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New Universe Environmental Group Limited

新宇環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 436)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2025 was approximately HK\$165,119,000, a decrease of 0.6% as compared to approximately HK\$166,070,000 for the corresponding period in 2024.
- Net loss for the six months ended 30 June 2025 was approximately HK\$13,509,000, a decrease of 43.0% as compared to approximately HK\$23,706,000 for the corresponding period in 2024.
- Loss attributable to the owners of the Company for the six months ended 30 June 2025 was approximately HK\$10,619,000, a decrease of 47.6% as compared to approximately HK\$20,248,000 for the corresponding period in 2024.
- Equity attributable to owners of the Company at 30 June 2025 was approximately HK\$862,783,000, a decrease of 0.7% as compared to approximately HK\$869,053,000 at 31 December 2024.
- Cash and cash equivalents of the Group at 30 June 2025 was approximately HK\$234,196,000, an increase of 6.1% as compared to approximately HK\$220,823,000 at 31 December 2024.
- Bank borrowings of the Group at 30 June 2025 was approximately HK\$50,043,000, an increase of 11.8% as compared to approximately HK\$44,752,000 at 31 December 2024.
- Basic loss per share attributable to owners of the Company for the six months ended 30 June 2025 was HK cents 0.35 as compared to basic loss per share of HK cents 0.67 for the corresponding period in 2024.
- The Board resolved not to declare a dividend for the six months ended 30 June 2025.

The board (the “**Board**”) of directors (the “**Directors**”) of New Universe Environmental Group Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Note		
Revenue	4(a)	165,119	166,070
Cost of sales		<u>(139,075)</u>	<u>(146,139)</u>
Gross profit		26,044	19,931
Other revenue	5	3,704	3,745
Other income	6	2,833	3,564
Distribution costs		(7,663)	(10,083)
Administrative expenses		(19,992)	(22,071)
Research and development expenses		(2,481)	(2,707)
Reversal of impairment loss on trade receivables, net		278	1,927
Other operating expenses	8	<u>(2,695)</u>	<u>(3,031)</u>
Operating profit/(loss)		28	(8,725)
Finance income	7	1,178	1,827
Finance costs	7	<u>(833)</u>	<u>(914)</u>
Finance income, net	7	345	913
Share of results of associates		(3,667)	(5,145)
Share of results of a joint venture		<u>(4,455)</u>	<u>(5,890)</u>
Loss before taxation	8	(7,749)	(18,847)
Income tax	9	<u>(5,760)</u>	<u>(4,859)</u>
Loss for the period		<u>(13,509)</u>	<u>(23,706)</u>
Attributable to:			
Owners of the Company		(10,619)	(20,248)
Non-controlling interests		<u>(2,890)</u>	<u>(3,458)</u>
		<u>(13,509)</u>	<u>(23,706)</u>
Loss per share	10		
Basic and diluted		<u>HK cents (0.35)</u>	<u>HK cents (0.67)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(13,509)	(23,706)
Other comprehensive income:		
<i>Items that may be reclassified</i>		
<i>subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of:		
– overseas subsidiaries	20,233	(15,892)
– overseas associates	3,707	(3,222)
– an overseas joint venture	599	(725)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on equity investments at fair value through other comprehensive income (non-recycling)	(13,300)	24,200
Deferred tax effect relating to changes in fair value of equity investments	610	(1,550)
Other comprehensive income for the period, net of income tax	11,849	2,811
Total comprehensive loss for the period	(1,660)	(20,895)
Attributable to:		
Owners of the Company	(1,567)	(15,019)
Non-controlling interests	(93)	(5,876)
	(1,660)	(20,895)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		513,015	516,681
Right-of-use assets		93,652	93,767
Goodwill		33,000	33,000
Interests in associates		125,105	125,065
Interest in a joint venture		18,242	22,098
Equity investments at fair value through other comprehensive income		85,100	98,400
Deferred tax assets		4,456	4,415
		<u>872,570</u>	<u>893,426</u>
Current assets			
Inventories		4,151	3,876
Trade and bills receivables	12	73,769	67,973
Prepayments, deposits and other receivables	13	49,776	43,317
Pledged bank deposits		3,523	4,304
Cash and cash equivalents		234,196	220,823
		<u>365,415</u>	<u>340,293</u>
Assets classified as held for sale		14,314	13,896
		<u>379,729</u>	<u>354,189</u>
Current liabilities			
Bank borrowings		50,043	44,752
Trade and bills payables	14	32,133	38,613
Accrued liabilities and other payables	15	170,483	155,167
Contract liabilities		3,163	4,603
Deferred government grants		1,643	1,595
Income tax payable		1,922	2,132
		<u>259,387</u>	<u>246,862</u>
Net current assets		<u>120,342</u>	<u>107,327</u>
Total assets		<u>1,252,299</u>	<u>1,247,615</u>
Total assets less current liabilities		<u>992,912</u>	<u>1,000,753</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Non-current liabilities		
Deferred government grants	6,095	6,715
Deferred tax liabilities	28,730	29,588
	34,825	36,303
Total liabilities	294,212	283,165
Net assets	958,087	964,450
Capital and reserves		
Share capital	30,357	30,357
Reserves	832,426	838,696
Equity attributable to owners of the Company	862,783	869,053
Non-controlling interests	95,304	95,397
Total equity	958,087	964,450

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

These unaudited condensed consolidated interim 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 (“**China**” or the “**PRC**”) is Renminbi (“**RMB**”). As the Company’s issued Shares are listed in Hong Kong where most of its investors are located, the Directors of the Company consider that it is more appropriate to present the financial statements in HK\$. All values presented in these unaudited condensed consolidated interim financial statements are rounded to the nearest thousand (“**HK\$’000**”) unless otherwise stated.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2025 has been prepared in accordance with the applicable requirements of Appendix D2 “Disclosure of Financial information” to The Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited condensed consolidated interim financial statements of the Company were approved by the Board on 15 August 2025.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21 “Lack of Exchangeability” to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim financial report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Disaggregation by service lines		
– Revenue from hazardous waste incineration and landfill services	108,444	105,297
– Revenue from industrial sewage treatment services and providing related utilities and management services	43,596	46,282
	152,040	151,579
Revenue from other sources		
– Leasing income from providing factory facilities	13,079	14,491
	165,119	166,070
Timing of revenue recognition in respect of contracts with customers		
– At a point in time	108,444	105,297
– Over time	43,596	46,282
	152,040	151,579

For the six months ended 30 June 2025, there was no customer with whom transactions have exceeded 10% of the Group's revenue (2024: Nil).

The Group has applied practical expedient of HKFRS 15, Revenue from Contracts with Customers to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the end of the reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less.

