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# **NEW UNIVERSE INTERNATIONAL GROUP LIMITED**

## **新宇國際實業（集團）有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

### **ANNOUNCEMENT ON MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO (1) THE PROPOSED OPEN OFFER TO QUALIFYING SHAREHOLDERS AND (2) LOAN CAPITALISATION, AND APPLICATION FOR WHITEWASH WAIVER TO MAKE A GENERAL OFFER**

#### **SUMMARY**

##### **Open Offer**

The Company proposes to raise approximately HK\$4.7 million, before expenses, by way of the Open Offer of 94,000,000 Offer Shares at a subscription price of HK\$0.05 per Offer Share payable in full on application on the basis of one Offer Share for every five existing Shares held by the Qualifying Shareholders. The Company will provisionally allot one Offer Share for every five Shares held by the Qualifying Shareholders on the Record Date. The Open Offer is only available to the Qualifying Shareholders. Pursuant to the Underwriting Agreement, the Open Offer is fully underwritten by NUEL. NUEL has irrevocably undertaken with the Company to take up its entitlement under the Open Offer in full. The entire net proceeds of the Open Offer, after deduction of expenses, is expected to amount to approximately HK\$3.5 million and will be used to repay the Liabilities amounting to approximately HK\$10.4 million in aggregate as at the date of this announcement.

As at the date of this announcement, there are 10,000,000 outstanding Share Options granted under the Pre-IPO Share Option Plan, all of which are exercisable pursuant to their respective terms. As at the date of this announcement, no share options have been granted under the share option scheme adopted by a written resolution of all shareholders of the Company dated 4th May, 2000. If all the subscription rights attaching to the outstanding Share Options are exercised on or before the Record Date, the number of issued Shares will be increased to 480,000,000 Shares and the number of Offer Shares which may be issued pursuant to the Open Offer will be increased to 96,000,000 Offer Shares. As at the date of this announcement, each of the holders of the Share Options has irrevocably undertaken that he/she will not exercise his/her respective Share Options at any time up to and including the Record Date.

\* For identification purpose only

The Open Offer is conditional. Accordingly, the Open Offer may or may not proceed. Details of the conditions of the Open Offer are set out in the section headed “Conditions of the Open Offer” below.

The invitation to apply for the Offer Shares is not transferable or capable of renunciation and there will not be any trading of nil-paid entitlements of the Offer Shares on the Stock Exchange.

In order to be registered as a member on the Record Date and to qualify for the Open Offer, any transfers of Shares (with the relevant share certificates) must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 18th March, 2003.

### **Loan Capitalisation**

On 10th February, 2003, the Company entered into the Subscription Agreement with NUEL, pursuant to which NUEL has conditionally agreed to subscribe 200,000,000 new Shares at HK\$0.05 per Share which represents (i) approximately 42.55 per cent. of the existing issued share capital of the Company; (ii) approximately 29.85 per cent. of the issued share capital of the Company as enlarged by the issue of the Subscription Shares; or (iii) approximately 26.18 per cent. of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares. The consideration for the Subscription Shares will be satisfied by capitalising the entire amount of the Remaining Shareholder’s Loan.

The Loan Capitalisation is conditional. Accordingly, the Loan Capitalisation may or may not proceed. Details of the conditions of the Loan Capitalisation are set out in the section headed “Conditions of the Loan Capitalisation” below.

### **Whitewash Waiver**

As at the date of this announcement, NUEL is interested in 136,300,000 Shares, representing 29 per cent. of the existing issued share capital of the Company. Immediately following the completion of the Open Offer and the Loan Capitalisation, the interest of NUEL in the Company will exceed 30 per cent. of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares. NUEL and parties acting in concert with it are obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by NUEL and parties acting in concert with it under Rule 26.1 of the Takeovers Code. An application will be made by NUEL to the Executive for the Whitewash Waiver which, if granted, would be subject to the passing of the relevant resolution by the Independent Shareholders at the EGM to approve the Whitewash Waiver on a vote taken by way of poll. The Executive may or may not grant the Whitewash Waiver. If the resolution relating to the Whitewash Waiver is not approved by the Independent Shareholders at the EGM or the Whitewash Waiver is not granted by the Executive, the Underwriting Agreement and the Subscription Agreement will lapse and the Open Offer and the Loan Capitalisation will not proceed. NUEL, its associates and their respective concert parties will abstain from voting on the resolutions to approve the Underwriting Agreement, the Open Offer, the Loan Capitalisation and the Whitewash Waiver at the EGM.

## General

The Open Offer and the Loan Capitalisation together constitute major transactions of the Company under the GEM Listing Rules. NUEL is a substantial Shareholder and is therefore a connected person of the Company under the GEM Listing Rules. Pursuant to Note 1 to Rule 20.23(3)(c) and Rule 10.31(2) of the GEM Listing Rules, the Underwriting Agreement constitutes a connected transaction of the Company that is not exempted from the Shareholders' approval requirement under the GEM Listing Rules. Accordingly, the Open Offer, the terms of which are agreed under the Underwriting Agreement, constitutes a connected transaction of the Company under the GEM Listing Rules. The Loan Capitalisation also constitutes a connected transaction of the Company under the GEM Listing Rules. The Open Offer and the Loan Capitalisation are conditional upon, amongst other things, the passing of the relevant resolutions by the Independent Shareholders at the EGM to approve the Underwriting Agreement, the Open Offer, the Loan Capitalisation and the Whitewash Waiver on votes taken by way of poll, the granting of the Whitewash Waiver by the Executive and the GEM Listing Committee granting the listing of and permission to deal in the Offer Shares and the Subscription Shares.

