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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)

(Stock Code: 8068)

ANNOUNCEMENT

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
2 RIGHTS SHARES FOR EVERY 5 SHARES HELD**

AND

**(2) DISCLOSEABLE TRANSACTION IN RELATION
TO THE ACQUISITION OF THE SALE SHARES**

AND

RESUMPTION OF TRADING

Financial Adviser



GET NICE CAPITAL LIMITED

Underwriter of the Rights Issue



GET NICE INVESTMENT LTD.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$20.58 million after expenses by way of the Rights Issue pursuant to which the Company will issue 425,600,000 Rights Shares at a price of HK\$0.05 each payable in full on acceptance on the basis of two Rights Shares for every five existing Shares held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The Company intends to use the net proceeds from the Rights Issue as to HK\$16.5 million for the Acquisition and the balance of approximately HK\$4.08 million as general working capital of the Group. The Rights Issue is not available to Overseas Shareholders.

As at the date of this announcement, (i) there are 8,000,000 outstanding Options granted under the Pre-IPO Share Option Plan, all of which are exercisable pursuant to their respective terms; and (ii) no Options have been granted under the existing Share Option Scheme. If all the subscription rights attaching to the outstanding Options are exercised on or before the Record Date, the number of issued Shares will be increased to 1,072,000,000 Shares and the number of Rights Shares which may be issued pursuant to the Rights Issue will be increased from 425,600,000 to 428,800,000 Rights Shares. As at the date of this announcement, the holder of the Options has irrevocably undertaken that he will not exercise his Options at any time up to and including the Record Date.

Existing Shares will be dealt with on an ex-rights basis from Tuesday, 4 May, 2004. To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be on Tuesday, 11 May, 2004. In order to be registered as a member of the Company on the Record Date, all transfers of Shares must be lodged for registration with the Registrar by 4:00 p.m. on Wednesday, 5 May, 2004.

The Rights Issue is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Rights Issue". In particular, it is subject to the Underwriter not terminating the Underwriting Agreement in accordance with its terms, the details of which are set out in the section headed "Termination of the Underwriting Agreement" below.

The Rights Shares in their nil-paid form will be dealt with from Thursday, 13 May, 2004 to Thursday, 20 May, 2004 (both days inclusive). If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Shareholders are advised to exercise caution when dealing in the Shares and the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled. If in any doubt, Shareholders and investors are recommended to consult their professional advisers.

ACQUISITION

On 1 April, 2004, Smartech, a wholly-owned subsidiary of the Company, entered into the Agreement with Good Tick, an independent third party not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their subsidiaries or respective associates. Pursuant to the Agreement, Smartech has agreed to acquire from Good Tick the Sale Shares and the Shareholder's Loan for a cash consideration of HK\$16.5 million. Prior to Completion, Smartech is the beneficial owner of 10% shareholding interest in Bestwin. Upon Completion, Bestwin, which owns the entire equity interest in the Factory, will become a 97% indirectly-owned subsidiary of the Company.

The consideration of HK\$16.5 million for the Acquisition will be entirely financed by the net proceeds of HK\$20.58 million raised from the Rights Issue. Accordingly, Completion is conditional upon completion of the Rights Issue.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company under Rule 19.06(2) of the GEM Listing Rules. It is expected that the Company will send the Prospectus containing, amongst other things, the details of the Rights Issue and a circular relating to the Acquisition to the Shareholders on Tuesday, 11 May, 2004.

At the request of the Company, trading of the Shares has been suspended with effect from 9:30 a.m. on 2 April, 2004 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 21 April, 2004.

PROPOSED RIGHTS ISSUE

On 1 April, 2004, the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue, details of which are set out below:

Issue statistics

Basis of the Rights Issue	:	Two Rights Shares for every five Shares held on the Record Date
Number of existing Shares in issue	:	1,064,000,000 Shares as at the date of this announcement
Number of Rights Shares	:	425,600,000 Rights Shares
Subscription price per Rights Share	:	HK\$0.05 per Rights Share payable in full on application

The nil-paid Rights Shares proposed to be provisionally allotted represent (a) 40.00% of the Company's issued share capital as at the date of this announcement; and (b) approximately 28.57% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

As at the date of this announcement, (i) there are 8,000,000 outstanding Options granted under the Pre-IPO Share Option Plan, all of which are exercisable pursuant to their respective terms; and (ii) no Options have been granted under the existing Share Option Scheme. If all the subscription rights attaching to the outstanding Options are exercised on or before the Record Date, the number of issued Shares will be increased to 1,072,000,000 Shares and the number of Rights Shares which may be issued pursuant to the Rights Issue will be increased from 425,600,000 to 428,800,000 Rights Shares. As at the date of this announcement, the holder of the Options has irrevocably undertaken that he will not exercise his Options at any time up to and including the Record Date.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must:

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

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:00 p.m. on Wednesday, 5 May, 2004.

