New Universe Environmental Group Limited

新宇環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 436)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	2023	2022
	HK$'000	*HK$'000*
Total revenue from continuing operations	**405,612**	516,141
Adjusted EBITDA	**82,450**	114,899
(Loss)/profit attributable to shareholders	**(33,118)**	7,273
Basic and diluted (loss)/earnings per share *(in HK cents)*	**(1.09)**	0.24
Final dividend per share *(in HK cents)*	**0.16**	0.38
Equity attributable to shareholders at 31 December	**908,251**	961,677
Bank borrowings at 31 December	**44,000**	97,959
Cash and cash equivalents at 31 December	**186,365**	270,279

ANNUAL RESULTS 2023

The board (the "**Board**") of directors (the "**Directors**") of New Universe Environmental Group Limited (the "**Company**") hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Note	**2023** *HK$'000*	2022 *HK$'000* (Restated)
Continuing operations			
Revenue	3(a)	**405,612**	516,141
Cost of sales	8	**(340,195)**	(397,313)
Gross profit		**65,417**	118,828
Other revenue	5	**3,945**	4,249
Other income	6	**6,781**	11,203
Gain on disposal of interest in a subsidiary		**–**	27,303
Distribution costs		**(19,263)**	(22,090)
Administrative expenses		**(49,771)**	(58,572)
Reversal of impairment loss/(impairment loss) on trade receivables, net		**15,672**	(2,185)
Other operating expenses	8	**(21,506)**	(20,909)
Operating profit		**1,275**	57,827
Finance income	7	**5,469**	5,420
Finance costs	7	**(3,780)**	(5,683)
Finance income/(costs) – net	7	**1,689**	(263)
Share of results of associates		**(9,416)**	(7,250)
Share of results of a joint venture		**(11,726)**	(13,044)
(Loss)/profit before taxation	8	**(18,178)**	37,270
Income tax	9	**(13,053)**	(20,033)
(Loss)/profit from continuing operations		**(31,231)**	17,237
Discontinued operation			
Loss from discontinued operation	4	**(4,536)**	(12,673)
(Loss)/profit for the year		**(35,767)**	4,564

	Note	**2023**	2022
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Owners of the Company		**(33,118)**	7,273
Non-controlling interests		**(2,649)**	(2,709)
		(35,767)	4,564
(Loss)/profit attributable to owners of the Company:			
– From continuing operations		**(28,582)**	19,946
– From discontinued operation		**(4,536)**	(12,673)
		(33,118)	7,273
		HK cents	*HK cents*
(Loss)/earnings per share	10		
From continuing and discontinued operations			
Basic and diluted		**(1.09)**	0.24
From continuing operations			
Basic and diluted		**(0.94)**	0.66

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit for the year	**(35,767)**	4,564
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences		
– on translation of financial statements of overseas subsidiaries	**(16,778)**	(67,024)
– on translation of financial statements of overseas associates	**(3,931)**	(12,597)
– on translation of financial statements of an overseas joint venture	**(887)**	(3,316)
Release of translation reserve		
– upon disposal of interest in an overseas subsidiary	**–**	(2,591)
– upon disposal of discontinued operation	**352**	–
Items that will not be reclassified subsequently to profit or loss:		
Fair value changes on equity investments at fair value through other comprehensive income (non-recycling)	**11,200**	(10,500)
Deferred tax effect relating to changes in fair value of equity investments	**(2,170)**	(580)
Other comprehensive income for the year, net of income tax	**(12,214)**	(96,608)
Total comprehensive loss for the year	**(47,981)**	(92,044)
Attributable to:		
Owners of the Company	**(42,379)**	(79,738)
Non-controlling interests	**(5,602)**	(12,306)
	(47,981)	(92,044)
Total comprehensive loss for the year attributable to owners of the Company arises from:		
Continuing operations	**(38,195)**	(66,292)
Discontinued operation	**(4,184)**	(13,446)
	(42,379)	(79,738)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**578,436**	651,164
Right-of-use assets		**98,547**	103,159
Goodwill		**33,000**	33,000
Interests in associates		**138,899**	153,450
Interest in a joint venture		**33,683**	35,213
Equity investments at fair value through other comprehensive income		**81,500**	70,300
Deferred tax assets		**5,846**	10,229
		969,911	1,056,515
Current assets			
Inventories		**4,936**	7,037
Trade and bills receivables	12	**92,617**	106,499
Prepayments, deposits and other receivables		**32,497**	21,081
Contract assets		**–**	32,652
Restricted bank deposits		**731**	5,225
Cash and cash equivalents		**186,365**	270,279
		317,146	442,773
Assets classified as held for sale		**14,367**	14,758
		331,513	457,531
Current liabilities			
Bank borrowings	13	**44,000**	97,959
Trade and bills payables	14	**59,392**	69,739
Accrued liabilities and other payables		**137,374**	218,612
Lease liabilities		**332**	326
Contract liabilities		**4,272**	3,190
Deferred government grants		**1,881**	1,935
Income tax payable		**2,729**	5,575
		249,980	397,336
Net current assets		**81,533**	60,195
Total assets		**1,301,424**	1,514,046
Total assets less current liabilities		**1,051,444**	1,116,710

	Note	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities		**–**	341
Deferred government grants		**8,360**	10,462
Deferred tax liabilities		**29,725**	30,400
		38,085	41,203
Total liabilities		**288,065**	438,539
Net assets		**1,013,359**	1,075,507
Capital and reserves			
Share capital		**30,357**	30,357
Reserves		**877,894**	931,320
Equity attributable to owners of the Company		**908,251**	961,677
Non-controlling interests		**105,108**	113,830
Total equity		**1,013,359**	1,075,507

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1 GENERAL INFORMATION

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

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

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

(d) These consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 were approved for issuance by the Board on 22 March 2024.

2 BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries and the Group's interests in associates and a joint venture.

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

- Equity investments – measured at fair value

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

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

(c) Changes in accounting policies

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements,* and HKFRS Practice Statement 2*, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes, International tax reform – Pillar two model rules*

Except for the below, the application of the above new and amendments to HKFRSs has had no material impact on the Group's financial performance and position for the current and prior periods and/or disclosures set out in these financial statements:

- Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

The Group has adopted the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements replace all instance of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information include in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that are accounting policy information may be material because of the nature of the related transactions, other events or conditions, is itself is material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

An operating segment regarding the environmental equipment construction and installation services was discontinued in the current year. The segment information reported in note 3(b) does not include any amounts for the discontinued operation, which is described in more details in note 4.

(i) *Disaggregation of revenue*

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

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Disaggregation by service lines		
– Revenue from hazardous waste incineration and landfill services	**272,671**	373,494
– Revenue from industrial sewage treatment services and providing related utilities and management services	**100,481**	108,323
	373,152	481,817
Revenue from other sources		
– Leasing income from providing factory facilities	**32,460**	34,324
Total revenue from continuing operations	**405,612**	516,141
Timing of revenue recognition in respect of contracts with customers		
– At a point in time	**272,671**	373,494
– Over time	**100,481**	108,323
	373,152	481,817

(ii) *Performance obligations*

The amounts of transaction prices allocation to the remaining performance obligations as at 31 December 2023 are as follows:

	2023	2022
	HK$'000	*HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**–**	54,802

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

(b) Segment reporting

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

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

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

(iii) investments in plastic materials dyeing business.

