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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)

### **REVISION OF CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Announcement in relation to the Supply Contract, pursuant to which Party A agreed to purchase and Party B agreed to supply plastic materials with an estimated annual cap amount of US\$1,280,000 (approximately HK\$9,984,000) for each of the three financial years ending 31 December 2011. Given that the annual cap for the year ending 31 December 2009 has almost been fully utilized and the Directors expect the actual monetary value of the Transactions for the financial year ending 31 December 2009 and each of the two financial years ending 31 December 2011 will exceed the respective original caps as announced in the Announcement, the Company proposed to increase the annual caps for the Transactions for the three financial years ending 31 December 2011.

Mr. XI, Ms. CHEUNG and Mr. SUEN are directors of the Company and Party B; and Mr. XI and Ms. CHEUNG are also the directors of NUHL (the holding company of Party B). By virtue of the common directors who represent all members of the board of directors of Party B and through their directorship in NUHL control the board of directors of Party B, Party B is hence a connected person of the Company and the Transactions are continuing connected transactions under the GEM Listing Rules. As each of the proposed new annual caps of the Transactions exceeds 2.5% of the applicable percentage ratios, the Revision of Caps therefore is subject to the approval of the Independent Shareholders at the EGM with vote to be taken on a poll voting. Mr. XI and Ms. CHEUNG are also common directors of NUHL and NUEL. NUEL, the controlling shareholder of the Company which is interested in 1,349,649,115 Shares, representing approximately 73.91% of the issued share capital of the Company, together with its associates, will abstain from voting on the resolution to approve the Revision of Caps at the EGM.

An independent board committee of the Company will be established by the Company to give recommendations to the Independent Shareholders in respect of the Revision of Caps. 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 Transactions, recommendations from the independent board committee of the Company in respect of the Revision of Caps, the letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Revision of Caps and a notice of the EGM will be despatched by the Company to the Shareholders within 21 days after the publication of this announcement.

### **REVISION OF CAPS**

Reference is made to the Announcement in relation to the Supply Contract, pursuant to which Party A agreed to purchase and Party B agreed to supply plastic materials with an estimated annual cap amount of US\$1,280,000 (approximately HK\$9,984,000) for each of the three financial years ending 31 December 2011. Given that the annual cap for the year ending 31 December 2009 has almost been fully utilized and the Directors expect the actual monetary value of the Transactions for the financial year ending 31 December 2009 and each of the two financial years ending 31 December 2011 will exceed the relevant original caps respectively as announced in the Announcement, the Company proposed to increase the annual caps for the Transactions for the three financial years ending 31 December 2011.

### **Terms under the Supply Contracts**

The term of the Supply Contract has commenced from the date of the Supply Contract and up to 31 December 2011 which term may be renewed for three years by agreement of the parties to the Supply Contract.

Party B has guaranteed to satisfy Party A's orders for plastic materials to be placed with Party B under the Supply Contract. The quantity and specification of plastic materials to be supplied by Party B to Party A will be subject to individual orders to be placed by Party A from time to time. The terms of sale of plastic materials by Part B to Party A will be no less favourable than those offered by Party B to its independent customers for purchasing similar type of plastic materials; and subject to the foregoing, Party B will offer to Party A payment term with credit period of 90 days from the shipment date of the plastic materials purchased without provision of securities.

### **Original Annual Caps**

The original annual caps for the Transactions for each of the financial years ending 31 December 2011 as announced on 27 February 2009 is US\$1,280,000 (approximately HK\$9,984,000). Up to the date of this announcement, the total transaction value for the Group's purchases made pursuant to the Supply Contract from the date of the Announcement up to the date of this announcement amounted to US\$1,200,710 (approximately HK\$9,366,000).

### **Revision of Caps**

The original annual caps for the Transactions were set in February 2009 for the basic supply of plastic materials required for the production of plastic products in the plant of Party A. Recently, Party A has intended to strengthen its plastic injection business and to explore opportunities of trading in plastic materials and Party A employed a new department head, who has extensive experience and network in plastics business, in June 2009 to take charge of marketing and sales of plastic materials. By August 2009, Party A got six letters of intent. Based on the letter of intent from each of the six customers (comprise five new customers and one existing customer) of Party A on hand for purchasing plastic materials of not less than RMB12 million per annum for three years ending 31 December 2011, the Board expects that there will be significant increase in the demand of plastic materials in the current and coming years. Taking into account the prospective purchases mentioned above with reference to the existing average unit price range of US\$1,100 per metric tone to US\$2,500 per metric tone for different grades and different kinds of plastic materials offered to the Group by independent suppliers and the estimated 10% annual growth (on the assumption of an estimated PRC annual GDP (Gross Domestic Product) growth of 8% with 2% buffer for prudence sake), the Company proposed to revise the annual caps for the Transactions for the three financial years ending 31 December 2011 as follows:

| <b>For the financial year ending 31 December</b>    |  |  |
|---|--|--|
| <b>2009</b>   | <b>2010</b>  | <b>2011</b>  |
| US\$12,800,000<br>(approximately<br>HK\$99,840,000) | US\$14,080,000<br>(approximately<br>HK\$109,824,000) | US\$15,488,000<br>(approximately<br>HK\$120,806,400) |

The Revision of Caps is subject to the approval by the Independent Shareholders at the EGM.