The Company will send the Prospectus Documents to Qualifying Shareholders only and the Prospectus, for information only, to the Overseas Shareholders.

Closure of register of members

The register of members of the Company will be closed from Thursday, 6 May, 2004, to Tuesday, 11 May, 2004, both dates inclusive. No transfers of Shares will be registered during this period.

Subscription price

The subscription price for the Rights Shares is HK\$0.05 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for Rights Shares. The subscription price represents:

- (a) a discount of 37.5% to the closing price of HK\$0.08 per Share quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 29.58% to the theoretical ex-rights price of approximately HK\$0.071 per Share calculated based on the closing price per Share on the Last Trading Day; and
- (c) a discount of approximately 40.41% to the average closing price of approximately HK\$0.0839 per Share for the last 10 trading days up to and including the Last Trading Day.

The subscription price for the Rights Shares was determined after arm's length negotiations between the Company and the Underwriter. In agreeing on the subscription price of the Rights Issue, the Company and the Underwriter took into account the share price performance and trading activities of the Shares. The average monthly turnover of the Shares for the three months ended 31 March, 2004 had been less than 0.2% of the total number of Shares in issue. Having considered the low liquidity of the Shares, the Company agreed with the Underwriter that the subscription price of the Rights Issue would be set at a significant discount to the market price of the Shares at the time the Underwriting Agreement was entered into, so as to provide an incentive for Shareholders to subscribe for the Rights Shares.

Given the above, the Directors consider the terms of the Rights Issue, including the subscription price, to be fair and reasonable and in the best interests of the Company and the Shareholders.

Basis of provisional allotment

The basis of the provisional allotment shall be two Rights Shares for every five Shares, being 425,600,000 Rights Shares at a price of HK\$0.05 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the renounceable PAL and lodging the same with a remittance for the Rights Shares being applied for.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of issue and allotment of the Rights Shares.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong. Accordingly, no provisional allotment of Rights Shares will be made to Overseas Shareholders. The Company will send the Prospectus to Overseas Shareholders for their information only and will not send PALs or EAFs to Overseas Shareholders. Based on the register of members of the Company as at the date of this announcement, there are no Overseas Shareholders.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Overseas Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Overseas Shareholders. The Company will retain individual amounts of HK\$100 or less. Any unsold entitlement of Overseas Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be available for excess application.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Overseas Shareholders, for any Rights Shares provisionally allotted but not accepted and for any unsold fractions of Rights Shares.

Applications for excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis but will give preference to the topping-up of odd lots to whole board lots.

Application for listing

The Company will apply to the GEM Listing Committee for the listing of and permission to deal in the Rights Shares, in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or other applicable fees and charges in Hong Kong.

Share Certificates

Subject to the fulfillment of the conditions of the Rights Issue, certificates for fully-paid Rights Shares and refund cheque(s) in respect of unsuccessful excess applications are expected to be posted on or before Monday, 31 May, 2004 to those who have accepted and (where applicable) applied for, and paid for, the Rights Issue at their own risk.

Underwriting arrangements

Underwriting Agreement dated 1 April, 2004

The Underwriter has agreed to fully underwrite up to 134,034,000 Rights Shares, other than Rights Shares which NUEL has undertaken to subscribe (being 425,600,000 Rights Shares less the 291,566,000 Rights Shares to be issued to and accepted by NUEL). The Underwriter does not have any shareholding in the Company and is not a connected person (as defined in the GEM Listing Rules) of the Company.

Commission

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate subscription price of the Rights Shares underwritten by it. The Directors believe that the underwriting commission accords with market rates.

Undertaking from NUEL

As at the date of this announcement, NUEL is interested in 728,915,000 Shares, representing approximately 68.51% of the total issued share capital of the Company. NUEL has irrevocably undertaken to the Company and the Underwriter that the Shares beneficially owned by it will not be disposed of or transferred and will remain registered in its name (or names of its nominees) from the date of the undertaking, being 1 April, 2004, to the close of business on the Record Date and that it will take up its entitlement in full, representing 291,566,000 Rights Shares. NUEL will not apply for any excess Rights Shares.

