000
Audit services	850	920
Non-audit services	220	254

ACCOUNTABILITY AND AUDIT

The Audit Committee has reviewed with the Board on the Company's financial statements for the year ended 31 December 2014. The Directors acknowledge their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment for the Company's performance, position and prospects. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

After CCIF CPA Limited ("CCIF") resigned as the 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 who have been re-elected as the auditor of the Company at the annual general meeting of the Company held on 5 May 2014.

Crowe Horwath (HK) acknowledge their reporting responsibilities in the independent auditor's report to the consolidated financial statements of the Company for the year ended 31 December 2014.

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 achievement of the Group's objectives and goals.

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

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014, a project controlling team comprising, amongst other assistants, the deputy general manager and the corporate strategic planning & audit manager of the Company took up the responsibilities of monitoring the day-to-day management and internal control system of every key operating unit of Group in Mainland China, to undertake risks management and 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 project controlling team meets regularly with the Executive Directors and report on matters to be updated to the Board timely. The Company also engaged with SHINEWING Risk Services Limited to carry out independent review on the internal control systems of the Group's key operations and the compliance with the CG Codes for the years of 2014 and 2015 with the objectives to monitoring the internal control systems of the Company (including financial operations, compliance and risks management) and to ensure the operations of the Company are under effective control of the senior management.

To engage with an independent professional party to review on the Group's compliance with the CG Code and the internal control system of the Group will be carried out on continuous basis. The Audit Committee required that the internal control system of the Group to be 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 Group. He has been the Company Secretary of the Company since 6 October 2004. Pursuant to Rule 5.15 of the GEM Listing Rules, Mr. HON would take no less than 15 hours of relevant professional training in each financial year commenced on or after 1 January 2013. According to the record of the Company, Mr. HON has taken no less than 15 hours of relevant professional training on corporate governance, financial management and accountancy for the year ended 31 December 2014.

SHAREHOLDERS' RIGHTS

Communication with Shareholders

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Procedures for Shareholders to convene a general meeting

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

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

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

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

CORPORATE GOVERNANCE REPORT

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 attach to these procedures.

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

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

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

Procedures for directing Shareholders' enquiries to the Board

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

CORPORATE GOVERNANCE REPORT

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

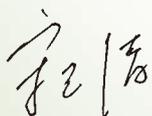
INVESTOR RELATIONS

The Company is committed to maintaining 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 the Group's strategy, operations, management and plans. Media or potential investors could make necessary enquiry with the public relation consultant through the following means: –

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

On behalf of the Board



SONG Yu Qing
Chairman

Hong Kong, 19 March 2015

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 2014.

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL ACTIVITIES

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

The activities of the principal subsidiaries are summarised as follows:

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

BUSINESS REVIEW

A business and financial review of the Company for the year ended 31 December 2014 is set out on pages 5 to 17 of this annual report.

CORPORATE GOVERNANCE

A report on the principal corporate practices of the Company for the year ended 31 December 2014 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 27 to 44 of this annual report.

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 4 to the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2014 and the state of the Group and the Company’s affairs as at that date are set out in the financial statements on pages 59 to 150 of this annual report.

DIVIDEND

The dividends paid in 2014 was HK\$12,216,000 at HK\$0.0046 per share which was in relation to the year ended 31 December 2013 (2013: HK\$9,826,000 at HK\$0.0037 per share paid in 2013 in relation to the year ended 31 December 2012).

REPORT OF THE DIRECTORS

At the Directors' meeting held on 19 March 2015, the Directors proposed a final dividend of HK\$0.0048 per share of the Company for the year ended 31 December 2014 amounting to approximately HK\$13,227,000 subject to approval of the shareholders at the forthcoming annual general meeting:

Annual general meeting date	: Tuesday, 5 May 2015
Book close date for final dividend	: Tuesday, 12 May 2015 to Friday, 15 May 2015
Record date for final dividend	: Friday, 15 May 2015
Final dividend payment date	: Friday, 31 July 2015

On 21 October 2014, the Company has signed an undertaking with Standard Chartered Bank (Hong Kong) Limited that except with the prior consent of the bank, the Company will not declare or pay any dividend to its shareholders for so long as there is amounts outstanding under the banking facilities granted by Standard Chartered Bank (Hong Kong) Limited. As at 31 December 2014 and the date of this report, the outstanding loans granted under the banking facilities were HK\$18,400,000 and HK\$11,700,000 respectively.

On 6 March 2015, Standard Chartered Bank (Hong Kong) Limited has given its written consent to the Company to declare a final dividend for the year ended 31 December 2014.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years ended 31 December 2014, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on pages 18 to 20 of this annual report.

SHARE CAPITAL

On 24 December 2014, the Company completed a subscription agreement by the allotment and issuance of 100,000,000 ordinary shares of the Company at a subscription price of HK\$0.3 per subscription share (a discount of approximately 7.69% to the closing price of HK\$0.325 per share of the Company as quoted on the Stock Exchange on 18 December 2014, date of entering into the subscription agreement) to the subscriber, a business man, Mr. HUANG Zhiwen. Pursuant to the subscription agreement, the subscriber has irrevocably undertaken to the Company that he will not, directly or indirectly, during the period commencing from the completion date and ending on the date which is 12 months from the completion Date, offer, pledge, charge, sell, dispose (in whatever ways, including through the securities agent) of any of the subscription shares. The subscription shares were allotted and issued under the general mandate granted to the Directors up to 20% of the issued share capital of the Company as at the annual general meeting of the Company held on 5 May 2014.

The proceeds from the Company's issue of new shares under the aforementioned subscription agreement, after deduction of related issuance expenses, amounted to approximately HK\$29.69 million, of which approximately HK\$15.53 million was utilised for the capital injection to a subsidiary to increase its incineration capacity in December 2014; and the balance would be applied as additional working capital of the Company.

Details of the movements in share capital of the Company during the year are set out in note 35 to the financial statements.

REPORT OF THE DIRECTORS

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 2014.

PRE-EMPTIVE RIGHTS

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

RESERVES

Profits attributable to owners of the Company, before dividends, of HK\$57,153,000 for the year ended 31 December 2014 (2013: HK\$55,283,000) 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 36 to the financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2014, the Company's reserves available for distribution to its shareholders amounted to HK\$401,991,000 (2013: HK\$363,478,000). 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.

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 19 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2014 are set out in note 22 to the financial statements.

ASSOCIATES

Particulars of the Company's associates as at 31 December 2014 are set out in note 23 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 2014 are set out in notes 29 and 34 to the financial statements.

INTEREST CAPITALISED

The Group has capitalised interest of HK\$13,000 for properties under development during the year (2013: Nil).

REPORT OF THE DIRECTORS

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	
	2014	2013	2014	2013
The largest customer	8.1%	6.1%		
Five largest customers in aggregate	25.9%	18.8%		
The largest supplier			15.6%	12.1%
Five largest suppliers in aggregate			48.8%	35.1%

At no time during the years ended 31 December 2014 and 2013 did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the directors owns 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 2014 and 2013 have the Directors, their respective associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers of the Group.

DIRECTORS OF THE COMPANY

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

Executive Directors:

SONG Yu Qing, Chairman and Chief Executive Officer
 CHEUNG Siu Ling
 HON Wa Fai, Company Secretary
 XI Yu (resigned with effect on 18 August 2014)

Non-Executive Director:

SUEN Ki

Independent Non-Executive Directors:

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

In accordance with article 87 of the Company's articles of association, Mr. SONG Yu Qing, Mr. SUEN Ki, 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.

REPORT OF THE DIRECTORS

Mr. XI Yu was adjudged bankrupt by the High Court of Hong Kong Special Administrative Region on 18 August 2014 (the “Bankruptcy Adjudication”). Approximately 83.66% of the issued share capital of New Universe Enterprises Limited (“NUEL”, the ultimate holding company of the Group) is held under the name of Mr. XI Yu, and NUEL in turn is currently interested in 67.92% of the issued share capital of the Company. The assets of Mr. XI Yu, including his interest in NUEL, would form part of the bankruptcy estate which will be applied by the Official Receiver or its designated person, among others, to settle his indebtedness. XI Yu tendered his resignation as a director of the Company with effect from 18 August 2014, due to the Bankruptcy Adjudication.

DIRECTORS OF SUBSIDIARIES

The directors of the Company’s subsidiaries during the year and up to the date of this report were as follows:

Name of subsidiary	Director(s) of the subsidiary					
Smartech International Group Limited	A	B ⁽¹⁾	C ⁽²⁾			
New Universe International Holdings Limited	A	B ⁽¹⁾	C ⁽²⁾			
Smartech Manufacturing Limited	A	B ⁽¹⁾	C ⁽²⁾			
HK Smartech Trading (Shenzhen) Limited * (港滙科貿易(深圳)有限公司)	A					
Smartech Plastic Moulding Limited	A	B ⁽¹⁾	C ⁽²⁾			
Smartech Services Limited	A	B ⁽¹⁾	C ⁽²⁾			
New Universe (China) Investment Limited	A	B ⁽¹⁾	C ⁽²⁾			
New Universe (China) Limited	A	B ⁽¹⁾	C ⁽²⁾			
Bestwin (China) Limited	A	B ⁽¹⁾	C ⁽²⁾			
New Universe Environmental Protection Investment Limited	A	C ⁽²⁾				
New Universe Environmental Technologies (Jiang Su) Limited	A	B ⁽¹⁾	C ⁽²⁾			
Zhenjiang New Universe Solid Waste Disposal Company Limited	C	E	F	G	H	
Yancheng New Universe Solid Waste Disposal Company Limited	C	F	G	H		
Taizhou New Universe Solid Waste Disposal Company Limited	C	F	G	H		
New Universe Recyclable Investments Limited	A	C ⁽²⁾				
New Universe Recyclables Limited	A	B ⁽¹⁾	C ⁽²⁾			
New Universe International Ecology Limited	A	C ⁽²⁾				
Zhenjiang New Universe Rubber Limited * (鎮江新宇橡膠有限公司)	E					
New Sinotech Investments Limited	A	C ⁽²⁾				
Fair Time International Limited	A	B ⁽¹⁾	C ⁽²⁾			
Zhenjiang Sinotech Eco-Electroplating Development Limited	A ⁽³⁾	C	D ⁽³⁾	F	I ⁽⁴⁾	J ⁽⁵⁾ K ⁽⁵⁾
Zhenjiang Sinotech Environmental Technology Limited * (鎮江華科環保科技有限公司)	C					
Xiangshui New Universe Environmental Technology Limited	A	C	H	L	M	
Yancheng NUHF Environmental Technology Limited * (鹽城新宇輝豐環保科技有限公司)	A	C	H	L	M	

* For identification purpose only

REPORT OF THE DIRECTORS

Name of the directors the Company's subsidiary undertakings:

- A: Ms. CHEUNG Siu Ling
- B: Mr. CHU Yuk Ngai
- C: Mr. XI Yu
- D: Mr. HON Wa Fai
- E: Ms. LIU Yuan
- F: Mr. SUN Jiaqing
- G: Mr. YIN Yongxiang
- H: Mr. LIU Laigen
- I: Mr. WANG Wenhui
- J: Mr. BAO Qiqun
- K: Ms. TU Xiaoping
- L: Mr. ZHONG Hangen
- M: Mr. JI Zihua

Notes:

- (1) Mr. CHU Yuk Ngai was appointed director of the subsidiary concerned with effect from 18 August 2014.
- (2) Mr. XI Yu resigned as director of the subsidiary concerned with effect from 18 August 2014.
- (3) Ms. CHEUNG Siu Ling and Mr. HON Wa Fai were relieved from acting as directors of Zhenjiang Sinotech Eco-Electroplating Development Limited with effect from 16 June 2014.
- (4) Mr. WANG Wenhui resigned as director of Zhenjiang Sinotech Eco-Electroplating Development Limited with effect from 16 June 2014.
- (5) Mr. BAO Qiqun and Ms. TU Xiaoping were appointed directors of Zhenjiang Sinotech Eco-Electroplating Development Limited with effect from 16 June 2014.