(c) Segment results, assets and liabilities

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

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

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

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

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

For the year ended 31 December 2023

Continuing operations

	Operating segments					
	Environmental waste treatment and disposal *HK$'000*	Environmental sewage treatment, management services, utilities and facilities *HK$'000*	Plastic dyeing investments *HK$'000*	Segment sub-total *HK$'000*	Unallocated head office and corporate *HK$'000*	Total *HK$'000*
Revenue from external customers	272,671	132,941	–	405,612	–	405,612
Other revenue	–	–	3,945	3,945	–	3,945
Reportable segment revenue	272,671	132,941	3,945	409,557	–	409,557
Reportable segment results	(20,324)	15,776	3,284	(1,264)	–	(1,264)
Other income	5,138	1,643	–	6,781	–	6,781
Finance income	5,112	(214)	(243)	4,655	814	5,469
Finance costs	(2,328)	(688)	–	(3,016)	(764)	(3,780)
Depreciation and amortisation	(54,097)	(21,258)	–	(75,355)	(351)	(75,706)
Reversal of impairment loss/(impairment loss) on trade receivables, net	20,737	(5,065)	–	15,672	–	15,672
Reportable segment assets	906,488	290,110	81,881	1,278,479	22,945	1,301,424
Additions to non-current segment assets	14,152	5,974	–	20,126	6	20,132
Reportable segment liabilities	228,076	51,037	6,321	285,434	2,631	288,065

For the year ended 31 December 2022

Continuing operations

	Operating segments					
	Environmental waste treatment and disposal *HK$'000*	Environmental sewage treatment, management services, utilities and facilities *HK$'000*	Plastic dyeing investments *HK$'000*	Segment sub-total *HK$'000*	Unallocated head office and corporate *HK$'000*	Total *HK$'000*
Revenue from external customers	373,494	142,647	–	516,141	–	516,141
Other revenue	–	–	4,249	4,249	–	4,249
Reportable segment revenue	373,494	142,647	4,249	520,390	–	520,390
Reportable segment results	20,629	30,762	3,345	54,736	–	54,736
Other income	9,540	1,663	–	11,203	–	11,203
Gain on disposal of a subsidiary	27,303	–	–	27,303	–	27,303
Finance income	3,485	2,269	(474)	5,280	140	5,420
Finance costs	(3,257)	(931)	–	(4,188)	(1,495)	(5,683)
Depreciation and amortisation	(56,369)	(22,231)	–	(78,600)	(355)	(78,955)
Impairment loss on trade receivables, net	(2,064)	(121)	–	(2,185)	–	(2,185)
Reportable segment assets	1,019,802	315,499	70,797	1,406,098	29,267	1,435,365
Additions to non-current segment assets	21,954	2,959	–	24,913	7	24,920
Reportable segment liabilities	274,007	69,308	4,151	347,466	27,609	375,075

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

	2023	2022
	HK$'000	*HK$'000*
Continuing operations		
Revenue		
Consolidated revenue	**405,612**	516,141
Elimination of inter-segment revenue	**–**	–
Other revenue	**3,945**	4,249
Reportable segment revenue	**409,557**	520,390
(Loss)/profit from continuing operations		
Reportable segment (loss)/profit	**(1,264)**	54,736
Unallocated head office and corporate expenses	**(16,914)**	(17,466)
Consolidated (loss)/profit before taxation from continuing operations	**(18,178)**	37,270
Assets		
Reportable segment assets	**1,278,479**	1,406,098
Unallocated head office and corporate assets	**22,945**	29,267
Assets for discontinued operation	**–**	78,681
Consolidated total assets	**1,301,424**	1,514,046
Liabilities		
Reportable segment liabilities	**285,434**	347,466
Unallocated head office and corporate liabilities	**2,631**	27,609
Liabilities for discontinued operation	**–**	63,464
Consolidated total liabilities	**288,065**	438,539

(e) Geographic information

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

(f) Major customers

Revenue from continuing operations of approximately HK$18,942,000 (2022: HK$29,797,000) representing 7.0% (2022: 5.8%) was derived from a single external customer for the year ended 31 December 2023, which was attributed to the segment of environmental waste treatment and disposal services (2022: the segment of environmental waste treatment and disposal services).

There was no major customer accounted for 10% or more of the total revenue of the Group for the years ended 31 December 2023 and 2022.

4 DISCONTINUED OPERATION

On 3 August 2023, the Group disposed of the entire interest in a subsidiary, Jiangsu Yu Xin Environmental Engineering Management Company Limited* ("**Jiangsu Yu Xin**") at a consideration of RMB12,000,000 (equivalent to HK$13,074,000), resulting in a gain on disposal of a subsidiary of HK$4,945,000. Jiangsu Yu Xin was principally engaged in the provision of environmental equipment construction and installation services, accounted for as a separate operating segment of the Group. Following the disposal of Jiangsu Yu Xin, the Group ceased to operate its environmental equipment construction and installation services business.

	2023	2022
	HK$'000	*HK$'000*
Revenue	**1,803**	72,810
Cost of sales	**(5,104)**	(72,281)
Other income	**61**	213
Distribution costs	**(839)**	(2,637)
Administrative expenses	**(1,049)**	(453)
Impairment loss on trade receivables, net	**–**	(1,203)
Other operating expenses	**(4,389)**	(9,838)
Finance income	**42**	232
Finance costs	**–**	(10)
Loss before tax	**(9,475)**	(13,167)
Income tax	**(6)**	494
Loss after tax	**(9,481)**	(12,673)
Gain on disposal of a subsidiary	**4,945**	–
Loss for the year from discontinued operation	**(4,536)**	(12,673)
	HK cents	*HK cents*
Loss per share:		
Basic and diluted	**(0.15)**	(0.42)

5 OTHER REVENUE

Continuing operations

	2023	2022
	HK$'000	*HK$'000*
Dividend income from equity investments at fair value through other comprehensive income	**3,945**	4,249

6 OTHER INCOME

Continuing operations

	Note	**2023** ***HK$'000***	2022 *HK$'000*
Refund of value-added tax	(a)	**1,482**	3,122
Government grants	(b)	**2,226**	3,158
Release of deferred government grants		**2,017**	2,026
Sundry income		**1,056**	2,897
		6,781	11,203

Notes:

(a) Pursuant to the tax rules and regulations in the PRC, subsidiaries of the Group that engage in the environmental operations, comply with the requirements in the PRC and pay Value-added Tax ("**VAT**") at 6% (2022: 6%) on invoiced income are entitled to a refund up to 70% of the net VAT paid. There were no unfulfilled conditions and other contingencies attached to such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

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

7 FINANCE INCOME AND COSTS

Continuing operations

	2023 ***HK$'000***	2022 *HK$'000*
Finance income from:		
Interest income on bank deposits	**4,993**	3,086
Net foreign exchange gain	**476**	2,334
Total finance income	**5,469**	5,420
Interest expenses on:		
Bank borrowings	**(3,756)**	(5,641)
Lease liabilities	**(24)**	(42)
Total finance costs	**(3,780)**	(5,683)
Net finance income/(costs)	**1,689**	(263)

8 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation from continuing operations was arrived at after charging:

	2023	2022
	HK$'000	*HK$'000*
Auditor's remuneration:		
– audit services	**1,350**	1,350
– non-audit services	**210**	210
	1,560	1,560
Depreciation of property, plant and equipment	**72,428**	75,593
Depreciation of right-of-use assets	**3,278**	3,362
Operating lease charges: minimum lease payments		
– land and buildings in Hong Kong	**1,080**	1,080
– landfill in the PRC	**112**	118
	1,192	1,198
Other operating expenses:		
Net loss on disposal of property, plant and equipment	**1,301**	308
Costs on cleanup of development site	**3,011**	–
Costs on litigations and non-compliance incidents	**4,645**	3,440
Legal and professional expenses	**4,523**	7,422
Research and development expenses	**6,055**	7,351
Other expenses	**1,971**	2,388
	21,506	20,909
Staff costs:		
– Directors' emoluments	**4,107**	4,043
– salaries, wages and other benefits of employees other than directors	**72,147**	83,397
– contributions to retirement benefits schemes	**12,529**	13,414
– equity-settled share-based payment expenses	**489**	475
Total staff costs	**89,272**	101,329
Cost of sales *(note)*	**340,195**	397,313

Note:

Included in cost of sales were raw materials in the amount of HK$46,825,000 (2022: HK$72,487,000), water and electricity in the amount of HK$40,112,000 (2022: HK$41,661,000), staff costs of HK$47,136,000 (2022: HK$53,291,000), and depreciation of HK$70,107,000 (2022: HK$74,318,000), and of which staff costs and depreciation have already been included in the respective total amounts disclosed above.

9 INCOME TAX

Continuing operations

Taxation in the consolidated statement of profit or loss represents:

	2023	2022
	HK$'000	*HK$'000*
Current tax		
PRC Corporate Income Tax	**9,077**	18,446
Under-provision in respect of prior years	**491**	1,284
PRC Dividend Withholding Tax	**2,059**	3,455
	11,627	23,185
Deferred tax		
PRC Dividend Withholding Tax	**(2,059)**	(3,455)
Origination and reversal of other temporary differences	**3,485**	303
	13,053	20,033

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% (2022: 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 2023 and 2022.