Supplemental Letter

The Underwriter and the Company have entered into a supplemental letter on 20 April, 2004, pursuant to which the parties have agreed to extend the dates for the proposed Rights Issue and the conditions for the Rights Issue.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in 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 second Business Day following the Acceptance Date, if there occurs:

1. (a) **an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or**
- (b) **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 currency (including a change in fiscal or monetary policy or foreign exchange for currency market or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or**
- (c) **any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;**

and in the reasonable opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue; or

2. **if, at or prior to 4:00 p.m. on the Settlement Day following the Acceptance Date:**
 - (a) **the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or**
 - (b) **the Underwriter receives the relevant notification pursuant to the Underwriting Agreement upon the Company becoming aware of any untrue or inaccurate representations or warranties contained in the Underwriting Agreement, or shall otherwise become aware**

of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter, shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

- (c) the Prospectus Documents when published, contains information which would be untrue or inaccurate in any material respect and the Company has failed to promptly send out any announcements or circulars (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents), as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.**

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any 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 such fees as may then be agreed by the relevant parties under the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following events being fulfilled:

1. the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by on or prior to the date of commencement of dealings in nil-paid Rights Shares and not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the second Business Day after the Acceptance Date;
2. the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the date of posting of the Prospectus Documents each duly certified in compliance with the Section 342C of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) by the Directors (or by their duly authorized agent in writing) as having been approved by the resolution by the board of Directors (and all other documents required to be attached hereto) and performance of the undertakings and obligations by the Company;
3. the compliance and performance of the undertakings and obligations by the Company with all its obligations under the Underwriting Agreement and the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms; and
4. the performance in full by NUEL of its undertaking to take up and accept the number of its entitlement to the Rights Shares prior to 4:00 p.m. on the Acceptance Date.

In the event that the conditions of the Rights Issue are not fulfilled and/or waived (other than conditions 1 and 2) in whole or in part by the Underwriter on or before 4:00 p.m. on Friday, 28 May, 2004 (or in each case such later date as the Company and the Underwriter may agree), none of the Underwriter or the Company shall have any rights or be subject to any obligations arising from the Underwriting Agreement, and the irrevocable undertaking by NUEL to accept its entitlement under the Rights Issue will lapse. The Rights Issue will not proceed accordingly.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The existing Shares will be dealt in on an ex-rights basis from Tuesday, 4 May, 2004. Dealings in the Rights Shares in their nil-paid form will take place from Thursday, 13 May, 2004 to Thursday, 20 May, 2004 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Shares and Rights Shares in their nil-paid form during the period from Thursday, 13 May, 2004 to Thursday, 20 May, 2004 will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. If they are in any doubt about their position, they are recommended to consult their professional advisers.

Expected timetable

The expected timetable for the Rights Issue is set out below:

	<i>2004</i>
Last day of dealings in Shares on a cum-rights basis	Monday, 3 May
First day of dealings in Shares on an ex-rights basis	Tuesday, 4 May
Latest time for lodging transfers of Shares in order to qualify for Rights Issue	4:00 p.m. on Wednesday, 5 May
Register of members closes	Thursday, 6 May to Tuesday, 11 May (both dates inclusive)
Record Date	Tuesday, 11 May
Prospectus Documents to be posted	Tuesday, 11 May
Register of members to be re-opened	Wednesday, 12 May
First day of dealings in nil-paid Rights Shares	Thursday, 13 May
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Monday, 17 May
Last day of dealings in nil-paid Rights Shares	Thursday, 20 May
Latest time for payment for and acceptance of Rights Shares	4:00 p.m. on Tuesday, 25 May
Rights Issue expected to become unconditional	after 4:00 p.m. on Friday, 28 May
Announcement of results of acceptance and excess application of the Rights Issue	Monday, 31 May
Despatch of refund cheques for wholly and partially unsuccessful excess applications	Monday, 31 May
Despatch of certificates for fully-paid Rights Shares	Monday, 31 May
First day of dealings in fully-paid Rights Shares	Wednesday, 2 June

Dates or deadlines specified in this announcement are to Hong Kong times and are indicative only and may be exercised or varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published and notified to Shareholders appropriately.