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

For the six months ended 30 June 2025 (Unaudited)

	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	108,444	56,675	–	165,119	–	165,119
Other revenue	–	–	3,704	3,704	–	3,704
Reportable segment revenue	108,444	56,675	3,704	168,823	–	168,823
Reportable segment results	(17,156)	13,732	3,393	(31)	(7,718)	(7,749)
Other income	1,282	1,542	–	2,824	9	2,833
Finance income	902	208	–	1,110	68	1,178
Finance costs	(833)	–	–	(833)	–	(833)
Depreciation of property, plant and equipment	(25,321)	(9,152)	–	(34,473)	(281)	(34,754)
Depreciation of right-of-use assets	(515)	(945)	–	(1,460)	–	(1,460)
Reversal of impairment loss on trade receivables, net	278	–	–	278	–	278
Reportable segment assets at end of reporting period	831,398	304,847	88,758	1,225,003	27,296	1,252,299
Additions to non-current segment assets	568	15,362	–	15,930	–	15,930
Reportable segment liabilities at end of reporting period	212,821	67,324	6,571	286,716	7,496	294,212

For the six months ended 30 June 2024 (Unaudited)

	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	105,297	60,773	–	166,070	–	166,070
Other revenue	–	–	3,745	3,745	–	3,745
Reportable segment revenue	105,297	60,773	3,745	169,815	–	169,815
Reportable segment results	(27,403)	12,677	3,425	(11,301)	(7,546)	(18,847)
Other income	2,961	603	–	3,564	–	3,564
Finance income	1,594	9	–	1,603	224	1,827
Finance costs	(914)	–	–	(914)	–	(914)
Depreciation of property, plant and equipment	(25,305)	(9,020)	–	(34,325)	(175)	(34,500)
Depreciation of right-of-use assets	(673)	(946)	–	(1,619)	–	(1,619)
Reversal of impairment loss on trade receivables, net	1,927	–	–	1,927	–	1,927
Reportable segment assets at 31 December 2024	817,041	305,189	98,754	1,220,984	26,631	1,247,615
Additions to non-current segment assets for 12 months ended 31 December 2024	2,986	23,149	–	26,135	1,066	27,201
Reportable segment liabilities at 31 December 2024	208,690	64,444	7,181	280,315	2,850	283,165

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Consolidated revenue	165,119	166,070
Elimination of inter-segment revenue	—	—
Other revenue	3,704	3,745
	<u>168,823</u>	<u>169,815</u>
Reportable segment revenue	<u>168,823</u>	<u>169,815</u>
Loss before taxation		
Reportable segment loss	(31)	(11,301)
Unallocated head office and corporate expenses, net	(7,718)	(7,546)
	<u>(7,749)</u>	<u>(18,847)</u>
Consolidated loss before taxation	<u>(7,749)</u>	<u>(18,847)</u>
	30 June	31 December
	2025	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	1,225,003	1,220,984
Unallocated head office and corporate assets	27,296	26,631
	<u>1,252,299</u>	<u>1,247,615</u>
Consolidated total assets	<u>1,252,299</u>	<u>1,247,615</u>
Liabilities		
Reportable segment liabilities	286,716	280,315
Unallocated head office and corporate liabilities	7,496	2,850
	<u>294,212</u>	<u>283,165</u>
Consolidated total liabilities	<u>294,212</u>	<u>283,165</u>

(e) **Geographical 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.

5. OTHER REVENUE

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend income from equity investments at fair value through other comprehensive income	3,704	3,745

6. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Waiver concessions received from service providers	626	2,515
Value-added tax refund	–	62
Release of deferred governmental grants	810	816
Net settlement proceeds from fire accident mediation	864	–
Sundry income	533	171
	2,833	3,564

7. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Finance income from:		
Interest income on bank deposits	1,960	2,052
Net foreign exchange loss	(782)	(225)
Total finance income	1,178	1,827
Interest expenses on:		
Bank borrowings	833	908
Lease liabilities	–	6
Total finance costs	833	914
Net finance income	345	913

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	34,754	34,500
Depreciation of right-of-use assets	1,460	1,619
Operating lease charges for minimum lease payments		
– land and buildings in Hong Kong	540	540
– landfill in the PRC	54	54
	<hr/>	<hr/>
Other operating expenses:		
– net loss on disposal of property, plant and equipment	3	13
– costs on litigations and non-compliance incidents	209	710
– legal and professional expenses	1,917	1,669
– other expenses	566	639
	<hr/>	<hr/>
	2,695	3,031
	<hr/>	<hr/>
Total staff costs (inclusive of Directors' emoluments)	32,024	38,398
	<hr/>	<hr/>
Cost of sales	139,075	146,139
	<hr/> <hr/>	<hr/> <hr/>

9. INCOME TAX

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
PRC Corporate Income Tax	4,728	4,359
Under-provision in respect of prior periods	118	267
PRC Dividend Withholding Tax	1,072	–
	5,918	4,626
Deferred tax		
PRC Dividend Withholding Tax	(1,072)	–
Origination and reversal of other temporary differences	914	233
	5,760	4,859

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the periods. No provision for Hong Kong Profits Tax has been made, as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2025 and 2024.
- (iii) The Company's subsidiaries in the PRC are subject to a statutory Corporate Income Tax ("CIT") at the rate of 25% (2024: 25%), except for the subsidiaries which are qualified as the High and New Technology Enterprise in the PRC that would be entitled to enjoy a preferential CIT at the rate of 15% (2024: 15%).
- (iv) Dividend distribution from subsidiaries in the PRC to the holding companies in Hong Kong is subject to a reduced withholding tax rate of 5% (2024: 5%).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2025 of approximately HK\$10,619,000 (six months ended 30 June 2024: loss of approximately HK\$20,248,000) and the weighted average number of 3,035,697,018 (six months ended 30 June 2024: 3,035,697,018) ordinary shares of the Company in issue during the period.

(b) Diluted loss per share

No assumption was made for the exercise of the share options since the assumed exercise of share options would result in a decrease in loss per share.

11. DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: Nil).

12. TRADE AND BILLS RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables	60,611	63,639
Lease receivables	19,566	11,809
Bills receivables	11,424	10,194
	<hr/>	<hr/>
	91,601	85,642
Less: allowance for credit loss	(17,832)	(17,669)
	<hr/>	<hr/>
	73,769	67,973
	<hr/> <hr/>	<hr/> <hr/>

Aging analysis

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 30 days	36,506	35,782
31 to 60 days	16,026	9,449
61 to 90 days	6,982	6,511
91 to 180 days	8,335	6,761
181 to 360 days	3,493	2,271
Over 1 year	2,427	7,199
	<u>73,769</u>	<u>67,973</u>

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

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Other receivables	379	327
Prepayments	5,641	4,456
Dividends receivable from equity investments	3,426	–
Amount due from a joint venture (<i>note</i>)	29,699	28,213
Consideration receivable from disposal of a subsidiary	10,631	10,321
	<u>49,776</u>	<u>43,317</u>

Note:

The amount due is unsecured, bearing interest at rates ranging from 3.20% to 4.05% per annum.