(iii) The Company's subsidiaries in PRC are subject to a statutory Corporate Income Tax ("**CIT**") at the rate of 25% (2022: 25%), except for the subsidiaries which are qualified as the High and New Technology Enterprise in PRC that would be entitled to enjoy a preferential CIT at the rate of 15% (2022: 15%). Dividend distribution from subsidiaries in PRC to the holding companies in Hong Kong is subject to a reduced withholding tax rate of 5% (2022: 5%),

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company of and the weighted average number of ordinary shares of the Company in issue during the year as follows:

	2023	2022
	HK$'000	*HK$'000*
(Loss)/profit attributable to owners of the Company, as used in the calculation of basic and diluted (loss)/earnings per share:		
(Loss)/profit from continuing operations	**(28,582)**	19,946
Loss from discontinued operation	**(4,536)**	(12,673)
(Loss)/profit from continuing operations and discontinued operation	**(33,118)**	7,273

Weighted average number of ordinary shares

	2023	2022
Ordinary shares in issue at 1 January and 31 December	**3,035,697,018**	3,035,697,018

(b) Diluted (loss)/earnings per share

No assumption was made for the exercise of share options because the exercise price of share option exceeded the average market price of the Company's share. Accordingly, diluted (loss)/earnings per share was the same as basic (loss)/earnings per share for both years.

11 DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the year

	2023	2022
	HK$'000	*HK$'000*
Final dividend proposed after the end of the reporting period of HK$0.0016 (2022: HK$0.0038) per share	**4,857**	11,536

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**

	2023	2022
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.0038 (2022: HK$0.0039) per share	**11,536**	11,839

12 TRADE AND BILLS RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**73,337**	124,866
Lease receivables	**15,853**	21,424
Bills receivables	**26,823**	1,597
	116,013	147,887
Less: allowance for credit loss	**(23,396)**	(41,388)
	92,617	106,499

Ageing analysis

The ageing analysis of trade receivables (which comprised of customer account receivables and lease receivables) and bills receivables as of the end of the reporting period, based on the invoice date and net of loss allowance is as follows:

	2023	2022
	HK$'000	*HK$'000*
0 to 30 days	**57,669**	47,751
31 days to 60 days	**9,236**	13,217
61 days to 90 days	**10,694**	14,437
91 days to 180 days	**6,305**	21,859
181 days to 360 days	**3,738**	5,588
Over 1 year	**4,975**	3,647
	92,617	106,499

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

13 BANK BORROWINGS

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

	Note	**2023** **HK$'000**	2022 *HK$'000*
Current liabilities			
– Secured bank borrowings	(a)	**22,000**	67,800
– Unsecured bank borrowings	(b)	**22,000**	30,159
		44,000	97,959

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

	2023 **HK$'000**	2022 *HK$'000*
Hong Kong Dollar	**–**	25,300
Renminbi	**44,000**	72,659
	44,000	97,959

Notes:

(a) Secured bank borrowings carry fixed interest rates ranged from 3.90% to 4.25% (2022: 4.05% to 4.35%) per annum.

(b) Unsecured bank borrowings carry interest rates ranged from 3.20% to 7.99% (2022: 1.65% to 7.99%) per annum.

(c) As at 31 December 2023, the secured bank borrowings were secured by pledge of land use rights and certain property, plant and equipment of approximately HK$7,692,000 (2022: HK$26,091,000) and HK$57,483,000 (2022: HK$89,129,000) respectively.

(d) The Group's short-term loan facilities amounting to HK$197,300,000 (2022: HK$137,000,000), of which HK$44,000,000 (2022: HK$97,959,000) has been utilised as at the end of the reporting period.

14 TRADE AND BILLS PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**59,392**	59,497
Bills payables	**–**	10,242
	59,392	69,739

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

	2023	2022
	HK$'000	*HK$'000*
0 to 30 days	**12,740**	17,040
31 days to 60 days	**5,422**	5,428
61 days to 90 days	**3,022**	3,431
Over 91 days	**38,208**	33,598
	59,392	59,497

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

15 CONTINGENCIES

(a) Legal contingencies

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

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

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

As at 31 December 2023, the amounts accrued in the consolidated financial statements for both Plaintiffs were approximately HK$51,080,000 (2022: HK$53,504,000).

(b) Environmental contingencies

For the year ended 31 December 2023, the Group's subsidiaries have provided regulated medical waste treatment and disposal services to hospitals and medical clinics, and provided hazardous industrial waste treatment services and industrial sewage treatment and disposal services in Jiangsu Province, the PRC. The related operations require valid operating permission licences for processing specific categories of hazardous waste and/or regulated medical waste and industrial sewage treatment services issued by the Environmental Protection Department of the Jiangsu Province, the PRC. To the best knowledge of the Directors, each of the Group's subsidiaries which carries out treatment operations for hazardous industrial waste treatment and/or regulated medical waste and industrial sewage treatment services has complied with the relevant regulations to ensure continuous renewal of the licences concerned with best efforts, or otherwise, the subsidiary would cease its operations temporarily until the relevant licence(s) is being issued. Save as disclosed therein, for the year ended 31 December 2023 and up to the date of this announcement, the Group's subsidiaries in the PRC have not incurred significant expenditures for environmental remediation and have not currently involved in any significant environmental remediation. In addition, the Company and the Group's subsidiaries in the PRC have not accrued any amounts for environmental remediation relating to its operations. Under existing legislations and regulations, the management believes that there are no probable liabilities that will have a material adverse effect to the financial position or operating results of the Group.

Save as disclosed herein, there were no other significant contingent liabilities of the Group as at 31 December 2023 (2022: Nil).

16 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors proposed a final dividend. Details are disclosed in note 11.

17 COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated due to the presentation for the discontinued operation during the year, as disclosed in note 4, and to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2023, the overall performance of the Group was still down-turning as compared to that in 2022 amidst the continuous impact of changing local market demand of handling hazardous waste discharged.

For the year ended 31 December 2023, the Group's revenue from continuing operations decreased by 21.4% to HK$405,612,000 (2022: HK$516,141,000) and recorded a net loss of HK$31,231,000 (2022: net profit of HK$17,237,000) from continuing operations.

For the year ended 31 December 2023, the loss attributable to owners of the Company was HK$33,118,000 (2022: attributable profit of HK$7,273,000).

Equity attributable to owners of the Company as at 31 December 2023 decreased to HK$908,251,000 (2022: HK$961,677,000). Total bank borrowings of the Group as at 31 December 2023 decreased to HK$44,000,000 (2022: HK$97,959,000). Cash and cash equivalents of the Group as at 31 December 2023 decreased to HK$186,365,000 (2022: HK$270,279,000).

Environmental Treatment and Disposal Services for Industrial and Medical Wastes

For the year ended 31 December 2023, the Company's subsidiaries had collected from external customers for treatment and disposal in aggregate of approximately 96,686 metric tonnes (2022: 100,096 metric tonnes) of different hazardous and non-hazardous waste from various cities in Jiangsu Province, and the total segment revenue from the provision of environmental treatment and disposal services for industrial and medical wastes was approximately HK$272,671,000 (2022: HK$373,494,000).

	2023		2022	
	Waste collected and disposed metric tonnes	**Segment revenue *HK$'000***	Waste collected and disposed metric tonnes	Segment revenue *HK$'000*
Hazardous industrial waste	**87,410**	**227,168**	82,553	287,654
Regulated medical waste	**8,344**	**44,046**	14,428	82,973
General industrial solid waste and others	**932**	**1,457**	3,115	2,867
Total	**96,686**	**272,671**	100,096	373,494

The Group holds interests in two associates, with 30% equity interest in Zhenjiang Xin Qu Solid Waste Disposal Limited* ("**Zhenjiang Xin Qu**") which was licensed for landfilling 20,000 metric tonnes of hazardous industrial waste per annum, and 30% equity interest in Nanjing Chemical Industry Park Tianyu Solid Waste Disposal Company Limited ("**NCIP**") which was licensed for collection, incineration and disposal of 38,000 metric tonnes of hazardous industrial waste per annum in the PRC. The attributable results of Zhenjiang Xin Qu and NCIP are accounted for on equity method and classified under the operating segment of environmental treatment and disposal services for industrial and medical wastes of the Group. For the year ended 31 December 2023, the Group shared a net profit of HK$656,000 from Zhenjiang Xin Qu (2022: shared a net profit of HK$2,209,000) and shared a net loss of HK$10,072,000 (2022: shared a net loss of HK$9,459,000) from NCIP respectively.

The Group holds 65% equity interest in a sino-foreign joint venture, Liuzhou Xinyu Rongkai Solid Waste Disposal Company Limited* ("**Xinyu Rongkai**"), which owned the capacity for collection, incineration and disposal of 20,000 metric tonnes of hazardous industrial waste per annum in Liuzhou, Guangxi Province, the PRC. The attributable results of Xinyu Rongkai is accounted for on equity method and classified under the operating segment of environmental treatment and disposal services for industrial and medical wastes of the Group. For the year ended 31 December 2023, the Group shared a net loss of HK$11,726,000 (2022: shared a net loss of HK$13,044,000).