Asia Investment Capital Limited was appointed as the financial adviser of the Company. The Independent Board Committee was appointed to advise the Independent Shareholders in respect of the Open Offer, the Loan Capitalisation and the Whitewash Waiver. First Shanghai Capital Limited was appointed to advise the Independent Board Committee on the same. A document containing, amongst other things, information on the Open Offer, the Loan Capitalisation and the Whitewash Waiver, the recommendation of the Independent Board Committee and the advice from First Shanghai Capital Limited in relation to the Open Offer, the Loan Capitalisation and the Whitewash Waiver, and the notice of the EGM will be despatched to the Shareholders as soon as practicable. In addition, an announcement of the results of the EGM will be made by the Company after the EGM has been held.

**As the Open Offer and the Loan Capitalisation may or may not proceed, the Shareholders and public investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading of the Shares has been suspended with effect from 9:30 a.m. on 11th February, 2003 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of Shares with effect from 9:30 a.m. on 12th February, 2003.

## OPEN OFFER

On 10th February, 2003, the Company entered into the Underwriting Agreement with the Underwriter in respect of the Open Offer. Details of the Open Offer are set out below:

### Issue Statistics

Basis of the Open Offer:	One Offer Share for every five Shares held by the Qualifying Shareholders on the Record Date
Number of existing Shares in issue:	470,000,000 Shares as at the date of this announcement
Number of Offer Shares to be issued:	94,000,000 Offer Shares
Subscription price:	HK\$0.05 per Offer Share payable in full on application

As at the date of this announcement, there are 10,000,000 outstanding Share Options granted under the Pre-IPO Share Option Plan, all of which are exercisable pursuant to their respective terms. As at the date of this announcement, no share options have been granted under the share option scheme adopted by a written resolution of all shareholders of the Company dated 4th May, 2000. If all the subscription rights

attaching to the outstanding Share Options are exercised on or before the Record Date, the number of issued Shares will be increased to 480,000,000 Shares and the number of Offer Shares which may be issued pursuant to the Open Offer will be increased to 96,000,000 Offer Shares. As at the date of this announcement, each of the holders of the Share Options has irrevocably undertaken to the Company that he/she will not exercise his/her respective Share Options at any time up to and including the Record Date.

### **Qualifying Shareholders**

To qualify for the Open Offer, a Shareholder must on the Record Date:

1. be registered as a member of the Company; and
2. have an address in Hong Kong on the register of members of the Company.

In order to be registered as a member on the Record Date, all transfers of Shares (together with the relevant share certificates) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by not later than 4:00 p.m. on Tuesday, 18th March, 2003 pursuant to the expected timetable.

The invitation to apply for the Offer Shares is not transferable or capable of renunciation and there will not be any trading of nil-paid entitlements of the Offer Shares on the Stock Exchange.

The Company will send the provisional allotment letters in respect of the Offer Shares to the Qualifying Shareholders only.

### **Closure of Register of Members**

The register of members of the Company will be closed from Wednesday, 19th March, 2003 to Thursday, 20th March, 2003, both dates inclusive. No transfers of Shares will be registered during this period.

## **TERMS OF THE OPEN OFFER**

### **Subscription price for the Offer Shares**

The subscription price for the Offer Shares is HK\$0.05 per Offer Share payable in full upon acceptance of the provisional allotments under the Open Offer.

The subscription price of the Offer Share of HK\$0.05 represents:

- (i) a discount of approximately 1.96 per cent. to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on 10th February, 2003, being the last Trading Day immediately preceding the date of this announcement;
- (ii) a discount of approximately 1.57 per cent. to the theoretical ex-rights price of approximately HK\$0.0508 per Share based on the closing price per Share as quoted on the Stock Exchange on 10th February, 2003;
- (iii) a discount of approximately 3.66 per cent. to the average closing price of approximately HK\$0.0519 per Share for the 10 Trading Days as quoted on the Stock Exchange up to and including 10th February, 2003; and
- (iv) the par value of a Share.

The subscription price of the Offer Shares was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Board considered the terms of the Open Offer (including the subscription price of the Offer Shares) to be fair and reasonable so far as the Shareholders were concerned.

### **Status of the Offer Shares**

The Offer Shares (when issued, allotted and fully-paid) will rank pari passu with the then issued Shares in all respects. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by reference to a record date falling after the date of issue and allotment of the Offer Shares.

### **Rights of Excluded Shareholders**

The Prospectus Documents will not be registered under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong. The issue of the Offer Shares to an Excluded Shareholder with addresses in territories outside Hong Kong may therefore contravene the applicable securities legislation of such places. Accordingly, no provisional allotment of the Offer Shares or any allotment of the Offer Shares will be made to the Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only and will not send provisional allotment letters in respect of the Offer Shares to the Excluded Shareholders. Based on the register of members of the Company as at the date of this announcement, there are no Excluded Shareholders.

### **Fractions of Offer Shares**

The Company will not provisionally allot fractions of the Offer Shares. The Offer Shares arising from the aggregation of fractional entitlements (if any), to which the Qualifying Shareholders would otherwise have been entitled to under the Open Offer, and the Offer Shares to which the Excluded Shareholders would otherwise have been entitled to under the Open Offer will be taken up by the Underwriter. Based on the total number of issued Shares as at the date of this announcement, there will not be any allotment of fractions of the Offer Shares.