14. TRADE AND BILLS PAYABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade payables	25,338	33,612
Bills payables	<u>6,795</u>	<u>5,001</u>
	<u>32,133</u>	<u>38,613</u>

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 30 days	6,344	9,485
31 to 60 days	3,981	4,344
61 to 90 days	2,947	3,384
Over 90 days	<u>12,066</u>	<u>16,399</u>
	<u>25,338</u>	<u>33,612</u>

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

15. ACCRUED LIABILITIES AND OTHER PAYABLES

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	Note		
Salaries and bonuses payable		4,224	5,893
Accounts payable for acquisition of property, plant and equipment		22,356	19,999
Costs accrued for land restoration and soil remediation of obsolete plants		26,281	25,514
Dividends payable to the shareholders of the Company		4,857	–
Dividends payable to non-controlling interests of a subsidiary	(a)	57,336	57,336
Other payables	(b)	55,429	46,425
		<u>170,483</u>	<u>155,167</u>

Notes:

- (a) As at 30 June 2025, dividends payable to the non-controlling interests of the subsidiary, New Universe Environmental Technologies (Jiang Su) Limited (“**NUET(JS)**”), was comprised of amounts attributable to (i) Mr. YIN Yong Xiang approximately to HK\$25,540,000 (31 December 2024: HK\$25,540,000), (ii) Mr. SUN Jia Qing approximately to HK\$25,540,000 (31 December 2024: HK\$25,540,000), and (iii) Mr. LIU Lai Gen approximately to HK\$6,256,000 (31 December 2024: HK\$6,256,000). Mr. YIN Yong Xiang, Mr. SUN Jia Qing and Mr. LIU Lai Gen hold 8%, 8% and 2% of the equity interests in NUET(JS) respectively, and they are also the existing directors of Zhenjiang New Universe Solid Waste Disposal Company Limited (“**Zhenjiang New Universe**”), the wholly owned subsidiary of NUET(JS).
- (b) As at 30 June 2025, other payables mainly comprised of, (i) audit fee HK\$1,185,000 (31 December 2024: HK\$1,350,000), (ii) retentions and deposits received of approximately HK\$16,070,000 (31 December 2024: HK\$16,853,000), (iii) accruals for selling expenses of approximately HK\$6,505,000 (31 December 2024: HK\$4,891,000), (iv) other tax payables of approximately HK\$1,524,000 (31 December 2024: HK\$1,689,000), (v) sewage treatment costs of approximately HK\$4,030,000 (31 December 2024: HK\$4,007,000), and (vi) repairs and maintenance costs of approximately HK\$4,874,000 (31 December 2024: HK\$8,206,000).

16. CONTINGENCIES

(a) Legal contingencies

Legal proceedings were in process against NUET(JS), an 82% indirectly owned subsidiary of the Company incorporated in Hong Kong. Two existing shareholders (each a “Plaintiff”, Mr. YIN Yong Xiang and Mr. SUN Jia Qing, both are the existing directors of Zhenjiang New Universe and each holding 8% of the issued share capital of NUET(JS)) actioned separately against NUET(JS) and alleged that NUET(JS) should immediately pay each Plaintiff accrued and unpaid dividends of approximately HK\$26,579,000 (approximately RMB22,478,000) and interest thereon in the amount of approximately RMB4,058,000 (the “**Actions**”). In connection with the Actions, 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, with extension granted to 12 March 2028, will last 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 to dismiss 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 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 in the condensed consolidated financial statements (note 15(a)) 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 30 June 2025, the amounts accrued in the condensed consolidated financial statements for both Plaintiffs were approximately HK\$51,080,000 (31 December 2024: HK\$51,080,000).

(b) Contingencies arisen from guarantee

On 25 September 2020, the Company and Guangxi Rongkai Huayuan Electroplating Industrial Park Investment Company Limited (the “**Joint Venturer**”) entered into a joint and several guarantee agreement with a bank in the PRC to secure the repayment obligations of the joint venture, Liuzhou Xinyu Rongkai Solid Waste Disposal Company Limited* (“**Xinyu Rongkai**”) (being accounted for by the Company using equity method) in relation to bank loan facilities totaling RMB120,000,000 on pro-rata basis with 65% and 35% guaranteed by the Company and the Joint Venturer respectively. The guarantee remains effective until 31 December 2027.

As at 30 June 2025, out of the total bank facilities amounted to RMB129,000,000 granted by the bank to Xinyu Rongkai, amount of RMB125,100,000 had been utilised as building and construction of the incineration facilities of Xinyu Rongkai, and the remaining outstanding loan principal amounted to approximately RMB47,048,000 was due on the final maturity date, 21 June 2025. The outstanding loan is bearing interest at 4.25% per annum.

Owing to the local market conditions, Xinyu Rongkai has defaulted in full settlement of the outstanding loans amounted to approximately RMB47,048,000 on the final maturity date. The Company's obligation under the guarantee is joint and several with the Joint Venturer. As such, the bank might demand full repayment of any outstanding loans, outstanding interest, penalty interest or other costs from either guarantor irrespective of their respective ownership stakes.

The Company expects the loans defaulted by Xinyu Rongkai to be resolved on a fair and equitable basis through negotiations amongst the bank, the Company and the Joint Venturer. The Company is actively engaging with the bank to negotiate a restructuring or settlement. The Company has not recognised a provision as the outflow of economic benefits is not yet probable pending further developments in negotiations.

(c) Environmental contingencies

For the six months ended 30 June 2025, 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 herein, for the six months ended 30 June 2025 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 30 June 2025 (31 December 2024: Nil).

BUSINESS REVIEW

Environmental Treatment and Disposal Services for Industrial and Medical Wastes

For the six months ended 30 June 2025, the Group had collected from external customers for treatment and disposal in aggregate of approximately 81,145 metric tonnes (2024: 45,591 metric tonnes) of different hazardous wastes from various cities in Jiangsu Province, the PRC, and the total segment revenue from the provision of environmental treatment and disposal services for industrial and medical wastes was approximately HK\$108,444,000 (2024: HK\$105,297,000).

	For the six months ended 30 June			
	2025		2024	
	Waste collected and disposed <i>metric tonnes</i>	Segment revenue <i>HK\$'000</i>	Waste collected and disposed <i>metric tonnes</i>	Segment revenue <i>HK\$'000</i>
Hazardous industrial waste	41,586	83,844	41,946	83,318
Regulated medical waste	3,484	18,560	3,645	17,521
General industrial waste and others (note)	36,075	6,040	–	4,458
Total	81,145	108,444	45,591	105,297

Note:

Zhenjiang New Universe, a subsidiary of the Company, would phase out its collection and disposal operations for general industrial waste in 2025.