## **REASONS FOR THE REVISION OF CAPS**

The Group is principally engaged in (i) environmental operations; (ii) manufacture and sale of high precision molds and plastic products; (iii) investments in plastic materials dyeing operations; and (iv) property investment, development and operation of docks, depot facilities and logistics at Xinminzhou, in Zhenjiang City, Jiangsu Province, the PRC.

As mentioned in the Announcement, given the comparable unit price of plastic materials of Party B as compared to the unit price of plastic materials offered by the existing independent suppliers of Party A and the favorable payment term offered by Party B that will not be available to Party A from independent suppliers, Party A entered into the Supply Contract. The Group also can ensure a stable and reliable supply of plastic materials required for the production of plastic products in the plant of Party A by entering into the Supply Contract. Given that the annual cap for the year ending 31 December 2009 has almost been fully utilized, the Company proposed to increase the annual caps for the Transactions for the three financial years ending 31 December 2011.

The Directors believe that the Transactions are and will be on normal commercial terms and in the ordinary and usual course of business of the Group. The Directors consider that the Transactions and the Revision of Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole. The independent non-executive Directors will provide their recommendations to the Independent Shareholders regarding the Revision of Caps upon receiving the advice from the independent financial adviser.

## **GENERAL**

Mr. XI, Ms. CHEUNG and Mr. SUEN are directors of the Company and Party B; and Mr. XI and Ms. CHEUNG are also the directors of NUHL (the holding company of Party B). By virtue of the common directors who represent all members of the board of directors of Party B and through their directorship in NUHL control the board of directors of Party B, Party B is hence a connected person of the Company and the Transactions are continuing connected transactions under the GEM Listing Rules. As each of the proposed new annual caps exceeds 2.5% of the applicable percentage ratios, the Revision of Caps therefore is subject to the approval of the Independent Shareholders at the EGM with vote to be taken on a poll voting. Mr. XI and Ms. CHEUNG are also common directors of NUHL and NUEL. NUEL, the controlling shareholder of the Company which is interested in 1,349,649,115 Shares, representing approximately 73.91% of the issued share capital of the Company, together with its associates, will abstain from voting on the resolution to approve the Revision of Caps at the EGM.

An independent board committee of the Company will be established by the Company to give recommendations to the Independent Shareholders in respect of the Revision of Caps. 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 Transactions, recommendations from the independent board committee of the Company in respect of the Revision of Caps, the letter from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Revision of Caps and a notice of the EGM will be despatched by the Company to the Shareholders within 21 days after the publication of this announcement.

## **DEFINITIONS**

|                            |  |
|----------------------------|--|
| “Announcement”             | announcement of the Company dated 27 February 2009 in relation to the Supply Contract  |
| “Board”                    | the board of Directors   |
| “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 |
| “connected person(s)”      | has the meaning ascribed thereto in the GEM Listing Rules  |
| “Directors”                | directors of the Company   |
| “EGM”                      | the extraordinary general meeting of the Company to be convened for approving the Revision of Caps   |
| “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  |
| “Mr. SUEN”                 | Mr. SUEN Ki, a non-executive Director of the Company   |
| “Mr. XI”                   | Mr. XI Yu, an executive Director and Chairman of the Company   |
| “Ms. CHEUNG”               | Ms. CHEUNG Siu Ling, an executive Director   |

|                    |   |
|--------------------|---|
| “NUEL”             | New Universe Enterprises Limited, a limited liability company incorporated in the British Virgin Islands and is currently beneficially interested in approximately 73.91% of the issued share capital of the Company                                  |
| “NUHL”             | New Universe Holdings Limited, a company incorporated in Hong Kong with limited liability and is the holding company of Party B   |
| “Party A”          | Suzhou New Universe Smartech Tooling and Plastics Limited 蘇州新宇模具塑膠有限公司, a wholly foreign owned enterprise established in Suzhou, the PRC and an indirect 97% non-wholly owned subsidiary of the Company   |
| “Party B”          | China (HK) Chemical & Plastics Co. Limited, a company incorporated in Hong Kong with limited liability and a direct 97% non-wholly owned subsidiary of NUHL, is principally engaged in trading of plastic resins and personal computer monitor panels |
| “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  |
| “Revision of Caps” | the proposed increase in annual caps for the Transactions for each of the three financial years ending December 2011  |
| “Share(s)”         | existing ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “Shareholder(s)”   | holder(s) of Shares   |
| “Stock Exchange”   | The Stock Exchange of Hong Kong Limited   |
| “Supply Contract”  | the framework supply agreement entered into between Party A and Party B dated 26 February 2009 in relation to the supply of plastic materials to Party A by Party B   |
| “Transactions”     | the transactions contemplated under the Supply Contract   |
| “HK\$”             | Hong Kong dollars   |
| “RMB”              | Renminbi, the lawful currency of the PRC  |

“US\$” United State dollars

“%” per cent.

For the purpose of this announcement, 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, 14 August 2009

*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.*