### **Application for excess Offer Shares**

Under the Open Offer, the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their entitlements but they are assured of the allotment of the Offer Shares comprised in their assured entitlements.

### **Application for listing**

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares on GEM.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of the applicable stamp duty, the Stock Exchange trading fee, the SFC transaction levy or any other applicable fees and charges in Hong Kong.

### **Share certificates**

Subject to the fulfillment of the conditions of the Open Offer, certificates for all the fully-paid Offer Shares are expected to be posted to those who have accepted and paid for the Offer Shares at their own risk on or before Friday, 11th April, 2003.

## UNDERWRITING ARRANGEMENTS

### Underwriting Agreement

Date:	10th February, 2003
Underwriter:	NUEL
Number of Offer Shares underwritten:	66,740,000 Offer Shares, representing approximately 71 per cent. of the total number of Offer Shares to be issued
Commission:	a lump sum of HK\$5,000.00

The Offer Shares other than those which NUEL has undertaken to take up are fully underwritten. The Offer Shares represent (i) approximately 20 per cent. of the existing issued share capital of the Company; (ii) approximately 16.67 per cent. of the issued share capital of the Company as enlarged by the issue of the Offer Shares immediately following the completion of the Open Offer; or (iii) approximately 12.30 per cent. of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares immediately following the completion of the Open Offer and the Loan Capitalisation.

### Undertaking from NUEL

NUEL is a substantial Shareholder and does not underwrite issues of securities in the normal course of its business. As at the date of this announcement, NUEL is interested in 136,300,000 Shares, representing 29 per cent. of the existing issued share capital of the Company. NUEL has irrevocably undertaken to the Company to take up its entitlements under the Open Offer in full.

### Termination of the Underwriting Agreement

**The Underwriter reserves the right to terminate the Underwriting Agreement which shall be exercisable by notice in writing given by the Underwriter to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date (that date is currently expected to be Wednesday, 9th April, 2003), if the occurrence of the following events would, in the reasonable opinion of the Underwriter materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Open Offer:**

- 1. the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;**
- 2. the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;**
- 3. any adverse change in market conditions or combination of circumstances in Hong Kong (including without limitation any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities); or**

4. any change in the circumstances of any member of the Group including without limitation the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group.

The Underwriter may also terminate the Underwriting Agreement by notice in writing given by the Underwriter to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date if the Company commits any material breach of any of the obligations, undertakings, representations and warranties contained in the Underwriting Agreement which in the Underwriter's reasonable opinion will have a material prejudicial effect on the Open Offer.

Upon the giving of notice of termination to the Company, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter all out-of-pocket expenses, including legal expenses, reasonably incurred by the Underwriter in connection with the Open Offer and its associated transactions, and that the Company shall on demand indemnify the Underwriter and its directors, officers and employees and hold each of the Underwriter and its directors, officers and employees indemnified against all loss or liability of any nature (including, without limitation, claims, costs, charges and expenses) whatsoever arising from or in respect of certain events as provided for in the Underwriting Agreement. It is estimated that such expenses payable by the Company to the Underwriter will be minimal.

If the Underwriter exercises such right and terminates the Underwriting Agreement, the Open Offer will not proceed.

#### **CONDITIONS OF THE OPEN OFFER**

Completion of the Open Offer is conditional upon, amongst other things, the fulfillment of all of the following conditions:

1. the passing by the Independent Shareholders of an ordinary resolution at the EGM by way of poll approving the Underwriting Agreement, the Open Offer and the issue of the Offer Shares;
2. the passing by the Independent Shareholders of an ordinary resolution at the EGM by way of poll approving the Whitewash Waiver;
3. the granting of the Whitewash Waiver by the Executive on or before the Posting Date;
4. the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in the Offer Shares and the Subscription Shares on or before the Posting Date and not having withdrawn or revoked such listing and permission on or before the third Business Day after the Acceptance Date;
5. the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the board of directors of the Company (together with all other documents required to be attached thereto) on or prior to 5:00 p.m. on the Posting Date;
6. the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of a letter to the Excluded Shareholders in respect of the Open Offer accompanied by a copy of the Prospectus stamped "For Information Only" on the Record Date; and

7. the Loan Capitalisation becoming unconditional in all respects save for any condition requiring the Open Offer to become unconditional in all respects on or before the third Business Day after the Acceptance Date.

In the event that all the conditions stated above are not fulfilled on or before the dates and times specified above (or such later dates or times as may be agreed in writing by the Underwriter), the Underwriting Agreement shall terminate and the Open Offer will not proceed. The Open Offer will also not proceed in the event that the Underwriter terminates the Underwriting Agreement by reason of the occurrence of any of the events set out in the section headed “Termination of the Underwriting Agreement” above. **In the event that the Open Offer will not proceed, the Loan Capitalisation will also not proceed.**

## **USE OF PROCEEDS OF THE OPEN OFFER**

The net proceeds of the Open Offer, after deduction of expenses, are expected to amount to approximately HK\$3.5 million. The entire amount of net proceeds from the Open Offer will be used to repay a sum of approximately HK\$3.5 million of the Liabilities amounting to approximately HK\$10.4 million in aggregate as at the date of this announcement.

## **ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS**

The exercise prices of the Share Options will be adjusted in accordance with the terms of the Pre-IPO Share Option Plan upon the Open Offer becoming unconditional. The Company will notify the holders of the Share Options the required adjustment(s) as soon as practicable.