The Group holds interests in two associates, with a 30% equity interest in Zhenjiang Xin Qu Solid Waste Disposal Limited* (“**Zhenjiang Xin Qu**”) and a 30% equity interest in Nanjing Chemical Industry Park Tianyu Solid Waste Disposal Co., Limited (“**NCIP**”), that are principally engaged in the operations of providing environmental treatment and disposal of hazardous industrial waste services in Jiangsu Province, the PRC. The attributable results of Zhenjiang Xin Qu and NCIP are accounted for using equity method and classified under the operating segment of industrial and medical waste integrated treatment and disposal services. For the six months ended 30 June 2025, the Group shared a net profit of approximately HK\$357,000 (2024: net profit of approximately HK\$666,000) from Zhenjiang Xin Qu and shared a net loss of approximately HK\$4,024,000 (2024: net loss of approximately HK\$5,811,000) from NCIP respectively.

The Group also holds 65% equity interest in a sino-foreign joint venture, Xinyu Rongkai, that is principally engaged in the provision of environmental treatment and disposal services for hazardous industrial waste in Liuzhou, Guangxi Province, the PRC. The attributable results of Xinyu Rongkai is accounted for using equity method and classified under the operating segment of industrial and medical waste integrated treatment and disposal services. For the six months ended 30 June 2025, the Group shared a net loss of approximately HK\$4,455,000 (2024: net loss of approximately HK\$5,890,000) from Xinyu Rongkai.

For the six months ended 30 June 2025, the Group’s environmental treatment and disposal of industrial and medical waste services segment recorded a pre-tax loss of approximately HK\$17,156,000 (2024: pre-tax loss of HK\$27,403,000).

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

		Annualised capacity	
		30 June	31 December
		2025	2024
		metric	metric
	<i>Note</i>	tonnes	tonnes
Subsidiaries in the PRC:			
Licensed hazardous waste incineration facilities		135,400	135,400
Licensed epidemic medical waste incineration facilities	(i)	11,800	11,467
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	(ii)	40,000	33,333
Combined licensed waste treatment and disposal facilities	(iii)	228,500	221,500

Notes:

- (i) A renewed operating licence has been granted to a subsidiary located at Zhenjiang, Jiangsu Province, the PRC for incineration of regulated medical waste with an increased annual capacity from 80 metric tonnes to 800 metric tonnes with effect from June 2024.
- (ii) A renewal operating permission licence has been granted to Zhenjiang Xin Qu for flexible landfill disposal of 20,000 metric tonnes and rigid landfill disposal of 20,000 metric tonnes of hazardous waste respectively per annum with effect from May 2024.
- (iii) The combined capacity of the licensed hazardous waste treatment and disposal facilities represents the total effective quantity of hazardous waste permitted to be handled under valid operating licences which contributed to the Group's results as at the end of the reporting period calculated on an annualised basis. The calculation excludes: (a) the hazardous waste landfill facility with an annual treatment capacity of 18,000 metric tonnes, constructed and owned by a subsidiary located in Yancheng, Jiangsu Province, the PRC; and (b) the hazardous waste incineration facility with an annual treatment capacity of 20,000 metric tonnes, constructed and owned by a joint venture located in Liuzhou, Guangxi Province, the PRC. The operations of both facilities remain subject to pending government approvals for resumption of operation.

Environmental Plating Sewage Treatment Services in Eco-plating Specialised Zone

For the six months ended 30 June 2025, total revenue from the segment of provision of environmental plating sewage treatment services and provision of related facilities and utilities in the eco-plating specialised zone of the Group situated at Zhenjiang, Jiangsu Province, the PRC (the “**Eco-plating Specialised Zone**”) was approximately HK\$56,675,000 (2024: HK\$60,773,000) and the segment profit margin (pre-tax) was approximately 24.2% (2024: 20.9%).

	Segment revenue	
	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Industrial sewage treatment and providing public utilities and management services	43,596	46,282
Leasing of factory buildings and facilities	13,079	14,491
Total	56,675	60,773
	For the six months ended 30 June	
	2025	2024
Total gross floor area of factory buildings and facilities available for leasing (<i>square metres</i>)	101,034	101,034
Average utilisation rate of factory buildings and facilities	80.1%	86.2%
Plating sewage handled by the centralised sewage treatment plant (<i>metric tonnes</i>)	181,621	182,526
Average utilisation rate of sewage treatment capacity	22.0%	22.1%

The Eco-plating Specialised Zone is owned, built and operated by the Group's wholly-owned subsidiary, Zhenjiang Sinotech Eco-Electroplating Development Limited ("**Zhenjiang Sinotech**") in Zhenjiang, Jiangsu Province, the PRC. The Group operates a centralised plating sewage treatment plant, a centralised industrial sludge treatment plant and customised facilities equipped for the clients in the zone. The Eco-plating Specialised Zone has a total land area of approximately 180,000 square metres, in which, office building, factory buildings, and centralised filtering plants were built. The office building and centralised sewage filtering and sludge treatment plants were built with a total gross floor area of 19,560 square metres, and the factory buildings and facilities with a leasable total gross area of 101,034 (2024: 101,034) square metres that have been leased to various manufacturing clients carrying out their plating-related operations inside the Eco-plating Specialised Zone. There are now 22 factory buildings in the Eco-plating Specialised Zone currently leased by 32 (31 December 2024: 33) manufacturing clients as at 30 June 2025.

Investments in Plastic Materials Dyeing Business

The Group holds the equity interests in three manufacturing entities, which are principally engaged in plastic materials dyeing in the PRC as long-term equity investments. For the six months ended 30 June 2025, the profit margin (pre-tax) of Suzhou New Huamei Plastics Company Limited ("**Suzhou New Huamei**"), Danyang New Huamei Plastics Company Limited ("**Danyang New Huamei**") and Qingdao Zhongxin Huamei Plastics Company Limited ("**Qingdao Huamei**") were 1.3%, 1.7% and 5.3% (2024: 2.6%, 2.7% and 5.9%) respectively.

For the six months ended 30 June 2025, total dividends declared by Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei in relation to their results in 2024 in aggregate of approximately HK\$3,704,000 (2024: HK\$3,745,000) have been recognised and are expected to be distributed to the Group in the fourth quarter of the year.

OUTLOOK

In the first half of 2025, the Group continues to face a sluggish market for hazardous waste treatment and incineration services in Jiangsu Province. While industry overcapacity and pricing pressure remain key challenges, decisive strategic measures have significantly reduced the Group's net loss compared to the same period in 2024.

Building upon the progress made, the Group remains committed to operational optimisation, cost efficiency, and service enhancement. We will persist in ensuring the timely renewal of hazardous waste operating licences for our subsidiaries while minimising facility downtime through strategic adjustments to incineration operations.

As of mid-2025, the Group's subsidiaries continue to maintain a licensed incineration capacity of 135,400 metric tonnes per annum for hazardous waste and 11,800 metric tonnes per annum for regulated medical waste. The sewage treatment operations in the Eco-plating Specialised Zone remain well-optimised to serve our plating industry clients effectively.