For the year ended 31 December 2023, the loss margin (pre-tax) of the Group's operating segment of environmental treatment and disposal services for industrial and medical wastes was approximately 7.5% (2022: profit margin (pre-tax) of 5.5%).

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

	Note	**2023 Annual capacity metric tonnes**	2022 Annual capacity metric tonnes
Subsidiaries in the PRC:			
Licensed hazardous waste incineration facilities		**135,400**	135,400
Licensed epidemic medical waste incineration facilities	(ii)	**10,490**	6,080
Licensed epidemic medical waste detoxification treatment facilities		**3,300**	3,300
Associated companies in the PRC:			
Licensed hazardous waste incineration facilities		**38,000**	38,000
Licensed hazardous waste landfill facilities		**20,000**	20,000
Joint venture in the PRC:			
Licensed hazardous waste incineration facilities	(iii)	**15,880**	20,000
Combined licensed waste treatment and disposal facilities	(i)	**223,070**	222,780

Notes:

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

(ii) A new operating licence has been granted to a subsidiary located at Suqian, Jiangsu Province, the PRC for incineration of regulated medical waste with an annual capacity of 5,000 metric tonnes in February 2023.

(iii) The operating licence of Xinyu Rongkai for collection, incineration and disposal of hazardous industrial waste with an annual capacity of 20,000 metric tonnes has lapsed in October 2023 pending approval for renewal, and the facilties of the joint venture is pending governmental approval to resume operation.

(iv) The combined licensed treatment and disposal facilities above does not include the hazardous waste landfill facilities with an annual capacity of 18,000 metric tonnes constructed and owned by a subsidiary situated at Yancheng, Jiangsu Province, the PRC, of which the licence lapsed in November 2017 and is pending the governmental approval to resume operation.

Environmental Plating Sewage Treatment Services in Eco-plating Specialised Zone

For the year ended 31 December 2023, total revenue from the operating segment of provision of environmental plating sewage treatment services and provision of leasing facilities and related utilities in the eco-plating specialised zone owned by the Group situated at Zhenjiang, Jiangsu Province, the PRC (the "**Eco-plating Specialised Zone**") was approximately HK$132,941,000 (2022: HK$142,647,000) and the segment profit margin (pre-tax) was approximately 11.9% (2022: 21.6%).

	Segment revenue	
	2023	2022
	HK'000	*HK'000*
Industrial sewage treatment and providing public utilities and management services	**100,481**	108,323
Leasing of factory buildings and facilities	**32,460**	34,324
Total	**132,941**	142,647

	2023	2022
Average gross floor area of factory buildings and facilities available for leasing (square metres)	**101,034**	101,034
Average utilisation rate of buildings and facilities	**90.7%**	96.0%
Plating sewage handled by the centralised sewage treatment plant (metric tonnes per annum)	**330,615**	348,939
Average utilisation rate of sewage treatment capacity	**20.0%**	21.1%

The Eco-plating Specialised Zone has a total land area of approximately 180,000 square metres, in which, office building, factory buildings, and centralised filtering plants were built. Currently, the office building and centralised sewage filtering and sludge treatment plants were built with a total gross floor area of 19,560 square metres, and factory buildings and facilities with a total gross area of 106,807 square metres and available for leasing to manufacturing clients which undertake their plating-related operations inside the Eco-plating Specialised Zone. The Group owns 22 factory buildings in the Eco-plating Specialised Zone which are leased by 35 (2022: 38) manufacturing clients as at 31 December 2023. The Group operates a centralised plating sewage treatment plant, a centralised industrial sludge treatment plant and customised facilities equipped for all clients in the zone.

On 31 May 2023, the Group has entered into a plant contruction and lease contract to construct a plant tailored for a new foreign client (that principally engaged in surface engineering and coating of metals and plastics) in the Eco-plating Specialised Zone with a site area of approximately 15 mu (approximately 9,900 square meters) and lease the plant built to the client for an initial lease term of five years. Thereunder the contract, the lessee might decide whether to purchase the land and the plant under lease by submitting a written intent one year before the end of the lease term at a maximum consideration for the possible transfer of approximately RMB47,450,000 (approximately HK$52,195,000) which is subject to further negotiations between the relevant parties by the end of the lease term. The possible transfer of land and plant to the new client at the end of the lease term thereunder the plant contruction and lease contract constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Details of the possible transaction are set out in the announcements of the Company dated 30 May 2023 and 5 June 2023.

Investments in Plastic Materials Dyeing Business

The Group holds the equity interests in three manufacturing entities, which principally engaged in plastic materials dyeing in the PRC, as equity investments. For the year ended 31 December 2023, the profit margins (pre-tax) of Suzhou New Huamei Plastics Company Limited ("**Suzhou New Huamei**"), Danyang New Huamei Plastics Company Limited ("**Danyang New Huamei**") and Qingdao Zhongxin Huamei Plastics Company Limited ("**Qingdao Huamei**") were 0.7%, 2.3% and 4.2% (2022: 2.4%, 2.1% and 2.3%) respectively.

For the year ended 31 December 2023, total dividend received by the Group (before PRC dividend withholding tax) in relation to the results of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei in previous year was approximately HK$3,945,000 (2022: HK$4,249,000).

Disposal of operating segment in Environmental Equipment Construction and Installation Services

On 31 July 2023, the Group has entered into an agreement to sell the 100% equity interest in Jiangsu Yu Xin (the "**Target Company**") which was principally engaged in environmental equipment construction and installation services at a consideration of RMB12,000,000 (approximately HK$13,074,000) (the "**Disposal**"). Upon completion of the Disposal in August 2023, the Group ceased to hold any interest in the Target Company which financial results would no longer be consolidated into the consolidated financial statements of the Group. The Disposal constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the purchaser of the Target Company is owned as to 97% and 3% by Mr. HE Ling Yun, an executive director and a general manager of the Target Company and Ms. SHI Zhao Xia, a vice general manager of the Target Company, respectively, the Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Mr. HE Ling Yun is a connected person at the subsidiary level, (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Disposal is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By divesting the loss-making operation, the Company aims to reallocate resources towards the development of environmental treatment and disposal services for hazardous industrial and medical wastes, as well as operations in the Eco-plating Specialised Zone in Jiangsu Province, the PRC. This strategic decision is in line with the Company's goal of optimising resource allocation, reducing losses, and improving profitability to drive overall group performance. Details of the Disposal are set out in the announcement of the Company dated 31 July 2023.

BUSINESS OUTLOOK

Throughout the year ended 31 December 2023, the Group experienced a decline in operational revenue where the market demand for hazardous waste incineration treatment services fluctuated in different cities of the PRC. In response, the Group made the strategic decision in 2023 to divest from the environmental equipment construction and installation services sector and temporarily halt operations in certain loss-making units. Despite these challenges, the Group remains steadfast in its commitment to uphold national environmental protection standards and maintain its waste processing facilities. Entering 2024, the Group is dedicated to ensuring the timely renewal of hazardous waste operating licences for its subsidiaries, with minimal downtime for necessary adjustments to the incineration facilities.

As at 31 December 2023, the Group's four subsidiaries in the PRC maintained an incineration capacity of 135,400 metric tonnes per annum. The centralised sewage filtering system in the Eco-plating Specialised Industrial Zone and its sewage filtering plant has been kept fine-tuning to good conditions to well accommodate the current 35 professional plating clients with leasable factory floor area of 101,034 square meters.

Despite the uncertainties and challenges in the business environment, the Group will persist in its focus on environmental-related business. It will prudently explore opportunities for business restructuring and industrial upgrading to enhance the sustainability of its environmental operations. The Group will also consider reactivating certain loss-making operating units once the market conditions are reinvigorated.

The Group is committed to upholding corporate governance practices and environmental governance, ensuring the smooth and stable operation of the entire Group.

Barring any unforeseeable uncertainties arising from the hazardous waste treatment section and local economies in the PRC, the Group remains optimistic about the future and is committed to improving its operations, returning to profitability, and maintaining a strong focus on environmental protection and waste management.