## **EXPECTED TIMETABLE**

The expected timetable for the Open Offer is set out below:

2003

Despatch of document with notice of the EGM .....	Tuesday, 4th March
Last day of dealings in Shares on a cum-rights basis .....	Friday, 14th March
First day of dealings in Shares on an ex-rights basis .....	Monday, 17th March
Latest time for lodging proxy forms for the EGM .....	9:30 a.m. on Tuesday, 18th March
Latest time for lodging transfers of Shares in order to qualify for the Open Offer .....	4:00 p.m. on Tuesday, 18th March
Register of members closed (both dates inclusive) .....	Wednesday, 19th March to Thursday, 20th March
Expected date of the EGM .....	9:30 a.m. on Thursday, 20th March
Record Date for the Open Offer .....	Thursday, 20th March
Despatch of the Prospectus Documents .....	Thursday, 20th March
Register of members re-open .....	Friday, 21st March
Latest time for acceptance of, and payment for, the Offer Shares .....	4:00 p.m. on Friday, 4th April
Open Offer expected to become unconditional on or before .....	Wednesday, 9th April
Announcement of results of acceptance of the Open Offer on or before .....	Thursday, 10th April
Certificates for the Offer Shares expected to be despatched on or before .....	Friday, 11th April
Dealings in fully-paid Offer Shares expected to commence on .....	Tuesday, 15th April

**All dates and times referred to above are to Hong Kong times and may be subject to change which the Company and the Underwriter may agree. Further announcement will be made in the event that there is any change to the expected timetable.**

## **LOAN CAPITALISATION**

### **SUBSCRIPTION AGREEMENT**

On 10th February, 2003, NUEL has conditionally agreed to subscribe 200,000,000 new Shares at HK\$0.05, representing (i) approximately 42.55 per cent. of the existing issued share capital of the Company; (ii) approximately 29.85 per cent. of the issued share capital of the Company as enlarged by the issue of the Subscription Shares immediately following the completion of the Loan Capitalisation; or (iii) approximately 26.18 per cent. of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares immediately following the completion of the Open Offer and the Loan Capitalisation. The subscription price of HK\$10.0 million will be satisfied by capitalising the entire amount of the Remaining Shareholder's Loan.

The subscription price of HK\$0.05 per Subscription Share represents:

- (i) a discount of approximately 1.96 per cent. to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on 10th February, 2003, being the last Trading Day immediately preceding the date of this announcement;
- (ii) a discount of approximately 3.66 per cent. to the average closing price of approximately HK\$0.0519 per Share for the 10 Trading Days as quoted on the Stock Exchange up to and including 10th February, 2003; and
- (iii) the par value of a Share.

The terms, including the subscription price of the Subscription Shares, of the Loan Capitalisation have been arrived at after arm's length negotiation between the Company and NUEL. The subscription price of the Subscription Shares was determined with reference to the market price of the Shares under the prevailing market conditions. The Subscription Shares will rank pari passu with the then issued Shares in all respects including ranking for payment of any dividend declared on and after the date of the completion of the Loan Capitalisation.

### **CONDITIONS OF THE LOAN CAPITALISATION**

Completion of the Loan Capitalisation is conditional upon the fulfillment of all of the following conditions:

1. the passing by the Independent Shareholders of an ordinary resolution at the EGM by way of poll approving the Loan Capitalisation and the issue of the Subscription Shares;
2. the passing by the Independent Shareholders of an ordinary resolution at the EGM by way of poll approving the Whitewash Waiver;
3. the granting of the Whitewash Waiver by the Executive on or before the Posting Date;
4. the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in the Offer Shares and the Subscription Shares on or before the Posting Date and not having withdrawn or revoked such listing and permission on or before the third Business Day after the Acceptance Date; and
5. the Open Offer becoming unconditional in all respects save for any condition requiring the Loan Capitalisation to become unconditional in all respects on or before the third Business Day after the Acceptance Date.

In the event that any of the above conditions has not been fulfilled on or before the respective dates aforesaid (or such later date as may be agreed between NUEL and the Company in writing), the Subscription Agreement and all rights and obligations thereunder will cease and terminate and no party shall have any claim and/or recourse against the other party for any costs, damages, compensation and/or otherwise. **In the event that the Loan Capitalisation will not proceed, the Open Offer will also not proceed.**

Completion of the Subscription Agreement will take place on the date of confirmation of the allotment of the Offer Shares which have been provisionally allotted under the Open Offer or such other dates as may be agreed between the Company and NUEL in writing. Upon completion, the Company will allot and issue the Subscription Shares to NUEL.

## **REASONS FOR AND BENEFITS OF THE OPEN OFFER AND THE LOAN CAPITALISATION**

The Company was listed on GEM on 18th May, 2000. The Group is principally engaged in the design, manufacturing and trading of mold and plastic products. As mentioned in the announcement of the Company dated 30th May, 2002, the information relating to the alleged departure of Mr. Law Man Ming, a former executive Director, from Hong Kong has brought an adverse effect to the financial position of the Group. The reputation of the Group and the confidence of the bankers, suppliers and customers of the Group were affected. The Group was also facing pricing pressures from both customers and suppliers and the competitive profit margin of the tooling and moulding business.

