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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 UPDATED INFORMATION**

The Board wishes to provide an updated events of SkyDatamann.

The Board wishes to make this announcement pursuant to Rule 17.10 of the GEM Listing Rules in relation to updated events of SkyDatamann.

#### **SKYDATAMANN**

SkyDatamann is principally engaged in the provision for co-location facilities, internet connectivity, value-added and managed services for e-commerce applications for regional and global business. When the Board considered to acquire SkyDatamann in January 2001, the Board intended to run the data center business in SkyDatamann. Since 28 March 2001, the date of the acquisition of the data center business in SkyDatamann, the data center business had assisted a fellow subsidiary of the Group to have additional 15 new customers. The unauthorised building work, namely back-up diesel generator resulted the Company in loss of business opportunities. The fellow subsidiary, which was principally engaged in the provision of information services on the internet, ceased its business activities in 2002. The Board, to the best of its knowledge, had ensured that all essential parts of the data center business were in order before the acquisition. The Group had qualified accountants to carry out financial review on SkyDatamann, and a lawyer to check the ownership of data center business and draft a sale and purchase agreement with warranties of which the scope protected the cost of investment and the shareholders of the Group but these review and checking could not avoid misrepresentation or breach of warranties by the vendor or the vendor's guarantor of the Acquisition Agreement.

As announced by the Company dated 2 January 2002 and 8 April 2003, the Board was advised by a practicing architect in December 2001 who is an Authorised Person (as defined under section 2 of the Buildings Ordinance, Chapter 123 of The Laws of Hong Kong) that there was no consent nor approval given by the Building Department for the installation works of the back-up diesel generator exclusively for the data center, which was installed on the roof of the building where SkyDatamann was situated. The Board was of the view that the closure of data center business can minimise a potential risk exposure to the Group on the public liability. After the data center closed down, the Board sought the opinion from a solicitor about the responsibilities of the unauthorised building work, namely the back-up diesel generator and possible misrepresentation from the vendor of the Acquisition Agreement and believed that the Building Department is a governmental authority to confirm and decide whether the back-up diesel generator is legal or not to substantiate the illegality of the back-up diesel generator. A solicitor was

instructed to write to the Building Department to clarify the legality of the back-up diesel generator. After the data center closed down, the Company was asked by the Building Department to remove the back-up diesel generator because of its illegality.

As announced by the Company on 2 January 2002, and disclosed in the annual report of the Company for the year ended 31 December 2001, SkyDatamann which carried on business of internet data center, had ceased its operations since December 2001 due to unauthorised building work, namely the back-up diesel generator. Upon the cessation of its operations, SkyDatamann laid off all employees and incurred a loss from operating activities of approximately HK\$46.8 million which comprised of revenue of approximately HK\$0.5 million and expenses of approximately HK\$47.3 million. The expenses were an aggregate of fixed assets written-off of approximately HK\$32.3 million, wages of approximately of HK\$2.5 million, depreciation of approximately HK\$6.0 million, rent of approximately HK\$2.0 million, license fee of approximately HK\$1.5 million and others of approximately HK\$3.0 million for operation activities. Since December 2001, SkyDatamann had not had any working capital to settle outstanding amount due to independent third parties, including suppliers, contractors and its landlord. As the principal business activities of SkyDatamann was provision for co-location facilities, internet connectivity, value-added and managed services for e-commerce applications for regional and global business, its assets mainly comprised of high tech equipment and computers whose value depended on market demand. As the technology became more advance, high tech equipment and computers might be out-phased and became worthless in a very short period of time. On 7 January 2002, the landlord of SkyDatamann instituted legal proceedings against SkyDatamann and directed Bailiff to seize and sell the goods and chattels found in data center to offset the outstanding rent. The Board understood that the sales proceeds from the sale would first offset the debts and the balance would be paid to SkyDatamann. After auction of the goods and chattels, the Company was informed that the goods and chattel was sold for less than HK\$1 million. As the sale was under public auction, the Board considered that the sale proceeds had reflected the real market value of the goods and chattels of SkyDatamann.