Despite prevailing industry challenges, the Group remains steadfast in its commitment to environmental protection and sustainable business development. The Group will actively explore restructuring opportunities and industrial upgrades to strengthen long-term business resilience. The Group would continue to urge all colleagues to stay determined, work collaboratively, and embrace innovation to drive business recovery. With the unwavering support of our shareholders, the Group is confident in its ability to navigate the evolving landscape, improve performance, and create lasting value.

FINANCIAL REVIEW

A summary of the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2025 together with corresponding figures for 2024 is presented as follows:

	<i>Note</i>	For the six months ended 30 June		Change %
		2025	2024	
		HK\$'000	HK\$'000	
Revenue from environmental treatment and disposal services for industrial and medical wastes		108,444	105,297	+3.0
Revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities		56,675	60,773	-6.7
Total revenue	1	165,119	166,070	-0.6
Average gross profit margin (in percentage)	2	15.8	12.0	+31.7
Other revenue	3	3,704	3,745	-1.1
Other income	4	2,833	3,564	-20.5
Distribution costs	5	(7,663)	(10,083)	-24.0
Administrative expenses	6	(19,992)	(22,071)	-9.4
Other operating expenses	7	(2,695)	(3,031)	-11.1
Research and development expenses	8	(2,481)	(2,707)	-8.3
Reversal of impairment loss on trade receivables, net	9	278	1,927	-85.6
Finance income	10	1,178	1,827	-35.5
Finance costs	11	(833)	(914)	-8.9
Share of results of associates	12	(3,667)	(5,145)	-28.7
Share of results of a joint venture	13	(4,455)	(5,890)	-24.4
Income tax	14	(5,760)	(4,859)	+18.5
Net loss for the period	15	(13,509)	(23,706)	-43.0
Loss attributable to owners of the Company	15	(10,619)	(20,248)	-47.6
Basic LPS (in HK cents)	15	(0.35)	(0.67)	-47.8
Diluted LPS (in HK cents)	15	(0.35)	(0.67)	-47.8
Adjusted EBITDA	16	37,420	29,221	+28.1

Notes:

1. Revenue

Net decrease in total revenue for the six months ended 30 June 2025, amounting to HK\$951,000 was mainly attributable to the decrease in revenue from environmental industrial sewage treatment, utilities, management services, and leasing out factory facilities owing to decrease in utilisation rate of factory buildings and facilities in the Eco-plating Specialised Zone that resulted in a decrease of HK\$4,098,000.

2. Gross profit margin

The increase in the Group's gross profit margin for the six months ended 30 June 2025 was mainly attributable to:

- (i) the increase in average unit handling price for hazardous waste treatment services that resulted in driving up the gross profit margin; and
- (ii) the reduction in direct costs of both business segments that resulted in improvement of the overall gross profit margin.

3. Other revenue

Net decrease in other revenue for the six months ended 30 June 2025, amounting to HK\$41,000, was mainly attributable to the decrease in RMB foreign exchange rates relative to HK\$ upon dividends declared by the equity investments in the current period.

4. Other income

Net decrease in other income for the six months ended 30 June 2025, amounting to HK\$731,000, was mainly attributable to the decrease in concessions waived by service providers in the current period.

5. Distribution costs

Net decrease in distribution costs for the six months ended 30 June 2025, amounting to HK\$2,420,000, was mainly due to a decrease in marketing agency fees in the current period.

6. Administrative expenses

Net decrease in administrative expenses for the six months ended 30 June 2025, with a reduction of HK\$2,079,000, was mainly caused by a reduction in staff headcount in the current period.

7. Other operating expenses

Net decrease in other operating expenses for the six months ended 30 June 2025, amounting to HK\$336,000, was mainly attributable to decrease in litigation costs.

8. Research and development expenses

Net decrease in research and development expenses for the six months ended 30 June 2025, amounting to HK\$226,000, was mainly attributable to continued adjustment to the R&D departments of the major PRC subsidiaries in the current period.

9. Reversal of impairment loss on trade receivables

The reversal of impairment loss on trade receivables for the six months ended 30 June 2025, with a total of HK\$278,000, was mainly attributable to improvement in debt recovery.

10. Finance income

Net decrease in finance income for the six months ended 30 June 2025, amounting to HK\$649,000, was mainly attributable to a decrease in interest income from free-cash deposits in the current period.

11. Finance costs

Net decrease in finance costs for the six months ended 30 June 2025, with a reduction of HK\$81,000, was mainly due to a decrease in interest rates of bank borrowings in the PRC in the current period.

12. Share of results from associates

Net decrease in loss shared from associates for the six months ended 30 June 2025, amounting to HK\$1,478,000, was mainly attributable to the improvement in the business performance of NCIP during the current period.

13. Share of results from a joint venture

Net decrease in loss shared from the joint venture, Xinyu Rongkai, for the six months ended 30 June 2025, amounting to HK\$1,435,000, was mainly attributable to its decrease in operating costs under temporary operation halt in the current period.

14. Income tax

Net increase in income tax for the six months ended 30 June 2025, amounting to HK\$901,000, was mainly attributable to the PRC Dividend Withholding Tax paid in first half of 2025.

15. Net loss for the period

For the six months ended 30 June 2025, the decrease in the Group's losses, the decrease in net loss attributable to owners of the Company, and the decrease in loss per share ("LPS") were mainly attributable to:

- (i) the increase in revenue from environmental treatment and disposal services for industrial and medical wastes in the PRC owing to a slightly upward adjustment to the average unit handling price; and
- (ii) the decrease in losses shared from the associate NCIP and the joint venture, Xinyu Rongkai.

16. Adjusted EBITDA

The Company uses 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 Group's operating results. The increase in Adjusted EBITDA for the six months ended 30 June 2025, amounting to HK\$8,199,000 was mainly attributable to the decrease in losses from core business segments in the current period.

Seasonality of operations

For the year ended 31 December 2024, the operations of providing environmental treatment and disposal services for hazardous waste in Jiangsu Province has encountered a relatively higher demand in the first half of the year.

For the 12 months ended 30 June 2025, the integrated treatment and disposal services for handling hazardous waste reported a revenue of approximately HK\$227,401,000 for 203,518 metric tonnes waste being collected and disposed (12 months ended 30 June 2024: HK\$239,160,000 for 96,485 metric tonnes waste being collected and disposed) and pre-tax loss of approximately HK\$26,033,000 (12 months ended 30 June 2024: loss of HK\$21,228,000).

Capital expenditure

For the six months ended 30 June 2025, the Group incurred capital expenditure to increase property, plant and equipment (i) for the operating segment of environmental treatment and disposal for hazardous waste amounted to approximately HK\$568,000 (2024: HK\$1,220,000), and (ii) for the operating segment of industrial sewage and sludge treatment services and provision of facilities and utilities in the Eco-plating Specialised Zone amounted to approximately HK\$15,362,000 (2024: HK\$10,515,000).