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.

REPORT OF THE DIRECTORS

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 21 to 26 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 11 and 12 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 does not have any share option scheme.

The old share option scheme adopted by the Company's shareholders at the general meeting held on 10 December 2003 had been lapsed since 9 December 2013, and no option had been granted or outstanding under the Company's old share option scheme.

REPORT OF THE DIRECTORS

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

As at 31 December 2014, 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:

Associated corporation

Long positions in issued shares of NUEL

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

* NUEL is beneficially interested in 1,871,823,656 shares of the Company, representing approximately 67.92% of the issued share capital of the Company as at 31 December 2014. Ms. CHEUNG Siu Ling and Mr. SUEN Ki are also directors of NUEL.

Save as disclosed above, as at 31 December 2014, 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.

REPORT OF THE DIRECTORS

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

As at 31 December 2014, 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

Name of shareholder	Number of ordinary shares of HK\$0.01 each			Number of shares held	% of total shares in issue
	Beneficial owner	Family interest	Interest of controlled corporation		
NUEL *	1,871,823,656	–	–	1,871,823,656	67.92

Note:

* Ms. CHEUNG Siu Ling and Mr. SUEN Ki are Directors of the Company and directors of NUEL.

Save as disclosed above, as at 31 December 2014, the Directors of the Company were not aware of any other person who had an interest or short position in the shares and underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

A summary of the related party transactions, entered into by the Group during the year ended 31 December 2014 as set out in note 41 to the financial statements, which were exempt connected transactions or transactions below the de minimis threshold provided in the GEM Listing Rules.

Save as disclosed therein, there was no significant connected transactions of the Group (defined under the GEM Listing Rules) which were discloseable in the reporting period or any time during the year ended 31 December 2014.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

As at 31 December 2014, contracts or arrangements subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

1. New Universe Environmental Technologies (Jiang Su) Limited ("NUET(JS)") and New Universe Recyclables Limited ("NURL") are 82% and 100% indirectly owned subsidiaries of the Company respectively, of which Ms. CHEUNG Siu Ling is a director, have provided corporate guarantees in the following arrangements:
 - (a) Standard Chartered Bank (Hong Kong) Limited has granted banking facilities of up to HK\$23,400,000 to the Company, which are guaranteed by NUET(JS). As at 31 December 2014, the outstanding loan was HK\$18,400,000.
 - (b) The Hongkong and Shanghai Banking Corporation Limited has granted banking facilities of up to HK\$10,000,000 to NUET(JS), which are guaranteed by the Company up to a limit of HK\$10,000,000. As at 31 December 2014, the outstanding loan was HK\$4,375,000.
 - (c) The Hongkong and Shanghai Banking Corporation Limited has granted banking facilities of up to HK\$12,000,000 to NUET(JS), which are personally guaranteed by Ms. CHEUNG Siu Ling and Mr. SUEN Ki each up to a limit of HK\$12,000,000. As at 31 December 2014, the outstanding loan was HK\$7,700,000.
 - (d) Hang Seng Bank Limited has granted banking facilities of up to HK\$15,000,000 to NUET(JS), which are guaranteed by the Company up to a limit of HK\$15,000,000 and secured by pledge of time deposits amounted to HK\$10,313,000 held by NURL as at 31 December 2014. As at 31 December 2014, the outstanding loan was HK\$10,313,000.

The aforementioned loans were under personal guarantee or undertaking given by Mr. XI Yu, the ex-executive Director of the Company, who was adjudged bankrupt by the High Court of Hong Kong Special Administrative Region on 18 August 2014.

2. Ms. CHEUNG Siu Ling is a director of the landlord, Sun Ngai International Investment Limited ("Sun Ngai", a wholly owned subsidiary of New Universe Holdings Limited that Ms. CHEUNG Siu Ling is also a director) to the following tenancy agreements entered into by the Group as tenants:
 - (a) A tenancy agreement dated 15 July 2013 entered into by Smartech Services Limited ("Smartech Services", an indirectly wholly owned subsidiary of the Company) as tenant for an office unit at Room 2109, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$20,000 for the term from 1 August 2013 and expired on 31 July 2014.
 - (b) A tenancy agreement dated 18 July 2014 entered into by Smartech Services as tenant for two office units at Rooms 2109 and 2110, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$50,000 for the term from 1 August 2014 to 31 July 2015.

REPORT OF THE DIRECTORS

- (c) A tenancy agreement dated 20 December 2013 entered into by Smartech Services as tenant for a factory unit used as warehouse at Suite 12, 5th Floor, Yuen Fat Industrial Building, 25 Wang Chiu Road, Kowloon Bay, Hong Kong at a monthly rental of HK\$8,000 for the term from 1 January 2014 to 31 December 2016.

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

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

COMPETING INTERESTS

The Board is not aware of any director of the Company who is interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business during the report period.

SUFFICIENCY OF PUBLIC FLOAT

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

SUBSEQUENT EVENTS

There was no significant subsequent events occurred after the reporting period.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company, Dr. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2014.

REPORT OF THE DIRECTORS

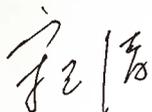
INDEPENDENT AUDITOR

The financial statements of the Company and its subsidiaries for the year ended 31 December 2012 was 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 years ended 31 December 2013 and 2014 were audited by Crowe Horwath (HK). Crowe Horwath (HK), who retire and, being eligible, offer themselves for re-appointment and 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



SONG Yu Qing

Chairman

Hong Kong, 19 March 2015

INDEPENDENT AUDITOR'S REPORT



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

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 59 to 150, which comprise the consolidated and company's statements of financial position as at 31 December 2014, 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 misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 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, 19 March 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Continuing operations			
Revenue	5	253,511	190,667
Cost of sales		(139,529)	(99,687)
Gross profit			
Other revenue	6	4,601	4,640
Other net income	7	27,198	489
Distribution and selling expenses		(8,799)	(6,303)
Administrative expenses		(36,726)	(29,880)
Other operating expenses		(17,058)	(7,602)
Operating profit			
		83,198	52,324
Finance income	8	1,539	1,624
Finance costs	8	(2,817)	(3,511)
Finance costs – net	8	(1,278)	(1,887)
Gain on deemed disposal of an associate	9	–	6,128
Share of profits of associates	23	2,555	3,979
Profit before taxation			
	10	84,475	60,544
Income tax	13	(12,596)	(16,421)
Profit for the year from continuing operations			
		71,879	44,123
Discontinued operations			
Profit for the year from discontinued operations			
	14	–	18,685
Profit for the year			
		71,879	62,808
Attributable to:			
Owners of the Company		57,153	55,283
Non-controlling interests		14,726	7,525
		71,879	62,808
Profit attributable to owners of the Company arises from:			
Continuing operations		57,153	36,598
Discontinued operations		–	18,685
		57,153	55,283

The notes on pages 68 to 150 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	<i>Note</i>	2014 HK cents	2013 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	16		
Continuing operations		2.15	1.38
Discontinued operations		–	0.70
<hr/>			
Continuing and discontinued operations		2.15	2.08
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The notes on pages 68 to 150 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Profit for the year		71,879	62,808
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences			
– on translation of financial statements of overseas subsidiaries		(5,245)	14,616
– on translation of financial statements of overseas associates		(147)	874
– reclassification of translation reserve upon de-registration of a foreign subsidiary		(8,100)	–
– reclassification of translation reserve upon deemed disposal of an associate		–	(1,118)
Fair value changes on available-for-sale equity investments	24	17,500	1,400
Tax effect relating to changes in fair value of available-for-sale equity investments		(1,750)	(140)
Other comprehensive income for the year, net of income tax		2,258	15,632
Total comprehensive income for the year		74,137	78,440
Attributable to:			
Owners of the Company		60,347	69,617
Non-controlling interests		13,790	8,823
Total comprehensive income for the year		74,137	78,440
Total comprehensive income attributable to owners of the Company arises from:			
Continuing operations		60,347	50,932
Discontinued operations		–	18,685
		60,347	69,617

The notes on pages 68 to 150 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment	19	505,640	435,844
Prepaid lease payments	20	94,236	102,410
Goodwill	21	33,000	33,000
Interests in an associate	23	16,756	14,348
Available-for-sale equity investments	24	85,000	67,820
		734,632	653,422
Current assets			
Inventories	25	1,379	1,736
Trade and bills receivables	26	45,638	54,074
Prepayments, deposits and other receivables	27	16,615	12,684
Prepaid lease payments	20	2,711	2,719
Pledged time deposits	28	10,313	–
Cash and cash equivalents	28	121,780	109,827
		198,436	181,040
Current liabilities			
Interest-bearing bank borrowings	29	40,788	54,007
Trade payables	30	2,152	1,456
Accrued liabilities and other payables	31	98,050	92,128
Deposits received from customers		901	2,458
Deferred government grants	32	455	278
Income tax payable	33(a)	9,796	3,636
		152,142	153,963
Net current assets		46,294	27,077
Total assets less current liabilities		780,926	680,499

The notes on pages 68 to 150 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

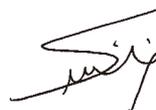
As at 31 December 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Non-current liabilities			
Interest-bearing bank borrowings	29	1,260	–
Other borrowings	34	48,000	40,000
Deferred government grants	32	4,671	7,305
Deferred tax liabilities	33(b)	25,742	24,937
		79,673	72,242
Net assets			
		701,253	608,257
Capital and reserves			
Share capital	35	27,557	26,557
Reserves	36	600,981	523,149
Equity attributable to owners of the Company			
		628,538	549,706
Non-controlling interests			
		72,715	58,551
Total equity			
		701,253	608,257

The notes on pages 68 to 150 are an integral part of these financial statements.



SONG Yu Qing
Chairman



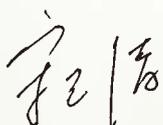
CHEUNG Siu Ling
Executive Director

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Interests in subsidiaries	22	465,106	402,136
Current assets			
Amount due from subsidiaries	22	120	25,719
Prepayments	27	286	230
Cash and cash equivalents	28	31,039	12,484
		31,445	38,433
Current liabilities			
Interest-bearing bank borrowings	29	18,400	10,000
Accrued liabilities and other payables	31	603	534
		19,003	10,534
Net current assets		12,442	27,899
Total assets less current liabilities		477,548	430,035
Non-current liabilities			
Other interest-bearing borrowings	34	48,000	40,000
		48,000	40,000
Net assets		429,548	390,035
Capital and reserves			
Share capital	35	27,557	26,557
Reserves	36	401,991	363,478
Total equity		429,548	390,035

The notes on pages 68 to 150 are an integral part of these financial statements.