FINANCIAL REVIEW

The summary of annual results for the year ended 31 December 2023 together with corresponding figures for 2022 is presented as follows:

Summary of annual results

		Year ended 31 December		
		2023	2022	Change
	Note	***HK$'000***	*HK$'000*	*%*
			(Restated)	
Continuing operations				
Revenue from environmental treatment and disposal services for industrial and medical wastes	1(i)	**272,671**	373,494	-27.0
Revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities	1(ii)	**132,941**	142,647	-6.8
Total Revenue	1	**405,612**	516,141	-21.4
Average gross profit margin (in percentage)	2	**16.1**	23.0	-30.0
Other revenue	3	**3,945**	4,249	-7.2
Other income	4	**6,781**	11,203	-39.5
Gain on disposal of interest in a subsidiary	5	**–**	27,303	–
Distribution costs	6	**(19,263)**	(22,090)	-12.8
Administrative expenses	7	**(49,771)**	(58,572)	-15.0
Other operating expenses	8	**(21,506)**	(20,909)	+2.9
Reversal of impairment loss/(impairment loss) on trade receivables, net	9	**15,672**	(2,185)	-817.3
Finance income	10	**5,469**	5,420	+0.9
Finance costs	11	**(3,780)**	(5,683)	-33.5
Share of results of associates	12	**(9,416)**	(7,250)	+29.9
Share of results of a joint venture	13	**(11,726)**	(13,044)	-10.1
Income tax	14	**(13,053)**	(20,033)	-34.8
Discontinued operation				
Loss from discontinued operation	15	**(4,536)**	(12,673)	-64.2
Net (loss)/profit for the year	16	**(35,767)**	4,564	-883.7
(Loss)/profit attributable to owners of the Company	16	**(33,118)**	7,273	-555.4
Basic (LPS)/EPS (in HK cents)	16	**(1.09)**	0.24	-554.2
Diluted (LPS)/EPS (in HK cents)	16	**(1.09)**	0.24	-554.2
Adjusted EBITDA	17	**82,450**	114,899	-28.2

Summary of annual results by semi-annual cycle

	Note	1H 2023 *HK$'000* (Restated)	2H 2023 *HK$'000*	Total 2023 *HK$'000*
Continuing operations				
Revenue from environmental treatment and disposal services for industrial and medical wastes	1(i)	**138,808**	**133,863**	**272,671**
Revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities	1(ii)	**61,830**	**71,111**	**132,941**
Total Revenue	1	**200,638**	**204,974**	**405,612**
Average gross profit margin (in percentage)	2	**12.6**	**19.6**	**16.1**
Other revenue	3	**3,945**	**–**	**3,945**
Other income	4	**2,518**	**4,263**	**6,781**
Distribution costs	6	**(10,121)**	**(9,142)**	**(19,263)**
Administrative expenses	7	**(22,833)**	**(26,938)**	**(49,771)**
Other operating expenses	8	**(13,304)**	**(8,202)**	**(21,506)**
Reversal of impairment loss on trade receivables, net	9	**–**	**15,672**	**15,672**
Finance income	10	**3,537**	**1,932**	**5,469**
Finance costs	11	**(2,051)**	**(1,729)**	**(3,780)**
Share of results of associates	12	**(4,424)**	**(4,992)**	**(9,416)**
Share of results of a joint venture	13	**(6,110)**	**(5,616)**	**(11,726)**
Income tax	14	**(6,400)**	**(6,653)**	**(13,053)**
Discontinued operation				
(Loss)/profit from discontinued operation	15	**(7,270)**	**2,734**	**(4,536)**
Net loss for the period	16	**(29,977)**	**(5,790)**	**(35,767)**
(Loss)/profit attributable to owners of the Company	16	**(33,165)**	**47**	**(33,118)**
Basic LPS (in HK cents)	16	**(1.09)**	**(0.00)**	**(1.09)**
Diluted LPS (in HK cents)	16	**(1.09)**	**(0.00)**	**(1.09)**
Adjusted EBITDA	17	**34,064**	**48,386**	**82,450**

	Note	1H 2022 *HK$'000* (Restated)	2H 2022 *HK$'000* (Restated)	Total 2022 *HK$'000* (Restated)
Continuing operations				
Revenue from environmental treatment and disposal services for industrial and medical wastes	1(i)	186,823	186,671	373,494
Revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities	1(ii)	74,453	68,194	142,647
Total Revenue	1	261,276	254,865	516,141
Average gross profit margin (in percentage)	2	20.8	26.1	23.0
Other revenue	3	4,249	–	4,249
Other income	4	2,670	8,533	11,203
Gain on disposal of interest in a subsidiary	5	27,303	–	27,303
Distribution costs	6	(12,794)	(9,296)	(22,090)
Administrative expenses	7	(29,700)	(28,872)	(58,572)
Other operating expenses	8	(7,950)	(12,959)	(20,909)
Impairment loss on trade receivables, net	9	–	(2,185)	(2,185)
Finance income	10	854	4,566	5,420
Finance costs	11	(3,142)	(2,541)	(5,683)
Share of results of associates	12	(3,643)	(3,607)	(7,250)
Share of results of a joint venture	13	(6,939)	(6,105)	(13,044)
Income tax	14	(11,297)	(8,736)	(20,033)
Discontinued operation				
Loss from discontinued operation	15	(1,089)	(11,584)	(12,673)
Net profit/(loss) for the period	16	12,807	(8,243)	4,564
Profit/(loss) attributable to owners of the Company	16	14,761	(7,488)	7,273
Basic EPS (in HK cents)	16	0.49	(0.25)	0.24
Diluted EPS (in HK cents)	16	0.49	(0.25)	0.24
Adjusted EBITDA	17	52,962	61,937	114,899

Notes:

1. Net decrease in total revenue from continuing operations for the year ended 31 December 2023 was mainly attributable to:

   (i) a continued decrease in average unit handling price for the environmental treatment and disposal services for industrial and medical wastes in Jiangsu, the PRC; and

   (ii) a decrease in revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities as there was a decline in overall manufacturing activities of the clients in the Eco-plating Specialised Zone in the current year.

2. Decrease in gross profit margin of the Group for the year ended 31 December 2023 was mainly attributable to decrease in unit handling price and increase in outsourcing landfill costs for disposal of the secondary wastes produced by the incineration process of the Group.

3. Net decrease in other revenue for the year ended 31 December 2023 was mainly attributable to the decrease in total dividends declared by the equity investments in the current year.

4. Net decrease in other income for the year ended 31 December 2023 was mainly attributable to the decrease in the PRC governmental incentive subsidies received in the current year.

5. One-off gain on disposal of the entire equity interest in a wholly-owned subsidiary in the PRC were recognised in the previous year.

6. Net decrease in distribution costs for the year ended 31 December 2023 was mainly attributable to the decrease in marketing agency fees in the current year.

7. Net decrease in administrative expenses for the year ended 31 December 2023 was mainly attributable to reductions in staff headcount in the current year.

8. Net increase in other operating expenses for the year ended 31 December 2023 was mainly attributable to the compensation paid for reallocation of occupants and cleanup of a development site nearby the Eco-plating Specialised Zone in the current year.

9. Reversal of impairment loss on trade receivables for the year ended 31 December 2023 was mainly attributable to the change in default rates arisen from improved debt recovery in the current year.

10. Net increase in finance income for the year ended 31 December 2023 was mainly attributable to the increase in interest income from free cash deposits in the current year.

11. Net decrease in finance costs for the year ended 31 December 2023 was mainly attributable to the decrease in interest-bearings borrowings of the Group in the current year.

12. Net increase in loss shared from the associates for the year ended 31 December 2023 was mainly attributable to the continued decline in overall business performance of both associates during the current year.

13. Net decrease in loss shared from the joint venture, Xinyu Rongkai, for the year ended 31 December 2023 was mainly attributable to its decrease in operating costs under temporary operation halt in the current year.

14. Net decrease in income tax for the year ended 31 December 2023 was mainly attributable to the decline in taxable profits from the continuing operations in the PRC in the current year.

15. Loss from discontinued operation (net of tax) recognised for the year ended 31 December 2023 and restated for 2022 was mainly attributable to the one-off transaction on disposal of the Group's entire equity interest in Jiangsu Yu Xin Environmental Engineering Management Company Limited* in the current year and the net effect arising from the de-consolidation of the operating segment of environmental equipment construction and installation services of the Group.