On 31st May, 2002, NUEL acquired 29 per cent. shareholding in the Company from Diamonds and Pearls Limited and became the single largest shareholder of the Company. Trading in the Shares on the Stock Exchange was suspended for the period from 8th March, 2002 to 30th May, 2002 and was resumed on 31st May, 2002.

As disclosed in the announcement of the Company dated 30th May, 2002 which contained information on the working capital and financial position of the Company, the Group had an aggregate amount of indebtedness of approximately HK\$65.4 million comprising of (i) outstanding borrowings of approximately HK\$17.8 million; (ii) trade payables of approximately HK\$23.2 million; and (iii) accrued liabilities of approximately HK\$24.4 million as at 30th May, 2002. In order to support the cash flow requirements of the Group and to revive its business operations, NUEL made the following cash advances to the Group:

- (i) an amount of approximately HK\$1.2 million prior to 31st May, 2002, being the date of completion of the acquisition of shareholding by NUEL;
- (ii) the First Shareholder's Loan; and
- (iii) an aggregate amount of approximately HK\$8.8 million during the period between July 2002 and September 2002.

NUEL has also provided a corporate guarantee in favour of the Company for the purpose of procuring a bank facility of HK\$10.0 million to the Company pursuant to a loan agreement and a supplemental agreement entered into between the Company and NUEL dated 15th May, 2002 and 27th May, 2002 respectively.

Up to the date of this announcement, the Shareholder's Loans, comprising the First Shareholder's Loan and the Remaining Shareholder's Loan, amount to an aggregate of HK\$25.0 million and are interest-free and unsecured. The First Shareholder's Loan is to be repaid by the Company in one lump sum upon the expiry of one year from the date of advance which is 31st May, 2002, but the Company has the right to extend the maturity date for another year. The Remaining Shareholder's Loan amounting to HK\$10.0 million in aggregate is also repayable by 31st May, 2003. The proceeds of the Shareholder's Loans had been applied in full for the settlement of an aggregate amount of HK\$25 million of the Liabilities.

Since NUEL became the single largest shareholder of the Company on 31st May, 2002, the management of the Company has been striving to turnaround the business operation of the Group. As set out in the interim report of the Company for the six months ended 30th June, 2002 and the third quarterly report of the Company for the nine months ended 30th September, 2002, the unaudited consolidated net loss of the Company had been reduced from approximately HK\$6.8 million for the three months ended 30th June, 2002 to approximately HK\$4.7 million for the three months ended 30th September, 2002. However, in view of the financial position of the Group and the unpromising global economy, the Directors consider that the Company will not have surplus cash for the repayment of (i) the Shareholder's Loans due in May 2003; and (ii) the Liabilities amounting to approximately HK\$10.4 million in aggregate as at the date of this announcement.

The Directors have indicated to NUEL that the Company will exercise its right to extend the maturity date of the First Shareholder's Loan, which is to be due on 31st May, 2003, for another year. To further improve the liquidity of the Group, the Directors consider that it is appropriate and to the best interests of the Company to propose the capitalisation of the Remaining Shareholder's Loan which is to be due on 31st May, 2003. Upon completion of the Loan Capitalisation, the First Shareholder's Loan will remain outstanding.

As at the date of this announcement, apart from the Shareholder's Loans, the amount of the Liabilities is approximately HK\$10.4 million in aggregate comprising (i) obligations under finance leases of approximately HK\$6.6 million; (ii) trade payables of approximately HK\$3.1 million; and (iii) provision for audit fee, legal and professional fee and other expenses of approximately HK\$0.7 million. The Directors intend (i) to settle the Group's obligations under finance leases of approximately HK\$6.6 million in aggregate by internal resources of the Group by way of a monthly payment of approximately HK\$0.5 million to the Independent Third Parties; and (ii) to settle the outstanding trade payables and expenses amounting to approximately HK\$3.8 million in aggregate to the Independent Third Parties by applying the entire net proceeds of the Open Offer of approximately HK\$3.5 million and to settle the shortfall of approximately HK\$0.3 million by internal resources of the Group. The Directors, having regard to (i) all means of fund raising available to the Group; (ii) the current financial position of the Group; and (iii) the current market condition, are of the opinion that the Open Offer is the best alternative available to the Group for raising the required amount of capital from the market and is in the interest of the Company and the Shareholders as a whole as it will enlarge the capital base of the Company. The Directors also consider that the Open Offer is an equitable means of fund raising as the Open Offer could provide an opportunity for the Shareholders to participate in the long-term development of the Company. As NUEL has agreed to act as the underwriter for the Open Offer, the Open Offer is fully underwritten.

Upon completion of the Open Offer and the Loan Capitalisation, there will be an improvement in the gearing and liquidity ratios of the Group. With an enhancement in the financial position of the Group, the Directors believe that the Company will be placed in a better position to secure additional financial resources for the business development of the Group. Accordingly, the Directors are of the view that the Open Offer and the Loan Capitalisation are in the interest of the Company and the Shareholders as a whole.

In the event that the Open Offer and the Loan Capitalisation do not proceed and in view of the current financial position of the Group, the Directors will liaise with NUEL (i) for further advances and (ii) for an extension on the maturity date of the Remaining Shareholder's Loan, the terms of which are to be subject to negotiation.