SONG Yu Qing
Chairman



CHEUNG Siu Ling
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 (note 35)	Share premium HK\$'000 (note 36(i))	Translation reserve HK\$'000 (note 36(ii))	Investment revaluation reserve HK\$'000 (note 36(iii))	Capital reserve HK\$'000 (note 36(iv))	Statutory reserve HK\$'000 (note 36(v))	Retained profits HK\$'000 (note 36(vi))			
At 1 January 2013	26,557	305,084	28,231	3,790	4,185	12,156	108,620	488,623	22,483	511,106
Changes in equity for 2013:										
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
- on translation of financial statements of overseas associates	-	-	874	-	-	-	-	874	-	874
- 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
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 and 1 January 2014	26,557	305,084	41,305	5,050	4,795	16,718	150,197	549,706	58,551	608,257
Changes in equity for 2014:										
Profit for the year	-	-	-	-	-	-	57,153	57,153	14,726	71,879
Other comprehensive income										
Exchange differences										
- on translation of financial statements of overseas subsidiaries	-	-	(4,309)	-	-	-	-	(4,309)	(936)	(5,245)
- on translation of financial statements of an overseas associate	-	-	(147)	-	-	-	-	(147)	-	(147)
- reclassification of translation reserve upon de-registration of a foreign subsidiary	-	-	(8,100)	-	-	-	-	(8,100)	-	(8,100)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	-	15,750	-	-	-	15,750	-	15,750
Total comprehensive income for the year	-	-	(12,556)	15,750	-	-	57,153	60,347	13,790	74,137
Issue of Subscription Shares, net of share issuance costs of HK\$310,000	1,000	28,690	-	-	-	-	-	29,690	-	29,690
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	6,566	6,566
Transfer to statutory reserve	-	-	-	-	-	6,402	(5,391)	1,011	(1,011)	-
Dividend relating to 2013	-	-	-	-	-	-	(12,216)	(12,216)	-	(12,216)
Dividend paid to non-controlling shareholders relating to 2013	-	-	-	-	-	-	-	-	(5,181)	(5,181)
At 31 December 2014	27,557	333,774	28,749	20,800	4,795	23,120	189,743	628,538	72,715	701,253

The notes on pages 68 to 150 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
OPERATING ACTIVITIES			
Profit for the year from continuing operations		71,879	44,123
Profit for the year from discontinued operations		–	18,685
		71,879	62,808
Adjustments for:			
Income tax		12,596	16,421
Finance income		(1,626)	(1,349)
Finance costs		2,817	3,511
Dividends from available-for-sale equity investments		(4,352)	(4,485)
Share of profits of associates		(2,555)	(3,979)
Depreciation of property, plant and equipment		27,886	21,654
Amortisation of land use rights		2,536	2,465
Gain on disposal of an available-for-sale equity investment		(29)	–
Gain on deemed disposal of an associate		–	(6,128)
Net gain on de-registration of a subsidiary in PRC		(8,482)	–
Derecognition of liabilities of de-registered subsidiaries		(3,636)	–
Loss on disposal of property, plant and equipment		789	83
Net gain on disposal of land and properties		–	(18,685)
Net compensation received for plant relocation		(9,338)	–
Impairment loss on property, plant and equipment		1,738	–
Release of deferred government grants		(3,156)	(273)
Operating cash flows before movements in working capital		87,067	72,043
Decrease/(increase) in inventories		357	(549)
Decrease/(increase) in trade and bills receivables		8,436	(12,840)
Increase in prepayments, deposits and other receivables		(3,931)	(945)
Increase in trade payables		696	369
Increase in accrued liabilities and other payables		9,804	4,873
(Decrease)/increase in deposits received from customers		(1,557)	835
Cash generated from operations		100,872	63,786
Net income tax paid	33(a)	(5,333)	(14,470)
Dividend tax paid	13(a)	(1,985)	(2,111)
Interest received		1,626	1,349
Interest paid		(3,062)	(3,266)
Net cash from operating activities		92,118	45,288

The notes on pages 68 to 150 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
INVESTING ACTIVITIES			
Dividends received from available-for-sale equity investments		4,352	4,485
Capital contribution to available-for-sale equity investments		(641)	(237)
Capital contribution to associates		–	(3,815)
Net compensation received for plant relocation		23,729	–
Receipt of compensation on legal actions against purchaser of subsidiaries disposed of in prior year		–	11,100
Payments for acquisition of interests in a subsidiary, net of cash acquired		–	(4,533)
Proceeds from disposal of interest in a subsidiary without loss of control		–	11,200
Proceeds from disposal of available-for-sale equity investments		990	1,943
Deposits and proceeds received from purchaser of land and properties of operations		–	44,892
Proceeds from disposal of property, plant and equipment		304	1
Payments for purchases of property, plant and equipment		(113,896)	(31,730)
Receipt of government grants		760	4,295
Net cash (used in)/generated from investing activities		(84,402)	37,601
FINANCING ACTIVITIES			
Dividends paid to shareholders of the Company		(12,216)	(9,826)
Dividends paid to non-controlling interests of a subsidiary		(5,181)	(6,388)
Proceeds from bank borrowings		14,660	10,000
Repayments of interest-bearing bank borrowings		(26,619)	(61,219)
Pledge of time deposits for bank borrowings		(10,313)	–
Proceeds of other borrowings		9,000	40,000
Repayment of other borrowings		(1,000)	–
Proceeds of borrowings from a related company		–	5,000
Repayments of borrowings from a related company		–	(5,000)
Repayments of borrowings from ultimate holding company		–	(59,636)
Proceeds from issuance of ordinary shares		30,000	–
Expenses paid in relation to issuance of new shares		(310)	–
Capital contributions from non-controlling interests of a subsidiary		6,566	–
Net cash generated from/(used in) financing activities		4,587	(87,069)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		12,303	(4,180)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		109,827	111,212
Effect of foreign exchange rate changes		(350)	2,795
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	28	121,780	109,827

The notes on pages 68 to 150 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1. GENERAL INFORMATION

- (a) New Universe International Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company while the functional currency of the subsidiaries in the Mainland of The People’s Republic of China (“PRC”) is Renminbi (“RMB”). As the Company’s shares are listed in Hong Kong, the directors of the Company (“Directors”) consider that it is more appropriate to present the financial statements in HK\$, where most of its investors are located in Hong Kong.
- (c) The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as follows:
 - (i) environmental treatment of industrial and medical wastes;
 - (ii) environmental plating sewage treatment services and provision of facilities in an eco-plating specialised zone; and
 - (iii) investments in plastic materials dyeing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

As at 31 December 2014, the Group had cash and cash equivalents of HK\$121,780,000 (2013: HK\$109,827,000). At the end of the reporting period, the Group had capital commitments of HK\$155,205,000 (2013: HK\$105,287,000).

In preparing these financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain positive cash flow from operations in the immediate and long term.

In order to strengthen the capital base of the Group and to improve the Group's financial position, liquidity and cash flows in the immediate foreseeable future, and otherwise to sustain the Group as a going concern, the Group has adopted the following measure.

On 30 January 2015, Zhenjiang Sinotech Eco-Electroplating Development Limited, a subsidiary in PRC, was granted a secured bank loan facility of RMB35,018,600 (approximately HK\$44,123,000) to finance its development and capital commitment.

In the opinion of the directors of the Company, in light of the measure taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital for its current requirement. Accordingly, the directors of the Company consider that it is appropriate to prepare the financial statements on a going concern basis.

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis 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 amounts 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 by the management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

(c) Changes in accounting policy

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – Int 21	Levies

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policy (continued)

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. These amendments do not have an impact on these financial statements.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

HK(IFRIC) – Int 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

(d) Subsidiaries and non-controlling interests

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders 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 equity shareholders of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

(e) Associates

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates (continued)

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

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

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

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

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

(f) Business combinations

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 the control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Business combinations (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Business combinations (continued)

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

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

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

(g) Goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Other investments in debt and equity securities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment

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

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

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

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

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

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

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

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

(j) Construction in progress

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leased assets

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

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

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

- property held under operating leases that would otherwise meet the definition of an investment property is classified as 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
- 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 2(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(l). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leased assets (continued)

(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 as expenses in the accounting period in which they are incurred.

(iv) *Leasehold land for own use*

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

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

(l) 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;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Impairment of assets (continued)

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

- 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 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(I)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(I)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (that is, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

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

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

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

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

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

(ii) *Impairment of other assets*

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Impairment of assets (continued)

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

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 (that is, 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 (if measurable), or value-in-use (if determinable).

– Reversals of impairment losses

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(iii) *Interim financial reporting and impairment*

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

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

(m) Inventories

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

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

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

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

(n) Trade and other receivables

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

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

(p) Trade and other payables

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

(q) Interest-bearing borrowings

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

(r) Employee benefits

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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 profit or loss for the year of the 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 recognises restructuring costs involving the payment of termination benefits.

(s) Income tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

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

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

(t) Provisions and contingent liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition

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

(i) *Revenue from provision of services*

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

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

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

(iii) *Dividend income*

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

(iv) *Interest income*

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

(v) *Government 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.

(v) *Borrowing costs*

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Translation of foreign currencies

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

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

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

On the disposal of a foreign operation (that is, 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 (that is, 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.

(x) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(i) *Non-current assets held for sale (continued)*

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 sale 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 2.

Impairment losses on initial classification as held for sale, and on subsequent re-measurement 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties

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

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

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

- (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (6) The entity is controlled or jointly controlled by a person identified in note 2(y)(i).
- (7) A person identified in note 2(y)(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Segment reporting

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

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

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

The Company has engaged an independent professional valuer to assess the fair value of those available-for-sale equity investments as disclosed in note 24 to the financial statements. The Directors of the Company made a review on the judgement of the independent professional valuer in selecting an appropriate valuation technique for the financial instruments not quoted in an active market. Valuation techniques applied by the independent professional valuer are commonly used by other market practitioners. The estimation of fair value of the available-for-sale equity investments which are unlisted equity instruments includes the adoption of a market approach with some assumptions supported by observable market data or parameters deemed compatible to the operations of those investments.

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

Note 24 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 out of the seven directors to the board of Qingdao Huamei and Danyang New Huamei, respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

(iii) *Functional currency of the Company*

The Company is carrying out its operating activities and making management decisions in Hong Kong dollars 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.

(b) Sources of estimation and uncertainty

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 2014 and 2013 was HK\$33,000,000. Further details are set out in note 21 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Sources of estimation and uncertainty (continued)

(iii) Impairment of trade and other receivables

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

As at 31 December 2014, the carrying amounts of trade and bill receivables and other receivables are HK\$45,638,000 and HK\$16,615,000 respectively, which approximate 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

4. SEGMENT INFORMATION

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

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.

