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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)

- (1) VERY SUBSTANTIAL ACQUISITION;
(2) PROPOSED CAPITAL REORGANISATION;
(3) PROPOSED RIGHTS ISSUE OF 1,042,720,000 RIGHTS SHARES
AT HK\$0.10 PER RIGHTS SHARE
ON THE BASIS OF SEVEN RIGHTS SHARES FOR
EVERY ADJUSTED SHARE HELD ON RECORD DATE
PAYABLE IN FULL ON APPLICATION;
(4) PROPOSED AMENDMENTS TO THE ARTICLES;
AND
(5) RESUMPTION OF TRADING**

Financial adviser to the Company



博大資本國際有限公司

Partners Capital International Limited

VERY SUBSTANTIAL ACQUISITION

The Board announces that on 18 July 2006, the Company entered into the Co-operative Agreement with the PRC Parties in relation to the investment in the Docks Project located at Zhenjiang City, Jiangsu Province, the PRC. The Docks Project will involve the construction of dock infrastructure and the operation and development of dock and depot facilities on the Land.

The Company will set up two wholly foreign owned enterprises with total registered capital of USD25 million (approximately HK\$194 million) to undertake the construction and operation of the Docks Project. It is expected that the total funding of USD25 million (approximately HK\$194 million) to be injected by the Company into the two wholly foreign owned enterprises by way of capital contribution will be funded as to HK\$90 million by the net proceeds of the Rights Issue and as to HK\$104 million by bank borrowing.

The Investment constitutes a very substantial acquisition for the Company under the GEM Listing Rules and has to be made subject to the approval of the Shareholders at the EGM.

PROPOSED CAPITAL REORGANISATION

The Company proposes to undergo the Capital Reorganisation which involves the Share Consolidation, the Capital Reduction, the Share Premium Cancellation and the Share Subdivision. As application to the Cayman Islands Court for sanctioning of the Capital Reduction has yet to be made, it is not possible to ascertain the date of the Capital Reorganisation becoming effective. Further announcement(s) on this matter including the effective date of the Capital Reorganisation will be made in due course. Details of the Capital Reorganisation are set out in the section headed “Capital Reorganisation”.

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$104.27 million before expenses by a rights issue of 1,042,720,000 Rights Shares at a subscription price of HK\$0.10 per Rights Share, payable in full on application, on the basis of seven Rights Shares for every Adjusted Share held on Record Date. The net proceeds of the Rights Issue (after deduction of expenses) are expected to amount to approximately HK\$103 million, of which approximately HK\$90 million will be used to finance the Investment and the remaining approximately HK\$13 million will be used for working capital purpose.

The Rights Issue is fully underwritten by the Underwriter and is subject to the terms and conditions of the Underwriting Agreement. If the Underwriter terminates the Underwriting Agreement (details are set out in the section headed “Termination of the Underwriting Agreement”) or the conditions of the Rights Issue (details are set out in the section headed “Conditions of the Rights Issue”) are not fulfilled, the Rights Issue will not proceed.

In order to be qualified for the Rights Issue, the Shareholders must lodge any transfer of the Adjusted Shares (together with the relevant share certificate(s)) for registration with the Registrar. The timetable for the Rights Issue is subject upon completion of the Capital Reorganisation and the Company will make a further announcement on such timetable upon the Capital Reorganisation having become effective.

Accordingly, the Rights Issue may or may not proceed and the Shareholders and potential investors are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions.

PROPOSED AMENDMENTS TO THE ARTICLES

The Directors proposed to seek approval from the Shareholders at the EGM to amend the Articles. Details of the proposed amendments are set out in the section headed “Proposed amendments to the Articles”.

GENERAL

The Company will, in compliance with the GEM Listing Rules, convene the EGM to consider and, if thought fit, pass the resolutions to approve the Investment, the Capital Reorganisation, the Rights Issue and the proposed amendments to the Articles.

The Rights Issue is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of the GEM Listing Rules. Shareholders who are interested or involved in the Rights Issue, being the Controlling Shareholder together with its associates, will abstain from voting at the EGM in respect of the resolutions to approve the Rights Issue. An independent board committee of the Company will be established by the Company to give recommendations to the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing further details of the Investment, the Capital Reorganisation, the Rights Issue and the proposed amendments to the Articles, recommendations from the independent board committee of the Company in respect of the Rights Issue, the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Rights Issue and a notice of the EGM will be despatched by the Company to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 19 July 2006 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 4 August 2006.

THE CO-OPERATIVE AGREEMENT DATED 18 JULY 2006

Parties

PRC Parties: 鎮江市京口區人民政府 (The District Government of Jingkou, Zhenjiang City) and 江蘇省國營共青團農場 (State Owned Gongqingtuan Farm of Jiangsu Province)

The Company: New Universe International Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM Board

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the PRC Parties and their ultimate beneficial owners are Independent Third Parties. The PRC Parties were introduced to the management of the Group through business connection of Mr. Xi, the Chairman of the Company. The opportunity to invest in the Docks Project was introduced to Mr. Xi in 2005 and the management of the Group through their participation in 中國鎮江投資合作洽談會 (China Zhenjiang Investment Cooperation Conference) held in Hong Kong in April 2006 respectively.