Shareholding in the Company

The shareholding structures in the Company before and immediately after completion of the Rights Issue are as follows:

	Immediately before completion of the Rights Issue		After completion of Rights Issue (assuming all Rights Shares are taken up by Qualifying Shareholders)		After completion of the Rights Issue (assuming no Rights Shares are taken up by Qualifying Shareholders other than NUEL)	
	Shares	%	Shares	%	Shares	%
NUEL (<i>Note</i>)	728,915,000	68.51	1,020,481,000	68.51	1,020,481,000	68.51
Underwriter	0	0.00	0	0.00	134,034,000	9.00
Public	335,085,000	31.49	469,119,000	31.49	335,085,000	22.49
Total	<u>1,064,000,000</u>	<u>100.00</u>	<u>1,489,600,000</u>	<u>100.00</u>	<u>1,489,600,000</u>	<u>100.00</u>

Note:

NUEL is beneficially owned as to 81.75% by Mr. Xi Yu, as to 5.625% by Mr. Chu Yuk Ngai, as to 5.625% by Ms. Cheung Siu Ling, as to 4% by Mr. Suen Ki and as to 3% by Mr. Hua Zhixiang. Save for Mr. Chu Yuk Ngai and Ms. Cheung Siu Ling are husband and wife relationship, all of the above persons are independent third parties of each other.

Except Mr. Xi Yu and Mr. Hua Zhixiang are the executive Directors, the abovementioned persons are independent third parties not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their subsidiaries or respective associates.

Reasons for the Rights Issue and use of proceeds

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 distributed in Hong Kong and to PRC, European Union and North America.

The gross proceeds of the Rights Issue will be approximately HK\$21.28 million. The estimated expenses of the Rights Issue are approximately HK\$0.7 million, which will be borne by the Company. The estimated net proceeds of the Rights Issue will be approximately HK\$20.58 million. The Company plans to use the net proceeds as to (a) HK\$16.5 million for the Acquisition; and (b) the balance of approximately HK\$4.08 million as general working capital of the Group. The Company shall make announcements on any change in use of proceeds of the Rights Issue as and when appropriate.

The Directors consider that it is in the interests of the Company and the Shareholders for the Company to raise additional finance through the issue of additional equity, to enlarge the Company's capital base for funding the Acquisition, which is in line with the Group's planning as mentioned in the section headed "Reasons for the Acquisition" below. The Directors believe the timing of the Rights Issue is appropriate

as it allows the Group to capitalise on the strengths of the stock market in general and in particular, the prices of the Shares recently, to raise capital. The Directors are of the view that such opportunity may not frequently arise.

As the Rights Issue will allow Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company, the Directors consider that it is the most appropriate method to raise funds.

ADJUSTMENTS IN RELATION TO THE RIGHTS ISSUE

The exercise prices of the Options will be adjusted in accordance with the Pre-IPO Share Option Plan upon the Rights Issue becoming unconditional. The corresponding adjustments will be made to the number or nominal amount of Shares subject to the Options so far as unexercised, and/or the subscription price, and/or the method of exercise of the Options provided that such adjustments will be made on the basis that the proportion of the issued share capital to which a holder of the Options is entitled after such adjustments will remain the same as that to which he was entitled before such alteration and no Share will be issued at less than its nominal value. Such adjustments will be verified by the auditors of the Company that the adjustments are made on the basis that the proportion of the issued share capital to which a holder is entitled after the adjustments remain the same as that to which he was entitled before the alteration and the Company will notify the holder(s) of the Options the required adjustment(s) as soon as practicable.

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

The Directors confirm that there were no fund raising exercises of the Company in the past 12 months from the date of this announcement.

The Directors are of the view that the Group has sufficient funds to meet its current working capital requirements after the Rights Issue and has no immediate intention to issue further new Shares to raise funds. The Directors confirmed that, in the event the Rights Issue are lapsed, the Group still has sufficient funds to meet its current working capital requirements. The Group may however raise further funds in future if there is such requirement, especially if opportunities for new businesses or investments arise.

THE ACQUISITION

Agreement dated 1 April, 2004

Parties

Purchaser	Smartech, a wholly-owned subsidiary of the Company
Vendor	Good Tick, a company incorporated in the BVI and is 100% beneficially owned by Ms. Un Oi Wan
Guarantor	Ms. Un Oi Wan

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the vendor and its ultimate beneficial owner are third parties independent of the Company and are not the connected persons of the Company. In consideration of the Purchaser agreeing to enter into the Agreement, the Guarantor guarantees the due observance and performance by the Vendor of all its obligations and warranties under the Agreement.