(a) Segment results, assets and liabilities

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

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

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

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 concerning 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

4. 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 resources allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below:

For the year ended 31 December 2014**Continuing operations**

	Operating segments			Total HK\$'000
	Environmental waste treatment services HK\$'000	Environmental sewage treatment and facility services HK\$'000	Plastic dyeing investments HK\$'000	
Revenue from external customers	170,929	82,582	–	253,511
Other revenue	249	–	4,352	4,601
Reportable segment revenue	171,178	82,582	4,352	258,112
Reportable segment results	71,227	7,898	3,874	82,999
Other net income	14,558	485	–	15,043
Finance income	657	229	10	896
Finance costs	(956)	(1,861)	–	(2,817)
Depreciation and amortisation for the year	(16,072)	(14,198)	–	(30,270)
Impairment loss on property, plant and equipment	(1,738)	–	–	(1,738)
Reportable segment assets	410,549	402,746	85,179	898,474
Additions to non-current segment assets during the year	74,050	39,702	–	113,752
Reportable segment liabilities	95,892	122,225	2,200	220,317

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

4. SEGMENT INFORMATION (continued)

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

For the year ended 31 December 2013

Continuing operations

	Operating segments			Total HK\$'000
	Environmental waste treatment services HK\$'000	Environmental sewage treatment and facility services HK\$'000	Plastic dyeing investments HK\$'000	
Revenue from external customers	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 associate	–	–	6,128	6,128
Finance income	883	257	105	1,245
Finance costs	(1,805)	(1,706)	–	(3,511)
Depreciation and amortisation for the year	(11,828)	(12,180)	–	(24,008)
Reportable segment assets	337,861	377,323	67,703	782,887
Additions to non-current segment assets during the year	19,447	11,791	–	31,238
Reportable segment liabilities	101,150	98,443	450	200,043

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

4. SEGMENT INFORMATION (continued)

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

	2014	2013
	HK\$'000	HK\$'000
Continuing operations		
Revenue		
Consolidated revenue	253,511	190,667
Elimination of inter-segment revenue	–	–
Other revenue	4,601	4,640
Reportable segment revenue	258,112	195,307
Profit		
Reportable segment profit	82,999	68,809
Unallocated head office and corporate income/(expenses)	1,476	(8,265)
Consolidated profit from continuing operations before taxation	84,475	60,544
Assets		
Reportable segment assets	898,474	782,887
Unallocated head office and corporate assets	34,594	51,575
Consolidated total assets	933,068	834,462
Liabilities		
Reportable segment liabilities	220,317	200,043
Unallocated head office and corporate liabilities	11,498	26,162
Consolidated total liabilities	231,815	226,205

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

4. SEGMENT INFORMATION (continued)

(c) Geographic information

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

	2014 HK\$'000	2013 HK\$'000
Mainland China	258,112	195,307

(d) Major customers

During the years ended 31 December 2014 and 2013, there was no major customer accounted for more than 10% of the total revenue of the Group.

5. REVENUE

Revenue represents the revenue from provision of services, and provision of industrial sewage and sludge treatment facilities.

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

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Environmental waste treatment services	170,929	131,623
Industrial sewage treatment services	82,582	59,044
	253,511	190,667

6. OTHER REVENUE

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Dividend income from available-for-sale equity investments	4,352	4,485
Scrap sales	249	155
	4,601	4,640

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

7. OTHER NET INCOME

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Net compensation received for plant relocation (<i>note (i)</i>)	9,338	–
Net gain on de-registration of a subsidiary in PRC (<i>note (ii)</i>)	8,482	–
Derecognition of liabilities of de-registered subsidiaries (<i>note (iii)</i>)	3,636	–
Net gain on disposal of an available-for-sale equity investment	29	–
Government environmental subsidies	2,482	–
Release of deferred government grants	3,156	273
Sundry	75	216
	27,198	489

Notes:

- (i) The amount represented the compensation received from the PRC urban development authority on relocation of a subsidiary previously situated in Taizhou less the cost of property, plant and equipment and the cost of disposal.
- (ii) Upon the completion of voluntary liquidation after the operations of a subsidiary being disposed of in 2013 (as referred to in note 14), the Group recorded a net gain on the complete de-registration of the subsidiary in PRC in November 2014 amounting to HK\$8,482,000, which represented the exemption of PRC tax on the consideration received from the disposal of assets in 2013.
- (iii) Liabilities amounted to HK\$3,636,000 were derecognised when the three investment holding subsidiaries which under voluntary liquidation were de-registered in April 2014 in the British Virgin Islands.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

8. FINANCE INCOME AND COSTS

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Interest expenses on:		
Bank borrowings wholly repayable within five years	1,571	2,734
Other borrowings wholly repayable within five years	1,259	402
Borrowings and advances from ultimate holding company wholly repayable within five years	–	375
	2,830	3,511
Less: interest expense capitalised into properties under development*	(13)	–
Total finance costs	2,817	3,511
Finance income from:		
Interest income on short-term bank deposits	1,626	1,318
Net foreign exchange (loss)/gain on financing activities	(87)	306
Total finance income	1,539	1,624
Net finance costs	1,278	1,887

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

9. GAIN ON DEEMED DISPOSAL OF AN ASSOCIATE

On 9 April 2013, the Group's investment interest in Qingdao Zhongxin Huamei Plastics was de-recognised as an associate and re-classified as available-for-sale equity investment which being measured at fair value. The reclassification resulted in the recognition of a gain on deemed disposal of an associate in profit or loss of HK\$6,128,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

10. PROFIT BEFORE TAXATION

Profit before taxation was arrived at after charging the following:

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Amortisation of land lease prepayments	2,536	2,465
Depreciation for property, plant and equipment	27,886	21,654
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	486	288
– land and buildings in PRC	737	–
– landfill in PRC	127	88
	1,350	376
Net loss on disposal of property, plant and equipment	789	83
Impairment loss on property, plant and equipment	1,738	–
Auditor's remuneration:		
– audit service	850	920
– non-audit services	220	254
	1,070	1,174
Staff costs:		
– Directors' emoluments (<i>note 11</i>)	2,047	2,007
– salaries, wages and other benefits of employees other than Directors	38,609	30,700
– contributions to retirement benefits schemes	4,221	2,690
Total staff costs	44,877	35,397
Cost of sales (<i>note</i>)	139,529	99,687

Note:

Included in cost of sales were raw materials consumed of HK\$20,330,000 (2013: HK\$13,196,000), staff costs of HK\$20,747,000 (2013: HK\$13,866,000) and depreciation of HK\$24,346,000 (2013: HK\$18,950,000), and of which staff costs and depreciation have already been included in the respective total amounts disclosed above.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

11. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), and the chief executive's emoluments are 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 2014					
<i>Executive Directors</i>					
Mr. SONG Yu Qing (note)	–	600	–	17	617
Ms. CHEUNG Siu Ling	27	–	–	–	27
Mr. HON Wa Fai	4	956	–	17	977
Mr. XI Yu (note)	30	–	–	–	30
<i>Non-executive Director</i>					
Mr. SUEN Ki	–	–	–	–	–
<i>Independent non-executive Directors</i>					
Dr. CHAN Yan Cheong	132	–	–	–	132
Mr. YUEN Kim Hung, Michael	132	–	–	–	132
Mr. HO Yau Hong, Alfred	132	–	–	–	132
	457	1,556	–	34	2,047
Year ended 31 December 2013					
<i>Executive Directors</i>					
Mr. SONG Yu Qing (note)	–	600	–	15	615
Ms. CHEUNG Siu Ling	15	–	–	–	15
Mr. HON Wa Fai	8	913	–	15	936
Mr. XI Yu (note)	45	–	–	–	45
<i>Non-executive Director</i>					
Mr. SUEN Ki	–	–	–	–	–
<i>Independent non-executive Directors</i>					
Dr. CHAN Yan Cheong	132	–	–	–	132
Mr. YUEN Kim Hung, Michael	132	–	–	–	132
Mr. HO Yau Hong, Alfred	132	–	–	–	132
	464	1,513	–	30	2,007

Note:

Mr. XI Yu resigned as executive director and chairman of the Company with effect from 18 August 2014. Mr. SONG Yu Qing, an executive director and the chief executive officer of the Company, has been appointed as the Chairman and the chairman of the Executive Committee in place of Mr. XI Yu. The emolument of Mr. SONG Yu Qing for 2013 and 2014 is disclosed above.

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 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

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12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals whose emoluments were highest in the Group for the year include one Director (2013: two) whose emoluments are disclosed in note 11. The aggregate of the emoluments in respect of the other four (2013: three) individuals during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	1,699	1,261
Discretionary bonuses	3,417	640
Retirement benefits scheme contribution	–	–
	5,116	1,901

The emoluments of the four (2013: three) individuals with the highest emoluments fell within the following bands:

	2014 Number of individuals	2013 Number of individuals
Emolument bands (in HK dollar)		
Nil to HK\$1,000,000	1	3
HK\$1,000,001 to HK\$1,500,000	2	–
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	1	–
	4	3

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

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13. INCOME TAX

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

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Current tax		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	16,726	15,169
PRC dividend tax	1,985	2,111
Income tax preferential policy in prior years (<i>note (iv)</i>)	(5,275)	–
Under/(over)-provision in respect of prior years	105	(418)
	13,541	16,862
Deferred tax (<i>note 33(b)</i>)	(945)	(441)
	12,596	16,421

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgins Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgins Islands.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the years. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2014 and 2013.
- (iii) On 3 December 2013, Zhenjiang New Universe Solid Waste Disposal Company Limited (“Zhenjiang New Universe”), the subsidiary of the Group, a wholly-foreign-owned enterprise established in the PRC, is recognised by the Jiangsu Province Bureau of Science and Technology as a high technology enterprise. As at 31 December 2014, in accordance with the applicable enterprise income tax of the PRC, it is subject to the PRC Enterprise Income Tax (“EIT”) at a preferential rate of 15%.
- (iv) As at 31 December 2014, Zhenjiang New Universe entitled to exempt from PRC EIT for the income of solid waste from 2012 to 2014, and followed by 50% relief for the year 2015 to 2017.
- (v) The other PRC subsidiaries of the Group are subject to the PRC EIT rate of the 25% (2013: 25%).

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

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Profit before income tax	84,475	60,544
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdiction concerned	19,688	15,157
Tax effect of expenses not deductible for tax purpose	239	3,225
Tax effect of income not taxable for tax purpose	(3,479)	(2,888)
Tax effect of tax losses not recognised	2,263	1,786
Under/(over) provision in relation to prior years	105	(418)
Tax effect of temporary differences recognised	(945)	(441)
Effect of income tax preferential policy in PRC	(5,275)	–
Income tax expense for the year	12,596	16,421

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14. DISCONTINUED OPERATIONS

On 4 January 2013, the Group's subsidiary, Suzhou New Universe Smartech Tooling and Plastics Limited ("Suzhou New Universe") completed the disposal to an independent third party of its business of the manufacture and sale of molds, the manufacture and sale of plastic products, and trading of plastic materials that comprised the disposing of all 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 net gain of HK\$18,685,000 for the year ended 31 December 2013.

15. DIVIDENDS

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

	2014 HK\$'000	2013 HK\$'000
Final dividend proposed after the end of the reporting period of HK\$0.0048 (2013: HK\$0.0046) per share	13,227	12,216

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

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

	2014 HK\$'000	2013 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year of HK\$0.0046 (2013: HK\$0.0037) per share	12,216	9,826

On 21 October 2014, the Company has signed an undertaking with Standard Chartered Bank (Hong Kong) Limited that except with the prior consent of the bank, the Company will not declare or pay any dividend to its shareholders for so long as there is amounts outstanding under the banking facilities granted by Standard Chartered Bank (Hong Kong) Limited. As at 31 December 2014, the loans outstanding under the banking facilities granted by the bank were HK\$18,400,000.

On 6 March 2015, Standard Chartered Bank (Hong Kong) Limited has given its written consent to the Company to declare a final dividend for the year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

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16. 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\$57,153,000 (2013: HK\$55,283,000) and the weighted average number of 2,657,888,799 (2013: 2,655,697,018) ordinary shares of the Company in issue during the year.