Summary terms of the Co-operative Agreement

Pursuant to the Co-operative Agreement, the Company and the PRC Parties agreed, amongst others, to the following arrangements in respect of the Docks Project:

1. The Company will acquire the land use rights of the Land which is a parcel of vacant land situated at the 2100 metres downstream of the intersection of Yangtze River and Hanjiang, northern part of the coastline of Yangtze River and western part of the planned Xinming Da Road, Xinmingzhou, Jingkou District, Zhenjiang City, Jiangsu Province, the PRC with a site area of around 3,100 mu (equivalent to approximately 2,066,665 sq.m.) for the Docks Project which will involve the construction of dock infrastructure and the operation and development of dock and depot facilities on the Land.
2. The price for land use rights of the coastal area of the Land is RMB30,000 per mu (including tax) and the price for land use rights of the farm land of the Land is RMB65,000 per mu (including tax). As the Company shall build a dike in the length of 2,200 meters at a construction cost of around RMB18 million, the PRC Parties will compensate the Company for the fees and tax to be incurred by the Company during the operation period of around RMB5 million. Although the Company and the PRC Parties have in principle agreed to the location and approximate site area of the Land, the exact site area of the Land has yet to be measured and confirmed by the State-owned Land Bureau. Therefore, the consideration payable for the Land has yet to be confirmed and determined. For the purpose of entering into the Co-operative Agreement, no valuation report on the Land has been prepared.
3. The Company or its subsidiaries will set up project company(ies) (which is intended to be established in the form of two wholly foreign-owned enterprises, namely NUI (Zhenjiang) Port and NUI (Zhenjiang) Warehouses as detailed below) with total registered capital of USD25 million (approximately HK\$194 million) for the construction and operation of the Docks Project.
4. The PRC Parties will arrange for the issue of the land use right of the Land with a term of 50 years within six months from the date of the Co-operative Agreement and the Company has to pay the land premium for the land use rights before it obtains the land use right of the Land. If the approvals in relation to the Docks Project cannot be obtained from the relevant government authorities, the Company will surrender the land use rights in respect of the Land and the PRC Parties will refund the paid land premium of the land use rights in respect of the Land and the pre-operating costs incurred for the Docks Project with interests.
5. It is expected that all the relevant applications and approvals for the Docks Project will be completed in first half year of 2007 and the construction of the Docks Project will commence in July 2007 and will be completed in 5 years. The legal adviser to of the Company on PRC law is in the progress of ascertaining the full list of the relevant applications and approvals for the Docks Project under the PRC laws and regulations. The Company currently does not expect any difficulty in making the relevant applications for the required approvals for the Docks Project from the relevant authorities.

6. In the event that the Company fails to complete the Docks Project according to the schedule as agreed by the Company and the PRC Parties, the PRC Parties have the right to retrieve the development right of the Land unless the delay is caused by force majeure or delay in approval by the government authorities.
7. The PRC Parties cannot transfer the development right of the Land to any third parties and the development of the Docks Project cannot be terminated. Otherwise, the PRC Parties will have to compensate all the losses incurred by the Company in relation to the Docks Project.
8. As the Company is a company listed in Hong Kong, the transactions contemplated under the Co-operative Agreement shall comply with rules or regulations as required by the GEM Listing Rules and relevant laws.

The rights and obligations of PRC Parties under the Co-operative Agreement are set out in items 4, 6 and 7 above.

Formation of two wholly foreign-owned enterprises

The Company intends to set up two wholly foreign-owned enterprises, namely NUI (Zhenjiang) Port and NUI (Zhenjiang) Warehouses, in the PRC for the purpose of engaging in the Docks Project. The Company will establish the WFOEs as soon as practicable in the PRC in accordance with the law and regulations of the PRC. As the WFOEs will be wholly owned subsidiaries of the Company, all profits to be generated from their operation will be consolidated into the accounts of the Company. It is expected that the development costs for the Docks Project under the Co-operative Agreement (including the consideration payable for the land use rights of the Land and the construction costs of a dock and the storage and logistic facilities) will amount to USD25 million (approximately HK\$194 million).

Subject to the approval by the relevant authorities, it is proposed that the scope of business of NUI (Zhenjiang) Port will include loading and unloading, connecting transportation, maintenance, shipping agency, cargo agency, vehicle transportation and mechanical repair and the registered capital and total investment amount both will be USD15 million (approximately HK\$116.4 million). It is intended that NUI (Zhenjiang) Port will acquire approximately 1,500 mu (equivalent to approximately 999,999 sq.m.) of the Land from the PRC Parties or the relevant authorities as procured by the PRC Parties for the construction, development and operation of a dock on the Land and the construction of the dock will be completed in around 3 years. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the relevant authorities and their ultimate beneficial owners as procured by the PRC Parties are Independent Third Parties. It is expected that the dock on the Land will be initially operated by the steering committee of the Docks Project comprising the board members of the NUI (Zhenjiang) Port.

Subject to the approval by the relevant authorities, it is proposed that the scope of business of NUI (Zhenjiang) Warehouses will include depot, vehicle transportation and mechanical repair and the registered capital and total investment amount both will be USD10 million (approximately HK\$77.6 million). It is intended that NUI (Zhenjiang) Warehouses will acquire approximately 500 mu (equivalent to approximately 333,333 sq.m.) of the Land from the PRC Parties or the relevant authorities as procured by the PRC Parties for the construction and

operation of the storage and logistic facilities on the Land and the construction of the storage and logistics facilities will be completed in around 3 years. It is expected that the storage and logistics facilities on the Land will be initially operated by the steering committee of the Docks Project comprising the board members of the NUI (Zhenjiang) Warehouses.

It is intended that NUI (Zhenjiang) Port and NUI (Zhenjiang) Warehouses will acquire the land use rights for approximately 1,500 mu (equivalent to approximately 999,999 sq.m.) and approximately 500 mu (equivalent to approximately 333,333 sq.m.) of the Land from the relevant land bureau respectively and the remaining 1,100 mu (equivalent to approximately 733,333 sq.m.) of the Land will be either acquired by NUI (Zhenjiang) Port or NUI (Zhenjiang) Warehouses in the future.

Subject to the approval by the relevant authorities and according to the articles of the WFOEs, 15% of the registered capital of each of the WFOEs shall be paid by the Company within three months after the issuance of the business license by the relevant government authorities and the remaining 85% of the registered capital shall be injected by the Company within three years after the issuance of the business license. It is intended that the capital contribution in the amount of USD25 million (approximately HK\$194 million) to be injected by the Company into the WFOEs for the Docks Project will be funded as to HK\$90 million, of which approximately HK\$65 million will be injected to NUI (Zhenjiang) Port and the remaining balance of approximately HK\$25 million will be injected to NUI (Zhenjiang) Warehouses, by the net proceeds of the Rights Issue and as to HK\$104 million by bank borrowing. The Company has obtained a letter of intent from a bank in the PRC which indicated its intention to finance the Docks Project subject to the approval by the relevant authorities.

Upon the establishment of the WFOEs, it is expected that the Company will appoint six directors, namely Mr. Xi, Mr. Yin Yongzhang, Mr. Sun Jiaqing (“Mr. Sun”), Mr. Liu Laigen, Mr. Lu Chongqin (“Mr. Lu”) and Ms. Liu Yuan to the board of the directors of each of the WFOEs.

Mr. Xi as chairman of the WFOEs has been a director of New Universe Navigation Limited, which is principally engaged in the business of sea freight forwarder for ports around the eastern straits of the PRC, since 1996. Mr. Sun as general manager of WFOEs will be responsible for the overall management and coordination of the Docks Project. Mr. Sun was the vice mayor of Zhenjiang City and Taizhou City and the deputy director of Zhenjiang Transportation Bureau and had substantial involvement in projects for construction of docks and roads. Mr. Lu as vice general manager of the WFOEs will be responsible for coordinating the construction and operation of the Docks Project. Mr. Lu was (i) the chief officer of Zhenjiang Longmen Port Construction Steering Committee Office; (ii) the deputy chief commander in the construction of Yanpu Port of Hainan; and (iii) chief engineer of a major logistics company in Zhenjiang City and had substantial involvement in projects for construction and operation of docks. Members of the board of directors of WFOEs are invited and/or recruited by the Company based on their experience in projects related to the Docks Project. In view of the extensive experience in the dock business of the proposed members of the board of directors of the WFOEs, the Board believes that the proposed board of directors of the WFOEs has sufficient expertise to manage the construction and operation of the dock and storage and logistics facilities on the Land.

The Land

The Land is a parcel of vacant land situated at the 2100 metres downstream of the intersection of Yangtze River and Hanjiang, northern part of the coastline of Yangtze River and western part of the planned Xinming Da Road, Xinmingzhou, Jingkou District, Zhenjiang City, Jiangsu Province, the PRC with a site area of around 3,100 mu (equivalent to approximately 2,066,665 sq.m.) for the Docks Project which will involve the construction of dock infrastructure and the operation and development of dock and depot facilities on the Land.

It is expected that the exact site area of the Land will be measured and confirmed by the State-owned Land Bureau within six months from the date of the Co-operation Agreement prior to the issue of the land use rights certificate referred to in item 4 of the paragraph headed “Summary terms of the Co-operative Agreement” above. Based on the estimated site area agreed between the Company and the PRC Parties and the price per mu as contained in the Co-operative Agreement, it is currently estimated that the consideration of the land use rights of the Land will be not more than RMB73.5 million (approximately HK\$71.01 million), subject to the confirmation by the State-owned Land Bureau. Given that the Investment, including the proposed acquisition of the Land, constitutes a very substantial acquisition for the Company under the GEM Listing Rules and has to be made subject to the approval of the Shareholders at the EGM and that the consideration of the Land has yet to be determined, a valuation report of the Land valuing the commercial value of the Land to be nil but setting out its market value on the assumption that the WFOEs can obtain the relevant land use right in respect of the Land, to be issued by an independent valuer will be set out in the circular to provide sufficient information for the Shareholders to vote on the ordinary resolution relating to the approval of the Investment to be proposed at the EGM.

As the consideration of the Land has yet to be determined and the land use right contract has yet to be entered into between the relevant parties in relation to the acquisition of the Land, further announcement will be made if necessary in compliance with the GEM Listing Rules in the event that the consideration of the land use rights of the Land payable under the land use right contract is more than the estimated consideration of RMB73.5 million (approximately HK\$71.01 million) as stated in this announcement.

Reasons for the Co-operative Agreement

The Group is principally engaged in manufacture and trading of high precision molds and plastic products. The Company has no intention to shift its principal businesses for the time being.

The business environment for the molding business has been competitive in the past years. The Group has undertaken stringent measures to reduce costs and has successfully improved the performance of the Group by reducing the net loss after taxation from HK\$32.8 million for the year ended 31 December 2004 to HK\$5.7 million for the year ended 31 December 2005. In view of the continuing competitive operating environment of the molding industry, it is the long term business strategies of the Group to diversify the business portfolio of the Group in order to broaden its revenue base.

Given the experience and strength of the management of the Company in doing business in the PRC and the Company that a 97% owned subsidiary of the Company is located in Suzhou, Jiangsu Province, the PRC, the Company has established a good business network and well-developed relations with the government authorities in the area. According to the data sourced from the Bureau of Statistics of the PRC, the total import and export trade volume of Jiangsu Province for the year 2002, 2003 and 2004 were USD74.49 billion, USD121.28 billion, USD179.54 billion respectively and the freight traffic through waterways of Jiangsu Province for the year 2002, 2003 and 2004 were 224.11 million tones, 233.20 million tones and 248.12 million tones respectively. In view of the limited availability of coastal line along the Yangtze River for the development of dock infrastructure and the growth in export and import volume in the Yangtze Delta Region, when there is an opportunity for the Group to invest in the Docks Projects, the Directors took up the opportunity and commenced negotiations with the PRC Parties. Based on the statistics sourced from the Bureau of Statistics of the PRC as mentioned above, the Directors believe that the total import and export trade volume and the freight traffic through waterways of Jiangsu Province will grow steadily in the coming years and the Docks Project will be able to bring a stable return to the Group in the long run. The Board considers that the Investment is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

General

The Investment constitutes a very substantial acquisition for the Company under the GEM Listing Rules and has to be made subject to the approval of the Shareholders at the EGM.

CAPITAL REORGANISATION

The Capital Reorganisation involves the Share Consolidation, the Capital Reduction, the Share Premium Cancellation and the Share Subdivision.

Share Consolidation

The Share Consolidation will be implemented to consolidate every issued and unissued 10 Shares of HK\$0.05 each into one Consolidated Share. As at date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 20,000,000,000 Shares. Immediately after the Share Consolidation, the authorised share capital of the Company will be HK\$1,000,000,000 and will comprise 2,000,000,000 Consolidated Shares of HK\$0.50 each. As at date of this announcement, there were 1,489,600,000 Shares in issue. On the basis of such issued share capital, there will be 148,960,000 Consolidated Shares of HK\$0.50 each in issue immediately following the Share Consolidation becoming effective.

The Consolidated Shares will rank pari passu in all respects with each other. As at date of this announcement, the Company does not have any outstanding options, warrants, or other convertible securities in issue which are convertible into the Shares.

Capital Reduction and Share Premium Cancellation

The Capital Reduction will involve a reduction of the nominal value of the issued Consolidated Share from HK\$0.50 per Consolidated Share to HK\$0.01 per Adjusted Share by reducing the paid up capital to the extent of HK\$0.49 on each of the then issued Consolidated Shares which will give rise to a credit of HK\$72,990,400 on the basis of 148,960,000 Consolidated Shares in issue. The Share Premium Cancellation will involve the cancellation of the entire amount of approximately HK\$27,847,000 standing to the credit of the share premium account of the Company as at 31 December 2005.

The credits of approximately HK\$100,837,400 arising from the Capital Reduction and the Share Premium Cancellation will be credited to a distributable reserve account of the Company. On the basis of the balance of the contributed surplus of the Company of approximately HK\$58,078,000 as at 31 December 2005 which will also be transferred to the distributable reserve account of the Company, the distributable reserve account of the Company will increase to approximately HK\$158,915,400 after such transfers. The Board proposes to apply part of such distributable reserve to set off against the accumulated losses of the Company as at 31 December 2005. On the basis of the audited balance of the accumulated losses of the Company of approximately HK\$100,837,000 as at 31 December 2005, the balance of distributable reserve account is expected to be approximately HK\$58,078,400 after setting off in full the accumulated losses of the Company and may be applied in such manner as is permitted by, and against subject always to, the laws of Cayman Islands and the Articles.

Share Subdivision

Each of a total of 1,851,040,000 authorised but unissued Consolidated Shares will be subdivided into 99,851,040,000 Adjusted Shares after the Capital Reorganisation becoming effective.

Effect of the Capital Reorganisation

Based on the existing Company's authorised share capital of HK\$1,000,000,000 divided into 20,000,000,000 Shares and existing issued share capital of HK\$74,480,000 divided into 1,489,600,000 Shares, upon completion of the Capital Reorganisation (without taking into account the new Adjusted Shares to be issued under the Rights Issue), the authorised share capital of the Company will be HK\$1,000,000,000 divided into 100,000,000,000 Adjusted Shares, and the issued share capital will be HK\$1,489,600 divided into 148,960,000 Adjusted Shares.

The Adjusted Shares will rank *pari passu* in all respects with each other. Other than the expenses incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the relative interests or rights of the Shareholders. Save as disclosed above, the Capital Reorganisation itself will not have any material effect on the financial position of the Group.

Conditions of the Capital Reorganisation

The Capital Reorganisation will be conditional upon:

- (a) the passing of the necessary resolution(s) by the Shareholders to approve the Capital Reorganisation at the EGM;
- (b) compliance with any conditions which the Cayman Islands Court may impose;
- (c) the confirmation of the Capital Reduction by the Cayman Islands Court and the registration by the Registrar of Companies in the Cayman Islands of a copy of the Cayman Islands Court order and the minute containing the particulars required under the Companies Law; and
- (d) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Adjusted Shares in issue.

Upon the conditions mentioned above being fulfilled, the Capital Reorganisation will become effective. The implementation of the Capital Reorganisation is not conditional upon approval of the Investment by the Shareholders.

Free Exchange of Certificate(s) for Adjusted Shares

The effective date of the Capital Reorganisation is not ascertainable at present and an application will be made to the Cayman Islands court in respect of the Capital Reduction. Further announcement(s) on this matter including the effective date of the Capital Reorganisation will be made in due course. Arrangements will be made so that, subject to the Capital Reorganisation becoming effective, the Shareholders may submit their existing certificates for the Shares in exchange for new certificates for the Adjusted Shares at the expense of the Company. After the expiry of such period, existing share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 per existing certificate or new certificate, whichever the higher number of certificates (or such higher amount as may from time to time be allowed by the Stock Exchange) may be.

Given that the Share Consolidation will be implemented to consolidate every 10 Shares each into one Consolidated Share, there will be no fraction of Adjusted Shares. In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares, the Company has agreed to procure an agent to arrange for matching service regarding the sale and purchase of odd lots of Adjusted Shares. Further details in respect of the odd lots arrangement and colour of the new share certificates will be set out in the circular of the Company to be dispatched to Shareholders. Shareholders should note that successful matching of the sale and purchase of odd lots of Adjusted Shares is not guaranteed.

Details of the arrangements and timetable regarding such free exchange of share certificates, odd lot trading (if any) and other relevant trading arrangements will be set out in the circular to be dispatched to the Shareholders for such purpose. Arrangements will also be made to ensure the Adjusted Shares are accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS upon the Capital Reorganisation becoming effective.

Reasons for the Capital Reorganisation

The Share Consolidation is intended to reduce the transaction costs for dealing in the Adjusted Shares, including charges by reference to the number of share certificates issued, after completion of the Capital Reorganisation as well as to increase the market value per share of the Company. The Directors believes that implementation of the Capital Reorganisation will provide better flexibility to the Company in conducting fund raising exercises for future expansion and allow the Company to pay dividend when it makes profit in the future. The Board is of the view that the Capital Reorganisation is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

RIGHTS ISSUE

The Rights Issue will only proceed after the Capital Reorganisation becomes effective. Since the Capital Reduction under Cayman Law requires sanction of the Cayman Islands Court, it is estimated that the Capital Reorganisation will take approximately four months from the date of the EGM to complete the necessary court proceedings and obtain the requisite order from the Cayman Islands Court. Accordingly, the expected timetable for the Rights Issue cannot be determined at this stage. In addition, the Rights Issue is required to be made conditional on, among other things, the conditions as set out under the section headed “Conditions of the Rights Issue” and therefore the Rights Issue may or may not proceed.

Issue Statistics

Basis of the Rights Issue:	Seven Rights Shares for every Adjusted Share held by Qualifying Shareholders on the Record Date
Number of existing Shares in issue:	1,489,600,000 Shares as at the date of this announcement
Number of Rights Issue Shares to be issued:	1,042,720,000 Rights Shares
Number of Underwritten Shares:	328,383,300 Rights Shares
	the remaining 714,336,700 Rights Shares (being the pro-rata entitlement of the Controlling Shareholder under the Rights Issue) not subject to the Underwriting Agreement will be taken up by the Controlling Shareholder pursuant to its undertaking described below
Subscription Price:	HK\$0.10 per Rights Share payable in full on application

As at date of this announcement, the Company does not have any outstanding options, warrants, or other convertible securities in issue which are convertible into the Shares.

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 700% of the Company's issued share capital upon the Capital Reorganisation becoming effective and 87.5% of the Company's issued share capital upon Capital Reorganisation becoming effective as enlarged by the issue of the Rights Shares.

Subscription Price

The Subscription Price of HK\$0.10 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

1. a discount of approximately 65.5% to the closing price of HK\$0.29 per Adjusted Share as quoted on the Stock Exchange on 18 July 2006, being the last trading day of the Shares on the Stock Exchange prior to the suspension of the trading in the Shares;
2. a discount of approximately 65.5% to the average closing price of approximately HK\$0.29 per Adjusted Share quoted on the Stock Exchange for the five trading days up to and including 18 July 2006;
3. a discount of approximately 65.5% to the average closing price of approximately HK\$0.29 per Adjusted Share quoted on the Stock Exchange for the 10 trading days up to and including 18 July 2006;
4. a discount of approximately 19.4% to the theoretical ex-rights price of approximately HK\$0.124 based on the closing price of HK\$0.29 per Adjusted Share as quoted on the Stock Exchange on 18 July 2006; and
5. a discount of approximately 59.5% to the audited consolidated net asset value per Adjusted Share of approximately HK\$0.247 as at 31 December 2005.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to the market price of the Shares under the prevailing market conditions. The Directors consider the terms of the Rights Issue to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date; and not be an Excluded Shareholder.

In order to be registered as members on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Company's share registrars and transfer office in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. The timetable for the Rights Issue is subject to the completion of the Capital Reorganisation and the Company will make a further announcement on such timetable after completion of the Proposed Capital Reorganisation.

Closure of register of members

The register of members of the Company will be closed to determine the eligibility of the Shareholders to the Rights Issue. The timetable for the Rights Issue is subject to the completion of the Capital Reorganisation and the Company will make a further announcement on such timetable after completion of the Capital Reorganisation. No transfer of Shares will be registered during this period.

Rights of Excluded Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. To determine the identities of the Excluded Shareholders and in compliance with the relevant GEM Listing Rules, the Company will make necessary enquiries regarding the legal restrictions (if any) under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges for the offer of the Rights Shares outside Hong Kong to the Excluded Shareholders and will only exclude the Excluded Shareholders for the Rights Issue if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquiries. The Company will send the Prospectus to Excluded Shareholders for their information only but the Company will not send any Application Forms or Excess Application Forms to the Excluded Shareholders.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to Excluded Shareholders (if any) in nil-paid form, to be sold as soon as practicable after dealings in nil-paid Rights Shares commence, if a premium, net of expenses, can be obtained. The proceeds of each sale, less expenses, of HK\$100 or more will be paid to the Excluded Shareholders (if any) in Hong Kong dollars pro rata to their respective shareholding. The Company will keep individual amounts of less than HK\$100 for its own benefit.

Application for excess Rights Shares

Under the Rights Issue, Qualifying Shareholders may apply for any unsold entitlements of the Excluded Shareholders any unsold Rights Shares created by adding together fractions of Rights Shares and any Rights Shares provisionally allotted but not accepted. Application can be made by completing the Excess Application Form 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 and on a fair and equitable basis and give preference to topping up odd lots to whole board lots.

The Shareholders with the Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. The Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Status of the Rights Shares

The Rights Shares (when allotted and fully paid) will rank pari passu with the then existing Shares in issue in all respects on the date of allotment and issue of the Rights Shares. 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 allotment and issue of the Rights Shares.

Share Certificates for Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue”, certificates for the Rights Shares are expected to be posted to those Shareholders who have validly applied for and paid for the Rights Shares at their own risks. The timetable for the Rights Issue is subject to the completion of the Capital Reorganisation and the Company will make a further announcement on such timetable after completion of the Proposed Capital Reorganisation.

Fractions of Rights Shares

Given that the Rights Issue is made on the basis of seven Rights Shares for every Adjusted Share held on the Record Date by the Qualifying Shareholders, there will be no fraction of Rights Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	18 July 2006
Underwriter:	the Controlling Shareholder
Number of Underwritten Shares:	328,383,300 Rights Shares (representing about 27.56% of the issued share capital of the Company as enlarged by completion of the Rights Issue) the remaining 714,336,700 Rights Shares (being the pro-rata entitlement of the Controlling Shareholder under the Rights Issue) will be taken up by the Controlling Shareholder pursuant to its undertaking described below
Commission:	the Controlling Shareholder will not receive any underwriting commission

The Controlling Shareholder, a company incorporated in the BVI with limited liability, is owned by Mr. Xi and so is a connected person of the Company. It is an investment holding company and underwriting securities is not its normal business. The Controlling Shareholder agrees to underwrite the Rights Issue to show its support of the Rights Issue.

As at the date of the announcement, the Controlling Shareholder is interested in 1,020,481,000 Shares, representing approximately 68.51% of the issued share capital of the Company. Pursuant to the undertaking letter given by the Controlling Shareholder, the Controlling Shareholder has irrevocably undertaken to subscribe for (or procure the subscription of) its pro-rata entitlement to 714,336,700 Rights Shares under the Rights Issue.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, at any time prior to 5:00 p.m. on the third Business Day after the date on which the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment of, the Rights Shares or such other date as the Underwriter may agree in writing with the Company, there shall develop, occur, exist or come into effect:

- (a) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place in which any member of the Group conducts or carries on business; or
- (b) any change in, or any event or series of events resulting or likely to result in any change in, local, national or international financial, political, military, industrial, economic, currency or (whether or not sui generis with any of the foregoing) market conditions; or
- (c) any change in the conditions of local, national or international securities markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise),

which (1) is or will have a material adverse effect on the Company or the Group or the Rights Issue; or (2) has or will have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or (3) makes it inadvisable or inexpedient for the Company to proceed with the Rights Issue, then and in any such case the Underwriter may (but shall not be bound to), upon giving notice to the Company, terminate the Underwriting Agreement with immediate effect.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional on:

- (i) the due posting to the Shareholders of a circular which shall have annexed thereto the notice convening the EGM and the proxy form to be used at the EGM, both in such form as may be agreed by the Company and the Underwriter and approved by the Stock Exchange;
- (ii) the passing by the Shareholders at the EGM of resolutions to approve the Capital Reorganisation;
- (iii) the Cayman Islands Court sanctioning the Capital Reorganisation;

- (iv) the passing by the Shareholders who are permitted to vote under the GEM Listing Rules and the Companies Law at the EGM of ordinary resolutions to approve the Rights Issue;
- (v) the signing by or on behalf of two Directors on or before the Record Date of three copies of the Prospectus Documents certifying in accordance with Section 342C the Companies Ordinance that the Prospectus Documents have been approved by a resolution of the board of Directors (or a duly authorised committee of such board);
- (vi) the delivery on or before the Record Date of one such signed copy of each of the Prospectus Documents to the Underwriter and the Stock Exchange;
- (vii) the filing and registration on or prior to the Record Date of one such signed copy of each of the Prospectus Documents (and all other documents required to be attached thereto) with the Registrar of Companies in Hong Kong, complying with the requirements of the Companies Ordinance;
- (viii) the GEM Listing Committee granting or agreeing to grant (subject to allotment) listings of and permission to deal in the issued Adjusted Shares and the Rights Shares, in their nil-paid and fully paid forms, by not later than, respectively, the first Business Day after the Record Date and the day on which certificates for the Rights Shares are despatched to those entitled thereto under the Rights Issue, and such listing not being revoked prior to 4:00 p.m. on the third Business Day after the latest date for acceptance of, and payment of, the Rights Shares or such other date as the Underwriter may agree in writing with the Company;
- (ix) the compliance by the Company with the legal procedures and requirements under the laws of the Cayman Islands in relation to the Capital Reorganisation and the Rights Issue;
- (x) compliance by the Company with all of its obligations under the Underwriting Agreement;
- (xi) delivery by the Controlling Shareholder to the Company on the date of the Agreement the duly executed Undertaking Letter; and
- (xii) compliance by the Controlling Shareholder of the terms of the Undertaking Letter on or before the date on which the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment of, the Rights Shares.

In the event that the above conditions have not been satisfied and/or waived in whole or in part by the Underwriter and the Company on or before the respective dates set out therein and in any event, no later than 30 April 2007 (or such later date as the Company and the Underwriter may agree in writing); or if the Agreement shall be terminated, then all obligations and liabilities shall cease and determine and no party shall have any claim against the other parties save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall to the extent agreed by the Company be borne by the Company.

The Rights Issue is not conditional on the approval of the Investment by the Shareholders at the EGM.

WARNING OF RISKS OF DEALING IN SHARES

If the Underwriter terminates the Underwriting Agreement (details are set out in the section headed “Termination of the Underwriting Agreement”) or the conditions of the Rights Issue (details are set out in the section headed “Conditions of the Rights Issue”) are not fulfilled, the Rights Issue will not proceed. **Accordingly, the Rights Issue may or may not proceed and the Shareholders and potential investors are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions.**

The Shareholders should note that dealings in the Adjusted Shares on a cum-right basis, the dealings in the Adjusted Shares on an ex-rights basis and dealings in the Rights Shares in nil-paid form will take place while conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholders or other persons dealing in such Adjusted Shares up to the date on which all conditions to which the Rights Issue is subject to fulfill, will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

	As at the date of this announcement		Upon completion of the Capital Reorganisation		Immediately following completion of the Rights Issue on the assumption as set out in Note 1		Immediately following completion of the Rights Issue on the assumption as set out in Note 2	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Controlling Shareholder	1,020,481,000	68.51	102,048,100	68.51	816,384,800	68.51	1,144,768,100	96.06
Public Shareholders	469,119,000	31.49	46,911,900	31.49	375,295,200	31.49	46,911,900	3.94
Total	<u>1,489,600,000</u>	<u>100.00</u>	<u>148,960,000</u>	<u>100.00</u>	<u>1,191,680,000</u>	<u>100.00</u>	<u>1,191,680,000</u>	<u>100.00</u>

Notes:

1. Assuming all Shareholders take up their respective entitlements to Rights Shares under the Rights Issue.
2. Assuming none of the Shareholders (save for the Controlling Shareholder which has undertaken to subscribe for (or procure the subscription of) its pro-rata entitlement to Rights Shares in full under the Rights Issue) takes up their respective entitlement to Rights Shares under the Rights Issue and, accordingly, the Controlling Shareholder in its capacity as the underwriter of the Rights Issue will take up the Underwritten Shares in full pursuant to the terms of the Underwriting Agreement.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Controlling Shareholder intends to maintain the listing of the Shares on the GEM. Accordingly, the Controlling Shareholder and its directors have jointly and severally undertaken to the Stock Exchange that if necessary, the Company and the Controlling Shareholder will take appropriate steps, including, but not limited to, placing down the Controlling Shareholder's shareholdings in the Company as soon as practicable after completion of the Rights Issue or within such period or time the Stock Exchange may agree to ensure compliance with the minimum public float requirement.

The Stock Exchange has stated that if less than 20% of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

FUNDS RAISED BY WAY OF ISSUANCE OF NEW SHARES DURING THE PAST 12 MONTHS

During the past 12 months, the Company has not raised any funding by way of issuance of new Shares.

REASONS FOR THE RIGHTS ISSUE

Having considered various methods of financing other than the Rights Issue, such as private placement of the Shares or borrowing, the Directors consider that the Rights Issue is the appropriate means for the Company to raise funds for the Investment. Notwithstanding the substantial discount of the subscription price per Rights Share relative to market price per Share, the Directors are of the view that it is in the interests of the Company and its Shareholders as a whole to raise funds through the Rights Issue given that (i) the subscription price per Rights Share was determined after arms' length negotiation with the Underwriter; (ii) Qualifying Shareholders are offered a chance to subscribe for the Rights Shares at a relatively low price and to maintain their respective pro-rata shareholdings in the Company, thereby participating in the future growth and development of the Company; and (iii) the Rights Issue is subject to approval of the Independent Shareholders.

USE OF PROCEEDS

The net proceeds of the Rights Issue (after deduction of expenses) are expected to amount to approximately HK\$103 million, of which approximately HK\$90 million will be used to finance the Investment and the remaining approximately HK\$13 million will be used for working capital purpose.

EXPECTED TIMETABLE

Since the Capital Reduction under Cayman Law requires sanction of the Cayman Islands Court, it is estimated that the Capital Reorganisation will take approximately four months from the date of the EGM to complete the necessary court proceedings and obtain the requisite order from the Cayman Islands Court. The Rights Issue is subject to the completion of the Capital Reorganisation and the Company will make a further announcement on the expected timetable for (i) the Rights Issue upon the Capital Reorganisation becoming effective; and (ii) the trading arrangement for the Capital Reorganisation when it is finalised.

PROPOSED AMENDMENTS TO THE ARTICLES

The Directors proposed to seek the approval of Shareholders at the EGM for the following amendments of the Articles to bring the Articles in line with the requirements of the GEM Listing Rules:

- (a) amend Article 66 to add that voting shall be by poll if voting by way of poll is required by the rules of the Stock Exchange;
- (b) amend Article 68 to provide that the voting figures on a poll shall be disclosed if such disclosure is required by the rules of the Stock Exchange;
- (c) amend Article 86(3) to specify that any Director appointed to fill a casual vacancy shall hold office only until the next following general meeting of the Company;
- (d) amend Article 86(5) to provide for removal of a Director by ordinary resolution instead of by special resolution;
- (e) amend Article 87(1) to provide that every Director, including those holding the office of Chairman or Managing Director shall be subject to re-election at least once every three years; and

In order to increase the flexibility of the Company in appointing auditors, the Board also proposes to amend Article 156 to the effect that any casual vacancy in the office of auditor may be appointed by the Directors without the need to convene an extraordinary general meeting. In addition, it is proposed that the Directors may fix the remuneration of the auditors of the Company appointed by the Board to fill a casual vacancy.

GENERAL

The Rights Issue is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of the GEM Listing Rule. As such, Shareholders who are interested or involved in the Rights Issue, being the Controlling Shareholder together with its associates, will abstain from voting at the EGM in respect of the resolutions to approve the Rights Issue. An independent board committee of the Company will be established by the Company to give recommendations to the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing further details of the Investment, the Capital Reorganisation, the Rights Issue and the proposed amendments to the Articles, recommendations from the independent board committee of the Company in respect of the Rights Issue, the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Rights Issue and a notice of the EGM will be despatched by the Company to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 19 July 2006 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 4 August 2006.

TERMS USED IN THIS ANNOUNCEMENT

“Adjusted Shares”	share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“Articles”	the articles of association of the Company
“associates”	the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Companies Law”	the Companies Law (2004 Revision) of the Cayman Islands for the time being in force and as amended from time to time
“Capital Reduction”	the proposed reduction of capital of the Company by way of the cancellation of the paid-up capital to the extent of HK\$0.49 on each then issued Consolidated Share such that the nominal value of all of the then issued Consolidated Shares will be reduced from HK\$0.50 each to HK\$0.01 each
“Capital Reorganisation”	the proposed capital reorganisation of the Company involving the Share Consolidation, the Capital Reduction, the Share Premium Cancellation and the Share Subdivision
“Company”	New Universe International Group Limited, an exempt company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Co-operative Agreement”	the co-operative agreement dated 18 July 2006 entered into between the Company and the PRC Parties in relation to the Docks Project

“Consolidated Share(s)”	share(s) of HK\$0.50 each in the share capital of the Company immediately upon the Share Consolidation taking effect but before the Capital Reduction
“Controlling Shareholder”	New Universe Enterprises Limited, a limited liability company incorporated in the BVI and is currently beneficially interested in approximately 68.51% of the Company
“Directors”	directors of the Company
“Docks Project”	property investment and development project in the Municipality of Zhenjiang, Jiangsu Province, the PRC which is planned to include the construction of dock infrastructure and operation and development of dock and depot facilities in the Land
“EGM”	extraordinary general meeting of the Company to be convened on date to be determined by the Board to approve the Investment, the Capital Reorganisation, the Rights Issue and the proposed amendments to the Articles
“Excess Application Form(s)”	the form(s) of application made by the Qualifying Shareholders in accordance with the terms of the Prospectus Documents for Rights Shares in excess of Rights Shares provisionally allotted to them pursuant to the Rights Issue
“Excluded Shareholder(s)”	shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date but whose registered addresses in the register of members of the Company are in a place outside Hong Kong where, in the Directors’ opinion, Rights Shares may not be offered without compliance with registration and/or other legal or regulatory requirements
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the independent Shareholders (Shareholders other than the controlling Shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates and those who are interested or involved in the Rights Issue otherwise than being the Shareholders)

“Independent Third Party(ies)”	independent third party(ies) is(are) not a connected person(s) (as defined in the GEM Listing Rules) of the Company and also not connected with the Company or the connected person(s) (as defined in the GEM Listing Rules) of the Company
“Investment”	the proposed investment in the Docks Project as contemplated under the Co-operative Agreement
“Land”	a parcel of vacant land situated at the 2100 metres downstream of the intersection of Yangtze River and Hanjiang, northern part of the coastline of Yangtze River and western part of the planned Xinming Da Road, Xinmingzhou, Jingkou District, Zhenjiang City, Jiangsu Province, the PRC
“Mr. Xi”	Mr. Xi Yu, the Chairman of the Company
“NUI (Zhenjiang) Port”	新宇國際(鎮江)港務有限公司 (New Universe International (Zhenjiang) Port Company Limited), a wholly foreign-owned enterprise to be set up by the Company
“NUI (Zhenjiang) Warehouses”	新宇國際(鎮江)倉儲有限公司 (New Universe International (Zhenjiang) Warehouses Company Limited), a wholly foreign-owned enterprise to be set up by the Company
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Parties”	鎮江市京口區人民政府 (The District Government of Jingkou, Zhenjiang City) and 江蘇省國營共青團農場 (State Owned Gongqingtuan Farm of Jiangsu Province)
“Prospectus”	a prospectus containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the Provisional Allotment Letter and the Excess Application Form
“Provisional Allotment Letters”	the provisional allotment letters to be issued for use by the Qualifying Shareholders to apply for the Rights Shares
“Qualifying Shareholders”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	being the date by reference to which for determining entitlements to participate in the Rights Issue (or such other date as the Underwriter may agree in writing with the Company)

“Rights Issue”	the proposed offer by way of issue of the Rights Shares by the Company of an aggregate of 1,042,720,000 new Adjusted Shares by way of rights on the basis of seven (7) Rights Shares for every one (1) Adjusted Share held as at the close of business on the Record Date
“Rights Share(s)”	1,042,720,000 new Adjusted Share(s) to be issued and allotted under the Rights Issue
“Share Consolidation”	the proposed consolidation of every 10 issued and unissued Shares into one Consolidated Share
“Share Premium Cancellation”	the cancellation of approximately HK\$27,847,000 standing to the credit of the share premium account of the Company as at 31 December 2005
“Share Subdivision”	the proposed subdivision of a total of 1,851,040,000 authorised but unissued Consolidated Shares into 99,851,040,000 Adjusted Shares after the Capital Reorganisation becoming effective
“Share(s)”	existing ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“Underwriter”	the Controlling Shareholder
“Underwriting Agreement”	the underwriting agreement between the Company and the Underwriter dated 18 July 2006 in relation to the Rights Issue
“Underwritten Shares”	all the Rights Shares other than the 714,336,700 Rights Shares to be provisionally allotted to the Controlling Shareholder who has irrevocably undertaken to subscribe in the undertaking letter given by the Controlling Shareholder
“WFOEs”	NUI (Zhenjiang) Port and NUI (Zhenjiang) Warehouses
“HK\$”	Hong Kong dollars
“RMB”	Reminbi
“USD”	United State dollars

“mu”	mu (市畝)
“sq.m.”	square metres
“%”	per cent.

For the purpose of this announcement, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1.035:HK\$1.00, all amounts in USD are translated into HK\$ at an exchange rate of USD1:HK\$7.76 and all amounts in mu are converted into sq.m. at a conversion of 1 mu = 666.666 sq.m.

By Order of the Board
New Universe International Group Limited
Xi Yu
Chairman

Hong Kong, 3 August 2006

As at the date of this announcement, the Board comprises Mr. Xi Yu, Ms. Kung May Lan and Ms. Cheung Siu Ling as executive Directors and Dr. Chan Yan Cheong, Mr. Yuen Kim Hung, Michael and Mr. Ho Yau Hong, Alfred as 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 respects and not misleading;*
- (2) there are no other matters the omission of which would make any statement in this announcement misleading; and*
- (3) 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.*

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