Assets to be acquired

The Sale Shares and the Shareholder's Loan.

Consideration

The Consideration of HK\$16.5 million, which will be payable to Good Tick in cash, will be entirely financed by the net proceeds of HK\$20.58 million raised from the Rights Issue.

Basis of consideration

The Consideration of HK\$16.5 million was arrived at after arm's length negotiations between Smartech and Good Tick based on normal commercial terms after taken into consideration, among others, the independent business valuation on 100% equity interest of the Factory of HK\$23 million as at 29 February, 2004 which valuation was carried out by the Independent Valuer using the discounted cash flows method. On this basis, the valuation of 87% equity interest of the Factory is equivalent to approximately HK\$20 million. Accordingly, the Consideration of HK\$16.5 million represents a discount of approximately 17.5% to such independent valuation.

The Directors consider the terms of the Acquisition including the Consideration to be fair and reasonable to the Company and the Shareholders as a whole.

Conditions of the Agreement

Completion of the Acquisition is conditional upon the followings:

1. the Rights Issue becoming unconditional;
2. completion and delivery of a valuation report conducted by the Independent Valuer in a form satisfactory to Smartech; and
3. all necessary approvals, consents, authorizations and permits have been obtained in relation to the appointment of the directors nominated by the Purchaser to the board of the Factory, including the registration with the relevant government authorities in the PRC for such appointment.

Completion

Completion will take place on the third Business Day after the Acquisition becoming unconditional. In the event that the above conditions are not fulfilled on or before 31 May, 2004 (or such other later date as may be agreed between the parties in writing), the Agreement and all rights and obligations thereunder will cease and terminate and none of the parties shall have any claims and/or recourse against the others for any loss, damages, compensation and/or otherwise.

Information and Shareholding Structure of Bestwin

Bestwin, a limited liability company incorporated in Hong Kong on 25 October, 2002, is principally engaged in the investment holding of the entire share capital of the Factory. The authorized share capital of Bestwin is HK\$15,000,000 comprising 15,000,000 ordinary shares of HK\$1 each.

As announced by the Company on 23 April, 2003, 13,050,000, 1,500,000 and 450,000 ordinary shares of Bestwin, representing 87%, 10% and 3% of Bestwin's issued share capital respectively, would be allotted to Good Tick, Smartech and Gross Profit (the entire equity interest of Gross Profit is beneficially owned by Mr. Xia Jianqing and Mr. Xia Jiansong in equal proportion, both of whom are independent third parties not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their subsidiaries or respective associates) respectively pursuant to the Shareholders' Agreement. As stipulated in the Shareholders' Agreement, Good Tick and Gross Profit would make their respective capital contribution towards Bestwin by 30 June, 2003. The 1,500,000 shares held by Smartech would be credited as fully-paid upon completion of the provision of the advisory and management services (hereinafter the "Services") by Smartech to the Factory with an appraised value of HK\$1,500,000 towards the capital of Bestwin, which was expected to be on 31 August, 2003 or such other date as the parties to the Shareholders' Agreement might agree. The appraised value was projected from the actual spending on partial production and administrative staff cost in arm's length estimated to be incurred by Smartech for provision of the Services to the Factory for the period from 1 January, 2003 to 31 August, 2003.

Good Tick and Gross Profit had made their respective capital contribution of HK\$13,050,000 and HK\$450,000 towards Bestwin while the 1,500,000 shares in Bestwin held by Smartech had been credited on the above basis at HK\$1,500,000 as fully-paid on 31 August, 2003 upon completion of the Services. Accordingly, as at the date of this announcement, all the 15,000,000 ordinary shares of Bestwin have been fully-paid up and Good Tick, Smartech and Gross Profit respectively own 87%, 10% and 3% of the issued share capital of Bestwin.

According to its unaudited financial statements, Bestwin has recorded a sales revenue of HK\$211,582 and incurred a net loss of approximately HK\$3.69 million for the period from its incorporation to 31 December, 2003. As at 31 December, 2003, the total assets, the net assets value and the net tangible assets of Bestwin were approximately HK\$23.34 million, HK\$11.30 million and HK\$9.90 million respectively. The intangible assets amounting to approximately HK\$1.4 million is the land use right in respect of the Factory.