## SHAREHOLDING STRUCTURE

Changes to the shareholding structure of the Company immediately following the completion of (a) the Open Offer; and (b) the Open Offer and the Loan Capitalisation are set out below:

- (i) *Assuming (a) all the Shareholders take up their provisional allotments of the Offer Shares in full; and (b) there are no Excluded Shareholders nor any Offer Shares arising from the aggregation of fractional entitlements to which the Qualifying Shareholders are entitled to under the Open Offer*

	Existing		Immediately following the completion of the Open Offer		Immediately following the completion of the Open Offer and the Loan Capitalisation	
	Shares	%	Shares	%	Shares	%
NUEL	136,300,000	29.00	163,560,000	29.00	363,560,000	47.59
Joyful Way (Note)	53,550,000	11.39	64,260,000	11.39	64,260,000	8.41
Public	<u>280,150,000</u>	<u>59.61</u>	<u>336,180,000</u>	<u>59.61</u>	<u>336,180,000</u>	<u>44.00</u>
Total	<u>470,000,000</u>	<u>100.00</u>	<u>564,000,000</u>	<u>100.00</u>	<u>764,000,000</u>	<u>100.00</u>

- (ii) *Assuming (a) NUEL accepts in full its provisional entitlements under the Open Offer; and (b) NUEL takes up in full the underwriting commitment of 66,740,000 Offer Shares pursuant to the Underwriting Agreement*

	Existing		Immediately following the completion of the Open Offer		Immediately following the completion of the Open Offer and the Loan Capitalisation	
	Shares	%	Shares	%	Shares	%
NUEL	136,300,000	29.00	230,300,000	40.83	430,300,000	56.32
Joyful Way (Note)	53,550,000	11.39	53,550,000	9.50	53,550,000	7.01
Public	<u>280,150,000</u>	<u>59.61</u>	<u>280,150,000</u>	<u>49.67</u>	<u>280,150,000</u>	<u>36.67</u>
Total	<u>470,000,000</u>	<u>100.00</u>	<u>564,000,000</u>	<u>100.00</u>	<u>764,000,000</u>	<u>100.00</u>

*Note:* Joyful Way is beneficially owned as to 73.1 per cent. by Mr. Yaw Chee Weng and as to 26.9 per cent. by Mr. Chan Ngai Sang, Kenny. Mr. Yaw Chee Weng and Mr. Chan Ngai Sang, Kenny resigned from the Board on 5th March, 2002 and 1st November, 2002 respectively. Joyful Way is not a party acting in concert with NUEL.

## TAKEOVERS CODE IMPLICATION AND WHITEWASH WAIVER

As at the date of this announcement, NUEL is interested in 136,300,000 Shares, representing 29 per cent. of the existing issued share capital of the Company. NUEL has irrevocably undertaken to take up its provisional allotment of 27,260,000 Offer Shares. In addition, NUEL has further agreed to underwrite a total of 66,740,000 Offer Shares. In the event that NUEL is required to take up in full the underwriting commitment of 66,740,000 Offer Shares, NUEL and parties acting in concert with it will be interested in a total of 430,300,000 Shares, representing approximately 56.32 per cent. of the issued share capital of

the Company as enlarged by the issue of the Offer Shares and the Subscription Shares. In the event that (a) all the Shareholders take up their provisional allotments of the Offer Shares in full; and (b) there are no Excluded Shareholders nor any Offer Shares arising from the aggregation of fractional entitlements to which the Qualifying Shareholders are entitled to under the Open Offer, NUEL and parties acting in concert with it will be interested in a total of 363,560,000 Shares, representing approximately 47.59 per cent. of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares. As the interest of NUEL and parties acting in concert with it in the Company will exceed 30 per cent. of the issued share capital of the Company immediately following the completion of the Open Offer and the Loan Capitalisation, NUEL and parties acting in concert with it are obliged to make a mandatory general offer for all the issued shares in the Company not already owned or agreed to be acquired by NUEL and parties acting in concert with it under Rule 26.1 of the Takeovers Code. An application will be made by NUEL to the Executive for the Whitewash Waiver which, if granted, would be subject to the passing of the relevant resolutions by the Independent Shareholders to approve the Whitewash Waiver on a vote taken by way of a poll. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive, the Underwriting Agreement and the Subscription Agreement will lapse and the Open Offer and the Loan Capitalisation will not proceed.

Save for the obligations of NUEL under the Underwriting Agreement and the Subscription Agreement, neither NUEL nor parties acting in concert with it for the purposes of the Takeovers Code had dealt in for value any Shares during the six months period prior to the date of this announcement.

NUEL and its associates and parties acting in concert with them (if any) shall abstain from voting on the resolutions to approve the Underwriting Agreement, the Open Offer, the Loan Capitalisation and the Whitewash Waiver at the EGM.

## INFORMATION ON THE GROUP

The Group is principally engaged in the design, manufacturing and trading of mold and plastic products. Its production facilities are located in Dongguan, the PRC. Products of the Group are mainly distributed in the PRC.

According to the third quarterly report of the Company for the nine months ended 30th September, 2002, the unaudited consolidated loss of the Group for the nine months ended 30th September, 2002 was approximately HK\$16.4 million. The audited consolidated net assets of the Group as at 31st December, 2001 and the unaudited consolidated net assets of the Group as at 30th September, 2002 were approximately HK\$43.6 million and approximately HK\$27.1 million respectively. Based on the unaudited consolidated net assets of the Group of approximately HK\$27.1 million as at 30th September, 2002, the unaudited consolidated net asset value of the Company amounted to approximately HK\$0.058 per Share as at 30th September, 2002.