Capital commitments

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

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Contracted for but not provided for:		
– Capital expenditure in respect of property, plant and equipment	7,999	19,198
– Capital contribution to an equity investment	15,976	15,915

Note:

On 28 July 2022, Zhenjiang New Universe (an indirectly 82% 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**”). Pursuant to the Investment Agreement, NUET(JS) (the immediate holding company interested in 100% paid-up registered capital of Zhenjiang New Universe) shall 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 Zhenjiang New Universe is still subject to the approval of the relevant departments of the PRC government. The Directors of the Company have decided to suspense temporarily the implementation of the Expansion Plan since April 2023 and have prudently sought for other alternatives to transform the facilities of Zhenjiang New Universe.

Liquidity and financial resources

- (a) For the six months ended 30 June 2025, the Group financed its operations and made payment of debts and liabilities due timely and would finance its contracted capital commitments with internally generated cash flows and banking facilities.
- (b) The Group remained stable in its financial position with equity attributable to owners of the Company amounted to approximately HK\$862,783,000 (31 December 2024: HK\$869,053,000) and consolidated total assets amounted to approximately HK\$1,252,299,000 (31 December 2024: HK\$1,247,615,000) as at 30 June 2025 respectively.
- (c) The Company did not have any equity fund raising activity within the past twelve months immediately prior to the date of this announcement (2024: Nil).

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

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
(i) Cash and bank balances:		
in HK\$	65,161	51,186
in RMB	144,316	145,264
in USD	24,719	24,373
	234,196	220,823
(ii) Available unused unsecured banking facilities:		
in HK\$	20,000	20,000
in RMB	5,480	31,920
	25,480	51,920
(e) The Group monitors Adjusted EBITDA as a key performance indicator at the consolidated level and considers it a relevant metric for assessing the Group's financial performance. Adjusted EBITDA is calculated by adjusting the profit or loss for the reporting period to exclude the effects of taxation, total interest expense, depreciation, amortisation, the Group's share of results from associate(s) and joint venture(s) accounted for under the equity method, and non-recurring or one-off items.		

Reconciliation of adjusted EBITDA to loss for the period

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Loss for the period	(13,509)	(23,706)
Adjustments for:		
– Income tax	5,760	4,859
– Total interest expense	833	914
– Depreciation of property, plant and equipment	34,754	34,500
– Depreciation of right-of-use assets	1,460	1,619
– Share of results of associated companies, net of tax	3,667	5,145
– Share of results of a joint venture, net of tax	4,455	5,890
Adjusted EBITDA	37,420	29,221

- (f) The Company monitors the financial performance of its equity-accounted investees by evaluating their Adjusted EBITDA by excluding the effects of capital structure, financing costs, and tax entity framework. Set out below is the Adjusted EBITDA for each of the Company's investees accounted for under the equity method:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Adjusted EBITDA of associates:		
Zhenjiang Xin Qu	10,890	5,567
NCIP	(2,636)	(7,419)
Adjusted EBITDA of joint venture:		
Xinyu Rongkai	(277)	(1,918)

- (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 1.46 times as at 30 June 2025 (31 December 2024: 1.43 times).

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

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Total interest-bearing borrowings		
Bank borrowings	<u>50,043</u>	<u>44,752</u>
Total equity	<u>958,087</u>	<u>964,450</u>
Gearing ratio	<u><u>5.2%</u></u>	<u><u>4.6%</u></u>

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 borrowings of the Group were as follows:

		30 June 2025 HK\$'000	31 December 2024 HK\$'000
	<i>Note</i>		
Secured RMB bank borrowings	(i)	21,920	21,280
Unsecured RMB bank borrowings	(ii)	<u>28,123</u>	<u>23,472</u>
		<u><u>50,043</u></u>	<u><u>44,752</u></u>

Notes:

- (i) Bearing interest at fixed rates ranged from 3.08% to 3.50% (31 December 2024: 3.50% to 4.00%) per annum.
- (ii) Bearing interest at fixed rates ranged from 3.20% to 3.50% (31 December 2024: 3.20% to 3.50%) per annum.

Capital structure

There was no significant change to the capital structure of the Company as at 30 June 2025 as compared to that as at 31 December 2024.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

There were no material acquisition and disposal of subsidiaries, associates and joint ventures of the Company for the six months ended 30 June 2025.

Significant investments held and their performance

According to the valuation report prepared by an independent professional valuer, Colliers International (Hong Kong) Limited (“**Colliers International**”) (31 December 2024: 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 30 June 2025 was HK\$85,100,000 (31 December 2024: HK\$98,400,000).

	Group’s interest	EBIT		Fair value attributable to the Group		Fair value relative to the Group’s total assets	
		Six months ended					
		30 June		30 June 31 December		30 June 31 December	
		2025	2024	2025	2024	2025	2024
		HK\$’000	HK\$’000	HK\$’000	HK\$’000		
Suzhou New Huamei	18.62%	2,762	3,347	9,500	12,600	0.8%	1.0%
Danyang New Huamei	24.50%	2,574	4,286	6,200	10,300	0.5%	0.8%
Qingdao Huamei	28.67%	13,249	18,538	69,400	75,500	5.5%	6.1%
		<u>18,585</u>	<u>26,171</u>	<u>85,100</u>	<u>98,400</u>	<u>6.8%</u>	<u>7.9%</u>

As at 30 June 2025, the fair value of the unlisted equity investment in Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei represented 0.8%, 0.5% and 5.5% (31 December 2024: 1.0%, 0.8% and 6.1%) of the Group’s total assets respectively.

Impairment testing on goodwill

Goodwill was recognised in a business combination completed in 2007 that is currently composed of Zhenjiang New Universe and Yancheng New Universe Solid Waste Disposal Company Limited being identified as a cash-generating unit. As at 30 June 2025, the assessment on the recoverable amount of this cash-generating unit (having excluded Taizhou New Universe Solid Waste Disposal Company Limited after its being disposed of by the Group completed on 29 October 2020), which is principally engaged in environmental waste treatment and disposal services mainly in Jiangsu Province, the PRC, was determined with reference to the valuation report prepared by Colliers International (31 December 2024: Colliers International), based on reasonable assumptions, including but not limited to, under going concern basis, the cash flows projection with a growth rate at 1.2% (31 December 2024: 1.7%) of that cash-generating unit operating at the licensed incineration and treatment capacity of handling 26,400 metric tonnes of hazardous industrial waste per annum and 4,100 metric tonnes of regulated medical waste per annum, and the pre-tax discount rate of 13.33% (31 December 2024: 12.33%) which reflects the risks for the industries. No impairment loss to the goodwill was considered necessary for the six months ended 30 June 2025 (31 December 2024: Nil).