Currently, the Company is not aware of any directors, including independent non-executive directors of the Group, who were trying to conceal their irresponsible acts in respect of breach of fiduciary duties and misappropriation the Company's assets. The Board, including independent non-executive directors, is not aware of any allegations of frauds or other impropriety in connection with SkyDatamann. Subject to the Company's legal adviser, appropriate actions, such as issue of demand letters and litigation proceedings may be taken in appropriate time against the vendor and the vendor's guarantor under Acquisition Agreement dated 12 January 2001 as the Group is entitled to claim for losses and damages because of misrepresentation or breach of warranties by the vendor and the vendor's guarantor under Acquisition Agreement.

On 19 March 2003, a wholly-owned subsidiary of the Company, SkyDatamann International entered into the Disposal Agreement as follows:

#### **THE DISPOSAL AGREEMENT**

Date: 19 March 2003

Parties: Centapoint, an independent third party not connected with the directors, substantial shareholders, management shareholders of the Company or any of their respective associates

SkyDatamann International, a wholly-owned subsidiary of the Company

Assets disposed: (i) the Debts; and (ii) 2 shares of HK\$1 each representing the entire issued share capital of SkyDatamann.

Total consideration: The purchase price shall be the cash sum of HK\$1, which shall be paid by Centapoint to SkyDatamann International upon Completion.

Completion date: 19 March 2003

## **CONSIDERATION**

The total consideration to be received by SkyDatamann International amounted to HK\$1.00 was arrived at after taking into account the commercial reasons as stated in paragraph headed "REASONS FOR THE DISPOSAL" and negotiation by both parties at arm's length with reference to the financial position of the Company which had approximately HK\$67.0 million total liabilities as at 31 December 2002 comprising of (i) the Debt of approximately HK\$57.5 million due to SkyDatamann International, (ii) approximately HK\$0.2 million due to the Group, and (iii) approximately HK\$9.3million due to independent third parties, which comprised of (a) trade creditors of approximately HK\$8.4 million, (b) outstanding wages of approximately HK\$0.1 million, (c) rent of approximately HK\$0.6 million and (d) legal and professional fee of approximately HK\$0.2 million. Save that SkyDatamann had contingent assets of approximately HK\$5 million in respect of arbitration proceedings against a contractor for loss and damages of HK\$5 million as a result of incomplete and defective work done, SkyDatamann did not have any other assets. Subsequent the Disposal completed on 19 March 2003, the status of the arbitration is that SkyDatamann was ordered to pay security for the contractor's costs in the amount of HK\$1.1 million by 27 May 2003 in the arbitration proceedings. The security for the contractor's costs are the contractor's estimated costs incurred and to be incurred in the arbitration proceedings due to the contractor's allegation that SkyDatamann may be unable to pay the contractor's costs in the event that SkyDatamann would lose in the arbitration proceedings. The SkyDatamann's claim against the contractor can only be proceeded upon the payment of the security for the contractor's costs. The Group has not made any guarantee nor any other liabilities nor any undertakings nor any commitments in respect of the security for the contractor's costs. The Board, including independent non-executive directors, considers that the consideration of HK\$1.00 is fair, reasonable and in the interest of the shareholders of the Group with reasons stated in the paragraph headed "REASONS FOR THE DISPOSAL". The Disposal will not affect I-Network's right to sue the vendor and vendor's guarantor under the Acquisition Agreement. The Company believed the warranties on Acquisition Agreement had sufficient protection to the investment of data center business, including all essential parts, such as the generator set. The Group has not made any guarantee on the payment of any other outstanding liabilities nor made any undertakings nor made any commitments of SkyDatamann in respect of the Disposal to Centapoint.

## **COMPLETION**

The Disposal was completed on 19 March 2003.

