

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



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)

ANNOUNCEMENT COMPENSATION FROM PROFIT GUARANTEE ON ACQUISITION

Reference is made to the announcement of New Universe Environmental Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 31 March 2017 (the “**Announcement**”) in relation to the sale and purchase agreement (the “**SPA**”) entered into between the wholly-owned subsidiary of the Company, New Universe International Holdings Limited as the purchaser (the “**Purchaser**”) and Sinotech Investments Limited as the vendor (the “**Vendor**”) which constituted a discloseable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Capitalised terms used herein shall have the same meanings as those defined in the Announcement, unless the context requires otherwise.

The SPA was completed on 21 April 2017. Pursuant to the SPA, the Vendor has irrevocably warranted and guaranteed to the Purchaser that the total audited net profit after tax of Nanjing Chemical Industry Park Tianyu Solid Waste Disposal Co., Ltd. (“**NCIP**”) for the two years ended 31 December 2018 (the “**Actual Profit**”), prepared in accordance with the Hong Kong Financial Reporting Standards, shall be no less than RMB44,334,000 (the “**Guaranteed Profit**”). It is further provided in the SPA that in the event that the Actual Profit falls below Guaranteed Profit, the Vendor shall pay to the Group an amount representing 30% of the amount of the difference between the Guaranteed Profit and the Actual Profit (the “**Shortfall**”) by way of deducting the Shortfall from the amount payable under the fifth instalment pursuant to the SPA (and subsequent instalments, if necessary) upon receipt of the written notice from the Purchaser.

According to the audited financial statements of NCIP prepared in accordance with the Hong Kong Financial Reporting Standards for the two years ended 31 December 2018, the Actual Profit was approximately RMB26,207,000. The Purchaser is therefore entitled to deduct an amount equivalent to approximately RMB5,438,000 from the fifth instalment payable to Vendor on 30 June 2019, and after being translated into Hong Kong Dollars, the amount deducted of approximately HK\$6,210,000 (based on the exchange rate of RMB1: HK\$1.142 quoted on 31 December 2018 from HSBC in Hong Kong) would be accounted for as other net income of the Group for the year ended 31 December 2018.

On 22 March 2019, the Vendor was notified by the Purchaser that the Shortfall will be deducted from the fifth instalment payment pursuant to the SPA.

The Board is of the view that the failure to meet the Guaranteed Profit would not pose any material adverse impact on the financial position and business operation of the Group as a whole.

By Order of the Board
New Universe Environmental Group Limited
XI Yu
Chairman

Hong Kong, 22 March 2019

As at the date of this announcement, the Board comprises six executive directors: Mr. XI Yu (Chairman and Chief Executive Officer), Mr. SONG Yu Qing, Ms. CHEUNG Siu Ling, Ms. ZHANG Shuo, Ms. LIU Yu Jie and Mr. HON Wa Fai; and three independent non-executive directors: Prof. CHAN Yan Cheong, Mr. YUEN Kim Hung, Michael and Mr. HO Yau Hong, Alfred.