(a) Profit attributable to owners of the Company

	2014 HK\$'000	2013 HK\$'000
Profit for the year from continuing operations	57,153	36,598
Profit for the year from discontinued operations	–	18,685
	57,153	55,283

(b) Weighted average number of ordinary shares

	2014	2013
Ordinary shares in issue at 1 January	2,655,697,018	2,655,697,018
Effect of 100,000,000 shares issued under a share subscription agreement	2,191,781	–
Weighted average number of ordinary shares in issue at 31 December	2,657,888,799	2,655,697,018

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.

17. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of HK\$22,039,000 for the year ended 31 December 2014 (2013: HK\$29,329,000) which has been dealt with in the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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18. ACQUISITION AND DISPOSAL OF INTERESTS IN SUBSIDIARIES IN 2013

(a) Acquisition of interest in a subsidiary

On 28 August 2013, the Group obtained control of a previously 49%-owned associate, Yancheng NUHF Environmental Technology Limited (“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 (<i>note (i)</i>)	10,560
Fair value of 49% equity interest in Yancheng NUHF previously held (<i>note (ii)</i>)	32,941
Non-controlling interests (35% in Yancheng NUHF) (<i>note (iii)</i>)	23,725
Less: net assets acquired and liabilities recognized (<i>note (iv)</i>)	(67,226)
	—

Notes:

- (i) Cash consideration of HK\$10,560,000 was 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 with reference 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 with reference to the non-controlling interests' proportionate share of the recognised amount of the net assets of Yancheng NUHF and amounted to approximately HK\$23,725,000.

NOTES TO THE FINANCIAL STATEMENTS

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18. ACQUISITION AND DISPOSAL OF INTERESTS IN SUBSIDIARIES IN 2013
(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 the date of acquisition were as follows:

	2013 HK\$'000
Property, plant and equipment	71,796
Prepaid lease payments for 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)
	<hr/> 67,226
Less: non-controlling interests	(23,725)
	<hr/> 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)
	<hr/> 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 local 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 year ended 31 December 2013. Such revenue and profit have been included in the consolidated income statement of the Group. There is no material difference as if the business combination been effected on 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS

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18. ACQUISITION AND DISPOSAL OF INTERESTS IN SUBSIDIARIES IN 2013
(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 then 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 Group and Jiangsu Huifeng in Xiangshui NU is 65% and 35% respectively.

	2013 HK\$'000
Consideration received from non-controlling interests	11,200
Carrying amount of non-controlling interests disposed of	(10,590)
	<hr/>
Gain on disposal within equity	610
	<hr/>

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19. PROPERTY, PLANT AND EQUIPMENT

	Group						Total HK\$'000
	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	
Cost							
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 18(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 and at 1 January 2014	258,482	92,517	138,131	4,164	412	5,948	499,654
Exchange adjustments	(2,516)	(1,103)	(1,412)	(38)	(4)	(65)	(5,138)
Additions	2,785	106,819	2,308	1,020	168	796	113,896
Disposals	(5,153)	-	(9,572)	(718)	(7)	(2)	(15,452)
Reclassification	16,138	(39,177)	23,019	247	-	(227)	-
At 31 December 2014	269,736	159,056	152,474	4,675	569	6,450	592,960
Depreciation and impairment							
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 and at 1 January 2014	28,639	-	29,881	2,525	72	2,693	63,810
Exchange adjustments	(355)	-	(366)	(22)	-	(42)	(785)
Charge for the year	12,067	-	13,782	641	101	1,295	27,886
Impairment loss recognised in profit or loss	-	-	1,738	-	-	-	1,738
Eliminated on disposals	(1,555)	-	(3,238)	(531)	(3)	(2)	(5,329)
Reclassification	(22)	-	56	-	-	(34)	-
At 31 December 2014	38,774	-	41,853	2,613	170	3,910	87,320
Carrying amount							
At 31 December 2014	230,962	159,056	110,621	2,062	399	2,540	505,640
At 31 December 2013	229,843	92,517	108,250	1,639	340	3,255	435,844

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

As at 31 December 2014, no property, plant and equipment was subject to any pledge in the Group. As at 31 December 2013, property, plant and equipment of an aggregate carrying amount of approximately HK\$51,413,000 had been pledged to secure banking facilities granted to the Group (note 29).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

19. PROPERTY, PLANT AND EQUIPMENT (continued)

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

20. PREPAID LEASE PAYMENTS

	Group HK\$'000
Cost	
At 1 January 2013	106,037
Exchange adjustments	932
Acquisition of a subsidiary (note 18(a))	6,947
<hr/>	
At 31 December 2013 and at 1 January 2014	113,916
Exchange adjustments	(323)
Additions	–
Disposals	(5,573)
<hr/>	
At 31 December 2014	108,020
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Amortisation and impairment	
At 1 January 2013	6,220
Exchange adjustments	102
Charge for the year	2,465
<hr/>	
At 31 December 2013 and at 1 January 2014	8,787
Exchange adjustments	(38)
Charge for the year	2,536
Eliminated on disposals	(212)
<hr/>	
At 31 December 2014	11,073
<hr/>	
Carrying amount	
At 31 December 2014	96,947
<hr/>	
At 31 December 2013	105,129
<hr/>	

Analysed for reporting purposes as:

	Group	
	2014 HK\$'000	2013 HK\$'000
Current asset	2,711	2,719
Non-current asset	94,236	102,410
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	96,947	105,129
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

20. 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	
	2014 HK\$'000	2013 HK\$'000
Remaining lease periods of over 50 years	–	–
Remaining lease periods between 10 to 50 years	96,947	105,129
	96,947	105,129

As at 31 December 2014, certain land use rights with an aggregate carrying amount of approximately HK\$6,777,000 (2013: HK\$10,604,000) had been pledged to secure banking facilities granted to the Group (note 29).

21. GOODWILL

	Group	
	2014 HK\$'000	2013 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 that arose from the acquisition of 82% equity interest of NUET(JS) in 2007. NUET(JS), through its subsidiaries, is engaged in the provision of environmental waste integrated treatment services in the Jiangsu Province, PRC.

Impairment test of goodwill

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

As at 31 December 2014, the assessment on the recoverable amount of this CGU was determined by Cushman & Wakefield, an independent firm of professional valuers, using value-in-use calculations with reference to cash flow projections based on financial budgets approved by management covering a five-year period, and at a pre-tax discount rate of 16.67% (2013: 20.55%). Cash flows beyond the five-year period are extrapolated using an annual growth rate of 2% (2013: 2%) which does not exceed the long-term growth rate for the waste treatment industries. Other key assumptions for the value-in-use calculations relate to the estimated cash inflows/outflows which include budgeted sales and gross margin. Such estimation is based on the CGU's past performance and management's expectations for the market development.

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21. GOODWILL (continued)

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

	2014	2013
Gross profit margin	52.0%	58.2%
Compound annual growth rate of revenue in the initial five-year period	3.63%	1.86%
Growth rate used to extrapolate cash flows beyond the budget period	2%	2%
Pre-tax discount rate applied to the cash flow projections	16.67%	20.55%

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 2014 (2013: Nil).

22. INTERESTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK\$'000	HK\$'000
Unlisted securities, at cost	58,156	58,156
Amounts due from subsidiaries – non-current assets (<i>note (a)</i>)	406,950	343,980
Interests in subsidiaries	465,106	402,136
Amounts due from subsidiaries – current assets (<i>note (b)</i>)	120	25,719

Notes:

- (a) The amounts due from subsidiaries are unsecured and interest-free and are considered equity in nature as capital contributions to the subsidiaries and will not be demanded for repayment within one year.
- (b) The amounts due from subsidiaries are unsecured, interest-free and repayable within one year. These balances approximate their respective fair value at the end of the reporting period.

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22. INTERESTS IN SUBSIDIARIES (continued)

The following is a list that 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	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Smartech International Group Limited	British Virgin Islands/ Hong Kong	Limited liability company	1,000,000 ordinary shares of US\$1 each	100%	100%	–	Investment holding
New Universe International Holdings Limited	British Virgin Islands/ Hong Kong	Limited liability company	10,000 ordinary shares of US\$1 each	100%	100%	–	Investment holding
Smartech Manufacturing Limited	Hong Kong	Limited liability company	70,380,000 ordinary shares	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	Registered capital: HK\$500,000	100%	–	100%	Dormant
Smartech Plastic Moulding Limited	Hong Kong	Limited liability company	100 ordinary shares	100%	–	100%	Dormant
Smartech Services Limited	Hong Kong	Limited liability company	2 ordinary shares	100%	–	100%	Provision of management services
New Universe (China) Investment Limited	British Virgin Islands/ Hong Kong	Limited liability company	1,800,000 ordinary shares of US\$1 each	100%	–	100%	Investment holding
New Universe (China) Limited	Hong Kong	Limited liability company	1,000,000 ordinary shares	100%	–	100%	Investment holding
Bestwin (China) Limited	Hong Kong	Limited liability company	15,000,000 ordinary shares	97%	–	97%	Dormant
New Universe Environmental Protection Investment Limited	British Virgin Islands/ Hong Kong	Limited liability company	4,000,000 ordinary shares of US\$1 each	100%	–	100%	Investment holding
New Universe Environmental Technologies (Jiang Su) Limited ("NUET(JS)")	Hong Kong	Limited liability company	21,640,000 ordinary shares	82%	–	82%	Investment holding
Zhenjiang New Universe Solid Waste Disposal Company Limited	PRC	Wholly-foreign-owned enterprise	Registered capital: US\$10,850,000	82%	–	100%	Environmental waste treatment services

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22. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operations	Form of legal entity	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Yancheng New Universe Solid Waste Disposal Company Limited ("Yancheng New Universe")	PRC	Wholly-foreign-owned enterprise	Registered capital: US\$700,000	82%	–	100%	Environmental waste treatment services
Taizhou New Universe Solid Waste Disposal Company Limited ("Taizhou New Universe")	PRC	Wholly-foreign-owned enterprise	Registered capital: US\$700,000	82%	–	100%	Environmental waste treatment services
New Universe Recyclable Investments Limited	British Virgin Islands/ Hong Kong	Limited liability company	10,000 ordinary shares of US\$1 each	100%	–	100%	Investment holding
New Universe Recyclables Limited	Hong Kong	Limited liability company	10,000 ordinary shares	100%	–	100%	Investment holding
New Universe International Ecology Limited	British Virgin Islands/ Hong Kong	Limited liability company	10,000 ordinary shares of US\$1 each	100%	–	100%	Dormant
Zhenjiang New Universe Rubber Limited * 鎮江新宇橡塑有限公司	PRC	Joint equity enterprise	Registered capital: RMB2,000,000	51.66%	–	63%	Environmental waste recycling services
New Sinotech Investments Limited ("NSIL")	British Virgin Islands/ Hong Kong	Limited liability company	5,000,000 ordinary shares of US\$1 each	98%	–	98%	Investment holding
Fair Time International Limited ("Fair Time")	Hong Kong	Limited liability company	99,327,000 ordinary shares	98%	–	100%	Investment holding
Zhenjiang Sinotech Eco-Electroplating Development Limited ("Zhenjiang Sinotech")	PRC	Wholly-foreign-owned enterprise	Registered capital: 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	Registered capital: RMB600,000	98%	–	100%	Environmental technical consultancy services

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

22. INTERESTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operations	Form of legal entity	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Xiangshui New Universe Environmental Technology Limited	PRC	Sino-foreign joint equity enterprise	Registered capital: HK\$50,750,000	65%	–	65%	Environmental waste treatment services
Yancheng NUHF Environmental Technology Limited * 鹽城新宇輝豐環保科技有限公司	PRC	Sino-foreign joint equity enterprise	Registered capital: HK\$66,000,000	65%	–	65%	Environmental waste treatment services

* For identification purpose only.