As at the date of this announcement, the Shareholder's Loan of HK\$1,046,403.74 is due by Bestwin to Good Tick. The Shareholder's Loan, which is unsecured and interest free, will be assigned to Smartech on Completion under the terms of the Agreement. Save as disclosed herein, there is no other shareholder's loan due by Bestwin to other shareholders of Bestwin.

Prior to Completion, Smartech owns 10% issued share capital of Bestwin. Upon Completion, Smartech will own 97% issued share capital of Bestwin, which will become a 97% indirectly-owned subsidiary of the Company. The shareholding structures of Bestwin before and after Completion are as follows:

Name of shareholder	Number of shares held prior to Completion	% held	Number of shares held after Completion	% held
Good Tick	13,050,000	87	0	0
Smartech	1,500,000	10	14,550,000	97
Gross Profit	450,000	3	450,000	3
Total	<u>15,000,000</u>	<u>100</u>	<u>15,000,000</u>	<u>100</u>

As the date of this announcement, the board of directors of Bestwin comprised of Mr. Chow Kim Kwong, Mr. Lee Ho Yip, Andy, Mr. Xi Yu, Gross Profit and Good Tick (both of them are existing shareholders of Bestwin). Save that Mr. Xi Yu is an executive Director, the other directors are independent third parties of the Company and are not the connected persons of the Company.

Upon Completion, except for Mr. Xi Yu, all the existing directors will resign as directors of Bestwin. In addition, Mr. Hua Zhixiang, an executive Director, will be appointed as a director of Bestwin.

Information on the Factory

The Factory is principally engaged in the manufacture and sales of small and simple mold and plastic products and is a limited liability company incorporated in the PRC on 23 December, 2002. The Factory, with a registered share capital of US\$2,000,000 (equivalent to approximately HK\$15,600,000), is wholly-owned by Bestwin. The existing board of directors of the Factory consists of Mr. Xi Yu, Mr. Xia Jian Song, Mr. Chow Kim Kwong, Mr. Lee Ho Yip, Andy and Ms. Un Oi Wan. Save that Mr. Xi Yu is an executive Director, the other directors are independent third parties of the Company and are not the connected persons of the Company.

Upon Completion, Ms. Un Oi Wan will resign from the Factory and Smartech shall appoint Mr. Hua Zhixiang and Mr. Tang Kwok Yuen (both are the executive Directors) to the board of directors of the Factory. In addition, Good Tick will resign from the board of directors of Bestwin.

Reasons of the Acquisition

The Factory, which has commenced business in December 2003, is located and operates in Suzhou near Shanghai and in the region of Changjiang River Delta, the PRC. The Board anticipates that business opportunities for the Group around Shanghai and the region of Changjiang River Delta will increase given that the PRC has been admitted to the World Trade Organisation. Currently, the Group has a few customers with only 4% turnover from Shanghai and the region of Changjiang River Delta. The Board plans to capitalize on the customer network to enlarge the customer base and expand market share in the PRC. With a significant increase in the investment in Bestwin, the Group can gain more experience by participating in the management of the Factory and can understand and gather the market response around Shanghai and the region of Changjiang River Delta. The principal business activities of the Factory will be the manufacture and sale of small and simple molds and plastic products. The Board believes that the investment in Bestwin is in line with the principal business activities of the Group, which are the manufacture and sale of molds and tooling products. The Directors consider that the Factory will not compete with the business of the Company although there is no non-competition undertaking between the Factory and Smartech as the Factory will mainly be responsible for small and simple mold products while the business of the Group is principally engaged in large and sophisticated products. On the contrary, the Directors are of the view that the businesses of the Factory and the Group are complimentary so that the market share of the mold products will be increased after the Acquisition. This turn will enhance the customers' base and the earning potential of the Group. Accordingly, the Directors consider that the Acquisition will be in the interests of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company under Rule 19.06(2) of the GEM Listing Rules. It is expected that the Company will send the Prospectus containing, amongst other things, the details of the Rights Issue and a circular relating to the Acquisition to the Shareholders on Tuesday, 11 May, 2004.

At the request of the Company, trading of the Shares has been suspended with effect from 9:30 a.m. on 2 April, 2004 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 21 April, 2004.