Impairment testing on interest in an associate, NCIP

As at 30 June 2025, the assessment on the recoverable amount of the Group's interest in NCIP, which is principally engaged in environmental waste treatment and disposal services in Nanjing, the capital city of Jiangsu Province, the PRC, was determined with reference to the valuation report prepared by Colliers International (31 December 2024: Colliers International), based on reasonable assumptions, including but not limited to, under going concern basis, the cash flows projection of NCIP with a growth rate at 1.2% (31 December 2024: 1.7%) of NCIP as cash-generating unit operating at the licensed incineration and treatment capacity of handling 38,000 metric tonnes of hazardous industrial waste per annum, and the pre-tax discount rate of 12.70% (31 December 2024: 11.81%) which reflects the risks for the business of NCIP. No impairment loss to the Group's interest in NCIP was considered necessary for the six months ended 30 June 2025 (31 December 2024: Nil).

Impairment testing on interest in a joint venture, Xinyu Rongkai

As at 30 June 2025, the assessment on the recoverable amount of the Group's interests in Xinyu Rongkai, which is principally engaged in environmental waste treatment and disposal services in Liuzhou, Guangxi, the PRC, was conducted with reference to the valuation report prepared by Colliers International, based on reasonable assumptions, including but not limited to, under going concern basis, the cash flows projection of Xinyu Rongkai with a growth rate at 1.2% (31 December 2024: 1.7%) of Xinyu Rongkai once resumed operations as cash-generating unit with the licensed incineration capacity of hazardous waste 20,000 metric tonnes per annum, and at the pre-tax discount rate of 11.94% (31 December 2024: 11.73%) having accounted for the risks encountered by Xinyu Rongkai in the industries. No impairment loss to the Group's interests in Xinyu Rongkai was considered necessary for the six month ended 30 June 2025 (31 December 2024: Nil).

Charges on assets

As at 30 June 2025, the following assets of the Group were pledged as collaterals for banking facilities granted by the current bankers of the Group.

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Carrying amount of collaterals:		
Property, plant and equipment	44,590	47,392
Land use rights	7,394	7,266
Pledged bank deposits	3,523	3,309
	55,507	57,967
	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Secured liabilities:		
Secured bank borrowings	21,920	21,280
Bills payables	6,795	5,001
	28,715	26,281

Employee information

As at 30 June 2025, the Group had 388 (2024 : 425) full-time employees, of which 15 (2024: 16) were based in Hong Kong, and 373 (2024: 409) in the PRC. For the six months ended 30 June 2025, staff costs, including the remuneration of the Directors and amount capitalised as inventories was HK\$32,024,000 (2024: HK\$38,398,000). The Group's remuneration policy emphasises motivation and performance of its employees, with a principle to strengthen the Group's competitiveness in the market and comply with the relevant statutory requirements of the PRC and Hong Kong. Employees and Directors were paid in commensurate with the prevailing market standards, with other fringe benefits such as share option scheme, bonus, medical insurance, contributions to mandatory provident fund (in respect of Hong Kong employees only), the contributions to the statutory social insurance benefits in the PRC, including the endowment insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing provident fund (in respect of PRC employees only), and continuing development and training.

Foreign currency risk

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

The results of the Group's subsidiaries in the PRC are translated from RMB into HK\$ at the exchange rates approximating the rates ruling at the dates of the transactions. Statement of financial position items of the Group's subsidiaries in the PRC are translated from RMB into HK\$ at the closing rate ruling at the end of the reporting period. For the six months ended 30 June 2025, RMB appreciated on average relative to the HK\$ that resulted in an overall upside exchange difference on the translation from RMB to HK\$ for the financial statements of the subsidiaries, associates and joint venture in the PRC amounted approximately to HK\$24,539,000 (2024: downside exchange difference of HK\$19,839,000) that were recognised as other comprehensive income and accumulated separately in equity under the translation reserve of the Company. The accumulated exchange differences in the translation reserve will be reclassified to profit or loss when the interests in the relevant subsidiaries, associates or joint venture in the PRC being entirely or partially disposed of by the Group.

Interest rate risk

As at 30 June 2025, the bank borrowings of the Group were managed using a mix of fixed and floating interest rates in order to minimise interest rate risk, of which no bank borrowings were stipulated at floating interest rates (31 December 2024: Nil) and the bank borrowings denominated in RMB were stipulated at various fixed interest rates within the range of 3.08% to 3.50% (31 December 2024: 3.20% to 4.00%) per annum.

Credit risk

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the condensed consolidated statement of financial position.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2025, 3.8% (31 December 2024: 3.8%) and 10.8% (31 December 2024: 10.4%) of the total trade and lease receivables was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade and lease receivable at an amount equal to lifetime expected credit loss ("ECL").

The Group considers that the allowance for lifetime ECL amounted to approximately HK\$17,832,000 (31 December 2024: HK\$17,669,000) on the gross carrying amount of trade, lease and bills receivables amounted to approximately HK\$91,601,000 (31 December 2024: HK\$85,642,000) at a ratio of approximately 19.47% as at 30 June 2025 (31 December 2024: 20.63%) would be prudently adequate to contain the potential risks of losses.

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

During the current reporting period, the Group has encountered continued loss arisen from the operating segment of providing integrated treatment and disposal services for hazardous industrial waste in the PRC. The demanding lower pricing of hazardous waste discharged from manufacturing clients might be owing to the adjustment of the local economic conditions in the PRC, especially in the Jiangsu Province, that might affect the stable operating cashflows of the Group. The uncertainties and challenges met by the local manufacturing and chemical industries might create continued pressure on hazardous waste disposal pricing offered by specific client base of the Group. Notwithstanding the challenge, the Group will continue its environmental-related operations, strengthen its business strategy of different geographical market penetration, prudently explore for business restructuring and industrial upgrading thereby reducing its dependence and investment on the specific markets.

Save as disclosed therein, as at 30 June 2025, there was no significant change to the principal risks and uncertainties related to the Company's business operations as disclosed in the annual report of the Company for the year ended 31 December 2024.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2025 (2024: Nil).

The final dividend related to the financial year ended 31 December 2024 proposed on 21 March 2025 at HK\$0.0016 per ordinary share of the Company totally amounting to approximately HK\$4,857,000 has been recognised as a liability as at 30 June 2025 after the said final dividend was duly approved by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting on 23 May 2025 and has been paid on 31 July 2025.

CHANGE IN DIRECTORS' INFORMATION

Information on Directors

For the six months ended 30 June 2025, there were no significant change in Directors' information, and there has been 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 2024.

There is no other information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules (“**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

Information on management

For the six months ended 30 June 2025, there was no significant change in details of the management team members of the Company since the date of the last annual report of the Company for the year ended 31 December 2024.

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

Neither the Company, nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the six months ended 30 June 2025.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after the six months ended 30 June 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

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

CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions of the Corporate Governance Code set out in Part 2 of Appendix C1 ("**CG Code**") to the Listing Rules throughout the six months ended 30 June 2025, and the Directors confirmed that they were not aware of any deviation from the CG Code during the period then ended, except for the code provision C.2.1.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. For the six months ended 30 June 2025, Mr. XI Yu has assumed the roles of both chairman of the Board ("**Chairman**") and the chief executive officer of the Company ("**CEO**") that constitutes a deviation from code provision C.2.1 of the CG Code. After evaluation of the current situation of the Group and taking into account of the experience and performance of Mr. XI Yu, the Board is of the opinion that it is appropriate and in the best interest of the Company at the present stage to vest the roles of the Chairman and the CEO of the Company on the same person as it helps to facilitate the execution of the Group's business strategies and maximises the effectiveness of its operation. The Board also considers that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and CEO; (ii) Mr. XI Yu as the Chairman and CEO is fully accountable to the Shareholders and contributes to the Board and the Group on all top level and strategic decisions and is responsible for ensuring that all Directors act in the best interests of the Shareholders; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and will enable the Company to make and implement decisions promptly and effectively. However, the Board will continue to review and consider splitting the role of Chairman and CEO at a time when it is appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Director’s securities transactions in the securities of the Company. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with, or they were not aware of any non-compliance with, the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2025.

CONNECTED TRANSACTIONS

There was no connected transactions (defined under the Listing Rules) which were discloseable in the current reporting period or any time during the six months ended 30 June 2025.

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\$131,520,000) 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\$6,412,000) based on 65% equity interest in Xinyu Rongkai for a short-term banking facilities in a total amount of RMB9,000,000 (approximately HK\$9,864,000) and the guarantee has been extended to 4 December 2027. The guaranteed bank borrowings has been fully settled on 4 December 2024.

The total banking facilities of Xinyu Rongkai (which the Company guaranteed 65%) were RMB129,000,000, approximately HK\$141,384,000 (31 December 2024: RMB129,000,000, approximately HK\$137,256,000), of which RMB125,100,000, approximately HK\$137,110,000 (31 December 2024: RMB125,100,000, approximately HK\$133,106,000) was utilised, and loans of approximately RMB47,048,000, approximately HK\$51,564,000 (31 December 2024: RMB47,048,000, approximately HK\$50,059,000) were outstanding as at 30 June 2025 which was entirely due on the final maturity date at 21 June 2025, and bearing interest at fixed rate of 4.25% (31 December 2024: 4.25%) per annum.

As the Company expects the outstanding bank loans due by Xinyu Rongkai in default would be settled on a fair and equitable basis as proposed by the bank, the Company has not yet recognised any liabilities that might possibly be arisen from the defaulted loans due by Xinyu Rongkai in the condensed consolidated financial statements as at 30 June 2025.

On 19 June 2023, New Universe International Group Limited (a wholly owned subsidiary of the Group 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\$16,988,000, which is unsecured, bearing interest at 4.05% per annum and due 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\$11,042,000 and Lender B agreed to lend RMB5,425,000, approximately HK\$5,946,000 to Xinyu Rongkai respectively. The loan drawn down by Xinyu Rongkai on 20 June 2023 was used for the repayment of bank loan instalment and interest due on 21 June 2023. As at 30 June 2025, the loan to Xinyu Rongkai pursuant to the JV Loan Agreement from the Group was RMB10,075,000, approximately HK\$11,042,000 (31 December 2024: RMB10,075,000, approximately HK\$10,720,000).

During the six months ended 30 June 2025, Zhenjiang Xinrong Environmental Technologies Limited* and Jiangsu Xinyu Environmental Company Limited* (both are wholly owned subsidiaries of the Group) have made advances to Xinyu Rongkai, for its general operating purpose, which are unsecured, bearing interest at fixed rates ranging from 3.20% to 4.05% per annum and are subject to agreements with repayable on demand clauses. As at 30 June 2025, such advances due from Xinyu Rongkai to the Group was approximately HK\$29,699,000 (31 December 2024: HK\$28,213,000).

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

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Gross amounts of the joint venture's		
Non-current assets	143,381	144,586
Current assets	563	554
Current liabilities	(115,880)	(111,142)
Non-current liabilities	(16,988)	(16,492)
Equity	11,076	17,506
The Group's attributable interest in the joint venture		
Gross amount of net assets of the joint venture	11,076	17,506
The Group's share of net assets of the joint venture	7,200	11,378
The Group's share of shareholders' loan	11,042	10,720
Carrying amount of net assets of the joint venture	18,242	22,098

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

As at 30 June 2025 and any time during the six months then ended, 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 26 July 2024 entered into by Smartech Services Limited ("**Smartech Services**", an indirectly 100% owned subsidiary of the Company) as tenant to lease three office units at Rooms 2109 to 2111, Telford House, 16 Wang Hoi Road, Kowloon Bay, Hong Kong ("**Office Premises**") for the period from 1 August 2024 to 31 July 2025 at a monthly rental of HK\$80,000.
- (b) A renewed tenancy agreement dated 29 July 2025 was entered into between Sun Ngai as landlord and Smartech Services as tenant for leasing the Office Premises for the period from 1 August 2025 to 31 July 2026 at a monthly rental of HK\$80,000.
- (c) For the six months ended 30 June 2025, total rentals paid by Smartech Services to Sun Ngai were HK\$480,000 (2024: HK\$480,000).

The above transactions were conducted on terms no less favourable than terms available from independent third parties which were in the ordinary course of business of the Group. The afore-mentioned tenancy agreement entered into between the wholly owned subsidiary of the Group, Smartech Services and Sun Ngai were de 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 period.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

Ms. LIU Yu Jie was appointed as an 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 PRC, of which she has a controlling stake in one of the four said companies. As the permission operating licence to operate hazardous wastes in each of the four said cities is exclusive, and the Group does not have any such operations in those cities, the Board considers that the said investments of Ms. LIU Yu Jie do not compete with the interests of the Group.

Save as disclosed therein, during the six months ended 30 June 2025, the Directors were not aware of any business or interest of the Directors or any substantial shareholder of the Company and their respective associates that had competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors during the six months ended 30 June 2025, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

During the six months ended 30 June 2025, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprising three independent non-executive Directors, Mr. YANG Harry, who chairs the Audit Committee, Mr. HO Yau Hong, Alfred, and Ms. XIANG Ling, has reviewed with the management the unaudited condensed consolidated financial results and financial information of the Company for the six months ended 30 June 2025.

INDEPENDENT REVIEW OF INTERIM FINANCIAL RESULTS

The condensed consolidated financial statements for the six months ended 30 June 2025 of the Company (“**Interim Financial Report**”) were unaudited, but have been reviewed in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by the Company’s independent auditor, Crowe (HK) CPA Limited, and nothing has come to their attention that causes them to believe that the Interim Financial Report is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

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

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

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

Hong Kong, 15 August 2025

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

* *For identification purpose only*