16. For the year ended 31 December 2023, the losses of the Group and net loss attributable to owners of the Company and the respective loss per share ("**LPS**") were mainly attributable to:

    (i) decrease in revenue and profit from the environmental treatment and disposal services for industrial and medical wastes in the PRC as there was a decrease in average unit handling price;

    (ii) decrease in revenue from the environmental industrial sewage treatment services in the Eco-plating Specialised Zone;

    (iii) increase in other operating expenses during the current year which was mainly attributable to the compensation paid for relocation of occupants and cleanup of a development site nearby the Eco-plating Specialised Zone; and

    (iv) increase in net loss shared from an associated company engaging in environmental treatment and disposal services for hazardous waste in Nanjing, the PRC.

17. The Company uses the adjusted (loss)/earnings for the reporting period excluding discontinued operation and the impact of interest, taxation, depreciation, amortisation, share of results of equity-accounted investees and non-recurring one-time items ("**Adjusted EBITDA**") to measure the operating results of the Group. Decrease in Adjusted EBITDA for the year ended 31 December 2023 was mainly attributable to decrease in operating profit recorded in the current year.

Seasonality of operations

For the year ended 31 December 2023, the operation of providing environmental treatment and disposal services for industrial and medical wastes was the key driver of revenue of the Group which encountered a relatively higher demand in the first half of the year.

For the year ended 31 December 2023, the environmental treatment and disposal services for industrial and medical wastes recorded a revenue of HK$272,671,000 (2022: HK$373,494,000) and pre-tax loss of HK$20,324,000 (2022: profit of HK$20,629,000) with revenue of approximately 50.9% (2022: 50.1%) being accumulated in the first half of the year and approximately 49.1% (2022: 49.9%) being accumulated in the second half of the year.

Capital expenditure

For the year ended 31 December 2023, the Group incurred capital expenditure to increase property, plant and equipment and to acquire land use rights for the operating segment of (i) environmental treatment and disposal services for industrial and medical wastes amounted to approximately HK$14,152,000 (2022: HK$21,954,000), (ii) industrial sewage and sludge treatment and facility provision services in the Eco-plating Specialised Zone amounted to approximately HK$5,974,000 (2022: HK$2,959,000), and (iii) head office for corporate use in Hong Kong being HK$6,000 (2022: HK$7,000).

Commitments

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

	2023	2022
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Capital expenditure in respect of property, plant and equipment	**44,084**	22,464
– Capital contribution to an equity investment	**15,976**	15,976

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

Liquidity, financial resources and gearing

(a) For the year ended 31 December 2023, the Group financed its operations and made payment of debts and liabilities due timely with internally generated cash flows and banking facilities.

(b) The Group remained moderately stable in its financial position with equity attributable to owners of the Company amounted to approximately HK$908,251,000 as at 31 December 2023 (2022: HK$961,677,000) and consolidated total assets amounted to approximately HK$1,301,424,000 as at 31 December 2023 (2022: HK$1,514,046,000).

(c) The Company did not have any equity fund raising activity within the past twelve months immediately prior to the date of this announcement (2022: Nil).

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

	2023	2022
	HK$'000	*HK$'000*
(i) Cash and bank balances:		
in HK$	**50,706**	69,100
in RMB	**113,563**	181,069
in USD	**22,096**	20,110
	186,365	270,279

	2023	2022
	HK$'000	*HK$'000*
(ii) Available unused unsecured banking facilities:		
in HK$	**35,600**	10,000
in RMB	**117,700**	29,041
	153,300	39,041

(e) The Group monitors adjusted EBITDA as performance measure at a consolidated level and considers that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit/loss for the year to exclude discontinued operations and the impact of taxation, gross interest expense, depreciation, amortisation, share of results of equity-accounted investees and non-recurring one-time items.

Reconciliation of adjusted EBITDA to (loss)/profit for the year:

	2023	2022
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(35,767)**	4,564
Adjustments for:		
– Income tax	**13,053**	20,033
– Gross interest expense	**3,780**	5,683
– Depreciation of property, plant and equipment	**72,428**	75,593
– Depreciation of right-of-use assets	**3,278**	3,362
– Share of results of associated companies, net of tax	**9,416**	7,250
– Share of results of a joint venture, net of tax	**11,726**	13,044
– Gain on disposal of interest in a subsidiary	**–**	(27,303)
– Loss from discontinued operation	**4,536**	12,673
Adjusted EBITDA	**82,450**	114,899

(f) The Company monitors the financial performance of the equity-accounted investees through adjusted EBITDA by excluding the impact of the capital investee, finance costs and tax entity structure. Set out below is the adjusted EBITDA of the equity-accounted investees of the Company for the two years ended 31 December 2023:

	2023	2022
	HK$'000	*HK$'000*
Adjusted EBITDA of associates:		
Zhenjiang Xin Qu	**10,955**	15,889
NCIP	**(10,602)**	(5,443)
Adjusted EBITDA of joint venture:		
Xinyu Rongkai	**(6,657)**	(5,645)

(g) The Group monitors its liquidity through current ratio. The current ratio of the Group representing the ratio of the consolidated current assets to the consolidated current liabilities was 1.33 times as at 31 December 2023 (2022: 1.15 times).

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

	2023	2022
	HK$'000	*HK$'000*
Bank borrowings	**44,000**	97,959
Lease liabilities	**332**	667
Total interest-bearing borrowings	**44,332**	98,626
Total equity (inclusive of non-controlling interests)	**1,013,359**	1,075,507
Gearing ratio	**4.4%**	9.2%

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

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

		2023	2022
	Note	***HK$'000***	*HK$'000*
Secured RMB bank borrowings	(i)	**22,000**	67,800
Unsecured RMB bank borrowings	(ii)	**22,000**	4,859
Unsecured HK$ bank borrowings	(iii)	**–**	25,300
		44,000	97,959

Notes:

(i) Bearing interest at fixed rates ranged from 3.90% to 4.25% (2022: 4.05% to 4.35%) per annum in the current year.

(ii) Bearing interest at fixed rates ranged from 3.20% to 3.75% (2022: 3.70% to 4.60%) per annum in the current year.

(iii) Bearing interest at variable rates ranged from 4.88% to 7.99% (2022: 1.65% to 7.99%) per annum in the current year.

Capital structure

There was no significant change to the capital structure of the Company as at 31 December 2023 comparing to that as at 31 December 2022.

Material acquisitions and disposals of subsidiaries and affiliated companies

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

On 31 July 2023, the Group as the vendor has entered into an agreement with a purchaser (controlled by a senior management staff at subsidiary level) to dispose of the entire equity interest in Jiangsu Yu Xin, an indirectly wholly-owned subsidiary of the Company in PRC, at a consideration of RMB12,000,000 (approximately HK$13,074,000) (the "**Jiangsu Yu Xin Equity Disposal Agreement**"). Completion of the Jiangsu Yu Xin Equity Disposal Agreement took place on 3 August 2023 and the Group recognised a gain on the disposal of approximately HK$4,945,000. Reference is made to the announcement of the Company dated 31 July 2023 for details.

Save as disclosed herein, there were no significant investments nor material acquisition and disposal of subsidiaries, associates and joint ventures of the Company for the year ended 31 December 2023.

Significant investments held and their performance

According to the valuation report prepared by an independent professional valuer, Colliers International (Hong Kong) Limited ("**Colliers International**") (23 March 2023: Colliers International), the total fair value attributable to the Group's interests in the equity investments in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei as at 31 December 2023 was HK$81,500,000 (2022: HK$70,300,000).

	Group's interest	Dividend yield		Fair value attributable to the Group		Fair value relative to the Group's total assets	
		2023	2022	**2023**	2022	**2023**	2022
				HK$'000	*HK$'000*		
Suzhou New Huamei	18.62%	**21.9%**	9.4%	**7,000**	17,500	**0.5%**	1.2%
Danyang New Huamei	24.50%	**3.3%**	3.6%	**7,600**	7,600	**0.6%**	0.5%
Qingdao Huamei	28.67%	**2.8%**	4.4%	**66,900**	45,200	**5.1%**	3.0%
		4.5%	5.6%	**81,500**	70,300	**6.2%**	4.7%

The unlisted equity investments acquired by the Group in October 2007 are held for long term strategic purposes.

The change in fair value of the equity investments for the year end 31 December 2023 were recognised as other comprehensive income and accounted for in the investment revaluation reserve of the Group.