The following table lists out 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.

For the year ended 31 December 2014

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

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22. INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013

	Xiangshui NU	Yancheng NUHF	NUET(JS) group (note (i))	NSIL group (note (ii))
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
NCI percentage	35%	35%	18%	2%
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)

Notes:

- (i) NUET(JS) group comprises NUET(JS) as the holding company and its subsidiaries, Zhenjiang New Universe, Yancheng New Universe, Taizhou New Universe, and Zhenjiang New Universe Rubber Limited, and its associate, Zhenjiang New District Solid Waste Disposal Limited.
- (ii) NSIL group comprises NSIL as the holding company and its subsidiaries, Fair Time, Zhenjiang Sinotech and Zhenjiang Sinotech Environmental Technology Limited.

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23. INTERESTS IN AN ASSOCIATE

	Group	
	2014 HK\$'000	2013 HK\$'000
Share of net assets		
At 1 January	14,348	46,711
Capital contribution to an associate	–	3,815
Share of profits	2,555	3,979
Share of other comprehensive income	(147)	874
Reclassify to available-for-sale equity investment	–	(8,090)
Reclassify to the interests in subsidiary	–	(32,941)
At 31 December	16,756	14,348

Name of associate	Place of incorporation and business	Form of business structure	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Zhenjiang New District Solid Waste Disposal Limited* 鎮江新區固廢處置股份有限公司 (“Zhenjiang New District”)	PRC	Joint equity enterprise	Registered capital: RMB30,000,000	24.60%	–	30%	Environmental hazardous waste landfill treatment services

* For identification purpose only.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

23. INTERESTS IN AN ASSOCIATE (continued)

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

	2014	2013
	HK\$'000	HK\$'000
Gross amounts of the associate's		
Current assets	23,831	14,560
Non-current assets	62,973	64,026
Current liabilities	(14,175)	(29,485)
Non-current liabilities	(16,777)	(1,272)
Total equity	55,852	47,829
Revenue	29,003	12,150
Profit for the year	8,515	11,624
Other comprehensive income	(491)	888
Total comprehensive income	8,024	12,512
Dividend received from the associate	–	–
Reconciliation to the Group's interest in the associate		
Gross amount of net assets of the associate	55,852	47,829
Group's share of net assets of the associate	16,756	14,348
Carrying amount in the consolidated financial statements	16,756	14,348
Aggregate amounts of the Group's share of the associate's		
Profit for the year	2,555	3,487
Other comprehensive income	(147)	266
Total comprehensive income	2,408	3,753

NOTES TO THE FINANCIAL STATEMENTS

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24. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Note	Group	
		2014 HK\$'000	2013 HK\$'000
Unlisted equity investments at fair value	(a)	85,000	67,500
Unlisted equity investments at cost less impairment	(b)	–	320
		85,000	67,820

	Note	Group	
		2014 HK\$'000	2013 HK\$'000
At 1 January		67,820	55,026
Payment for purchase		641	237
Transfer from interest in associate		–	13,100
Disposals	(c)	(961)	(1,943)
Net fair value change transfer to equity through consolidated statement of comprehensive income		17,500	1,400
At 31 December		85,000	67,820

As at 31 December 2014, the Group has interests in the following available-for-sale equity investments:

Name of investee	Place of incorporation and operations	Form of legal entity	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Suzhou New Huamei Plastics Co., Limited ("Suzhou New Huamei") (note (a))	PRC	Sino-foreign joint equity enterprise	Registered capital: US\$5,000,000	18.62%	–	18.62%	Plastic materials dyeing
Danyang New Huamei Plastics Co., Limited ("Danyang New Huamei") (notes (a), (d))	PRC	Sino-foreign joint equity enterprise	Registered capital: US\$1,600,000	24.50%	–	24.50%	Plastic materials dyeing
Qingdao Zhongxin Huamei Plastics Co., Limited ("Qingdao Huamei") (notes (a), (d))	PRC	Sino-foreign joint equity enterprise	Registered capital: US\$1,650,000	28.67%	–	28.67%	Plastic materials dyeing

NOTES TO THE FINANCIAL STATEMENTS

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

Notes:

- (a) The unlisted available-for-sale equity investments carried at fair value represent investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei, which are principally engaged in plastic materials dyeing manufacturing business in Mainland China. As at 31 December 2014, the fair value of these unlisted equity investments was determined by reference to the valuation carried out by Cushman & Wakefield, an independent firm of professional valuers (2013: 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 of the discount on marketability of these unlisted investments.
- (b) The unlisted available-for-sale equity investments measured at cost less impairment had been disposed of during the year ended 31 December 2014.
- (c) The Group previously held 4% equity interest in Ever Champ (China) Limited. On 23 September 2014, the Company terminated the co-operative agreement dated 5 September 2010 for the participation to the development and establishment of an environmental waste treatment project in Jiangsu, China, the Group disposed of the 4% equity investment and the loan interests in Ever Champ (China) Limited at a total consideration of HK\$990,000 and recorded a net gain on sale of the equity investment of approximately HK\$29,000.
- (d) Qingdao Huamei and Danyang New Huamei were not regarded as associates of the Group as the Group could not exercise significant influence over their financial and operating policies and hence, the investments in Qingdao Huamei and Danyang New Huamei are accounted for as available-for-sale equity investments.

25. INVENTORIES

	Group	
	2014	2013
	HK\$'000	HK\$'000
Raw materials	1,379	1,736

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

	Group	
	2014	2013
	HK\$'000	HK\$'000
Carrying amount of inventories sold	20,330	13,196

NOTES TO THE FINANCIAL STATEMENTS

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26. TRADE AND BILLS RECEIVABLES

	Group	
	2014	2013
	HK\$'000	HK\$'000
Trade receivables	36,216	52,255
Less: allowance for impairment of trade receivables	–	–
	36,216	52,255
Bills receivable	9,422	1,819
	45,638	54,074

(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	
	2014	2013
	HK\$'000	HK\$'000
0 to 30 days	25,445	24,796
31 days to 60 days	8,393	7,995
61 days to 90 days	4,677	4,807
91 days to 180 days	4,793	9,731
181 days to 360 days	2,330	6,745
Over 360 days	–	–
	45,638	54,074

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 mainly hospitals and medical clinics.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

26. TRADE AND BILLS RECEIVABLES (continued)

(b) Impairment losses of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the 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	
	2014 HK\$'000	2013 HK\$'000
At 1 January	–	–
Impairment loss recognised	–	–
Uncollectible amounts written off	–	–
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	
	2014 HK\$'000	2013 HK\$'000
Neither past due nor impaired	33,838	32,791
Less than 30 days past due	4,677	4,807
More than 30 days but less than 90 days past due	4,793	9,731
More than 90 days but less than 360 days past due	2,330	6,745
	45,638	54,074

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

NOTES TO THE FINANCIAL STATEMENTS

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27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Prepayments and other receivables	11,041	12,684	286	230
Compensation receivable on plant relocation	5,574	–	–	–
	16,615	12,684	286	230

28. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Cash and bank balances	88,012	71,616	31,039	12,484
Time deposits	44,081	38,211	–	–
	132,093	109,827	31,039	12,484
Less: Pledged time deposits for short-term bank borrowings	10,313	–	–	–
Cash and cash equivalents in the consolidated statement of cash flows and consolidated statement of financial position	121,780	109,827	31,039	12,484

The bank balances and time deposits carried interest at market rates within the range from 0.01% to 2.85% (2013: 0.01% to 3.1%) per annum for the year ended 31 December 2014. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods within 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

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29. INTEREST-BEARING BANK BORROWINGS

As at 31 December 2014, interest-bearing bank borrowings of the Group were repayable as follows:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Current liabilities				
Within 1 year or on demand	40,788	54,007	18,400	10,000
Non-current liabilities				
Between 1 year and 2 years	1,260	–	–	–
Between 2 years and 5 years	–	–	–	–
Over 5 years	–	–	–	–
	1,260	–	–	–
Total interest-bearing bank borrowings	42,048	54,007	18,400	10,000

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Representing:				
– Guaranteed	26,100	34,563	18,400	10,000
– Pledged and guaranteed	15,948	19,444	–	–
Total interest-bearing bank borrowings	42,048	54,007	18,400	10,000

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Wholly repayable within 5 years	42,048	54,007	18,400	10,000
Wholly repayable after 5 years	–	–	–	–
	42,048	54,007	18,400	10,000

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

29. INTEREST-BEARING BANK BORROWINGS (continued)

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 44. As at 31 December 2014, none of the covenants relating to drawn down facilities had been breached (2013: Nil).

All of the secured bank loans, including amounts repayable on demand, are carried at amortised cost.

None of the portion of bank loans due for repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

Notes:

- (a) As at 31 December 2014, certain land use rights and property, plant and equipment held for own use with an aggregate carrying amount of approximately HK\$6,777,000 (2013: HK\$10,604,000) and HK\$ Nil (2013: HK\$51,413,000) respectively were pledged to a bank for bank loans of approximately HK\$1,260,000 owed by a subsidiary, Yancheng NUHF (2013: HK\$6,996,000 owed by Zhenjiang New Universe). The bank loans bear interest at variable rates ranging from 6.9% to 7.04% per annum in current year (2013: 7.04% per annum).
- (b) As at 31 December 2014, bank loan of HK\$4,375,000 (2013: HK\$6,875,000) owed by a subsidiary, NUET(JS) was secured by a fixed and floating charge over all assets of NUET(JS). The bank loan bears interest at variable rates ranging from 2.71% to 2.74% per annum in current year (2013: 2.69% to 2.76% per annum).
- (c) As at 31 December 2014, bank loan of HK\$7,700,000 (2013: HK\$10,500,000) owed by a subsidiary, NUET(JS) was guaranteed by the Company's directors, Ms. CHEUNG Siu Ling and Mr. SUEN Ki, each up to a limit of HK\$12,000,000. The bank loan bears interest at variable rates ranging from 2.05% to 2.09% per annum in current year (2013: 2.04% to 2.11% per annum).
- (d) As at 31 December 2014, bank loan of HK\$10,313,000 (2013: HK\$14,063,000) owed by a subsidiary, NUET(JS) was guaranteed by the Company up to a limit of HK\$15,000,000 and pledge of time deposits amounted to HK\$10,313,000 held by the Group at 31 December 2014. The bank loan bears interest at variable rates ranging from 2.70% to 2.74% per annum in current year (2013: 2.71% to 2.78% per annum).
- (e) As at 31 December 2014, bank loan of HK\$18,400,000 (2013: HK\$10,000,000) owed by the Company bears interest at variable rates ranging from 3.06% to 4.53% per annum in current year (2013: 4.28% to 4.53% per annum).
- (f) On 21 October 2014, the Company has signed an undertaking with Standard Chartered Bank (Hong Kong) Limited that except with the prior consent of the bank, the Company will not declare or pay any dividend to its shareholders for so long as there is amounts outstanding under the banking facilities granted by Standard Chartered Bank (Hong Kong) Limited. As at 31 December 2014 and the date of this report, the outstanding loans granted under the banking facilities were HK\$18,400,000 and HK\$11,700,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

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29. INTEREST-BEARING BANK BORROWINGS (continued)

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong dollar	40,788	41,438	18,400	10,000
United States dollar	–	5,573	–	–
Renminbi	1,260	6,996	–	–
	42,048	54,007	18,400	10,000

