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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE SHARE SUBSCRIPTION AND THE LOAN CAPITALISATION, AND INCREASE IN AUTHORISED SHARE CAPITAL

On 28 October 2003, the Company entered into the Share Subscription Agreement with NUEL pursuant to which NUEL has conditionally agreed to subscribe 300,000,000 new Shares at HK\$0.05 per Share, representing approximately (i) 39.27% of the existing issued share capital of the Company; and (ii) 28.2% of the issued share capital of the Company as enlarged by the Share Subscription. The consideration for the Share Subscription will be satisfied by capitalising the entire amount of Shareholder's Loan of HK\$15 million by means of the Loan Capitalisation. Based on the closing price of HK\$0.049 per Share on 28 October 2003, the total market price of the 300,000,000 Shares to be issued pursuant to the Share Subscription equals to HK\$14.7 million.

The Share Subscription and the Loan Capitalisation contemplated thereunder are conditional. Accordingly, the Share Subscription and the Loan Capitalisation may or may not proceed. Details of the conditions of the Share Subscription and the Loan Capitalisation are set out in the section headed "Conditions of the Share Subscription and the Loan Capitalisation" below.

When aggregated with the amount of HK\$10 million involved in the Previous Loan Capitalisation, the Loan Capitalisation represents approximately 66.52% of the unaudited pro forma net tangible assets of the Company of approximately HK\$37.58 million which comprises of the audited net tangible asset of the Company as at 31 December 2002 of approximately HK\$12.98 million as set out in its latest audited financial statements and the adjustment in the net tangible asset value taking into account (i) the increase in the issued share capital of the Company of HK\$14.7 million pursuant to the subscription of Shares on 9 April 2003; and (ii) the unaudited net profit attributable to Shareholders for the six months ended 30 June 2003 of approximately HK\$9.9 million as shown in the second quarterly report of the Company for the year 2003. Accordingly, the Loan Capitalisation constitutes a major transaction under Chapter 19 of the GEM Listing Rules. Since NUEL is a substantial shareholder holding approximately 56.14% of the Company's issued share capital, the Share Subscription and the Loan Capitalisation contemplated thereunder also constitutes connected transaction of the Company under Rule 20.14 of the GEM Listing Rules and is subject to approval by the Independent Shareholders at the EGM at which NUEL and its associate will abstain from voting.

* For identification only

Get Nice Capital Limited was appointed as the financial adviser to the Company. An independent board committee of the Company will be appointed to advise the Independent Shareholders in respect of the Share Subscription and the Loan Capitalisation contemplated thereunder. Menlo Capital Limited was appointed to advise the independent board committee in this regard. A circular containing, amongst other things, information on the Share Subscription and the Loan Capitalisation, the respective letters of advice and recommendation from the Company's independent board committee and Menlo Capital Limited in relation to the Share Subscription, the Loan Capitalisation, and the notice of the EGM will be dispatched to the Shareholders within 21 days from the date of this announcement.

At the request of the Company, trading of the Shares has been suspended with effect from 9:30 a.m. on 29 October 2003 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 30 October 2003.

(I) SHARE SUBSCRIPTION AND THE LOAN CAPITALISATION

(A) Share Subscription Agreement dated 28 October 2003

On 28 October 2003, the Company entered into the Share Subscription Agreement with NUEL, the majority shareholder of the Company currently holding approximately 56.14% of the Company's issued share capital. Pursuant to the Share Subscription Agreement, NUEL has conditionally agreed to subscribe 300,000,000 new Shares at HK\$0.05 per Share, representing approximately (i) 39.27% of the existing issued share capital of the Company; and (ii) 28.2% of the issued share capital of the Company as enlarged by the Share Subscription. The consideration for the Share Subscription will be satisfied by capitalising the entire amount of Shareholder's Loan of HK\$15 million by means of the Loan Capitalisation.

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

- (i) a premium of approximately 2.04% to the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on 28 October 2003;
- (ii) a discount of approximately 0.79% to the average closing prices of approximately HK\$0.0504 per Share over the last 10 trading days up to and including 28 October 2003;
- (iii) the par value of the Share; and
- (iv) a premium of approximately 4.17% to the unaudited net tangible assets value per Share as at 30 June 2003 of approximately HK\$0.048.

Based on the closing price of HK\$0.049 per Share on 28 October 2003, the total market price of the 300,000,000 Shares to be issued pursuant to the Share Subscription equals to HK\$14.7 million.

The terms of the Share Subscription, including the subscription price and the Loan Capitalisation, have been arrived at after arm's length negotiation between the Company and NUEL with reference to the market price of the Shares under the prevailing market conditions and the terms of the Previous Loan Capitalisation. The Shares issued pursuant to the Share Subscription 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 completion of the Share Subscription.