The audited/unaudited consolidated net losses before and after taxation of the Group are summarised as follows:

	<b>(Unaudited)</b> <b>For the nine months</b> <b>ended 30th</b> <b>September,</b> <b>2002</b> <i>HK\$'000</i>	<b>(Audited)</b> <b>For the year ended</b> <b>31st December,</b> <b>2001</b> <b>2000</b> <i>HK\$'000</i> <i>HK\$'000</i>	
Profit/(Loss) before taxation	(16,495)	(77,992)	13,535
Profit/(Loss) after taxation	(16,420)	(77,628)	10,122
Profit/(Loss) attributable to Shareholders	(16,413)	(77,620)	10,124

## **INFORMATION ON NUEL**

NUEL is a limited liability company incorporated in the British Virgin Islands and is beneficially owned by Mr. Xi Yu as to 81.75 per cent., Mr. Chu Yuk Ngai as to 5.625 per cent., Ms. Cheung Siu Ling as to 5.625 per cent., Mr. Suen Ki as to 4 per cent. and Mr. Hua Zhixiang as to 3 per cent.. The principal activity of the NUEL is investment holding. Currently, all beneficial owners of NUEL are directors of NUEL.

## **INTENTION ON THE GROUP**

### **Business**

Upon completion of the Open Offer and the Loan Capitalisation, NUEL will become the controlling Shareholder. It is the intention of NUEL that the Group will continue its existing businesses and operations. Currently, NUEL does not have any intention to introduce any new businesses to the Group, in addition to its existing businesses and operations.

### **Directors of the Company**

There are currently six Directors (including two independent non-executive Directors) on the Board. It is the intention of NUEL that all Directors will remain on the Board after the completion of the Open Offer and the Loan Capitalisation. It is also the intention of NUEL that there will be no material change in the existing senior management and employees of the Group. Depending on future business development, the Company may nominate additional suitable candidates to the Board.

## **MAINTAINING THE LISTING OF THE COMPANY**

It is the intention of the board of directors of NUEL to maintain the listing of the Company on the Stock Exchange after the completion of the Open Offer and the Loan Capitalisation.

**The Stock Exchange has stated that it will closely monitor trading in the Shares if less than 25 per cent. of the Shares is held by the public. If the Stock Exchange believes that:**

- **a false market exists or may exist in the Shares; or**
- **there are too few Shares in public hands to maintain an orderly market,**

**it will consider exercising its discretion to suspend trading in the Shares.**

**The Stock Exchange will also closely monitor all future acquisitions or disposals of assets by the Company. The Stock Exchange has the discretion to require the Company to issue a circular to its shareholders irrespective of the size of any proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions and any such transactions may result in the Company being treated as if it were a new listing applicant.**

## **EGM**

The EGM will be convened to seek the approvals from the Independent Shareholders necessary for, inter alia, the Underwriting Agreement, the Open Offer, the Loan Capitalisation and the Whitewash Waiver. It is a condition of the Open Offer and the Loan Capitalisation that the Whitewash Waiver be granted by the Executive and the granting of such Whitewash Waiver would be subject to the passing of the relevant

resolution by the Independent Shareholders at the EGM to approve the Whitewash Waiver on a vote taken by way of poll. NUEL and its associates and parties acting in concert with them (if any) shall abstain from voting on the resolutions to approve the Underwriting Agreement, the Open Offer, the Loan Capitalisation and the Whitewash Waiver at the EGM.

## GENERAL

The Open Offer and the Loan Capitalisation together constitute major transactions of the Company under the GEM Listing Rules. NUEL is a substantial Shareholder and is therefore a connected person of the Company under the GEM Listing Rules. Pursuant to Note 1 to Rule 20.23(3)(c) and Rule 10.31(2) of the GEM Listing Rules, the Underwriting Agreement constitutes a connected transaction of the Company that is not exempt from the Shareholders' approval requirement under the GEM Listing Rules. Accordingly, the Open Offer, the terms of which are agreed under the Underwriting Agreement, constitutes a connected transaction of the Company that is not exempted from the Shareholders' approval requirement under the GEM Listing Rules. The Loan Capitalisation also constitutes a connected transaction of the Company under the GEM Listing Rules. The Open Offer and the Loan Capitalisation are conditional upon, amongst other things, the passing of the relevant resolutions by the Independent Shareholders at the EGM to approve the Underwriting Agreement, the Open Offer, the Loan Capitalisation and the Whitewash Waiver on votes taken by way of poll, the granting of the Whitewash Waiver by the Executive and the GEM Listing Committee granting the listing of and permission to deal in the Offer Shares and the Subscription Shares.

Asia Investment Capital Limited was appointed as the financial adviser of the Company. The Independent Board Committee was appointed to advise the Independent Shareholders in respect of the Open Offer, the Loan Capitalisation and the Whitewash Waiver. First Shanghai Capital Limited was appointed to advise the Independent Board Committee.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Offer Shares and the Subscription Shares.

A document containing, among other things, information on the Open Offer, the Loan Capitalisation and the Whitewash Waiver, the recommendation of the Independent Board Committee and the advice from First Shanghai Capital Limited in relation to the Open Offer, the Loan Capitalisation and the Whitewash Waiver, and the notice of the EGM will be despatched to the Shareholders as soon as practicable. In addition, an announcement of the results of the EGM will be made by the Company after the EGM has been held.

**As the Open Offer and the Loan Capitalisation may or may not proceed, the Shareholders and public investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading of the Shares has been suspended with effect from 9:30 a.m. on 11th February, 2003 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of Shares with effect from 9:30 a.m. on 12th February, 2003.