## **REASONS FOR THE DISPOSAL**

As disclosed in the interim report of the Company for the six months ended 30 June 2002, new management of the Company has been put in place to enhance operating efficiencies and redefine corporate strategy for delivering shareholders' values in the long run. Since the new management joined the Board in June 2002, the Board has been reviewing the performance of the individual companies within the Group with an objective to improving the overall performance of the Group as a whole. The Board believes that in order to improve the profitability and financial status of the Group, it would be in the best interest of the Group to enter into the Disposal Agreement. After the Disposal, (i) resources, such as time and funds for administrative activities tied up in this company can be released and be diverted to its current business on the design, manufacturing and trading of mold and plastic products, (ii) more resources, such as time and funds for administrative activities are diverted to more cost effective area, the profitability of the Group can be improved, and (iii) the financial status of the Group can be improved by means of no consolidation

with net liabilities of SkyDatamann because the Group does not have any control on its subsidiary. The Board considered that SkyDatamann cannot generate any economic benefit to the Group in the foreseeable future but instead may cause economic outflow for the administration and handling legal cases of SkyDatamann. The gain on the Disposal for the Group is approximately HK\$9.3 million which is due to the exclusion of the SkyDatamann to the consolidated financial statements of the Group and the net liabilities of SkyDatamann are not taken up in the accounts of the Group. The gain on the Disposal does not have any cash impact on the Group. The gain has already been recorded and announced in the consolidated financial statements of the Company for the quarter ended 31 March 2003.

The principal business activities of SkyDatamann were provision for co-location facilities, internet connectivity, value-added and managed services for e-commerce applications for regional and global business which intended to support the design of molding and tooling activities to the Group. The Board considered that the Disposal would not affect the Group's principal business activities which are the manufacture and sale of molds and tooling products. The Board is of the opinion that the Disposal will be favorable to the development of the Group as a whole.

### **SKYDATAMANN INTERNATIONAL**

SkyDatamann International is a limited company incorporated in the British Virgin Islands on 16 March 2000 with an authorised share capital and an issued share capital of US\$50,000 (equivalent of approximately HK\$390,000) and US\$1 (equivalent of approximately HK\$8). SkyDatamann International is principally engaged in the investment holding in the shares of SkyDatamann.

### **I-NETWORK**

I-Network is a limited company incorporated in the British Virgin Islands on 13 November 2000 with an authorised share capital and an issued share capital of US\$50,000 (equivalent of approximately HK\$390,000) and US\$1 (equivalent of approximately HK\$8). I-Network is principally engaged in the investment holding in the shares of SkyDatamann International.

### **CENTAPOINT**

Centapoint is a private limited company incorporated in the British Virgin Islands on 2 January 2003 and engaged in the business of system development, internet connectivity, value-added and managed services for e-commerce. Centapoint is an independent third party and is not connected with a director, chief executive, substantial shareholder or management shareholder of the Company or any of their respective associates as defined under the GEM Listing Rules and does not have any business relationships with the Group prior to and after the Disposal.

### **GENERAL**

The Board wishes to make this announcement pursuant to Rule 17.10 of the GEM Listing Rules in relation to updated events of SkyDatamann.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition Agreement”	the agreement dated 12 January 2001 entered into between the Group as a purchaser, and a vendor and a vendor’s guarantor in relation to the sale and purchase of (i) the entire issued share capital of SkyDatamann International and (ii) the loans made by the vendor to SkyDatamann International and its subsidiary
“Board”	the board of directors of the Company
“Centapoint”	Centapoint Limited, a company incorporated in the British Virgin Islands with limited liability
“Company”	New Universe International Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Debt”	A debt outstanding as at 19 March 2003 made by or on behalf of the SkyDatamann International to SkyDatamann which amount was approximately HK\$57.5 million.
“Disposal”	the disposal by the SkyDatamann International to the Centapoint of the entire issued share capital of and a debt to SkyDatamann. pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 19 March 2003 entered into between SkyDatamann International as a vendor and Centapoint as a purchaser in relation to the sale and purchase of the entire issued share capital of and a debt to SkyDatamann
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“I-Network”	Smartech I-Network Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.
“SkyDatamann”	Sky Datamann (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SkyDatamann International

“SkyDatamann International” Sky Datamann International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of I-Network

By Order of the Board  
**New Universe International Group Limited**  
**Tang Kwok Yuen**  
*Vice-Chairman*

Hong Kong, 16 May 2003

\* *for identification purpose only*

*This announcement, for which the directors of the Company, collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:*

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

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