30. 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	
	2014 HK\$'000	2013 HK\$'000
0 to 30 days	2,011	1,188
31 days to 60 days	22	129
61 days to 90 days	47	82
Over 91 days	72	57
	2,152	1,456

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

31. ACCRUED LIABILITIES AND OTHER PAYABLES

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Salaries and bonuses payable	12,817	9,128	–	–
Payable for acquisition of property, plant and equipment	39,155	28,353	–	–
Other payables and accruals	46,078	54,647	603	534
	98,050	92,128	603	534

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32. DEFERRED GOVERNMENT GRANTS

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

	Group HK\$'000
Receipt of grants	
At 1 January 2013	3,914
Exchange adjustments	189
Receipt for the year	4,295
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At 31 December 2013 and at 1 January 2014	8,398
Exchange adjustments	(83)
Receipt for the year	760
<hr/>	
At 31 December 2014	9,075
<hr/>	
Release of grants	
At 1 January 2013	521
Exchange adjustments	21
Release for the year	273
<hr/>	
At 31 December 2013 and at 1 January 2014	815
Exchange adjustments	(22)
Release for the year	3,156
<hr/>	
At 31 December 2014	3,949
<hr/>	
Carrying amount	
At 31 December 2014	5,126
<hr/>	
At 31 December 2013	7,583
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Analysed for reporting purposes as:

	Group	
	2014 HK\$'000	2013 HK\$'000
Current liabilities	455	278
Non-current liabilities	4,671	7,305
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	5,126	7,583
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

33. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Group	
	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Provision for PRC EIT for current year	16,726	15,169
PRC EIT relating to prior years	3,636	2,999
Acquisition of interest in a subsidiary	–	254
Over provision/over payment of PRC EIT relating to prior years	(5,170)	(418)
Exchange adjustments	(63)	102
Net income tax paid	(5,333)	(14,470)
	9,796	3,636

(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 HK\$'000	Fair value adjustment of assets on business combination HK\$'000	Undistributed profits of PRC subsidiaries HK\$'000	Total HK\$'000
At 1 January 2013	310	22,687	2,241	25,238
Charge to other comprehensive income (Credit)/charge to profit or loss	140 –	– (544)	– 103	140 (441)
At 31 December 2013 and 1 January 2014	450	22,143	2,344	24,937
Charge to other comprehensive income (Credit)/charge to profit or loss	1,750 –	– (1,741)	– 796	1,750 (945)
At 31 December 2014	2,200	20,402	3,140	25,742

(c) Deferred tax assets not recognised:

At the end of the reporting period, the Group has unused tax losses of HK\$44,400,000 (2013: HK\$42,119,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

(d) Deferred tax liabilities not recognised:

At 31 December 2014, 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.

34. OTHER BORROWINGS

Other borrowings represent unsecured loans from an independent third party, bearing interest ranging from 2.5% to 4.0% per annum in the current year (2013: 2.5% to 3.0% per annum) which, pursuant to a deed of confirmation entered into between the Company and the lender on 31 December 2014, would be repayable on 31 December 2016 (2013: repayable after 20 to 22 months after the date of the drawdown of the loans).

35. SHARE CAPITAL

	Note	Number of shares		Share capital	
		2014 '000	2013 '000	2014 HK\$'000	2013 HK\$'000
Ordinary shares of HK\$0.01each					
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	2,655,697	26,557	26,557
Issue of Subscription Shares	(a)	100,000	–	1,000	–
At 31 December	(b)	2,755,697	2,655,697	27,557	26,557

Notes:

(a) New Shares Subscription

On 18 December 2014, the Company entered into a conditional subscription agreement with a subscriber in relation to the subscription of 100,000,000 new shares of the Company ("Subscription Shares") at a subscription price of HK\$0.3 per subscription share to be allotted and issued to the subscriber, a businessman, Mr. HUANG Zhiwen, upon completion of the subscription agreement ("Subscription Agreement"). Upon the granting of the approval for the listing of, and the permission to deal in, the Subscription Shares by the Stock Exchange, the condition of the Subscription Agreement has been fulfilled, and the completion of the Subscription Agreement took place on 24 December 2014. The Subscription Shares are subject to a lock-up period of 12 months commencing from the date of completion. The net proceeds of the New Shares Subscription (after deducting the expenses) were approximately HK\$29,690,000.

(b) As at 31 December 2014, the holders of ordinary shares are entitled to receive dividend to be declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. RESERVES

Group

	Attributable to owners of the Company						Total HK\$'000
	Share premium	Translation reserve	Investment revaluation reserve	Capital reserve	Statutory reserve	Retained profits	
	HK\$'000 (note 36(i))	HK\$'000 (note 36(ii))	HK\$'000 (note 36(iii))	HK\$'000 (note 36(iv))	HK\$'000 (note 36(v))	HK\$'000 (note 36(vi))	
At 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 and at 1 January 2014	305,084	41,305	5,050	4,795	16,718	150,197	523,149
Profit for the year	-	-	-	-	-	57,153	57,153
Other comprehensive income							
Exchange differences							
- on translation of financial statements of overseas subsidiaries	-	(4,309)	-	-	-	-	(4,309)
- on translation of financial statements of overseas associate	-	(147)	-	-	-	-	(147)
- reclassification of translation reserve upon de-registration of a foreign subsidiary	-	(8,100)	-	-	-	-	(8,100)
Fair value changes on available-for-sale equity investments, net of deferred tax	-	-	15,750	-	-	-	15,750
Total comprehensive income for the year	-	(12,556)	15,750	-	-	57,153	60,347
Issue of Subscription Shares, net of share issuance costs of HK\$310,000	28,690	-	-	-	-	-	28,690
Transfer to statutory reserve	-	-	-	-	6,402	(5,391)	1,011
Dividend relating to 2013	-	-	-	-	-	(12,216)	(12,216)
At 31 December 2014	333,774	28,749	20,800	4,795	23,120	189,743	600,981

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. RESERVES (continued)

Company

	Share premium HK\$'000 <i>(note 36(i))</i>	Retained profits HK\$'000 <i>(note 36(vi))</i>	Total HK\$'000
At 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 and at 1 January 2014	305,084	58,394	363,478
Profit for the year	–	22,039	22,039
Dividend relating to 2013	–	(12,216)	(12,216)
Issue of Subscription Shares, net of share issuance costs	28,690	–	28,690
At 31 December 2014	333,774	68,217	401,991

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. The reserve is dealt with in accordance with the accounting policies set out in note 2(w).

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36. RESERVES (continued)

Notes: (continued)

(iii) Investment revaluation reserve

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

(iv) Capital reserve

On 17 February 2011, the Group's effective interest in NSIL was increased from 38% to 98%, and NSIL Group became 98% indirectly-owned subsidiaries of the Company, and the excess of fair value of net assets acquired over cost of acquisition of 98% equity interests in NSIL Group of HK\$4,185,000 (after deduction of acquisition related costs) was recognised as deemed contribution from 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 2014, the Company had reserves available for distribution to its owners in the amount of HK\$401,991,000 (2013: HK\$363,478,000).

37. OPERATING LEASES COMMITMENTS

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Office premises	595	428	–	–
Plant premises	605	–	–	–
Landfill	25	89	–	–
	1,225	517	–	–

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37. OPERATING LEASES COMMITMENTS (continued)

As at 31 December 2014, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Within 1 year	1,116	325	–	–
After 1 year but within 5 years	109	192	–	–
After 5 years	–	–	–	–
	1,225	517	–	–

38. CAPITAL COMMITMENTS

At 31 December 2014, the Group had the following capital commitments:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Contracted for				
Acquisition of property, plant and equipment	155,205	84,397	–	–
Authorised and not contracted for				
Acquisition of property, plant and equipment	–	17,447	–	–
Investment in available-for-sale equity investments	–	3,443	–	3,443
	155,205	105,287	–	3,443

39. PLEDGE OF ASSETS AND BANKING FACILITIES

	Group	
	2014 HK\$'000	2013 HK\$'000
Time deposits	10,313	–
Property, plant and equipment	–	93,028
Prepaid lease payments for land use rights	6,777	19,803
	17,090	112,831

At the end of the reporting period, the total banking facilities of the Group were approximately HK\$44,568,000 (2013: HK\$119,362,000) which to the extent of HK\$42,048,000 (2013: HK\$54,007,000) were utilised as bank borrowings. As at 31 December 2014, the available unused secured banking facilities were approximately HK\$2,520,000 (2013: HK\$63,355,000).

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40. SHARE OPTION SCHEME AND EMPLOYEE RETIREMENT BENEFITS

(a) Share option scheme

The Company does not currently have a share option scheme. The share option scheme previously adopted by the Company's shareholders in general meeting on 10 December 2003 ("Lapsed Share Option Scheme") had been expired on 9 December 2013, no options had been granted or outstanding under the Lapsed Share Option Scheme of the Company.

(b) Employee retirement benefits

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution benefit schemes (the "Schemes") organised by the relevant local government authorities in Jiangsu Province, whereby the Group is required to make contributions to the Schemes at certain percentage of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligation payable to the retired employees. The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to June 2014). 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.

41. RELATED PARTY TRANSACTIONS

(a) List of related parties

During the years ended 31 December 2014 and 2013, 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; of which the Company's directors, Ms. CHEUNG Siu Ling and Mr. SUEN Ki are common directors
Mr. XI Yu	83.66% of the issued share capital of NUEL is held under the name of Mr. XI Yu
New Universe Holdings Limited ("NUHL")	the Company's director, Ms. CHEUNG Siu Ling is common director
Sun Ngai International Investment Limited ("Sun Ngai")	100% owned subsidiary of NUHL; the Company's director, Ms. CHEUNG Siu Ling is common director
Zhenjiang New District	an associate of the Group, in which the Group holds 24.6% equity interest

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41. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

	Note	Group		Company	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Recurring transactions					
Rental expenses					
– Sun Ngai	(i)	486	288	–	–
Consultancy fees					
– Mr. XI Yu	(ii)	48	–	–	–
Charges on hazardous waste landfill disposal					
– Zhenjiang New District	(iii)	4,157	2,036	–	–
Non-recurring transaction					
Loan interest paid					
– NUEL	(iv)	–	375	–	375

Notes:

- (i) Rental expenses were charged by Sun Ngai for leasing office premises and warehouse of the Group in Hong Kong. The lease runs for a period of two years and the monthly rent was in commensurate with the market rate.
- (ii) On 22 August 2014, the Company appointed Mr. XI Yu as a consultant to the Group for a term with effect from 22 August 2014 to 31 December 2014 for a total fee of HK\$48,000.
- (iii) The charges paid to Zhenjiang New District were made according to the contracted prices and conditions for hazardous waste landfill disposal in compliance with the relevant administrative requirement promulgated by the national pricing bureaus in PRC.
- (iv) Interest expenses were charged by NUEL at a fixed rate of 2% per annum for amounts previously due by the Company.

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.

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41. RELATED PARTY TRANSACTIONS (continued)

(c) Guarantees

- (i) As at 31 December 2014, the Group's bank borrowings of HK\$7,700,000 (2013: HK\$10,500,000) were secured by personal guarantee provided by Ms. CHEUNG Siu Ling, the executive Director of the Company as disclosed in note 29 to the financial statements.
- (ii) As at 31 December 2014, the Group's bank borrowings of HK\$7,700,000 (2013: HK\$10,500,000) were secured by personal guarantee provided by Mr. SUEN Ki, the non-executive Director of the Company as disclosed in note 29 to the financial statements.
- (iii) As at 31 December 2014, the Group's bank borrowing of HK\$40,788,000 (2013: HK\$47,011,000) were secured by personal guarantee provided by Mr. XI Yu, the ex-executive Director of the Company who resigned on 18 August 2014.