## DEFINITIONS

“Acceptance Date”	Friday, 4th April, 2003 or such later date as the Underwriter may agree in writing with the Company as the date for acceptance of, and payment for, the Offer Shares
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, a public holiday and any day on which a tropical cyclone warning No. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon)
“Company”	New Universe International Group Limited, a limited liability company incorporated in the Cayman Islands and the shares of which are listed on GEM
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting expected to be convened on 20th March, 2003 at which resolutions to approve, among other things, the Underwriting Agreement, the Open Offer, the Loan Capitalisation and the Whitewash Waiver shall be proposed
“Excluded Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Shareholder’s Loan”	an amount of HK\$15.0 million advanced to the Company by NUEL on 31st May, 2002 pursuant to a loan agreement and a supplemental agreement entered into between the Company and NUEL dated 15th May, 2002 and 27th May, 2002 respectively
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising the independent non-executive Directors formed to give advice in respect of the Open Offer, the Loan Capitalisation and the Whitewash Waiver
“Independent Shareholder(s)”	the shareholder(s) of the Company other than NUEL and its associates and parties acting in concert with them
“Independent Third Parties”	independent third parties not connected with the Company, the directors, chief executive, substantial shareholders or management shareholders of the Company or its subsidiaries or their respective associates

“Joyful Way”	Joyful Way Holdings Limited, a company incorporated in the British Virgin Islands and beneficially owned as to 73.1 per cent. by Mr. Yaw Chee Weng and as to 26.9 per cent. by Mr. Chan Ngai Sang, Kenny
“Loan Capitalisation”	the subscription of the Subscription Shares at HK\$0.05 per Share pursuant to the Subscription Agreement by capitalising the entire amount of the Remaining Shareholder’s Loan
“Liabilities”	the outstanding borrowings and payables due and owing by the Group to the Independent Third Parties that had been overdue since 30th May, 2002
“NUEL” or “Underwriter”	New Universe Enterprises Limited, a limited liability company incorporated in the British Virgin Islands
“Offer Share(s)” allotted under the Open Offer	the 94,000,000 new Share(s) to be issued and
“Open Offer”	the proposed open offer of one Offer Share at HK\$0.05 each for every five Shares held by the Qualifying Shareholders on the Record Date
“Posting Date”	the date of the posting of the Prospectus Documents, which is expected to be on 20th March, 2003
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region of the PRC
“Pre-IPO Share Option Plan”	the pre-IPO share option plan of the Company adopted on 4th May, 2000
“Prospectus”	the prospectus containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the provisional allotment letter in relation to the Open Offer
“Public”	Shareholder(s) other than NUEL and Joyful Way
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company on the Record Date
“Record Date”	Thursday, 20th March, 2003 or such other date as the Underwriter may agree in writing with the Company for the determination of the entitlements under the Open Offer
“Remaining Shareholder’s Loan”	an aggregate amount of HK\$10.0 million advanced to the Company by NUEL, other than the First Shareholder’s Loan, during the period between May 2002 and September 2002
“SFC”	the Securities and Futures Commission of Hong Kong

“Share(s)”	share(s) of HK\$0.05 each in the capital of the Company
“Share Options”	options granted under the Pre-IPO Share Option Plan and which are exercisable as at the date of this announcement pursuant to their respective terms
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loans”	an aggregate amount of HK\$25.0 million advanced to the Company by NUEL up to the date of this announcement comprising the First Shareholder’s Loan and the Remaining Shareholder’s Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the conditional agreement dated 10th February, 2003, entered into between the Company and NUEL relating to the subscription by NUEL of the Subscription Shares
“Subscription Share(s)”	the 200,000,000 new Share(s) to be subscribed by NUEL pursuant to the Loan Capitalisation
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Underwriting Agreement”	the underwriting agreement dated 10th February, 2003 entered into between the Company and the Underwriter whereby the Underwriter has agreed to underwrite a maximum of 66,740,000 Offer Shares to be issued pursuant to the Open Offer
“Whitewash Waiver”	a waiver from the obligation to make a general offer under the Takeovers Code pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollars
“%”	per cent.

By order of the Board  
**New Universe International Group Limited**  
**Hua Zhixiang**  
*Chairman*

Hong Kong, 11th February, 2003

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those information relating to NUEL) and confirm, having made all reasonable inquiries that, to the best of their knowledge, the opinions expressed in this announcement (other than those information relating to NUEL) have been arrived at after due and careful consideration and there are no other facts (other than those information relating to NUEL) not contained in this announcement, the omission of which would make any statement (other than those information relating to NUEL) in this announcement misleading.*

*The directors of NUEL jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those information relating to the Company or the Group), and confirm, having made all reasonable enquiries that, to the best of their knowledge, the opinions expressed in this announcement (other than those information relating to the Company or the Group) have been arrived at after due and careful consideration and there are no other facts (other than those information relating to the Company or the Group) not contained in this announcement, the omission of which would make any statement (other than those information relating to the Company or the Group) in this announcement misleading.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:—*

- (1) the information contained in this announcement (other than those information relating to NUEL) is accurate and complete in all material respects and not misleading;*
- (2) there are no other matters the omission of which would make any statement in this announcement (other than those information relating to NUEL) misleading; and*
- (3) all opinions expressed in this announcement (other than those information relating to NUEL) have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will appear and remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*