The number of Shares to be issued pursuant to the Share Subscription exceeds the number of Shares allowed to be issued pursuant to the general mandate granted by the Shareholders during the annual general meeting of the Company held on 29 April 2003. Accordingly, the Share Subscription as well as the issue of Shares pursuant to the Share Subscription is required to be approved by the Shareholders in the EGM.

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

Conditions of the Share Subscription and the Loan Capitalisation

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

1. the passing by the Independent Shareholders of an ordinary resolution at the EGM approving the Share Subscription and the Loan Capitalisation and the issue of the Shares under the Share Subscription; and
2. the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in the Shares issued pursuant to the Share Subscription.

Completion of the Share Subscription of the Loan Capitalisation

Completion of the Share Subscription and the Loan Capitalisation will take place simultaneously on the Business Day upon fulfillment of all conditions of the Share Subscription and the Loan Capitalisation mentioned above.

(B) Shareholding structure of the Company

The following table summarises the shareholding structure of the Company as the date of this announcement and immediately after the Share Subscription:

	As at the date of this announcement		Immediately after the Share Subscription	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
NUEL	428,915,000	56.14	728,915,000	68.51
Joyful Way Holdings Limited (<i>Note</i>)	53,550,000	7.01	53,550,000	5.03
Public	<u>281,535,000</u>	<u>36.85</u>	<u>281,535,000</u>	<u>26.46</u>
Total	<u><u>764,000,000</u></u>	<u><u>100.00</u></u>	<u><u>1,064,000,000</u></u>	<u><u>100.00</u></u>

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

(C) Reasons for the Share Subscription and the Loan Capitalisation

The Company was listed on GEM on 18 May 2000. The Group is principally engaged in design, manufacturing and trading of mold and plastic products. Its production facilities are located in Dongguan, the PRC. Products of the Group are mainly worldwide distributed.

As disclosed in the Company's announcement dated 11 February 2003, a total amount of HK\$25 million, comprising the Previous Shareholder's Loan and the Shareholder's Loan, was due by the Company to NUEL. The Shareholder's Loan was advanced to the Company by NUEL on 31 May 2002 and the total amount of the HK\$25 million loan comprising the Previous Shareholder's Loan and the Shareholder's Loan had been applied over the period from May 2002 to December 2002 in full for the settlement of an aggregate amount of HK\$25 million of the outstanding borrowings and payables mainly comprising approximately HK\$6.8 million finance lease obligations, approximately HK\$7 million trade payables, approximately HK\$3.9 million secured bank loan and approximately HK\$2.7 million tax payable due and owing by the Group to 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) that had been overdue since 30 May 2002. Both the Previous Shareholder's Loan and the Shareholder's Loan, which would be required to be repaid by the Company on 31 May 2003, were interest-free and unsecured. The Previous Shareholder's Loan was capitalised upon completion of the Previous Loan Capitalisation on 9 April 2003. Regarding the Shareholder's Loan, the Company has exercised its right to extend its maturity date for another year to 31 May 2004. Accordingly, as at the date of this announcement, the Shareholder's Loan remains outstanding. Upon completion of the Loan Capitalisation, there will be no outstanding balance due by the Company to NUEL. In addition to the Shareholder's Loan, NUEL has also through an associate company provided a corporate guarantee in favour of the Company for the purpose of procuring a bank facility of HK\$10 million to the Company pursuant to a loan agreement and a supplemental agreement entered into between the Company and NUEL dated 15 May 2002 and 27 May 2002 respectively.

As set out in the Group's interim report 2003, as at 30 June 2003, the Group had total cash and bank balances of approximately HK\$3.1 million. The Group had outstanding indebtedness of approximately HK\$19.2 million, comprising secured trust receipt loans of approximately HK\$0.2 million, finance lease payables of approximately HK\$4.0 million and the unsecured Shareholder's Loan of HK\$15 million. Out of the total indebtedness, approximately HK\$3.3 million is repayable within one year.

Upon completion of the Share Subscription and the Loan Capitalisation, the cash position of the Group will remain the same. However, the equity base of the Group will be increased resulting in an improvement in the gearing ratio (expressed as total liabilities to total equity) of the Group from 1.36 as at 30 June 2003 to 0.67 after completion of the Share Subscription and Loan Capitalisation. With such enhancement in the financial position of the Group, the Directors believe that the Company will be placed a better position to secure additional financial resources for the business development of the Group including expansion in the existing plastic product division which is in line with the Group's existing business and further investment in Changjiang River Delta which may require additional financial resources. Currently, the Group has a few customers with approximately 4% turnover from Shanghai and the region of the Changjiang River Delta. The management of the Company plans to capitalise on the customer network to enlarge the customer base and expand market share in the Changjiang River Delta. Accordingly, the Directors are of view that the Share Subscription and the Loan Capitalisation are in the interest of the Company and the Shareholders as a whole.