(d) 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 11 and certain of the highest paid individual as disclosed in note 12 to the financial statements, is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Continuing operations		
Salaries and other benefits	7,432	6,483
Retirement scheme contributions	80	72
Discretionary bonuses	4,900	1,316
	12,412	7,871

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42. FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial instruments include loans and receivables, available-for-sale equity investments, and liabilities measured at amortised cost. The carrying amount of each category of the Group's financial assets and liabilities recognised at 31 December 2014 and 2013 are as follows.

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

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
(i) Financial assets				
Loans and receivables				
Trade and bills receivables	45,638	54,074	–	–
Financial assets included in prepayment, deposits and other receivables	6,138	635	–	–
Due from subsidiaries	–	–	120	25,719
Pledged time deposits	10,313	–	–	–
Cash and cash equivalents	121,780	109,827	31,039	12,484
Available-for-sale financial assets				
Available-for-sale equity investments	85,000	67,820	–	–
Total financial assets	268,869	232,356	31,159	38,203
(ii) Financial liabilities				
Financial liabilities at amortised cost				
Interest-bearing bank borrowings	42,048	54,007	18,400	10,000
Other borrowings	48,000	40,000	48,000	40,000
Trade payables	2,152	1,456	–	–
Financial liabilities included in accrued liabilities and other payables	98,050	92,128	603	534
Deposits received from customers	901	2,458	–	–
Total financial liabilities	191,151	190,049	67,003	50,534

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

NOTES TO THE FINANCIAL STATEMENTS

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43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Group			
	Carrying amounts		Fair values	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Financial assets				
Available-for-sale equity investments	85,000	67,820	85,000	67,820

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

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

The fair values of non-current portion of interest-bearing bank loans and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for the instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings and other borrowings as at 31 December 2014 was assessed to be insignificant.

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

NOTES TO THE FINANCIAL STATEMENTS

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43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(continued)

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments that are measured at fair value at the end of the reporting period on a recurring basis, and that are 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, that is, unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, that is, 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.

Assets for which fair values are disclosed

The following table presents the Group's financial instruments that are measured at fair value as at 31 December 2014. During the years ended 31 December 2014 and 2013, there were no transfers between instruments in Level 1 and Level 2 (2013: Nil), or transfer into or out of Level 3 (2013: Nil).

	Group							
	2014				2013			
	Fair value at 31 December				Fair value at 31 December			
	2014	Level 1	Level 2	Level 3	2013	Level 1	Level 2	Level 3
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Available-for-sale equity investments	85,000	-	-	85,000	67,500	-	-	67,500

The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur. During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2013: Nil).

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43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(continued)

Fair value hierarchy (continued)

Below is a summary of information about Level 3 fair value measurements:

	Valuation techniques	Significant unobservable inputs	Marketability discount	
			2014	2013
Unlisted available-for-sale equity investments	Market comparable companies	Discount for lack of marketability	16%	16%

The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2014, it was estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's other comprehensive income by HK\$5,000,000 (2013: HK\$4,000,000).

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

	Group	
	2014 HK\$'000	2013 HK\$'000
Unlisted available-for-sale equity investments:		
At 1 January	67,500	53,000
Transfer from interests in associates	–	13,100
Net unrealised gains recognised in other comprehensive income	17,500	1,400
At 31 December	85,000	67,500

NOTES TO THE FINANCIAL STATEMENTS

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44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

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

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

Foreign currency risk

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

Some of the trading transactions of the Group were denominated in United States dollar (US\$). The Group's exposure to currency risk arises from financial instruments that are monetary items or from financial instruments not denominated in the functional currencies of the respective entities within the Group, which are HK\$ and RMB. For the years ended 31 December 2013 and 2014, no sales of the Group were denominated in foreign currencies other than the functional currencies of the Group.

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:

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Monetary financial assets				
Other receivables	10	10	10	10
Cash and cash equivalents	314	628	34	555
	324	638	44	565
Monetary financial liabilities				
Interest-bearing bank borrowings	–	719	–	–
Current net exposure	324	(81)	44	565

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Sensitivity analysis of currency risk

The management considered that the currency risk to be low as the exchange rates of US\$ relative to HK\$ or RMB were not significant for both 2014 and 2013. Therefore, no hedging or similar measures have been implemented by the Group. At 31 December 2014 and 2013, 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 the risk of changes in market interest rate in relation to variable-rate bank borrowings (note 29 to the financial statements for details of these borrowings) and bank balances (note 28 to the financial statements for details of these deposits) and fair value interest rate risk in relation to fixed-rate borrowings (note 34 to the financial statements). It is the Group's policy to manage its interest costs using a mix of fixed and variable rate debts, and to minimise fair value interest rate risk in relation to fixed-rate borrowings. At 31 December 2014, approximately 53.3% (2013: 42.6%) of the Group's interest-bearing borrowings bore interest at fixed rates. The Group has no significant interest-bearing assets apart from bank balances with their interest rate profile disclosed in note 28 to the financial statements. The interest rate profiles of the bank borrowings and other borrowings are disclosed in notes 29 and 34 to the financial statements respectively.

Sensitivity analysis of interest rate risk

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

	Group			
	+ 100 bp impact		- 100 bp impact	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Decrease)/increase in profit after tax	(420)	(540)	420	540
(Decrease)/increase in total equity	(420)	(540)	420	540

	Company			
	+ 100 bp impact		- 100 bp impact	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Decrease)/increase in profit after tax	(184)	(100)	184	100
(Decrease)/increase in total equity	(184)	(100)	184	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Sensitivity analysis of interest rate risk (continued)

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

Other price risk

The Group is exposed to equity price risk through its equity investments classified as available for-sale equity investments as set out in note 24 to the financial statements.

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

Sensitivity analysis of other price risk

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. The following table illustrates the sensitivity if the prices of the respective equity investments had been 5% (2013: 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.

	Group			
	+ 5% impact		- 5% impact	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Increase/(decrease) in profit after tax	–	–	–	–
Increase/(decrease) in total equity	3,825	3,038	(3,825)	(3,038)

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

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44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. As at 31 December 2014, the Group's maximum exposure to credit risk which will cause financial loss to the Group if the counter parties fail to discharge their obligations is the carrying amount of the respective financial assets included 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	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Classes of financial assets						
Trade and bills receivables	45,638	54,074	–	–	45,638	54,074
Other receivables	6,138	635	–	–	6,138	635
Pledged time deposits	–	–	10,313	–	10,313	–
Cash and cash equivalents	87,270	94,449	34,510	15,378	121,780	109,827
	139,046	149,158	44,823	15,378	183,869	164,536

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

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

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

The Group's concentration of credit risk by geographical locations is mainly in the Mainland China, which accounted for 100% (2013: 100%) of the total receivables (being the total classified under "Trade and bills receivables" and "Other receivables") as at 31 December 2014.

As at 31 December 2014, the Group had certain concentration of credit risk as 2.9% (2013: 2.2%) and 3.8% (2013: 3.5%) of the Group's trade receivables classified under "Trade and bills receivables" were due from the Group's largest customer and the five largest customers, respectively.

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44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk

The Group manages its liquidity through maintaining a balance between continuity of funding and flexibility through the use of bank borrowings, banking facilities, and other interest-bearing borrowings. In managing its liquidity risk, the Group maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group regularly monitors its liquidity requirements and its compliance covenants, and ensures sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms. The Group has secured loan facilities of approximately HK\$2,520,000 not yet drawn down by the Group as at 31 December 2014 (2013: HK\$65,355,000).

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, the following table shows the cash outflow based on the contractual repayment schedule and, separately, the impact of the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

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

	Group						
	As at 31 December 2014						
	Total						
Carrying amount	undiscounted cash flows	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial liabilities							
Bank borrowings							
– at variable rate	42,048	42,258	6,700	2,263	31,825	1,470	–
Other borrowings							
– at fixed rates	48,000	51,840	–	–	–	51,840	–
Trade payables	2,152	2,152	72	69	2,011	–	–
Accrued liabilities and other payables	98,050	98,050	69,969	1,554	26,527	–	–
Deposits received from customers	901	901	901	–	–	–	–
	191,151	195,201	77,642	3,886	60,363	53,310	–

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44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk (continued)

	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	–

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

Capital management

The Group's capital management objectives are:

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

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

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44. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Capital management (continued)

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

No changes were made in the objectives, policies or process for managing the capital during the years ended 31 December 2014 and 31 December 2013.

The Group monitors its capital using gearing ratio. The Group expects to maintain its gearing ratio at less than 50%. The gearing ratios as at 31 December 2014 and 2013 were as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Current liabilities		
Interest-bearing bank borrowings	40,788	54,007
Trade payables	2,152	1,456
Accrued liabilities and other payables	98,050	92,128
Deposits received from customers	901	2,458
	141,891	150,049
Non-current liabilities		
Interest-bearing bank borrowings	1,260	–
Other borrowings	48,000	40,000
	49,260	40,000
Total liabilities (excluding government grants and taxes)	191,151	190,049
Less: Cash and cash equivalents	121,780	109,827
Net debt	69,371	80,222
Total equity	701,253	608,257
Total equity and net debt	770,624	688,479
Gearing ratio	9.0%	11.7%

NOTES TO THE FINANCIAL STATEMENTS

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45. ENVIRONMENTAL CONTINGENCIES

For the year ended 31 December 2014, the Group's subsidiaries in the PRC, Zhenjiang New Universe, Yancheng New Universe, Taizhou New Universe and Yancheng NUHF have provided regulated medical waste treatment services to hospitals and medical clinics, and provided hazardous and industrial waste treatment services in Jiangsu Province. Their related operations require effective operating licenses for specific categories of hazardous waste and/or regulated medical waste issued by the Environmental Protection Bureau of Jiangsu Province, the PRC and the corresponding district environmental protection departments. To the best knowledge of the Company's Directors, each of the Group's subsidiaries which carries out treatment operations for hazardous and industrial waste treatment and/or regulated medical waste has complied with the relevant regulations to ensure continuous renewal of the licenses concerned, or otherwise, the subsidiary would cease its operations temporarily until the relevant license(s) is being issued.

For the year ended 31 December 2014 and up to the date of this report, the Group's subsidiaries in the PRC have not incurred any significant expenditures for environmental remediation and have not currently involved in any significant environmental remediation. In addition, the Company and the Group's subsidiaries in the PRC have not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, the management believes that there are no probable liabilities that will have a material adverse effect to the financial position or operating results of the Group.

46. 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 15.

47. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2014, the Directors consider the ultimate controlling party of the Group to be New Universe Enterprises Limited, which is a limited liability company incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

On 20 August 2014, Ms. CHEUNG Siu Ling, the Director of the Company, together with her spouse, Mr. CHU Yuk Ngai, in their capacities as creditors of NUEL, have filed a winding-up petition in the High Court of Hong Kong against NUEL. On 18 March 2015, upon the application of Ms. CHEUNG Siu Ling and Mr. CHU Yuk Ngai, the Master ordered the winding-up petition be withdrawn.

NOTES TO THE FINANCIAL STATEMENTS

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48. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 July 2014

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

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.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 19 March 2015.