Definitions

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

“Acceptance Date”	25 May, 2004 (or such other date as the Underwriter may agree in writing with the Company as the date of acceptance of, and payment of, Rights Shares)
“Acquisition”	the acquisition by Smartech of the Sale Shares and the Shareholder’s Loan from Good Tick pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 1 April, 2004 entered into between Smartech, Good Tick and the Guarantor in respect of the Acquisition
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Bestwin”	Bestwin (China) Limited, a company incorporated in Hong Kong with limited liability which owns the entire equity interest in the Factory
“Board”	the board of Directors
“Business Day”	A day (other than a Saturday) on which banks in Hong Kong are generally opened for business
“BVI”	British Virgin Islands
“Company”	New Universe International Group Limited, an exempt company incorporated in the Cayman Islands with limited liability and whose Shares are listed on GEM
“Completion”	completion of the Agreement
“Consideration”	the cash consideration of HK\$16.5 million payable by Smartech to Good Tick for the Acquisition under the Agreement
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Factory”	Suzhou New Universe Tooling and Plastic Limited (蘇州新宇模具塑膠有限公司), a wholly-owned foreign enterprise established in the Suzhou province of the PRC, the entire equity interest of which is beneficially owned by Bestwin
“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
“Good Tick”	Good Tick Industries Limited, a company incorporated in the BVI with limited liability, an independent third party not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their subsidiaries or respective associates
“Gross Profit”	Gross Profit Trading Limited, a company incorporated in the BVI with limited liability, an independent third party not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their subsidiaries or respective associates
“Group”	the Company and its subsidiaries
“Guarantor”	Ms. Un Oi Wan, the sole beneficial shareholder of Good Tick
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	Castores Magi Asia Limited, a professional valuer and having extensive business and intangible asset valuation experience in Hong Kong and the PRC.
“Last Trading Date”	1 April, 2004, being the last trading day before the suspension of the trading of the Shares, pending the release of this announcement
“NUEL”	New Universe Enterprises Limited, a limited liability company incorporated in the BVI and the controlling shareholder of the Company
“Option(s)”	the share option(s) granted under the Share Option Scheme or, where the context requires, the Pre-IPO Share Option Plan
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of the members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“PRC”	People’s Republic of China
“Pre-IPO Share Option Plan”	the pre-IPO share option plan of the Company adopted on 4 May, 2000
“Prospectus”	the prospectus to be issued containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL(s) and EAF(s)

“Qualifying Shareholder(s)”	Shareholder(s), other than the Overseas Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business of the Record Date
“Record Date”	11 May, 2004, being the date of reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	Tengis Limited, the branch share registrar of the Company in Hong Kong at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
“Rights Issue”	the issue by way of rights of two Rights Shares for every five Shares in issue on the Record Date at a price of HK\$0.05 per Rights Share
“Rights Share(s)”	new Share(s) to be issued and allotted under the Rights Issue
“Sale Shares”	the sale and purchase of 13,050,000 shares of HK\$1 each in the share capital of Bestwin, representing 87% of the issued share capital of Bestwin under the Agreement
“Settlement Date”	the date being the second Business Day following the Acceptance Date
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.05 each in the capital of the Company
“Shareholder’s Loan”	the sum of HK\$1,046,403.74 due and owing by Bestwin to Good Tick which is unsecured and interest free as at the date hereof and will be sold and assigned to Smartech on Completion under the terms of the Agreement
“Share Option Scheme”	the share option scheme of the Company adopted on 10 December, 2003
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement entered into among Good Tick, Gross Profit and Smartech dated 2 January, 2003 to contribute their respective capital to Bestwin
“Smartech”	Smartech International Group Limited, a wholly-owned subsidiary of the Company, incorporated in the BVI with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriter”	Get Nice Investment Limited, a deemed licensed corporation under the SFO, an independent third party not connected with the directors, chief executives, substantial shareholders or management shareholders of the Company or any of their subsidiaries or respective associates

“Underwriting Agreement”	the underwriting agreement dated 1 April, 2004 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States of America dollars, the lawful currency of United States of America
“%”	per cent.

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

Hong Kong, 20 April, 2004

* *For identification only*

The Board comprises of Mr. Hua Zhixiang, Mr. Tang Kwok Yuen, Mr. Xi Yu and Mr. Chan Loong Sang, Tommy (all of whom are the executive Directors); Dr. Chan Yan Cheong and Mr. Yuen Kim Hung, Michael (both are the independent non-executive Directors).

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.