Impairment testing on goodwill

Goodwill was recognised upon the completion of a business combination in 2007 that currently composed of Zhenjiang New Universe and Yancheng New Universe Solid Waste Disposal Company Limited that principally engaged in environmental waste treatment and disposal services in Jiangsu Province, the PRC which since then being identified as a cash-generating unit. As at 31 December 2023, the assessment on the recoverable amount of this cash-generating unit was conducted with reference to the valuation report prepared by Colliers International (23 March 2023: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection with a growth rate at 2.1% (2022: 2.2%) of that cash-generating unit operating with the licensed incineration capacity of hazardous waste 26,400 metric tonnes per annum and licensed disposal capacity of regulated medical waste 3,380 metric tonnes per annum, and at the pre-tax discount rate of 16.12% (2022: 16.61%) having accounted for the risks encountered in the industries. No impairment loss to the goodwill was considered necessary for the two years ended 31 December 2023 and 2022.

Impairment testing on interest in an associate, NCIP

As at 31 December 2023, the assessment on the recoverable amount of the Group's interest in NCIP, that principally engaged in environmental waste treatment and disposal services in Nanjing, Jiangsu Province, the PRC, was conducted with reference to the valuation report prepared by Colliers International (23 March 2023: Colliers International), based on reasonable assumptions, including but not limited to the cash flows projection of NCIP with a growth rate at 2.1% (2022: 2.2%) of NCIP as cash-generating unit with the licensed incineration capacity of hazardous waste 38,000 metric tonnes per annum, and at the pre-tax discount rate of 15.57% (2022: 15.74%) having accounted for the risks encountered by NCIP in the industries. No impairment loss to the Group's interest in NCIP was considered necessary for the two years ended 31 December 2023 and 2022.

Charges on assets

As at 31 December 2023, the following assets of the Group were pledged as collaterals for banking facilities granted and other ordinary business of the Group:

	2023	2022
	HK$'000	*HK$'000*
Carrying amount of collaterals:		
Property, plant and equipment	**57,483**	89,129
Land use rights	**7,692**	26,091
Restricted bank deposits	**–**	5,119
	65,175	120,339

	2023	2022
	HK$'000	*HK$'000*
Secured liabilities and guarantee issued:		
Secured bank borrowings	**22,000**	67,800
Bills payables	**–**	10,242
	22,000	78,042

Contingent liabilities

Reference is made to the announcements of the Company dated 20 May 2022, 30 May 2022 and 7 February 2023 in relation to the legal proceedings in process against NUET(JS), an 82% indirectly owned subsidiary of the Company incorporated in Hong Kong. Two writ of summons issued by the Jiangsu Zhenjiang Intermediate People's Court (the "**Court**") in the PRC were received by NUET(JS) in respect of the proceedings filed by two existing shareholders (each a Plaintiff, Mr. YIN Yong Xiang* and Mr. SUN Jia Qing**) each holding 8% of the issued share capital of NUET(JS) on 20 May 2022 and 27 May 2022 respectively. Thereafter the first hearing of the two actions took place and completed on 15 July 2022 at the Court, NUET(JS) has received two civil judgments of the Court dated 4 January 2023 and 5 January 2023 in respect of the two Actions respectively, in which, amongst others, the claims of each of the Plaintiffs against NUET(JS) under the Actions were dismissed. Both Plaintiffs did not admit to the judgments of the Court and have each submitted a civil appeal (with both civil appeals dated 29 January 2023) to the Court, and the civil appeals have been transferred from the Court to the Jiangsu Province High People's Court in the PRC for trial and hearing.

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

Save as disclosed herein, there were no other significant contingent liabilities of the Group as at 31 December 2023 (2022: Nil).

Notes:

* Mr. YIN Yong Xiang is an existing director of the Group's subsidiary, Zhenjiang New Universe, and he is also the existing chairman of the boards of Danyang New Huamei and Qingdao Huamei, and the former vice-chairman and director of the board of Suzhou New Huamei (dismissed by shareholders' resolution passed on 27 October 2023).

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

Exposure to fluctuations in exchange rates

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

The results of the Company's subsidiaries in the Mainland China are translated from RMB into HK$ at the exchange rates approximating the rates ruling at the dates of the transactions. Statement of financial position items of the Company's subsidiaries in the Mainland China are translated from RMB into HK$ at the closing rate ruling at the end of the reporting period. For the year ended 31 December 2023, RMB depreciated on average relatively to the HK$ resulted in an overall downside exchange difference on translation from RMB to HK$ for the financial statements of the subsidiaries, associates and a joint venture in the Mainland China in an aggregate of approximately HK$21,596,000 (2022: downside difference HK$82,937,000) that were recognised as other comprehensive income and accumulated separately in equity in the translation reserve of the Company in the current year, and there was a release of negative exchange difference of HK$352,000 (2022: positive difference HK$2,591,000) arisen on the disposal of interests in PRC subsidiaries that was recognised to the profit or loss of the Company during the year. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss as when the interests in the relevant subsidiaries in the Mainland China being entirely or partially disposed of by the Group.

Principal risks and uncertainties

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 482 (2022 as restated: 614) full-time employees, of which 17 (2022: 18) were based in Hong Kong, and 465 (2022 as restated: 596) in the Mainland China. For the year ended 31 December 2023, staff costs, including Directors' remuneration and amount capitalised as inventories was HK$89,272,000 (2022 as restated: HK$101,329,000). Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as bonus, medical insurance, mandatory provident fund, and continuous development and training.

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's non-executive directors, including independent non-executive directors, employees of the Group, consultants of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders and any non-controlling shareholders of the Company's subsidiaries. The Scheme became effective on 5 May 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The following share options granted to the employees of the Group were outstanding under the Scheme:

	2023		2022	
	Weighted average exercise price *HK$*	**Number of options** *'000*	Weighted average exercise price *HK$*	Number of options *'000*
Outstanding at 1 January	**0.281**	**29,059**	0.262	21,020
Granted during the year	**–**		0.308	13,080
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**0.250**	**9,640**	–	–
Cancelled during the year	**0.308**	**3,763**	0.272	5,041
Outstanding at 31 December *(note)*	**0.293**	**15,656**	0.281	29,059
Vested during the year	**0.308**	**9,317**	0.272	6,339
Exercisable at the end of the period	**0.293**	**15,656**	0.259	15,979

Note: The number of shares of the Company that may be issued in respect of such 15,656,000 (2022: 29,059,000) outstanding options is 15,656,000 (2022: 29,059,000) shares, representing approximately 0.52% (2022: 0.96%) of the issued shares of the Company as at 31 December 2023.

No share options were exercised during the year. The options outstanding at 31 December 2023 had a weighted average exercise price of HK$0.293 (2022: HK$0.281) per share and remaining a contractual period of 0.59 years to 1.59 years (2022: 0.37 years to 3.54 years).

CHANGE IN DIRECTORS' INFORMATION

For the year ended 31 December 2023 and up to the date of this announcement, there were changes in Directors' information as follows:

(a) Mr. YANG Harry was appointed as an independent non-executive Director with effect from 1 January 2023 and appointed as the chairman of the Audit Committee and ESG Committee, and member of Nomination Committee and Remuneration Committee with effect from 18 May 2023.

(b) Dr. CHAN Yan Cheong has not standed for re-election and retired as an independent non-executive Director and as the chairman of the Audit Committee and member of other committees with effect from the conclusion of the annual general meeting held on 18 May 2023.

Save as disclosed therein, there is no other significant change in details of the Directors' information since the date of the last annual report of the Company for the year ended 31 December 2022.

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

CHANGE IN INFORMATION OF MANAGEMENT

For the year ended 31 December 2023 and up to the date of this announcement, there was changes in the information of the key management team members of the Company as follows:

(a) Mr. CHEN Hong Ye was appointed as the general manager of the Group's wholly owned subsidiary in the PRC, Zhenjiang Sinotech Eco-electroplating Development Limited with effect from 1 September 2023.

(b) Mr. HE Ling Yun ceased to be a senior management of the Company and the Group upon the completion of the disposal of the entire equity of Jiangsu Yu Xin Environmental Engineering Management Company Limited* on 3 August 2023.

Save as disclosed therein, there is no other significant change in details of the key management team members' information since the date of the last annual report of the Company for the year ended 31 December 2022.