In the event that the Share Subscription and the Loan Capitalisation do not proceed and in view of the current tight liquidity position of the Group, the Directors will liaise with NUEL for an extension on the maturity date of the Shareholder's Loan, the terms of which are to be subject to negotiation.

(D) 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%, Mr. Chu Yuk Ngai as to 5.625%, Ms. Cheung Siu Ling as to 5.625%, Mr. Suen Ki as to 4% and Mr. Hua Zhixiang as to 3%. The principal activity of NUEL is investment holding. Currently, all the beneficial owners of NUEL are executive directors of NUEL.

(II) INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorized share capital of the Company is HK\$50 million comprising 1,000 million Shares of which 764 million Shares are issued and fully paid. In order to accommodate the 300 million new Shares to be issued pursuant to the Share Subscription and to assist in the future expansion of the Company, the Directors propose to increase the Company's authorized share capital from HK\$50 million to HK\$1,000 million by the creation of an additional 19,000 million new Shares. The increase in the authorized share capital of the Company will be subject to the approval of the Shareholders at the EGM and will take immediate effect thereafter. The Directors have no present intention to issue any part of that capital except for the issue of new Shares pursuant to the Share Subscription.

(III) GENERAL

When aggregated with the amount of HK\$10 million involved in the Previous Loan Capitalisation, the Loan Capitalisation represents approximately 66.52% of the unaudited pro forma net tangible assets of the Company of approximately HK\$37.58 million which comprises of the audited net tangible asset of the Company as at 31 December 2002 of approximately HK\$12.98 million as set out in its latest audited financial statements and the adjustment in the net tangible asset value taking into account (i) the increase in the issued share capital of the Company of HK\$14.7 million pursuant to the subscription of Shares on 9 April 2003; and (ii) the unaudited net profit attributable to Shareholders for the six months ended 30 June 2003 of approximately HK\$9.9 million as shown in the second quarterly report of the Company for the year 2003. Accordingly, the Loan Capitalisation constitutes a major transaction under Chapter 19 of the GEM Listing Rules. Since NUEL is a substantial shareholder holding approximately 56.14% of the Company's issued share capital, the Share Subscription and the Loan Capitalisation contemplated thereunder also constitutes connected transaction of the Company under Rule 20.14 of the GEM Listing Rules and is subject to approval by the Independent Shareholders at the EGM at which NUEL and its associate will abstain from voting.

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DEFINITIONS

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

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are generally opened for business
“Company”	New Universe International Group Limited, an exempt company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting expected to be convened on 8 December 2003 at which resolutions to approve, among other things, the Share Subscription and the Loan Capitalisation shall be proposed
“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”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the shareholders of the Company other than NUEL and its associates
“Loan Capitalisation”	the subscription by NUEL and the issue to NUEL of the 300,000,000 new Shares at HK\$0.05 per Share, credit as fully paid at par, pursuant to the Share Subscription Agreement by capitalizing the entire amount of the Shareholder’s Loan
“NUEL”	New Universe Enterprises Limited, a limited liability company incorporated in the British Virgin Islands and the majority shareholder of the Company
“PRC”	People’s Republic of China

“Previous Loan Capitalisation”	the subscription of the 200,000,000 Shares at HK\$0.05 per Share pursuant to the subscription agreement entered into between the Company and NUEL dated 10 February 2003 by capitalizing the entire amount of the Previous Shareholder’s Loan, which was announced by the Company on 11 February 2003 and completed on 9 April 2003
“Previous Shareholder’s Loan”	an aggregate amount of HK\$10 million advanced to the Company by NUEL, other than the Shareholders’ Loan, during the period between May 2002 and September 2002
“Share Subscription”	the subscription by NUEL and the issue to NUEL of the 300,000,000 new Shares at HK\$0.05 per Share pursuant to the Share Subscription Agreement by means of the Loan Capitalisation
“Share Subscription Agreement”	the subscription agreement dated 28 October 2003 entered into between the Company and NUEL in relation to the Share Subscription
“Share(s)”	share(s) of HK\$0.05 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shareholder’s Loan”	an amount of HK\$15 million advanced to the Company by NUEL on 31 May 2002 pursuant to a loan agreement and a supplemental agreement entered into between the Company and NUEL dated 15 May 2002 and 27 May 2002 respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 29 October 2003

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 is accurate and complete in all material aspects and not misleading; (2) there are no other matters the omission of which would make any statements in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting.