

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of New Universe International Group Limited.*



## **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)

### **MAJOR AND CONNECTED TRANSACTIONS AND RESUMPTION OF TRADING**

**Financial adviser to the Company**



**博大資本國際有限公司**

**Partners Capital International Limited**

The Board announces that on 23 August 2007:

- (i) the Company entered into the Environmental S&P Agreement A with NUEPGL as the vendor and Mr. Xi as guarantor pursuant to which the Company agreed to acquire from NUEPGL the Environmental Sale Shares A (representing the entire issued share capital of NUEPIL which holds 62% of the registered capital of NUET (Jiang Su)) for a consideration of HK\$59,458,000;
- (ii) the Company entered into the Environmental S&P Agreement B with Mr. Sun as the vendor pursuant to which the Company agreed to acquire from Mr. Sun the Environmental Sale Shares B (representing 7% of the registered capital of NUET (Jiang Su)) for a consideration of HK\$6,713,000;
- (iii) the Company entered into the Environmental S&P Agreement C with the Mr. Yin as the vendor pursuant to which the Company agreed to acquire from Mr. Yin the Environmental Sale Shares C (representing 7% of the registered capital of NUET (Jiang Su)) for a consideration of HK\$6,713,000;

- (iv) the Company entered into the Environmental S&P Agreement D with Mr. Liu as the vendor pursuant to which the Company agreed to acquire from Mr. Liu the Environmental Sale Shares D (representing 6% of the registered capital of NUET (Jiang Su)) for a consideration of HK\$5,754,000;
- (v) the Company entered into the Dyeing S&P Agreement with NUEL as the vendor and Mr. Xi as guarantor pursuant to which the Company agreed to acquire from NUEL the Dyeing Sale Shares (representing the entire registered capital of NUCIL) for a consideration of HK\$56,862,220 and the NUEL Loans for a consideration of HK\$1.00; and
- (vi) SML (an indirect wholly owned subsidiary of the Company) entered into the Disposal Agreement with SSIL pursuant to which SSIL agreed to acquire from SML the entire equity interest of Dongguan Smartech for a consideration of approximately HK\$24,161,603 subject to an adjustment of not more than 10%.

The aggregate considerations for the acquisitions of the Environmental Sale Shares (representing 82% of the registered capital of NUET (Jiang Su)) is HK\$78,638,000, of which HK\$69,638,000 shall be satisfied by the issue and allotment of the Consideration Shares and HK\$9,000,000 shall be settled in cash.

The consideration for the acquisition of the Dyeing Sale Shares (representing the entire issued share capital of NUCIL) is HK\$56,862,220, of which HK\$50,862,220 shall be satisfied by the issue and allotment of the Consideration Shares and HK\$6,000,000 shall be settled in cash. The consideration for the NUEL Loans is HK\$1.00 which shall be satisfied in cash on date of completion of the Dyeing S&P Agreement.

The consideration for the disposal of the entire equity interest of Dongguan Smartech is approximately HK\$24,161,603, of which HK\$14,220,203 shall be settled in cash and HK\$9,941,400 set off against the Shareholders' Loans.

The Directors noted the requirement under Rule 17.26 of the GEM Listing Rules that the Company must, at all time, carry out directly or indirectly, a sufficient level of operations to warrant the continued listing of the Shares and that the revenue of Dongguan Smartech for the year ended 31 December 2006 represented 70% of the total revenue of the Group for the year ended 31 December 2006. However, taking into account that (i) upon completion of the Acquisitions and the Disposal, the Company will still have four business segments: (a) environmental business operation; (b) mold and plastic products manufacturing and sales operation; (c) dock and depot facilities development and operation; and (d) plastics dyeing operation; and (ii) the revenue of Suzhou New Universe Smartech Tooling and Plastics Limited represented 30% of the total revenue of the Group for the year ended 31 December 2006 and NUCIL Group and the NUCL Group has recorded turnover of HK\$5,944,000 and HK\$2,902,000 respectively for the five months ended 31 May 2007, the Directors consider that the Group will have a sufficient level of operations to warrant the continued listing of the Shares after completion of the Acquisition and the Disposal under Rule 17.26 of the GEM Listing Rules.

As the applicable percentage ratio for each of the Environmental Acquisitions, the Dyeing Acquisition and the Disposal under the GEM Listing Rules is more than 25% and less than 75%, each of the Environmental Acquisitions, the Dyeing Acquisition and the Disposal constitutes major transaction for the Company under Rule 19.08 of the GEM Listing Rules. Pursuant to Rule 19.22 of the GEM Listing Rules, the Environmental Acquisitions and the Dyeing Acquisition shall be aggregated. As the applicable percentage ratio for the Acquisitions under the GEM Listing Rules is more than 25% and less than 75%, the Acquisitions also constitute a major transaction for the Company under Rule 19.08 of the GEM Listing Rules. NUEL is the controlling Shareholder and as at the date of this announcement is interested in 816,384,800 Shares, representing approximately 68.51% of the issued share capital of the Company. Both NUEPGL and SSIL are wholly owned subsidiaries of NUEL. Mr. Xi is a Director and the Chairman of the Company. Mr. Xi is deemed to be interested in 68.51% of the issued share capital of the Company. Accordingly NUEL, NUEPGL and SSIL are associates of Mr. Xi and are connected persons of the Company. Mr. Sun, Mr. Yin and Mr. Liu are directors of the Two Dock Subsidiaries. Hence, each of Mr. Sun, Mr. Yin and Mr. Liu is a connected person of the Company. Therefore, each of the Environmental Acquisitions, the Dyeing Acquisition and the Disposal also constitutes connected transaction for the Company under the GEM Listing Rules and is subject to the approval of the Independent Shareholders at the EGM by poll voting. NUEL, the controlling shareholder of the Company is interested in 816,384,800 Shares, representing approximately 68.51% of the issued share capital of the Company and interested in the Environmental Acquisitions, the Dyeing Acquisition and the Disposal, together with Mr. Xi and their associates, will abstain from voting on the resolutions to approve the Acquisitions and the Disposal at the EGM. As at the date of this announcement, each of Mr. Sun, Mr. Yin and Mr. Liu has no shareholding in the Company.

An independent board committee of the Company will be established by the Company to give recommendations to the Independent Shareholders in respect of the Acquisitions and the Disposal. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in respect of the Acquisitions and the Disposal.

A circular containing further details of the Acquisitions and the Disposal, recommendations from the independent board committee of the Company in respect of the Acquisitions and the Disposal, the letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Acquisitions and the Disposal and a notice of the EGM will be despatched by the Company to the Shareholders within 21 days after the publication of this announcement.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 24 August 2007 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 3 September 2007.

## **THE ENVIRONMENTAL S&P AGREEMENT A DATED 23 AUGUST 2007**

### **Parties**

*the vendor:* NUEPGL, an investment holding company and a wholly owned subsidiary of NUEL

*the purchaser:* the Company

*the guarantor:* Mr. Xi as guarantor of NUEPGL guarantees the due performance by NUEPGL of its obligations under the Environmental S&P Agreement A

As NUEPGL is an associate of NUEL and Mr. Xi, NUEPGL is a connected person of the Company.

### **Assets to be acquired**

#### **Environmental Sale**

Shares A: 4,000,000 issued shares of US\$1 each in the capital of NUEPIL beneficially owned by NUEPGL, representing the entire issued share capital of NUEPIL

The original cost of the Environmental Sale Shares A to NUEPGL amounted to US\$4,000,000 (approximately HK\$31,200,000). The Environment Sale Shares A were allotted to NUEPGL on 20 April 2004.

### **Consideration and payment**

The consideration for the Environmental Sale Shares A is HK\$59,458,000, of which HK\$50,458,000 shall be satisfied by the issue and allotment of 265,568,421 Consideration Shares, representing approximately 22.29% of the existing issued share capital of the Company and approximately 14.54% of the issued share capital of the Company as enlarged by the issue of all the Consideration Shares, to NUEPGL or its nominee and HK\$9,000,000 shall be settled in cash within 45 days after completion of the Environmental S&P Agreement A .

### **Conditions and Completion**

Completion of the Environmental S&P Agreement A shall be conditional, inter alia, upon: –

- (a) completion of a due diligence review of the capital and the contributed capital of each of the subsidiaries of the NUEPIL Group to the reasonable satisfaction of the Company;
- (b) the obtaining of a legal opinion from a firm of lawyers in the PRC qualified to issue legal opinions on PRC laws to be engaged by the Company to the reasonable satisfaction of the Company in relation to, including but not limited to, the establishment, the continuity, capital injection, business scope, governmental licenses (including the business licenses and the Operating License for Dangerous Waste and the Operating License for Medical Waste) and legality of usage of the properties of each of the Environmental Entities;
- (c) the Independent Shareholders voting at the EGM to approve the Environmental S&P Agreement A and the transactions contemplated thereunder, including but not limited to, the acquisition of the Environmental Sale Shares A and the issue and allotment of the Consideration Shares, in accordance with the requirements of the GEM Listing Rules;
- (d) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in the Consideration Shares on GEM;

- (e) if required, the obtaining of relevant approval in relation to the Environmental S&P Agreement A and the transactions contemplated thereunder from the PRC, Hong Kong, BVI or other places;
- (f) the obtaining of a certificate of good standing of NUEPIL (which is a certificate issued by the registered agent of NUEPIL confirming that NUEPIL has paid all its governmental fees in the BVI and has not been struck off the register of companies); and
- (g) the entering into the Environmental S&P Agreement B, the Environmental S&P Agreement C and the Environmental S&P Agreement D by the relevant parties and such agreements having been approved by the Independent Shareholders at the EGM and the conditions of such agreements having been fulfilled or waived (as the case may be).

Save for the conditions (c), (d), (e), (f) and (g), the above conditions may be waived by the Company at its sole absolute discretion. As the legal opinion, among others, will cover the validity of the governmental licenses (including the business licenses and the Operating License for Dangerous Waste and the Operating License for Medical Waste and the legality of the usage of the properties of each subsidiaries of the NUEPIL Group, which are crucial to the continuation of the business of each of the Environmental Entities, the Company has no intention to waive the above condition (b). The Company has obtained a preliminary legal opinion on PRC laws and was advised that the respective Environmental Entities have obtained all licenses required for the purpose of carrying out their business and have not contravened or violated any of the applicable laws which will render any of such licenses to be revoked or suspended. The Directors believe that so long as the Environmental Entities complied with the applicable laws in carrying out its business and meet requirements for renewal of the relevant business licenses, the Environmental Entities should not encounter any difficulties in renewing the licenses. If any of the above conditions is not fulfilled or waived by the Company on or before the Long Stop Date, the Environmental S&P Agreement A shall terminate save in respect of any antecedent breach of the Environmental S&P Agreement A.

Completion shall take place on the fifth Business Day after the date on which all the conditions of the Environmental S&P Agreement A have been fulfilled and/or waived as the case may be, or the Long Stop Date, whichever is later, or such other date as shall be agreed between the parties to the agreement in writing. In the event that the transaction cannot be completed by the completion date, the Company shall be entitled to extend the completion date by 28 days from the original completion date.

## **THE ENVIRONMENTAL S&P AGREEMENT B DATED 23 AUGUST 2007**

### **Parties**

- the vendor:* Mr. Sun is a director of the Two Dock Subsidiaries and a connected person of the Company. As at the date of the Environmental S&P Agreement B, Mr. Sun is interested in 15% of the issued share capital of NUET (Jiang Su)
- the purchaser:* the Company

## **Assets to be acquired**

### **Environmental Sale**

Shares B: 700,000 issued shares of HK\$1 each in the capital of NUET (Jiang Su) beneficially owned by Mr. Sun, representing 7% of the issued share capital of NUET (Jiang Su)

The original cost of the Environmental Sale Shares B amounted to HK\$700,000. The Environmental Sale Shares B were allotted to Mr. Sun on 4 February 2003.

## **Consideration and payment**

The consideration for the Environmental Sale Shares B is HK\$6,713,000 and will be satisfied by the issue and allotment of 35,331,578 Consideration Shares, representing approximately 2.96% of the existing issued share capital of the Company and approximately 1.94% of the issued share capital of the Company as enlarged by the issue of all the Consideration Shares, to Mr. Sun or his nominee.

## **Conditions and Completion**

Completion of the Environmental S&P Agreement B shall be conditional, inter alia, upon: –

- (a) completion of a due diligence review of the capital and the contributed capital of each of the subsidiaries of the NUET (Jiang Su) Group to the reasonable satisfaction of the Company;
- (b) the obtaining of a legal opinion from a firm of lawyers in the PRC qualified to issue legal opinions on PRC laws to be engaged by the Company to the reasonable satisfaction of the Company in relation to, including but not limited to, the establishment, the continuity, capital injection, business scope, governmental licenses (including the business licenses and the Operating License for Dangerous Waste and the Operating License for Medical Waste) and legality of the use of the properties of each of the Environmental Entities;
- (c) the Independent Shareholders voting at the EGM to approve the Environmental S&P Agreement B and the transactions contemplated thereunder, including but not limited to, the acquisition of the Environmental Sale Shares B and the issue and allotment of the Consideration Shares, accordance with the requirements of the GEM Listing Rules;
- (d) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in the Consideration Shares on GEM;
- (e) if required, the obtaining of relevant approval in relation to the Environmental S&P Agreement B and the transactions contemplated thereunder from the PRC, Hong Kong, BVI or other places; and
- (f) the entering into the Environmental S&P Agreement A by the relevant parties and such agreement having been approved by the Independent Shareholders at the EGM and the conditions of such agreement having been fulfilled or waived (as the case may be).

Save for the conditions (c), (d), (e) and (f), the above conditions may be waived by the Company at its sole absolute discretion. As the legal opinion, among others, will cover the validity of the governmental licenses (including the business licenses and the Operating License for Dangerous Waste and the Operating License for Medical Waste and the legality of usage of the properties of each of the Environmental Entities, which are crucial to the continuation of the business of each of the Environmental Entities, the Company has no intention to waive the above condition (b). If any of the above conditions is not fulfilled or waived by the Company on or before the Long Stop Date, the Environmental S&P Agreement B shall terminate save in respect of any antecedent breach of the Environmental S&P Agreement B.

Completion shall take place on the fifth Business Day after the date on which all the conditions of the Environmental S&P Agreement B have been fulfilled and/or waived or the Long Stop Date, whichever is later, or such other date as shall be agreed between parties to the agreement in writing. In the event that the transaction cannot be completed by the completion date, the Company shall be entitled to extend the completion date by 28 days from the original completion date.

## **THE ENVIRONMENTAL S&P AGREEMENT C DATED 23 AUGUST 2007**

### **Parties**

*the vendor:* Mr. Yin is a director of the Two Dock Subsidiaries and a connected person of the Company. As at the date of the Environmental S&P Agreement C, Mr. Yin is interested in 15% of the issued share capital of NUET (Jiang Su)

*the purchaser:* the Company

### **Assets to be acquired**

#### **Environmental Sale**

Shares C: 700,000 issued shares of HK\$1 each in the capital of NUET (Jiang Su) beneficially owned by Mr. Yin, representing 7% of the issued share capital of NUET (Jiang Su)

The original cost for the Environmental Sale Shares C amounted to HK\$700,000. The Environmental Sale Shares C were allotted to Mr. Yin on 4 February 2003.

### **Consideration and payment**

The consideration for the Environmental Sale Shares C is HK\$6,713,000 and will be satisfied by the issue and allotment of 35,331,578 Consideration Shares, representing approximately 2.96% of the existing issued share capital of the Company and approximately 1.94% of the issued share capital of the Company as enlarged by the issue of all the Consideration Shares, to Mr. Yin or his nominee.

### **Conditions and Completion**

Environmental S&P Agreement C is subject to the same conditions as Environmental S&P Agreement B save that references to Environmental Sale Shares B are replaced by Environmental Sale Shares C.

Terms for completion of Environmental S&P Agreement C are the same as Environmental S&P Agreement B.

## **THE ENVIRONMENTAL S&P AGREEMENT D DATED 23 AUGUST 2007**

### **Parties**

*the vendor:* Mr. Liu is a director of the Two Dock Subsidiaries and a connected person of the Company. As at the date of the Environmental S&P Agreement D, Mr. Liu is interested in 8% of the issued share capital of NUET (Jiang Su)

*the purchaser:* the Company

### **Assets to be acquired**

#### Environmental Sale

Shares D: 600,000 issued shares of HK\$1 each in the capital of NUET (Jiang Su) beneficially owned by Mr. Liu, representing 6% of the issued share capital of NUET (Jiang Su)

The original cost for the Environmental Sale Shares D amounted to HK\$600,000. 500,000 Environmental Sale Shares D were allotted to Mr. Liu on 4 February 2003 and 100,000 Environmental Sale Shares D were transferred to Mr. Liu on 7 December 2005, at par value of HK\$1 each.

### **Consideration and payment**

The consideration for the Environmental Sale Shares D is HK\$5,754,000 which shall be satisfied by the issue and allotment of 30,284,210 Consideration Shares, representing approximately 2.54% of the existing issued share capital of the Company and approximately 1.66% of the issued share capital of the Company as enlarged by the issue of all the Consideration Shares, to Mr. Liu or his nominee.

### **Conditions and Completion**

Environmental S&P Agreement D is subject to the same conditions as Environmental S&P Agreement B save that references to Environmental Sale Shares B are replaced by Environmental Sale Shares D.

Terms for completion of Environmental S&P Agreement D are the same as Environmental S&P Agreement B.

## **THE ENVIRONMENTAL ACQUISITIONS**

The Environmental Acquisitions comprise the Environmental S&P Agreement A, the Environmental S&P Agreement B, the Environmental S&P Agreement C and the Environmental S&P Agreement D. Each of the Environmental S&P Agreements is conditional on each other. However, the Environmental S&P Agreements, the Dyeing S&P Agreement and the Disposal Agreement are not inter-conditional on each other.

## **INFORMATION ON THE NUEPIL GROUP**

NUEPIL is a company incorporated in BVI on 6 April 2004 with a registered and issued share capital of US\$4,000,000. As at the date of this announcement, NUEPIL is wholly beneficially owned by NUEPGL. The major asset of NUEPIL is its 62% shareholding interests in NUET (Jian Su). The NUEPIL Group comprises NUEPIL, NUET (Jiang Su), Taizhou NU, Yancheng NU and Zhenjiang NU.

NUET (Jiang Su) is a company incorporated in Hong Kong on 4 February 2003 with a registered and issued share capital of HK\$10,000,000. As at the date of this announcement, NUET (Jian Su) is beneficially owned as to 62% by NUEPIL, as to 15% owned by Mr. Sun, as to 15% owned by Mr. Yin and as to 8% owned by Mr. Liu. NUET (Jian Su) is a holding company and its major assets comprise (1) 100% equity interests in Zhenjiang NU; (2) 100% equity interests in Taizhou NU; and (3) 100% equity interests in Yancheng NU.

Zhenjiang NU is a wholly foreign-owned enterprise established in the PRC on 28 February 2003. The operating period of Zhenjiang NU is 50 years for the period from 28 February 2003 to 27 February 2053. The registered capital and the total investment of Zhenjiang NU are US\$2,350,000 (which has been fully paid) and US\$2,550,000 respectively. Zhenjiang NU owns an industry complex located at No. 99 Zhen Cheng Road, Zhenjiang New District, Zhenjiang City, Jiangsu Province, the PRC. Zhenjiang NU has obtained the Operating License for Dangerous Waste valid for the period from August 2005 to July 2010 and the Operating License for Medical Waste valid for the period from July 2007 to December 2008. The land and property interests of the property are valued by BMI Appraisals Limited, the independent valuer, based on the market approach, at the amount of HK\$16,120,000 as at 30 June 2007.

Taizhou NU is a wholly foreign-owned enterprise established in the PRC on 5 March 2003. The operating period of Taizhou NU is 20 years from 5 March 2003 to 2 March 2023. The registered capital and the total investment amount of Taizhou NU are US\$700,000 (which has been fully paid) and US\$1,000,000 respectively. Taizhou NU has obtained the Operating License for Dangerous Waste valid for the period from March 2007 to March 2008 and the Operating License for Medical Waste valid for the period from December 2004 to December 2009. Taizhou NU owns an industry complex located at south side of Diao Pu Zhen Chuang Main Road, Gao Gang District, Taizhou City, Jiangsu Province, the PRC. The land and property interests of the property are valued by BMI Appraisals Limited, the independent valuer, based on the market approach, at the amount of HK\$7,230,000 as at 30 June 2007.

Yancheng NU is a wholly foreign-owned enterprise established in the PRC on 7 March 2003. The operating period of Yancheng NU is 20 years for the period from 7 March 2003 to 6 March 2023. The registered capital and the total investment amount of Yancheng NU are US\$700,000 (which has been fully paid) and US\$1,000,000 respectively. Yancheng NU has obtained the Operating License for Dangerous Waste valid for the period from August 2005 to July 2010 and the Operating License for Medical Waste valid for the period from February 2006 to February 2011. Yancheng NU owns an industry complex located at Group 3 of Xin Dun Village, Economic Development District, Yancheng City, Jiangsu Province, the PRC. The land and property interests of the property are valued by BMI Appraisals Limited, the independent valuer, based on the market approach, at the amount of HK\$3,570,000 as at 30 June 2007.

Taizhou NU, Yancheng NU and Zhenjiang NU mainly provide regulated medical and industrial waste management services, including waste collection, transportation, treatment, disposal and recycling services to hospitals, medical stations as well as chemical industries in Taizhou, Yancheng and Zhenjiang respectively. With the Operating License for Dangerous Waste and Operating License for Medical Waste issued by Environmental Protection Bureau of Jiangsu Province 江蘇省環保廳 and the corresponding district environmental protection departments, the Environmental Entities are the only authorized enterprises licensed to collect and dispose of medical and industrial waste in Taizhou, Yancheng and Zhenjiang respectively. To the best knowledge of the Directors, each of Taizhou NU, Yancheng NU and Zhenjiang NU has established its own (i) waste collection system, (ii) waste storage system, (iii) waste disposition system, (iv) waste management system, and (v) internal environmental management system, in compliance with the regulations and are required for renewal of the licenses concerned.

The Environmental Entities have built up sound corporation relationship with nearly all of the medical institutions and hundreds of industrial enterprises locally and have entered into long-term corporative agreements for disposal of the required medical and industrial wastes. The vertical incinerator system and interactive pyrolyzing incinerators with knowhow imported from Korea have been introduced by the Environmental Entities to transform the dangerous waste into environmentally friendly substance. The annual disposal capacities of Taizhou NU, Yancheng NU and Zhenjiang have reached 1,650 tons, 3,300 tons and 4,950 tons respectively. Moreover, the landfill rented and managed by Zhenjiang Nu covers an area of around 54,000 sq.m. with disposal capacity of 30,000 tones per annum.

Upon completion of the Environmental Acquisitions, NUEPIL will become a wholly owned subsidiary of the Company and its accounts will be consolidated into that of the Company and NUET (Jiang Su) will become a 82% owned subsidiary of the Group.

Mr. Sun, is the director of each of Taizhou NU, Yancheng NU and Zhenjiang NU and general manager of Zhenjiang NU, is responsible for the overall management and coordination of Environmental Entities. Mr. Sun was the vice mayor of Zhenjiang City and Taizhou City and the director of Zhenjiang Transportation Bureau and had substantial involvement and negotiation for the corresponding district environmental protection departments. Mr. Xi is also the director of each of Taizhou NU, Yancheng NU and Zhenjiang NU, who has been involving in the investment in and the management of environmental business through NUEL since 2002. In view of the extensive experience of Mr. Xi and Mr. Sun, the Board believes that the Company has sufficient expertise carry out the business of the NUEPIL Group upon completion of the Environmental Acquisitions.

Based on the audited financial statements of the NUEPIL Group, the audited loss after extraordinary items and before and after taxation for the year ended 31 December 2005 were both approximately HK\$754,000; the audited profit after extraordinary items and before and after taxation for the year ended 31 December 2006 were both approximately HK\$1,395,000; and the audited profit after extraordinary items and before and after taxation for the five months ended 31 May 2007 were both approximately HK\$2,357,000. The audited consolidated net asset value of the NUEPIL Group as at 31 May 2007 was HK\$37,732,000. Financial statements of the NUEPIL Group were prepared in accordance with the applicable Hong Kong Financial Reporting Standards.

Based on the audited financial statements of the NUET (Jiang Su) Group, the audited loss after extraordinary items and before and after taxation for the year ended 31 December 2005 were both approximately HK\$764,000; the audited profit after extraordinary items and before and after taxation for the year ended 31 December 2006 were both approximately HK\$1,407,000; and the audited profit after extraordinary items and before and after taxation for the five months ended 31 May 2007 were both approximately HK\$2,369,000. The audited consolidated net asset value of the NUET (Jiang Su) Group as at 31 May 2007 was approximately HK\$11,225,000. Financial statements of the NUET (Jiang Su) Group have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards.

## **THE DYEING S&P AGREEMENT DATED 23 AUGUST 2007**

### **Parties**

*the seller:* NUEL, the controlling Shareholder which as at the date of this announcement is interested in approximately 68.51% of the issued share capital of the Company

*the purchaser:* the Company

*the guarantor:* Mr. Xi as guarantor of NUEL guarantees the due performance by NUEL of its obligations under the Dyeing S&P Agreement

NUEL is a connected person of the Company.

### **Assets to be acquired**

#### **Dyeing Sale**

Shares: 1,800,000 issued shares of US\$1 each in the capital of NUCIL beneficially owned by NUEL, representing the entire issued share capital of NUCIL

The Dyeing Sale Shares were transferred to NUEL on 15 June 2007 for a consideration of US\$1,800,000 (approximately HK\$14,040,000).

NUEL Loans: the loans due from NUCIL to NUEL amount to HK\$51,216,430

### **Consideration and payment**

The consideration for the Dyeing Sale Shares is HK\$56,862,220, of which HK\$50,862,220 shall be satisfied by the issue and allotment of 267,695,894 Consideration Shares, representing approximately 22.46% of the existing issued share capital of the Company and approximately 14.66% of the issued share capital of the Company as enlarged by the issue of all the Consideration Shares, to NUEL or its nominee and HK\$6,000,000 shall be settled in cash within 45 days after completion of the Dyeing S&P Agreement.

The consideration for the NUEL Loans is HK\$1.00 which shall be satisfied in cash on date of completion of the Dyeing S&P Agreement.

## Conditions and Completion

Completion of the Dyeing S&P Agreement shall be conditional, inter alia, upon: –

- (a) completion of a due diligence review of the capital and the contributed capital of each of the subsidiaries of the NUCIL Group to the reasonable satisfaction of the Company;
- (b) the obtaining of a legal opinion from a firm of lawyers in the PRC qualified to issue legal opinions on PRC laws to be engaged by the Company to the reasonable satisfaction of the Company in relation to, including but not limited to, the establishment, the continuity, capital injection, business scope, governmental licenses (including business licenses) and the legality of the usage of the properties of each of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei;
- (c) the registered capital of Suzhou New Huamei having been fully paid and to be supported by capital verification report;
- (d) the Independent Shareholders voting at the EGM to approve the Dyeing S&P Agreement and the transactions contemplated thereunder, including but not limited to, the acquisition of the Dyeing S&P Agreement and the issue and allotment of the Consideration Shares, accordance with the requirements of the GEM Listing Rules;
- (e) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in the Consideration Shares on the Stock Exchange;
- (f) if required, the obtaining of relevant approval in relation to the Dyeing S&P Agreement and the transactions contemplated thereunder from the PRC, Hong Kong, BVI or other places; and
- (g) the obtaining of a certificate of good standing of NUCIL (which is a certificate issued by the registered agent of NUCIL confirming that it has paid all its governmental fees in the BVI and has not been struck off the register of companies).

Save for the conditions (c), (d), (e), (f) and (g), the above conditions may be waived by the Company at its sole absolute discretion. As the legal opinion, among others, will cover the validity of the governmental licenses (including the business licenses) and legality of usage of the properties of each of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei, which are crucial to the continuation of the business of Suzhou New Huamei, Danyang New Huamei and Qingdao Huamei, the Company has no intention to waive the above condition (b). The Company has obtained a preliminary legal opinion on PRC laws and was advised that the respective entities are duly established and have passed the previous years business license verification. The Directors believe that so long as the entities complied with the applicable laws in carrying out its business, the entities should not encounter any difficulties in passing the yearly business license verification. If any of the above conditions is not fulfilled or waived by the Company on or before the Long Stop Date, the Dyeing S&P Agreement shall terminate save in respect of any antecedent breach of the Dyeing S&P Agreement. Qingdao Huamei and Danyang New Huamei have been fully paid up the registered capital and verified as such, accordingly, it is not a condition precedent that the registered capital for Qingdao Huamei and Danyang New Huamei should be paid up and verified by relevant verification reports.

Completion shall take place on the fifth Business Day after the date on which all the conditions of the Dyeing S&P Agreement have been fulfilled and/or waived (as the case may be) or the Long Stop Date, whichever is later or such other date as shall be agreed between the parties to the agreement in writing. In the event that the transaction cannot be completed by the completion date, the Company shall be entitled to extend the completion date by 28 days from the original completion date.

## **INFORMATION ON THE NUCIL GROUP**

NUCIL is a company incorporated in BVI on 29 May 2007 with the registered and issued share capital of US\$2,000,000 and US\$1,800,000 respectively. As at the date of this announcement, NUCIL is wholly beneficially owned by NUEL. NUCIL has acquired the entire issued share capital of NUCL on 10 July 2007 for a consideration of HK\$65,000,000. The major asset of NUCIL is its 100% shareholding interests in NUCL as from 10 July 2007.

NUCL is a company incorporated in Hong Kong on 4 February 2003 with the registered and issued share capital of HK\$1,000,000. NUCL is a holding company and its major assets comprise (1) 18.62% equity interests in Suzhou New Huamei; (2) 24.50% equity interests in Danyang New Huamei; and (3) 28.67% equity interests in Qingdao Huamei.

Suzhou New Huamei is a sino-foreign equity joint venture company established in the PRC with limited liability on 22 June 2004. The operating period of Suzhou New Huamei is 12 years for the period from 22 June 2004 to 21 June 2016. The registered capital and the total investment amount of Suzhou New Huamei were US\$4,000,000 (of which US\$3,032,392 has been paid up) and US\$4,600,000 respectively. As at the date of this announcement, Suzhou New Huamei is beneficially owned as to 18.62% by NUCL and as to 81.38% owned by other four Independent Third Parties.

Danyang New Huamei is a sino-foreign equity joint venture company established in the PRC with limited liability on 21 May 2004. The operating period of Danyang New Huamei is 12 years for the period from 21 May 2004 to 20 May 2016. The registered capital and the total investment amount of Danyang New Huamei were US\$1,600,000 (which has been fully paid up) and US\$1,850,000 respectively. As at the date of this announcement, Danyang New Huamei is beneficially owned as to 24.50% by NUCL and as to 75.50% owned by other four Independent Third Parties.

Qingdao Huamei is a sino-foreign equity joint venture company established in the PRC with limited liability on 12 May 1997. The operating period of Qingdao Huamei is 16 years for the period from 12 May 1997 to 12 May 2013. The registered capital and the total investment amount of Qingdao Huamei were US\$1,650,000 (which has been fully paid up) and US\$2,200,000 respectively. As at the date of this announcement, Qingdao Huamei is beneficially owned as to 28.67% by NUCL and as to 71.33% owned by other three Independent Third Parties.

As there is no change on the existing shareholders of each of Qingdao Huamei, Danyang New Huamei and Suzhou New Huamei, no consent of the remaining shareholders of each of Qingdao Huamei, Danyang New Huamei and Suzhou New Huamei shall be obtained due to the Dyeing Acquisition.

Qingdao Huamei, Danyang New Huamei and Suzhou New Huamei are engaged in plastics dyeing. They process several sets of advanced computer color matching systems and own various imported production lines. The dyeing products of Qindao Huamei, Danyang New Huamei and Suzhou New Huamei include Acrylonitrile Butadiene Styrene (ABS), Acrylonitrile Styrene (AS), Polystyrene (PS), Polymethyl Methacrylate (PMMA) and other modified plastics, and enhancement plastic materials. All the three enterprises have obtained the certification of ISO9001:2000.

NUCIL is incorporated on 29 May 2007. Based on the unaudited financial statements of the NUCIL for the period from 29 May 2007 (date of incorporation) to 31 May 2007, the unaudited loss after extraordinary items and before and after taxation were both approximately HK\$16,000. The audited net asset value of NUCIL as at 31 May 2007 was approximately HK\$14,024,000. Financial statements of NUCIL have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards.

Based on the audited financial statements of the NUCL Group, the audited loss after extraordinary items and before and after taxation for the year ended 31 December 2005 were both approximately HK\$357,000; the audited profit after extraordinary items and before and after taxation for the year ended 31 December 2006 were both approximately HK\$698,000 and the audited profit after extraordinary items and before and after taxation for the five months ended 31 May 2007 were approximately HK\$3,130,000. The audited consolidated net asset value of NUCL Group as at 31 May 2007 was approximately HK\$60,828,000. Financial statements of NUCL Group have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards.

Upon completion of the Dyeing Acquisition, NUCIL will become a wholly owned subsidiary of the Company and its accounts will be consolidated into that of the Company. The Group will indirectly hold (1) 18.62% equity interests in Suzhou New Huamei; (2) 24.50% equity interests in Danyang New Huamei; and (3) 28.67% equity interests in Qingdao Huamei. The investments of the Group in Suzhou New Huamei and Danyang New Huamei will be treated as available-for-sale investments which are measured at fair value with gains and losses being recognised as a separate component of equity of the Group. Given that Qingdao Huamei, being an entity over which NUCL is in a position to exercise significant influence through participation in the financial and operating policy decisions of Qingdao Huamei and Mr. Xi is a director of Qingdao Huamei who represents one-fifth of the board of directors of Qingdao Huamei, is being treated as associate of NUCL, the investment of the Group in Qingdao Huamei will be incorporated in the consolidated financial statements of the Group using the equity method of accounting after completion of the Dyeing S&P Agreement.

## **CONSIDERATIONS FOR THE ACQUISITIONS**

The aggregate consideration for the acquisitions of the Environmental Sale Shares (representing 82% of the registered capital of NUET (Jiang Su)) is HK\$78,638,000, of which HK\$69,638,000 shall be satisfied by the issue and allotment of 366,515,787 Consideration Shares and HK\$9,000,000 shall be settled by cash. The aggregate consideration for the acquisitions of the Environmental Sale Shares was arrived at after arm's length negotiations between the Company and the Vendors and equal to the sum of (1) the market value of HK\$20,910,000 attributable to 82% equity interest of the business valuation of Taizhou NU as at 30 June 2007; (2) the market value of HK\$36,490,000 attributable to 82% equity interest of the business valuation of Yancheng NU as at 30 June 2007; and (3) the market value of HK\$21,238,000 attributable

to 82% equity interest of the business valuation of Zhenjiang NU as at 30 June 2007. All the business valuations are valued by BMI Appraisals Limited based on the market approach which provides indications of value by comparing the subject to similar businesses, business ownership interests, and securities that have been sold in the market. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, BMI Appraisals Limited and its ultimate beneficial owners are Independent Third Parties.

The consideration for the acquisition of the Dyeing Sale Shares (representing the entire issued share capital of NUCIL) is HK\$56,862,220, of which HK\$50,862,220 shall be satisfied by the issue and allotment of 267,695,894 Consideration Shares and HK\$6,000,000 shall be settled by cash. The consideration for the acquisition of the Dyeing Sale Shares was arrived at after arm's length negotiations between the Company and NUEL and also equal to the sum of (i) the market value of HK\$6,594,100 attributable to 28.67% equity interest of the business valuation of Qingdao Huamei as at 30 June 2007; (2) the market value of HK\$8,820,000 attributable to 24.50% equity interest of the business valuation of Danyang New Huamei as at 30 June 2007; and (3) the market value of HK\$41,448,120 attributable to 18.62% equity interest of the business valuation of Suzhou New Huamei as at 30 June 2007. All the business valuations are valued by BMI Appraisals Limited based on the market approach which provides indications of value by comparing the subject to similar businesses, business ownership interests, and securities that have been sold in the market.

The consideration for the NUEL Loans is HK\$1.00 which shall be satisfied in cash on date of completion of the Dyeing S&P Agreement.

### **Consideration Shares**

The considerations for the Acquisitions will be partially satisfied by the issue and allotment of 634,211,681 Consideration Shares at an issue price of HK\$0.190 which represents: –

- (a) a premium of approximately 2.7% over the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on 23 August 2007 (being the last trading day in the Shares prior to the suspension of trading in the Shares pending the issue of this announcement);
- (b) a discount of approximately 5.47% to the closing price of HK\$0.201 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including 23 August 2007;
- (c) a discount of approximately 7.77% to the closing price of HK\$0.206 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including 23 August 2007;
- (d) a premium of approximately 15.85% over the audited consolidated net asset value per Share of approximately HK\$0.164 as at 31 December 2006; and
- (e) a premium of approximately 77.57% over the unaudited consolidated net asset value per Share of approximately HK\$0.107 as at 30 June 2007.

The issue price of HK\$0.190 per Consideration Share was arrived at after arm's length negotiations. The Directors are of the view that the issue price is fair and reasonable.

Based on 1,191,680,000 Shares in issue as at the date of this announcement, the 634,211,681 Consideration Shares represent approximately 53.22% of the existing issued share capital of the Company and approximately 34.73% of the issued share capital of the Company as enlarged by the issue of all the Consideration Shares. Given that (i) the issue price of the Consideration Shares of HK\$0.190 represents a premium of approximately 2.7% over the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on 23 August 2007 and a premium of approximately 77.57% over the unaudited consolidated net asset value per Share of approximately HK\$0.107 as at 30 June 2007; and (ii) the Environmental Acquisitions and the Dyeing Acquisition will generate steady income for the Group, although there will be dilution effect to the public Shareholders, the Directors consider the issue of the Consideration Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

There is no restrictions which apply to the subsequent sale of the Consideration Shares. The Consideration Shares will be issued under the special general mandate to be approved in the EGM. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the Consideration Shares.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

	As at the date of this announcement		Upon completion of the Environmental Acquisitions only		Upon completion of the Dyeing Acquisition only		Upon completion of the Acquisitions	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
NUEL	816,384,800	68.51	1,081,953,221	69.44	1,084,080,694	74.28	1,349,649,115	73.91
Mr. Sun	-	-	35,331,578	2.27	-	-	35,331,578	1.94
Mr. Yin	-	-	35,331,578	2.27	-	-	35,331,578	1.94
Mr. Liu	-	-	30,284,210	1.94	-	-	30,284,210	1.66
Public Shareholders	375,295,200	31.49	375,295,200	24.08	375,295,200	25.72	375,295,200	20.55
Total	<u>1,191,680,000</u>	<u>100.0</u>	<u>1,558,195,787</u>	<u>100.0</u>	<u>1,459,375,894</u>	<u>100.0</u>	<u>1,825,891,681</u>	<u>100.0</u>

It is expected that there will be sufficient public float (i.e. 20% of the Shares according to the GEM Listing Rules) upon completion of the Acquisitions.

## THE DISPOSAL AGREEMENT DATED 23 AUGUST 2007

### Parties

*Vendor:* SML

*Buyer:* SSIL, an investment holding company

As SSIL is an associate of NUEL, SSIL is a connected person of the Company.

## **Assets to be disposed**

100% of the equity interest of Dongguan Smartech

## **Consideration**

The consideration for the entire equity interest of Dongguan Smartech shall be the unaudited net asset value of Dongguan Smartech as at 30 June 2007 of HK\$32,426,853 less the trade receivables due to Dongguan Smartech from SML of HK\$8,265,250 (the "Purchase Price"), subject to adjustment. The consideration will be adjusted by the difference between (i) the Purchase Price; and (ii) the unaudited net asset value of Dongguan Smartech as at the end of the month immediately before the month during which the EGM is held (the "Reference Date") less the trade receivables due from SML to Dongguan Smartech as at the Reference Date, provided that adjustment on a dollar to dollar basis (whether it is upward or downward) shall not exceed 10% of the Purchase Price (the "Adjusted Amount"). As such, it is expected that the maximum and minimum consideration for the Disposal will be approximately HK\$26,578,000 and HK\$21,745,000 respectively.

The consideration for the Disposal was determined after arm's length negotiations with reference to the net asset value of Dongguan Smartech as at 30 June 2007 and the Purchase Price of HK\$24,161,603 (subject to adjustment by the Adjusted Amount) shall be satisfied in the following manner:

- (a) as to HK\$9,941,400 shall be set off against the Shareholder's Loans on the next day after the determination of the Adjusted Amount; and
- (b) the remaining balance of approximately HK\$14,220,203 (subject to adjustment) shall be settled in cash upon the fulfillment of the conditions of the Disposal Agreement.

The trade receivables due from SML to Dongguan Smartech will be novated to SSIL or its nominee on or before completion of the Disposal.

## **Conditions and Completion**

Completion of the Disposal Agreement shall be conditional, inter alia, upon:-

- (a) the Independent Shareholders voting at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder;
- (b) the execution of a deed of assignment by NUEL to assign the Shareholder's Loans to SSIL;
- (c) NUEL consenting to the novation of the Shareholder's Loans and the execution of a deed of novation to novate the obligations of the Shareholder's Loans from the Company to SSIL; and
- (d) the execution of a deed of novation among SSIL or its nominee and SML and Dongguan Smartech in relation to the novation of the obligations of the trade receivable by SML to SSIL.

The above conditions shall be fulfilled within 60 days after the date of the EGM or such other date as shall be determined by the parties to the Disposal Agreement.

## INFORMATION ON DONGGUAN SMARTECH

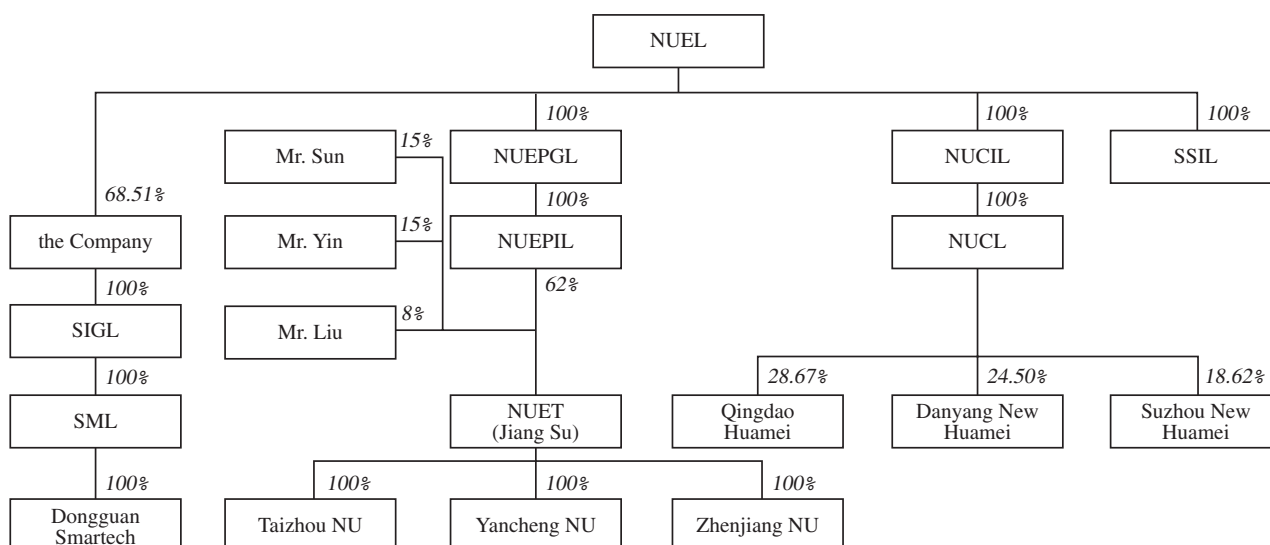
Dongguan Smartech is a wholly foreign owned enterprise incorporated in the PRC on 22 March 1996. The registered and fully paid up capital of Dongguan Smartech was US\$7,415,000. Dongguan Smartech is principally engaged in manufacture and sales of high precision molds and plastic products. As at the date of this announcement, Dongguan Smartech is indirectly wholly owned by the Company.

Based on the financial statements of the Dongguan Smartech which have been reviewed by the Company's external auditors for group consolidation purpose that have been included in audited financial statement of Group for the two years ended 31 December 2006, the audited loss after extraordinary items and before and after taxation for the year ended 31 December 2005 were both approximately HK\$7,694,000; the audited loss after extraordinary items and before and after taxation for the year ended 31 December 2006 were both approximately HK\$6,003,000. The unaudited net asset value of Dongguan Smartech was approximately HK\$32,427,000 as at 30 June 2007. Financial statements of Dongguan Smartech have been prepared in accordance with the applicable Hong Kong Financial Reporting Standards.

Upon completion of the Disposal Agreement, Dongguan Smartech will cease to be a subsidiary of the Company.

## CORPORATE STRUCTURE BEFORE AND AFTER THE ACQUISITIONS AND THE DISPOSAL

### Existing corporate structure





consider that the Environmental Acquisitions represent another excellent opportunity for the Company to expand the scope of its business and at the same time generate steady income for the Group. The Directors consider that the Environmental Acquisitions are on normal commercial terms and the terms of the Environmental Agreements are fair and reasonable and the Environmental Acquisitions are in the interests of the Company and the Shareholders as a whole.

According to the PRC's Plastics Market, the plastics industry in the PRC has been growing at double-digit rates annually since 1996, and that rapid growth will continue in the next decade. Currently, the PRC makes US\$53.4 billion worth of plastic products. US\$12.8 billion of them are exported, while it imports US\$7.1 billion worth of plastic products from overseas. The industry's emphasis is on moving toward high-value-added sectors, such as the autos, electronics and medical markets. The construction plans for the countryside, as laid out by the central government in the PRC's 11th Five-Year plan (2006-2010), would require huge amounts of films, pipes and house surfacing products, that would be a big boost to the industry. As such, the Directors are positive about the future prosperity of the plastic dyeing industry in the PRC.

Given that Suzhou New Universe Smartech Tooling and Plastics Limited, a 97% subsidiary of the Group which principally engaged in manufacture and sale of high precision molds and plastic products, is located at Suzhou City, Jiangsu Province, the PRC, the Board is of the view that the Dyeing Acquisition will strengthen the customer network of the Group in plastics industry surrounding the Changjiang River Delta in the PRC. The Directors consider that the Dyeing Acquisition is on normal commercial terms and the terms of the Dyeing S&P Agreement are fair and reasonable and the Dyeing Acquisition is in the interests of the Company and the Shareholders as a whole.

The Directors noted the requirement under Rule 17.26 of the GEM Listing Rules that the Company must, at all time, carry out directly or indirectly, a sufficient level of operations to warrant the continued listing of the Shares and that the revenue of Dongguan Smartech for the year ended 31 December 2006 represented 70% of the total revenue of the Group for the year ended 31 December 2006. However, the Company will continue to have two existing active business operations and two new business operations upon completion of the Acquisitions and the Disposal. The two existing business operations includes Suzhou New Universe Smartech Tooling and Plastic Limited which is engaged in manufacture and sale of high precision molds and plastic products; and the property investment and development of dock infrastructure and operation and development of dock and depot facilities in Zhenjiang City, Jiangsu Province, the PRC and the two new business operations include provision of regulated medical and industrial waste management services, including waste collection, transportation, treatment, disposal and recycling services to hospitals, medical stations as well as chemical industries in Taizhou, Yancheng and Zhenjiang, the PRC and the plastics dyeing.

Taking into account that (i) the Company will have four business operations upon completion of the Acquisitions and the Disposal and (ii) the revenue of Suzhou New Universe Smartech Tooling and Plastics Limited represented 30% of the total revenue of the Group for the year ended 31 December 2006 and NUEPIL Group and the NUCL Group has recorded turnover of HK\$5,944,000 and HK\$2,902,000 respectively for the five months ended 31 May 2007, the Directors consider that the Group will have a sufficient level of operations to warrant the continued listing of the Shares after completion of the Acquisition and the Disposal under Rule 17.26 of the GEM Listing Rules.

The business environment for the manufacture and sale of molds and plastic products has been competitive in the past few years and Dongguan Smartech has recorded losses for the past five years. In this connection, the Board has been reviewing the operations of Dongguan Smartech whose performance was mainly affected by increasing production costs in Guangdong Province in the recent years. Based on the net asset value of Dongguan Smartech as at 30 June 2007 of approximately HK\$32,427,000, the Directors estimate that a gain of approximately HK\$3,400,000 which will arise mainly on release of exchange fluctuation reserve of approximately HK\$3,596,000 upon completion of the Disposal. As the Directors consider that the Disposal represents a good opportunity for the Company to discontinue the loss making operation, the Directors consider that the Disposal is on normal commercial terms and the terms of the Disposal Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. As it is expected that the expenses for Disposal will be approximately HK\$180,000, the net proceeds of the Disposal are estimated at approximately HK\$14,040,000 which are intended to be used as to HK\$8,040,000 for the settlement of the cash consideration of the Environmental S&P A Agreement and as to HK\$6,000,000 for the settlement of the cash consideration of the Dyeing S&P Agreement.

Following completion of the Environmental Acquisitions, the Dyeing Acquisition and the Disposal, the Board intends to categorize the business portfolio of the Group into four segments: (i) environmental business operation; (ii) mold and plastic products manufacturing and sales operation; (iii) dock and depot facilities development and operation; and (iv) the plastics dyeing. The Board considers the Environmental Acquisitions, the Dyeing Acquisition and the Disposal as strategic moves which enable the Group to reduce the loss of its mold and plastic products manufacturing operation and to generate additional income sources with vast business potential in the environmental business. The Board expects that the business performance of the Group will be improved upon completion of the Environmental Acquisitions, the Dyeing Acquisition and the Disposal. The Board will continue to seek investment opportunities in environmental industry with a view to further improve the business performance of the Group.

## **GENERAL**

As the applicable percentage ratio for each of the Environmental Acquisitions, the Dyeing Acquisition and the Disposal under the GEM Listing Rules is more than 25% and less than 75%, each of the Environmental Acquisitions, the Dyeing Acquisition and the Disposal constitutes major transaction for the Company under Rule 19.08 of the GEM Listing Rules. Pursuant to Rule 19.22 of the GEM Listing Rules, the Environmental Acquisitions and the Dyeing Acquisition shall be aggregated. As the applicable percentage ratio for the Acquisitions under the GEM Listing Rules is more than 25% and less than 75%, the Acquisitions also constitute a major transaction for the Company under Rule 19.08 of the GEM Listing Rules. NUEL is the controlling Shareholder and as at the date of this announcement is interested in 816,384,800 Shares, representing approximately 68.51% of the issued share capital of the Company. Both NUEPGL and SSIL are wholly owned subsidiaries of NUEL. Mr. Xi is a Director and the Chairman of the Company. Mr. Xi is deemed to be interested in 68.51% of the issued share capital of the Company. Accordingly NUEL, NUEPGL and SSIL are associates of Mr. Xi and are connected persons of the Company. Mr. Sun, Mr. Yin and Mr. Liu are directors of the Two Dock Subsidiaries. Hence, each of Mr. Sun, Mr. Yin and Mr. Liu is a connected person of the Company. Therefore, each of the Environmental Acquisitions, the Dyeing Acquisition and the Disposal also constitutes connected transaction for the Company under the GEM Listing Rules and is subject to the approval of the Independent Shareholders

at the EGM by poll voting. NUEL, the controlling shareholder of the Company and interested in 816,384,800 Shares, representing approximately 68.51% of the issued share capital of the Company is interested in the Environmental Acquisitions, the Dyeing Acquisition and the Disposal, Mr. Xi and their associates, will abstain from voting at the EGM in respect of the resolutions to approve the Acquisitions and the Disposal. As at the date of this announcement, each of Mr. Sun, Mr. Yin and Mr. Liu has no shareholding in the Company.

An independent board committee of the Company will be established by the Company to give recommendations to the Independent Shareholders in respect of the Acquisitions and the Disposal. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in respect of the Acquisitions and the Disposal.

A circular containing further details of the Acquisitions and the Disposal, recommendations from the independent board committee of the Company in respect of the Acquisitions and the Disposal, the letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Acquisitions and the Disposal and a notice of the EGM will be despatched by the Company to the Shareholders within 21 days after the publication of this announcement.

## **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 24 August 2007 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 3 September 2007.

## **TERMS USED IN THIS ANNOUNCEMENT**

“Acquisitions”	the Environmental Acquisitions and the Dyeing Acquisition
“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
“Company”	New Universe International Group Limited 新宇國際實業(集團)有限公司, an exempt company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules

“Consideration Shares”	new Shares to be issued, allotted and credited as fully paid for settlement of the considerations upon completion of the Acquisitions
“Danyang New Huamei”	丹陽新華美塑料有限公司(Danyang New Huamei Plastics Co., Ltd.), a sino-foreign equity joint venture enterprise incorporated in the PRC with limited liability
“Directors”	directors of the Company
“Disposal”	the disposal of the entire equity interest of Dongguan Smartech by SML to SSIL pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 23 August 2007 between SML and SSIL, pursuant to which SML agreed to dispose of the entire equity interest of Dongguan Smartech
“Dongguan Smartech”	東莞匯科模具塑膠製品有限公司(Dongguan Smartech Tooling & Plastics Limited), a wholly foreign-owned enterprise incorporated in PRC with limited liability and wholly owned by SML
“Dyeing Acquisition”	the acquisition of the Dyeing Sale Shares from NUEL pursuant to the Dyeing S&P Agreement
“Dyeing S&P Agreement”	the conditional sale and purchase agreement dated 23 August 2007 among the Company, NUEL and Mr. Xi, pursuant to which the Company agreed to acquire from NUEL the Dyeing Sale Shares
“Dyeing Sale Shares”	1,800,000 issued shares of US\$1 each in the capital of NUCIL beneficially owned by NUEL, representing the entire issued share capital of NUCIL
“EGM”	extraordinary general meeting of the Company to be convened on date to be determined by the Board to approve the Acquisitions and the Disposal
“Environmental Acquisitions”	the acquisition of the Environmental Sale Shares A, the Environmental Sale Shares B, the Environmental Sale Shares C, the Environmental Sale Shares D from the Vendors pursuant to the Environmental S&P Agreement A, the Environmental S&P Agreement B, the Environmental S&P Agreement C and the Environmental S&P Agreement D respectively
“Environmental S&P Agreement A”	the conditional sale and purchase agreement dated 23 August 2007 among the Company, NUEPGL and Mr. Xi, pursuant to which the Company agreed to acquire from NUEPGL the Environmental Sale Shares A

“Environmental S&P Agreement B”	the conditional sale and purchase agreement dated 23 August 2007 between the Company and Mr. Sun, pursuant to which the Company agreed to acquire from Mr. Sun the Environmental Sale Shares B
“Environmental S&P Agreement C”	the conditional sale and purchase agreement dated 23 August 2007 between the Company and Mr. Yin, pursuant to which the Company agreed to acquire from Mr. Yin the Environmental Sale Shares C
“Environmental S&P Agreement D”	the conditional sale and purchase agreement dated 23 August 2007 between the Company and Mr. Liu, pursuant to which the Company agreed to acquire from Mr. Liu the Environmental Sale Shares D
“Environmental S&P Agreements”	the Environmental S&P Agreement A, the Environmental S&P Agreement B, the Environmental S&P Agreement C and the Environmental S&P Agreement D
“Environmental Entities”	Taizhou NU, Yancheng NU and Zhenjiang NU
“Environmental Sale Shares”	the Environmental Sale Shares A, the Environmental Sale Shares B, the Environmental Sale Shares C and the Environmental Sale Shares D
“Environmental Sale Shares A”	4,000,000 issued shares of US\$1 each in the capital of NUEPIL beneficially owned by NUEPGL, representing the entire issued share capital of NUEPIL
“Environmental Sale Shares B”	700,000 issued shares of HK\$1 each in the capital of NUET (Jiang Su) beneficially owned by Mr. Sun, representing 7% of the issued share capital of NUET (Jiang Su)
“Environmental Sale Shares C”	700,000 issued shares of HK\$1 each in the capital of NUET (Jiang Su) beneficially owned by Mr. Yin, representing 7% of the issued share capital of NUET (Jiang Su)
“Environmental Sale Shares D”	600,000 issued shares of HK\$1 each in the capital of NUET (Jiang Su) beneficially owned by Mr. Liu, representing 6% of the issued share capital of NUET (Jiang Su)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Shareholders”	Shareholders other than NUEL and its associates
“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) of the Company
“Long Stop Date”	30 November 2007 or such other date as shall be determined by the parties to the agreement
“Mr. Liu”	Mr. Liu Lai Gen, a shareholder of NUET (Jiang Su). He is also a director of the Two Dock Subsidiaries and a connected person of the Company
“Mr. Sun”	Mr. Sun Jia Qing, a shareholder of NUET (Jiang Su). He is also a director of the Two Dock Subsidiaries and a connected person of the Company
“Mr. Xi”	Mr. Xi Yu, the Chairman of the Company
“Mr. Yin”	Mr. Yin Yong Xiang, a shareholder of NUET (Jiang Su). He is also a director of the Two Dock Subsidiaries and a connected person of the Company
“NUCIL”	New Universe (China) Investment Limited, a company incorporated in BVI with limited liability and directly wholly owned by NUEL
“NUCIL Group”	NUCIL and NUCL
“NUCL”	New Universe (China) Limited, a company incorporated in Hong Kong with limited liability and directly wholly owned by NUCIL
“NUCL Group”	NUCL and its interests in Suzhou New Huamei, Qingdao Huamei and Danyang New Huamei
“NUEL”	New Universe Enterprises Limited, a limited liability company incorporated in the BVI and is currently beneficially interested in approximately 68.51% of the Company. Mr. Xi is the beneficial owner of 83.66% of the issued share capital of NUEL
“NUEPGL”	New Universe Environmental Protection Group Limited, a company incorporated in BVI with limited liability and directly wholly and beneficially owned by NUEL

“NUEPIL”	New Universe Environmental Protection Investment Limited, a company incorporated in BVI with limited liability and directly wholly owned by NUEPGL
“NUEPIL Group”	NUEPIL and the Environmental Entities
“NUET (Jiang Su)”	New Universe Environmental Technologies (Jiang Su) Limited, a company incorporated in Hong Kong with limited liability and owned as to 62% by NUEPIL, as to 15% by Mr. Sun, 15% by Mr. Yin and 8% by Mr. Liu
“NUET (Jiang Su) Group”	NUET (Jiang Su) and its subsidiaries
“NUEL Loans”	the unsecured interest free loans due from NUCIL to NUEL in the amount of HK\$51,216,430 as at the date of this announcement
“Operating License for Dangerous Waste”	危險廢物經營許可證 (Operating License for Dangerous Waste)
“Operating License for Medical Waste”	醫療危險廢物經營許可證 (Operating License for Medical Dangerous Waste)
“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
“Qingdao Huamei”	青島中新華美塑料有限公司 (Qingdao Zhongxin Huamei Plastics Co., Ltd.), a sino-foreign equity joint venture enterprise incorporated in the PRC with limited liability
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Shareholder’s Loans”	the unsecured interest free loans in the aggregate amount of HK\$9,941,400 due from the Company to NUEL pursuant to the loan agreements dated 21 August 2006, 29 December 2006 and 20 June 2007, respectively, which prior to the completion of the Acquisitions will be assigned to SSIL
“SML”	Smartech Manufacturing Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by the Company

“SSIL”	Sky Sight International Limited, a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by NUEL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou New Huamei”	蘇州新華美塑料有限公司(Suzhou New Huamei Plastics Co., Ltd.) , a sino-foreign equity joint venture enterprise established in the PRC with limited liability
“Taizhou NU”	泰州宇新固體廢物處置有限公司(Taizhou New Universe Solid Waste Disposal Co., Ltd.), a wholly foreign-owned enterprise incorporated in the PRC
“Two Dock Subsidiaries”	New Universe International (Zhenjiang) Port Company Limited新宇國際(鎮江)港務有限公司and New Universe International (Zhenjiang) Warehouses Company Limited 新宇國際(鎮江)倉儲有限公司, both of which are indirect wholly owned subsidiaries of the Company incorporated in the PRC
“Vendors”	NUEPGL, Mr. Sun, Mr. Yin and Mr. Liu
“Yancheng NU”	鹽城宇新固體廢物處置有限公司(Yancheng New Universe Solid Waste Disposal Co., Ltd.), a wholly foreign-owned enterprise established in the PRC
“Zhenjiang NU”	鎮江新宇固體廢物處置有限公司(Zhenjiang New Universe Solid Waste Disposal Co., Ltd.), a wholly foreign-owned enterprise established in the PRC
“HK\$”	Hong Kong dollars
“RMB”	Renminbi
“US\$”	United State dollars
“sq.m.”	square metres
“%”	per cent.

*For the purpose of this announcement, unless otherwise stated all amounts in RMB are translated into HK\$ at an exchange rate of RMB0.98: HK\$1.00, all amounts in US\$ are translated into HK\$ at an exchange rate of US\$1: HK\$7.8*

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

Hong Kong, 31 August 2007

*As at the date of this announcement, the Board comprises Mr. XI Yu, Ms. CHEUNG Siu Ling and Mr. HON Wa Fai as executive directors; Mr. SUEN Ki as non-executive director; 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](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting.*