CONNECTED TRANSACTION

On 31 July 2023, Jiangsu Xin Yu Environmental Technologies Limited* (as the "**Vendor**", an indirect wholly-owned subsidiary of the Company), Nanjing Yu Xin Environmental Company Limited* (as the "**Purchaser**", a limited liability company established in the PRC and is owned as to 97% and 3% by Mr. HE Ling Yun and Ms. SHI Zhao Xia respectively) and Jiangsu Yu Xin Environmental Engineering Management Company Limited* (the "**Target Company**", a wholly owned domestic enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company) entered into an agreement in relation to the sale and purchase of the 100% of the equity interest in the Target Company (the "**Sale Equity**"), pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Equity at a consideration of RMB12,000,000 (approximately HK$13,074,000) (the "**Disposal**"). Upon completion of the Disposal, (i) the Group ceases to hold any interest in the Target Company; (ii) the Target Company ceases to be a subsidiary of the Group; and (iii) the Target Company's financial results would no longer be consolidated into the consolidated financial statements of the Group. As the Disposal constitutes a discloseable transaction of the Company, the Disposal is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Furthermore, as the Target Company is an indirect wholly-owned subsidiary of the Company, and the Purchaser is owned as to 97% and 3% by Mr. HE Ling Yun, an executive director and a general manager of the Target Company and Ms. SHI Zhao Xia, a vice general manager of the Target Company, respectively, Mr. HE Ling Yun is a connected person of the Company at the subsidiary level according to Rule 14A.06(9) of the Listing Rules and the Purchaser is an associate of a connected person of the Company at the subsidiary level according to Rule 14A.12 of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Mr. HE Ling Yun is a connected person at the subsidiary level, (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Disposal is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the Disposal are set out in the announcement of the Company dated 31 July 2023.

Save as disclosed above, there was no other connected transactions (defined under the Listing Rules) which were discloseable in the reporting period or any time during the year.

PROVISION OF FINANCIAL ASSISTANCE AND GUARANTEES TO AN AFFILIATED COMPANY

On 25 September 2020, the Company and the joint venturer, as the joint guarantors, entered into the guarantee agreement with a bank in the PRC to jointly guarantee the repayment obligations of Xinyu Rongkai (a 65% indirectly owned joint venture of the Company and being accounted for using equity method) in relation to the bank loan facilities in a total amount of RMB120,000,000 (approximately HK$132,000,000) and the guarantee is effective until 31 December 2027, for the purpose of financing the construction of the integrated hazardous waste treatment project undertook by Xinyu Rongkai at Liuzhou, Guangxi Province, the PRC.

On 7 December 2022, the Company as a guarantor, entered into a guarantee agreement with another bank in the PRC to guarantee the repayment obligations amounted to RMB5,850,000 (approximately HK$6,435,000) based on 65% equity interest in Xinyu Rongkai for a short-term banking facilities in a total amount of RMB9,000,000 (approximately HK$9,900,000) and the guarantee has been extended to 4 December 2027, for general working capital purpose of Xinyu Rongkai.

The banking facilities of Xinyu Rongkai guaranteed by the Company amounting to 65% of RMB129,000,000, (approximately HK$141,900,000) (2022: RMB129,000,000, approximately HK$145,770,000) of which RMB125,100,000 (approximately HK$137,610,000) (2022: RMB125,100,000, approximately HK$141,363,000) was utilised, and loans of approximately RMB63,148,000 (approximately HK$69,462,000) (2022: RMB93,173,000, approximately HK$105,285,000) were outstanding as at 31 December 2023 of which approximately RMB55,148,000 is repayable on 21 June 2025 and bearing interest at fixed rate of 4.35% (2022: 4.55%) per annum and RMB8,000,000 is repayable on 4 December 2024 and bearing interest at fixed rate of 6.00% (2022: 3.65%) per annum.

On 19 June 2023, New Universe International Group Limited (a wholly owned subsidiary of the Company which directly holds 65% equity interest in Xinyu Rongkai) as Lender A, the joint venturer (Guangxi Rongkai Huayuan Electroplating Industrial Park Investment Company Limited*, which directly holds 35% equity interest in Xinyu Rongkai) as Lender B, and Xinyu Rongkai as the borrower have jointly entered into a loan agreement (the "**JV Loan Agreement**") for a loan of RMB15,500,000 (approximately HK$17,050,000) which is unsecured, bearing interest at 4.05% per annum and repayable on 20 June 2025. Pursuant to the JV Loan Agreement, in proportion to the respective shareholdings, Lender A agreed to lend RMB10,075,000 (approximately HK$11,083,000) and Lender B agreed to lend RMB5,425,000 (approximately HK$5,967,000) to Xinyu Rongkai respectively. The loan has been drawn down by Xinyu Rongkai on 20 June 2023 and used for the repayment of bank loan instalment and interest due on 21 June 2023. As at 31 December 2023, the loan to Xinyu Rongkai pursuant to the JV Loan Agreement from the Group was RMB10,075,000 (approximately HK$11,083,000) (2022: Nil).

During the year ended 31 December 2023, Jiangsu Xin Yu Environmental Technologies Company Limited* (a wholly owned subsidiary of the Company) has made advances to Xinyu Rongai, for its general operating purpose, which are unsecured, bearing interest at fixed rates ranging from 3.55% to 4.05% per annum and with no fixed terms of repayment. As at 31 December 2023, such advances due from Xinyu Rongkai to the Group was approximately HK$13,435,000 (2022: Nil).

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

	For the year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Gross amounts of the joint venture's		
Non-current assets	**160,707**	181,330
Current assets	**778**	3,848
Current liabilities	**(87,316)**	(64,473)
Non-current liabilities	**(39,399)**	(62,317)
Equity	**34,770**	58,388
The Group's attributable interest in the joint venture		
Gross amount of net assets of the joint venture	**34,770**	58,388
The Group's share of net assets of the joint venture	**22,600**	37,952
The Group's share of shareholders' loan	**11,083**	–
Unrealised profit on inter-company transaction eliminated on consolidation	**–**	(2,739)
Carrying amount of net assets of the joint venture	**33,683**	35,213

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

As at 31 December 2023 and any time during the year, transactions, arrangements, or contracts subsisted, of which certain Directors had interests that were deemed significant to the business of the Group are set out as follows:

(a) Mr. XI Yu and Ms. CHEUNG Siu Ling, the executive Directors, are also the directors of the landlord, Sun Ngai International Investment Limited ("**Sun Ngai**") to the tenancy agreement dated 25 July 2022 that was entered into by Smartech Services Limited ("**Smartech Services**"), an indirectly wholly owned subsidiary of the Company) as tenant to lease three office units at Rooms 2109 to 2111, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong (the "**Office Premises**") for the period from 1 August 2022 to 31 July 2023 at a monthly rental of HK$80,000.

(b) A renewed tenancy agreement dated 21 July 2023 was entered into between Sun Ngai as landlord and Smartech Services as tenant for leasing the Office Premises for the period from 1 August 2023 to 31 July 2024 at a monthly rental of HK$80,000.

(c) For the year ended 31 December 2023, total rentals paid by Smartech Services to Sun Ngai were HK$960,000 (2022: HK$960,000).

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

Neither the Company, nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2023.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE PRACTICES

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

(b) During the year ended 31 December 2023, the Company has applied the principles of and complied with the code provisions of the Corporate Governance Code set out in Part 2 of Appendix C1 ("**CG Code**") to the Listing Rules, but save for the code provision C.2.1, the Directors confirmed that they were not aware of any other deviation from the CG Code for the year then ended.

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

(a) The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in The Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

(b) With specific enquiries having been made of all the Directors, all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2023.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing his annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, Mr. YANG Harry (Chairman of Audit Committee), Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred, has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2023.

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, and consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year then ended as set out in this announcement have been agreed with the Group's independent auditor, Crowe (HK) CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 22 March 2024. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Crowe (HK) CPA Limited on this announcement.

PROPOSED FINAL DIVIDEND

On 22 March 2024, the Board recommended the payment of a final dividend of HK$0.0016 per share out of the retained profits of the Company as at 31 December 2023 for the year then ended to express gratitudes for the continued supports of the shareholders, which is subject to the approval of the shareholders at the forthcoming annual general meeting (the "**AGM**"). Upon shareholders' approval at the AGM, the final dividend is expected to be payable on or about Wednesday, 31 July 2024 to shareholders whose names appear on the register of members on Friday, 7 June 2024.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 24 May 2024. Notice of AGM will be published on the Stock Exchange's website and the Company's website and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will not be closed for the purpose of ascertaining the right of the shareholders of the Company to attend and vote at the AGM to be held on Friday, 24 May 2024. However, in order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 20 May 2024.

The register of members of the Company will be closed for the purpose of ascertaining the entitlement of shareholders of the Company to the proposed final dividend at the AGM from Tuesday, 4 June 2024 to Friday, 7 June 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend (subject to the approval of shareholders of the Company at the AGM), all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 June 2024.

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

Hong Kong, 22 March 2024

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

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

* *For identification purpose only*